

SALINA DOWNTOWN REVITALIZATION

STAR BOND PROJECT PLAN

**SUBMITTED PURSUANT TO
THE STAR BONDS FINANCING ACT**

**SUBMITTED BY CITY OF SALINA
AND MASTER DEVELOPER OF RECORD —
SALINA2020, INC.**

JUNE 21, 2016

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PROJECT DEVELOPMENT TEAM

City of Salina, Kansas

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Polsinelli PC

GetOnTrack, LLC

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Canyon Research Southwest, Inc.

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I. INTRODUCTION

A. THE PROJECT

The Salina Downtown Revitalization Project (the “Project”) envisions the redevelopment of an approximately 157 acre district encompassing downtown Salina, Kansas (the “City”). This revitalization project is composed of a critical mass of mixed-use components including a 67,000 square foot multi-sport athletic facility (the “Fieldhouse”), an automotive museum (the “Car Museum”), renovation and expansion of the historic Stiefel Theater (the “Stiefel”), construction of new streetscape and infrastructure on downtown’s “main street”, Santa Fe Avenue, construction of a new 114-room Homewood Suites by Hilton all-suites hotel and conference space (the “Hotel”), construction of a 47,000 square foot family entertainment complex (the “Alley”), construction of a new location for the University of Kansas Medical School and development of new and refurbished retail and residential space throughout the downtown core.

The Project has been planned as a true community effort—the City has worked hand-in-hand with local business and development leaders, spearheaded by the special-purpose entity Salina 2020, Inc. (the “Master Developer”), to formulate a vision for a project that will make a significant and long-lasting impact upon the downtown Salina economy. The Project is a mixture of athletic, artistic, educational, and family entertainment attractions, combined with a new hotel, retail, residential and higher educational uses, and a downtown facelift to support those tourism drawing components. The Project attractions are anticipated to be constructed over a 3 to 4 year period with construction beginning in summer/fall 2016. Completion of the Project is planned to jump-start a perpetual progression of development and economic expansion downtown, capitalizing upon the national and regional trend of urban renewal. A preliminary site plan illustrating the location and scope of the Project components is attached as **Exhibit A**.

As detailed below, the Project’s confluence of attractions will draw significant tourism to downtown Salina. The unique location of the City at the nexus of I-70 and I-135 truly makes Salina a crossroads destination within the State of Kansas (“State”). As a result of the City’s location and the draw of the Project’s components, the Project is anticipated to pull travelers from, at minimum, a five-state region, as well as from throughout the State. As demonstrated in the Feasibility Study attached as **Exhibit H** and STAR Bond Financing Proforma attached as **Exhibit I**, this high volume of interstate and local visitors and corresponding revenue generated by the Project will more than support the issuance of STAR Bonds in a principal amount necessary to net \$19.1 million in STAR Bond proceeds for utilization in funding a portion of the Project.

B. THE DISTRICT

Pursuant to the STAR Bonds Financing Act, municipalities are authorized to utilize STAR Bond financing for specific development projects through (i) the creation of a STAR Bond Project District, subject to a finding by the Secretary that the STAR Bond Project District Plan is eligible for STAR Bond financing, and (ii) the adoption of a STAR Bond Project Plan that is subsequently approved by the Secretary.

On June 1, 2015, the City approved a STAR Bond Project District (the “District” or the “STAR Bond Project District”) by passage of Ordinance No. 15-10775 pursuant to the STAR

Bonds Financing Act, K.S.A. 12-17,160 *et seq.* (the “STAR Bonds Financing Act”). Prior to establishing the District, the City requested that the Kansas Secretary of Commerce (the “Secretary”) designate the proposed STAR Bond Project District as eligible for STAR Bond Financing. By letter dated May 8, 2015, the Secretary so designated the District. (See Ordinance No. 15-10775 attached hereto as **Exhibit B** and the May 8, 2015 letter from the Secretary designating the District as an eligible area attached hereto as **Exhibit C**).

This Salina Downtown STAR Bond Project Plan (the “Project Plan” or the “Plan”) encompasses the development of the entirety of the approximately 157 acres within the District; such 157 acres constitutes the Project Area for the Project Plan.

II. STAR BOND PROJECT PLAN

As previously described, the STAR Bond Project District for the Salina Downtown Project has been created by the City and found to be eligible for STAR Bond financing by the Secretary. The City and the Master Developer now seek approval of the Secretary for this Project Plan and the issuance of STAR Bonds in the net amount of \$19.1 million.

The following information constituting the Salina Downtown STAR Bond Project Plan is submitted for consideration by the Secretary in connection with this request:

- a description and map of the project area to be redeveloped
- a reference to the district plan that identifies the project area that is set forth in the project plan that is being considered
- a detailed description of the buildings and facilities proposed to be constructed or improved in such area
- a summary of the estimated Project costs and revenue sources
- a summary of the feasibility study
- the relocation assistance plan
- a summary of the revenues available to pay debt service on STAR Bonds

A. DESCRIPTION AND MAP OF STAR BOND PROJECT AREA

The proposed STAR Bond Project Area composes the entirety of the District, consisting of approximately 157 acres generally blanketing downtown Salina, Kansas (the “STAR Bond Project Area”). Legal descriptions of the District and the STAR Bond Project Area are attached hereto as **Exhibit D**. Maps of the District and the STAR Bond Project Area are attached as **Exhibit E** to this Plan.

B. ESTABLISHED STAR BOND PROJECT DISTRICT

The STAR Bond Project Area is within the established STAR Bond Project District approved by the City on June 1, 2015, by passage of Ordinance No. 15-10775. The District Plan for the STAR Bond Project District (the “STAR Bond Project District Plan”) is as follows:

A mixed-use development consisting of some or all of the following uses: major multi-sport athletic complex, museum facilities; an historic theater; retail uses; restaurant uses; other general commercial development; hotel uses; residential uses; office uses; associated public and private infrastructure; and other items allowable under K.S.A. 12-17, 160 *et seq.* The STAR bond project district may consist of multiple STAR bond project areas as delineated in one or more STAR bond project plans to be approved for property within the STAR bond project district.

The Secretary designated the STAR Bond Project District as an Eligible Area for STAR Bond Financing by letter on May 8, 2015. This Project Plan is consistent with such approval and with the STAR Bond Project District Plan. (See Exhibit B and Exhibit C attached hereto).

C. STAR BOND PROJECT DESCRIPTION AND OVERVIEW

The vision for the Downtown Salina Revitalization Project was conceived by a partnership between the City and the leading business figures within the community. The goal of this group of leaders is to redefine and rejuvenate the economy, culture, aesthetic and vibrancy of Downtown Salina. The diverse collection of attractions composing the Project will breathe life into heart of the flagship City in north-central Kansas.

The components of the Downtown Salina Revitalization Project are described more specifically as follows:

1. The Fieldhouse

The Salina Fieldhouse is planned for construction at the intersection of 5th Street and Ash Street within the District. The 67,000 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, a 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 Fieldhouse to feature a total of six hardwood basketball courts and eight hardwood volleyball courts. Preliminary conceptual plans for the Fieldhouse are attached as Exhibit F-1.

The basketball and volleyball courts will be complimented by such amenities as a lobby and welcoming area, ticket office, office area, concessions, café seating, flex/team rooms, mezzanine and restrooms. The Salina Fieldhouse 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.

2. The Car Museum

The America's Crossroads Car Collection is an automotive-themed visitor experience that will consist of approximately 31,000 square feet of exhibition space. The museum will display an impressive rotating collection of restored antique and vintage cars as well as exhibits and programs illustrating automotive history, technology, pop culture and design. This state of the art destination attraction is designed as an interactive and participatory visitor venue that delivers an entertaining and educational experience. This world-class automotive history museum will serve a regional market drawing automobile enthusiasts from the Midwest and throughout the United States. Preliminary conceptual plans for the America's Crossroads Car Collection are attached as Exhibit F-2.

The Board of Directors of the Car Museum is made up of local car enthusiasts who along with other community members are willing to share their extensive private collections of cars for exhibition. This impressive collection boasts a vast collection of rare vehicles, 25 to 60 of which will be on display at any given time, including all eras of European sport and luxury cars, American antique, vintage, and restored muscle cars, as well as numerous Grand Prix and Indy racing cars. A catalog of those vehicles is attached is Exhibit F-2. 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. 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.

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. Mr. Trout was the Executive Director of the Kansas City Automotive Museum in Olathe, Kansas from 2011 to 2014 where he led the creation of a new 501(c)(3) for the automotive museum from concept to reality. Under the leadership of Mr. Trout, the museum earned four prestigious national awards and continues to be recognized as one of the finest automotive museums in the country. Mr. Trout now brings his leadership and vision to the America's Crossroads Car Collection, ensuring the museum is designed for long term success and maximizing visitation potential.

Further, the museum is partnering with McPherson College and their Auto Restoration program to develop an educational program that will include seminars and special events to be held at the museum. The museum's partnership with McPherson creates a unique synergy in that McPherson offers the only Restoration Technology Bachelor's degree program in the country just over 30 miles from downtown Salina. McPherson has earned acclaim with automotive restoration enthusiasts from all parts of the country, including boasting luminaries such as Jay Leno on its board. At the seminars McPherson College faculty and students will demonstrate special automotive restoration techniques and present special sessions on automotive history. In addition, the museum and McPherson College anticipate partnering on fundraising events where national speakers would be brought to McPherson College for a speaking engagement as well as a presentation and dinner at the museum. Other aspects of the synergistic relationship include housing a library of technical manuals that can be used for educational research by the public,

display of automobiles restored by McPherson students, and potential automobile “artists in residence” at the museum.

In addition, 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 KKOAA National Hall of Fame. As part of this partnership, KKOAA 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. KKOAA has a membership in excess of 15,000 with Hall of Fame members including some of the most well-known customizers in the world. Each summer at the Annual Leadsled Spectacular, KKOAA inducts two new members into the Hall of Fame. During the Leadsled Spectacular, KKOAA will hold a Hall of Fame dinner at the museum and officially place on display a vehicle from each new Hall of Fame inductee.

Lastly, 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 events the museum will also be available to rent for private events.

3. Historic Stiefel Theater Expansion and Renovation

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. An estimated \$2.2 million in planned improvements to the theatre include addition of an additional stage, LED exterior marquee signage and a video event billboard, a permanent sound system, acoustical improvements, improved lighting above the stage and modernized rigging equipment, enhancement to performers’ staging/dressing area, addition of a new bar, enhancement of exterior façade and other improvements to the interior and exterior spaces. The improvements are anticipated to be funded entirely from private donations. These improvements are anticipated to drive higher revenues from additional events, greater revenue per event from the increased number of food and beverage outlets, new revenue from the enhanced, expanded meeting area, and revenue from the implementation of an additional stage. Further, increased customer visitation is expected to drive overall revenue growth as a result of an improved patron experience and additional acts that will be drawn to play the Stiefel as a result of the modernized equipment and facility.

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 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 the 2015 season was reported at 43,688.

4. Redevelopment of Downtown Streetscape

Additional investment to the District will include hardscape and landscape improvements to Santa Fe Avenue and adjacent downtown streets. The improvements are designed to enhance the look and image of downtown, which in turn will generate increased investment, visitation, pedestrian traffic, retail sales and demand for commercial space.

In October 2015, Ochsner Hare & Hare created the Downtown Salina Streetscape Plan that provided a conceptual design plan for infrastructure improvements to Santa Fe Avenue and adjacent downtown streets (attached hereto as Exhibit F-3). Santa Fe Avenue is designed with one lane of traffic in each direction and median and angled parking on both sides 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.

Certain of the streetscape improvements are specifically tied to each attraction contained within the major entertainment and tourism area eligible for STAR Bond investment. Those particular improvements are shown in the conceptual plans and budget attached as Exhibit F-4. The streetscape improvements enhance each of the Fieldhouse, Stiefel Theater, car museum, family entertainment center and the hotel supporting these attractions. Further, improvements located on Mulberry Street extending three blocks east of the hotel connect the Salina Bicentennial Center and the Kenwood Cove Water Park to downtown. Those two existing attractions generated over 210,000 visitors combined in 2014, a number which is expected to increase as a result of this enhanced pedestrian walkability from the downtown tourism components to those already thriving attractions.

5. 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 offers a diverse array of indoor entertainment including a bowling center with 24 standard bowling lanes and an 8-lane “boutique” specialty bowling facility, game room and video arcade, laser tag, concessions and a full service bar and restaurant and meeting space. The 24 lane bowling facility is qualified to host state and regional college and high school bowling tournaments and is anticipated to draw such tournaments to the District. Bowling tournaments, meetings, events, special occasions and local entertainment traffic 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. Preliminary conceptual plans for The Alley are attached hereto as Exhibit F-4.

6. Hilton Hotel, Restaurant and Meeting Space

To accommodate the anticipated increase in out-of-town visitation a \$17.9 million, 114-room Homewood Suites by Hilton hotel is planned at the intersection of Santa Fe Avenue and Mulberry Street. The all-suites hotel will also include meeting space and a full-service restaurant. Preliminary conceptual plans for the Hotel are attached hereto as Exhibit F-5.

The hotel will be developed by Lighthouse Properties, LLC, which owns, operates and has developed numerous successful and award-winning hotel properties in Kansas and Missouri. For example, Lighthouse Properties owns and operates The Raphael Hotel on the Country Club Plaza in Kansas City, Missouri and The Homewood Suites by Hilton at the The Waterfront in Wichita, Kansas.

7. Retail, Housing and Higher Educational Development

The District's Project Plan also envisions the renovation of vacant commercial space and construction of new 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.

As part of this downtown build out, the Project Plan features a residential component that includes conversion of the Lee buildings at the north end of the District into low-income housing apartments as well as a new 32-unit market-rate apartment community located near the planned hotel. Further, the Salina Regional Health Foundation has purchased 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 new facility is anticipated to open in June 2018 and will provide 40,251 square feet of space to accommodate new curriculum changes for the school.

The Downtown Salina Revitalization Project will offer a critical mass of mixed-use attractions capable of attracting visitors throughout the Midwest. The variety and complementary nature of the attractions will create a synergy within the District that will engage a broad base of tourists and local consumers. Salina's unique location as the premier city of north-central Kansas, positioned at the nexus of I-135 and I-70, provides a distinctive opportunity to draw tourism both regionally and from within the State of Kansas.

[SECTION II.D. BEGINS NEXT PAGE]

D. SUMMARY OF PROJECT COSTS AND ANTICIPATED REVENUE SOURCES

1. Total Project Costs

The total estimated cost to complete the Downtown Salina Revitalization Project, including site development and building construction, is approximately \$150,094,540, pursuant to estimates of the Master Developer and City as of the date of this Project Plan. Attached hereto as **Exhibit G** is a breakdown of the estimated costs by category. A summary of the estimated costs is set forth below at Table 1.

Table 1
Estimated Total Cost of the Star Bond Project

PROJECT COMPONENTS	TOTAL COST
Fieldhouse (w/ Parking)	\$ 12,450,090
Car Museum	\$ 4,695,000
Stiefel Theater Improvements	\$ 2,200,000
City Public Improvements	\$ 11,554,506
Hotel (w/ Parking)	\$ 19,005,820
Entertainment Complex	\$ 6,100,333
Medical Student Housing (Apartments)	\$ 3,756,407
Lee Buildings (Low-Income Housing)	\$ 17,830,841
University of Kansas Medical School	\$ 7,135,404
Vacant Space / New Tenant Development	\$ 31,801,674
Improvements to Existing Retail	\$ 2,135,404
Total FFE for Buildings/Renovations	\$ 9,755,667
Legal/Accounting	\$ 500,000
Downtown Maintenance and Security	\$ 2,300,000
Pre-Development Costs (in addition to Fieldhouse)	\$ 6,088,134
Financing & Contingency Costs	\$ 12,785,260
TOTAL PROJECT COSTS	\$ 150,094,540

2. Costs Eligible for Reimbursement, Requested Eligible Project Costs and Proposed STAR Bond Financing Amount

The STAR Bonds Financing Act describes the costs that are eligible for STAR Bond financing and reimbursement. Such costs are referred to as “Eligible Project Costs.” \$53,103,138 of the total costs shown in Table 1 and in **Exhibit G** would reasonably qualify as Eligible Project Costs pursuant to the STAR Bond Act. The Eligible Project Costs are set forth

on **Exhibit G** and below in Table 3. Only \$19,100,000 of the Eligible Project Costs have been requested for payment with STAR Bond financing and reimbursement, as set forth on **Exhibit G** (“STAR Bond Requested Eligible Project Costs”).

A summary of the Eligible Project Costs and STAR Bond Requested Eligible Project Costs is set forth below in Table 3:

Table 3
STAR Bond Requested Eligible Project Costs

PROJECT COMPONENTS	TOTAL COST	STAR BOND ELIGIBLE COSTS	STAR BOND REQUESTED ELIGIBLE COSTS
Fieldhouse (w/ Parking)	\$ 12,450,090	\$ 12,450,090	\$ 9,625,000
Car Museum	\$ 4,695,000	\$ 4,695,000	\$ 4,695,000
Stiefel Theater Improvements	\$ 2,200,000	\$ -	\$ -
City Public Improvements	\$ 11,554,506	\$ 11,554,506	\$ 2,000,000
Hotel (w/ Parking)	\$ 19,005,820	\$ 4,656,180	\$ 442,274
Entertainment Complex	\$ 6,100,333	\$ 1,542,726	\$ 1,642,726
Medical Student Housing (Apartments)	\$ 3,756,407	\$ 920,000	\$ -
Lee Buildings (Low-Income Housing)	\$ 17,830,841	\$ 340,000	\$ -
University of Kansas Medical School	\$ 7,135,404	\$ 875,000	\$ -
Vacant Space / New Tenant Development	\$ 31,801,674	\$ 10,334,610	\$ -
Improvements to Existing Retail	\$ 2,135,404	\$ -	\$ -
Total FFE for Buildings/Renovations	\$ 9,755,667	\$ -	\$ -
Legal/Accounting	\$ 500,000	\$ -	\$ -
Downtown Maintenance and Security	\$ 2,300,000	\$ -	\$ -
Pre-Development Costs (in addition to Fieldhouse)	\$ 6,088,134	\$ 1,858,864	\$ 200,000
Financing & Contingency Costs	\$ 12,785,260	\$ 3,876,162	\$ 495,000
TOTAL PROJECT COSTS	\$ 150,094,540	\$ 53,103,138	\$ 19,100,000
PERCENT OF TOTAL COST	100.00%		12.73%

3. Summary of Revenue Sources

The Project is anticipated to be funded by a combination of STAR Bond net proceeds, private debt and equity, proceeds from a tax increment financing district, and proceeds generated by three community improvement districts.

Pursuant to this Project Plan, one series of STAR Bonds is anticipated to be issued in connection with the Project in an amount sufficient to net \$19.1 million in bond proceeds to pay for or reimburse STAR Bond Requested Eligible Project Costs as set forth in Table 3 above.

A tax increment financing (“TIF”) district was established by the City on June 1, 2015 pursuant to the Tax Increment Financing Act, K.S.A. 12-1770 *et seq.* (the “TIF Act”) by passage of Ordinance No. 15-10776. It is anticipated that the City will adopt a TIF Project Plan

contemporaneously with adoption of this Project Plan. In such case approximately \$4,878,660 of net TIF revenue is anticipated to be available to pay or reimburse Project Costs eligible for funding pursuant to the TIF Act.

Further, the City anticipates considering petitions for establishment of three separate community improvement districts (each a “CID” and collectively the “CIDs”) contemporaneously with consideration of this Project Plan. Each CID is proposed to levy a 1% CID sales tax, the revenues of which will finance costs which are eligible for CID financing under K.S.A. 12-6a26 *et seq.*, as amended (the “CID Act”). One CID is planned to generally encompass the commercial sector of downtown Salina, and the other two CIDs will be limited to the parcels upon which the Hotel and the Alley will be constructed. It is anticipated that \$9,223,767 in net CID proceeds will be available to pay or reimburse Project Costs eligible for funding pursuant to the CID Act.

Table 4 sets forth the projected revenue sources for the payment of the \$150,094,540 estimated Project Costs, including the STAR Bond net bond proceeds, estimated TIF proceeds, estimated CID proceeds, and estimated private debt and equity.

Table 4
Sources of Funds

SOURCE	TOTAL	% OF TOTAL
STAR Bond Net Proceeds	\$ 19,100,000	13%
TIF Net Proceeds	\$ 4,878,660	3%
CID Net Proceeds	\$ 9,223,767	6%
Private Debt & Equity / Other Public Sources	\$ 116,892,113	78%
TOTAL	\$ 150,094,540	100%

***Estimated sources of funds set forth in Table 4 are estimates only, and are not proposed as limitations on the amount of such funds that may be used to pay for Project Costs; provided that total STAR Bonds net proceeds are not expected to exceed \$19,100,000 and in no event will the STAR Bonds net proceeds exceed 50% of the total Project Costs.**

E. SUMMARY OF THE FEASIBILITY STUDY

As stated in K.S.A. 12-17,166, a feasibility study is required to be prepared setting forth the following information:

- 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;

- The effect, if any, a STAR bond project will have on any outstanding special obligation bonds payable from the revenues described in the STAR Bonds Financing Act;
- 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;
- Visitation expectations;
- The unique quality of the project;
- Economic impact study;
- Market study;
- Market impact study;
- Integration and collaboration with other resources or businesses;
- The quality of service, and experience provided, as measured against national consumer standards for the specific target market;
- Project accountability, measured according to best industry practices;
- The expected return on state and local investment that the project is anticipated to produce;
- 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
- An anticipated principal and interest payment schedule on the bond issue.

Canyon Research Southwest, Inc. (“Canyon”) prepared the “STAR Bond Feasibility Study – Proposed Downtown Salina District, Salina, Kansas” dated May 2016 (the “Canyon Study”). A copy of the Canyon Study is attached as **Exhibit H**. The Canyon Study includes a Market Study and a Market Impact Study as summarized below.

A summary of the Canyon Study is as follows:

1. Sufficiency of the Project’s Revenues Compared to the Project’s Costs.

a. Project Costs

The STAR Bond Financing Act requires an analysis of whether a project’s revenues are expected to exceed or be sufficient to pay for the project costs. This requires determining the Project Costs and Requested Eligible Project Costs and comparing them to the STAR Bond revenues expected to be generated within the STAR Bond Project Area. As indicated in Table 1 above, the total estimated Project Costs as of the date of this Project Plan are \$150,094,540. As

indicated in Section II.D.2. above, the STAR Bond Requested Eligible Project Costs are \$19,100,000. As set forth in Table 4, the total anticipated amount of such STAR Bond Requested Eligible Project Costs to be financed with STAR Bonds net proceeds is \$19,100,000 (the maximum amount approved by the Secretary of Commerce). As indicated below under Section E.1.c., the anticipated revenues from the STAR Bond Project shown in the Canyon Study supports repayment of STAR Bonds netting approximately \$29 million in STAR Bond proceeds (assuming an interest rate of 5% over 20 years with a 1.25 debt service coverage ratio). Other revenue sources include estimated TIF revenue in the amount of \$4,878,660, CID revenue in the amount of \$9,223,767, and private debt/equity and other public sources in the amount of \$116,892,113. The analysis of the sufficiency of STAR Bond revenues to pay the debt service on the STAR Bonds and the sufficiency of the revenue sources to pay all Estimated Project Costs utilizes the estimated revenues set forth in the Canyon Study. See Sections E.1.b. and E.1.c. below, as well as **Exhibit I**.

b. Tax Revenues Subject to Capture

The effective STAR Bond eligible sales tax rate totals 8.353%, which includes the following:

(i) City Sales Tax Revenues – the retail sales dollar amount generated within the STAR Bond Project Area multiplied by the City sales tax rate that is subject to capture, which based on the location of the Downtown Salina Revitalization Project, is currently 0.5%. (An additional 0.4% of City special purpose sales tax has been dedicated to other uses prior to this STAR Bond Project Plan.) However, on May 10, 2016, residents of Salina approved Resolution Number 16-7317 which authorizes the repeal of the city’s current 0.40 percent special purpose sales tax, 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 (and repayment of STAR Bonds in conjunction with this Project Plan) the city’s 1.25 percent sales tax is STAR Bond eligible.

(ii) State Sales Tax Revenues – the retail sales dollar amount generated within the STAR Bond Project Area multiplied by State sales tax rate that is subject to capture, which is 6.5%.

(iii) County Sales Tax Revenues – the retail sales dollar amount generated within the STAR Bond Project Area multiplied by the County sales tax rate that is distributed back to the City and not otherwise dedicated, which is 0.602781%.

Hotel revenue is also subject to the additional STAR Bond eligible sales tax rate of 6.58%, which is to be pledged to repayment of STAR Bonds issued in connection with this Project.

c. Estimated Tax Revenues

The Canyon Study includes a forecast of STAR Bond revenue from retail sales and lodging sales over the 20-year life of the STAR Bond District, which will commence upon the approval of this STAR Bond Project Plan by the Governing Body of the City of Salina, Kansas. The Canyon Study estimates that \$64,381,922 of gross sales tax revenues eligible to be captured by STAR Bonds will be produced within the District during the term of the Project Plan, as set forth in the table on **Exhibit I** attached hereto.

Exhibit I also sets forth the sufficiency of the anticipated revenues from the STAR Bond project over the 20-year period commencing with the date the STAR Bond Project Plan is approved by the City, to repay debt service on STAR Bonds netting \$28,954,216 in STAR Bond proceeds (assuming an interest rate of 5% with a 1.25 debt service coverage ratio and a 2% administrative cost).

2. Job Creation and Generation of New Tax Revenue

The Canyon Study indicates that total capital investment for the Downtown Salina Revitalization Project is estimated at approximately \$150 million. During the construction phase direct on-site employment is estimated at 651 full-time equivalent jobs. Indirect job creation is forecast at 232 jobs, bringing the total construction-phase work force to 883 jobs. Total payroll originating from these construction-phase jobs is estimated at \$41.3 million. State of Kansas personal income taxes resulting from construction-phase payroll are estimated at approximately \$1.6 million.

The Canyon Study further indicates that at full build-out, direct and indirect employment generated from operation of the all components developed within the Downtown Salina Revitalization Project is forecast to total 371 full-time equivalent jobs. Total annual payroll for these direct jobs is estimated at approximately \$12.5 million. The State of Kansas is estimated to collect approximately \$271,500 in annual state income tax revenues resulting from operational-phase payroll.

The Canyon Study further indicates that the Downtown Salina Revitalization Project is conservatively forecast to attract over 258,150 annual out-of-state visitors from over 100 miles away. The total demand for overnight accommodations generated by these out-of-state visitors is estimated at approximately 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.

3. Projected Visitation

The Project will significantly increase visitation to the primary city in the State's north-central region. Increased visitation from the surrounding five-state region of Nebraska, Iowa, Oklahoma, Colorado and Missouri, as well as throughout Kansas, will be driven by the confluence of unique attractions that will make up the Project. In particular, the Fieldhouse, enhanced Stiefel, Car Museum and revitalized downtown live, work and play district will combine to produce a true destination on the plains.

The Canyon Study establishes that at build-out and stabilized occupancy annual visitation to the District is estimated at 488,000 visitors. 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, nearly 39 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.

Additionally, the Canyon Study references many cultural-based attractions within Salina that will create synergy with the Project and serve to enhance regional tourism to the District. Existing cultural venues within the District include the Salina Community Theatre and Salina Art Center. Other principal museums and attractions operating in Salina include the Smoky Hill Museum, Art Center Cinema, Salina Bicentennial Center, Rolling Hills Wildlife Adventure and Kenwood Cove Water Park. Further, events such as the Smoky Hill River Festival and Kustom Kemps of America Lead Sled Spectacular Car Show attract large volumes of annual visitors to the City. These attractions and events are anticipated to work in concert with the Downtown Salina Revitalization Project to attract thousands of new and unique visitors to the City each year.

4. Impact on Outstanding Special Obligation Bonds

As required by the STAR Bonds Financing Act, the Canyon Study includes an evaluation as to the effect, if any, the Project would have on any outstanding STAR Bonds payable from revenues authorized pursuant to the STAR Bonds Financing Act. The Act contemplates an analysis focused on the ongoing viability of any such outstanding special obligation bonds based on the terms and conditions of their issuance, not whether this Project or any other STAR Bond project would simply impact the overall sales tax generation used to support the issuance. In other words, the question posed is whether a proposed project would reasonably be anticipated to jeopardize the bargained-for investment made by current bondholders of other STAR Bond projects.

As the Canyon Study notes, the Secretary has approved STAR bond financing for five major tourism-based developments in central and western Kansas: the Wichita River District and K-96 and Greenwich Project in Wichita, the Olympic Park Project District in Goddard, the Dodge City Project District in Dodge City and Downtown Manhattan Redevelopment District in Manhattan.

The Canyon Study states that 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. The Wichita River District is designed as an entertainment and employment destination featuring approximately 610,000 square feet of retail, office, hotel and residential space. While both the Wichita River District and Downtown Salina District projects are designed using a mixed-use concept, each will offer a distinctive mix of attractions, anchor tenants, businesses and hotel products.

The K-96 & Greenwich STAR Bond District Project Plan focuses on creating an athletic training center and recreation attraction complemented by a mix of retail, employment and lodging uses. The Downtown Salina District's major tourism attractions include the Stiefel Theatre, Salina Fieldhouse, family entertainment center and America's Crossroads Car Collection. Given the distinctive market positioning of each project, as well as the geographic distance between the Wichita projects and the Salina project, the Downtown Salina District is not anticipated to have a negative impact on tourism visitation and retail sales at either the Wichita River District or K-96 and Greenwich Project.

The Olympic Park Project District occupies a 280-acre site located at North Goddard Road and West Kellogg Drive in Goddard, Kansas within the Wichita metropolitan statistical area. The Olympic Park Project Plan designates the site for mixed-use development anchored by an aquatic center designed to host swimming and diving tournaments and training. No comparable athletic facility exists in the Midwest, allowing the aquatic center to support a primary trade area encompassing a 500+ mile radius. Also included are four field tournament quality baseball/softball complex, and a 141 room all-suite hotel, conference and entertainment center to support these attractions. Additional retail development is anticipated for future build out. The Downtown Salina Project is anticipated to have minimal to no impact on the Olympic Park Project District as a result of the uniqueness of the Olympic Park Project's primary attraction and geographic distance from Salina, Kansas.

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 both include museums as tourism destinations, a historic downtown location and the inclusion of entertainment and lodging venues. However, each projects' tourism attractions cater to distinctive market segments. Therefore, the Downtown Salina Project should have little or no impact on operations and financial sustainability of the Downtown Manhattan Redevelopment 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 on the western edge of the city. An expanded Boot Hill Museum will serve as the Project's principal destination attraction. 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. 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 Canyon Report concludes that 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 western Kansas supports distinctly different major tourism attractions and retail components, it has been concluded that development of the Downtown District in Salina, Kansas will not have a measurable adverse impact on visitor volumes, retail sales volumes and STAR Bond revenues generated by the Wichita River District and K-96 and Greenwich Project in Wichita, the Olympic Park Project District in Goddard, the Dodge City Project District in Dodge City and Downtown Manhattan Redevelopment District in Manhattan, 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 three active STAR Bond approved redevelopment projects in central and western Kansas.

5. Market Study

The Canyon Study includes a Market Study which evaluates the market potential of supporting future development within the Downtown Salina Revitalization Project District. In particular, the Canyon Study focuses on the long-term viability of the museum, multi-sport athletic facility, and hotel uses planned for the District.

America's Crossroads Car Collection

The Canyon Study found that 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 and that 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 and out-of-town visitors. 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 within driving distance of the planned museum. In total, 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. Further, the Canyon Study took into consideration that over 200,000 people reside within a 50-mile radius of Salina and that the Wichita metropolitan statistical area 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 Kamps of America Lead Sled Spectacular Car Show will create synergy with the museum and will be a particular important source of visitation for the America's Crossroads Car Collection. In short, the study findings suggest sufficient demand generators exist to support opening the America's Crossroads Car Collection in Salina.

Salina Fieldhouse

The Canyon Study determined that by offering a centralized location with facilities able to accommodate multiple types of athletic tournaments, the Salina Fieldhouse is anticipated to become a regional destination for youth athletics. Further, the downtown location of the Fieldhouse is unique in the region and will drive a regionally diverse and substantial volume of patrons to the facility as a result of the variety of additional shopping, eating, lodging, and entertainment options in the surrounding environs. 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. The Canyon Study found that when compared to the Salina

Fieldhouse, 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. Further, a total of 58,386 youth and adults participated in 2,544 league games. Per the Canyon Study, bringing the Salina Fieldhouse to the market is expected to drastically increase these tourism and local participation numbers as a result of the new facility. Based upon industry standards the Canyon Study concludes that sufficient demand for additional sports facilities exists to support feasible market entry of the Salina Field House.

Hotel and Meeting Space

The Canyon Study determined that 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. The Canyon Study further indicates that the Downtown Salina Revitalization Project is conservatively forecast to attract over 258,150 annual out of state visitors from over 100 miles away. The total demand for overnight accommodations generated by these out of state visitors is estimated at approximately 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.

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 Canyon Study further focused on the fact that visitation to the planned Homewood Suites by Hilton hotel will be partially driven by the 3,250 square feet of meeting and conference space anticipated to be included within the hotel. 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 conference space in the Project's new hotel will create synergy with the newly renovated Heritage Hall located at the Salina Bicentennial Center and the recent opening of the Holiday Inn's meeting space. These providers of updated meeting space are anticipated to capitalize on meeting space demand generated by the nearby Heritage Hall, Salina Regional Health Center and Kansas Wesleyan University.

In conclusion, the Canyon Study found that the District's planned hotel development site possesses the necessary location and site characteristics to support the long-term success of 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.

6. Market Impact Study

Local Tourism Industry

The Canyon Study examines the existing tourism visitation and spending in Salina and the opportunity for the destination attractions and supporting components within the Project to build upon the current tourism base within the market. In particular, the Canyon Study notes that 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 Canyon Study concludes that 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

In addition, the Canyon Study analyzed the impact of the Project on comparable market area businesses. The study concluded that increased out-of-town visitation by the planned destination attractions is expected to generate increased visitor spending that can be captured by area businesses. The study found that the Project will increase total sales in the surrounding area, not diminish sales from existing businesses in the surrounding area.

- 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 the K-State Polytechnic Campus'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 Fieldhouse. Given the composition and outdoor nature of most of the other athletic facilities in Salina, the Salina Fieldhouse 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 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 this museum could help boost attendance at existing museums and attractions in Salina.
- 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. The Canyon Study concludes that 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.

7. Meetings and Minutes

Attached as **Exhibit J** are minutes of the City meetings where the Downtown Salina Revitalization Project was discussed. Meetings to date include the meetings where such Project and the creation of the District were discussed, as indicated in said **Exhibit J**. Upon approval of this Project Plan by the City and prior to transmittal to the Secretary, the City Clerk will supplement in **Exhibit J** with the minutes of any additional City meetings where the Project was discussed.

F. Relocation Plan

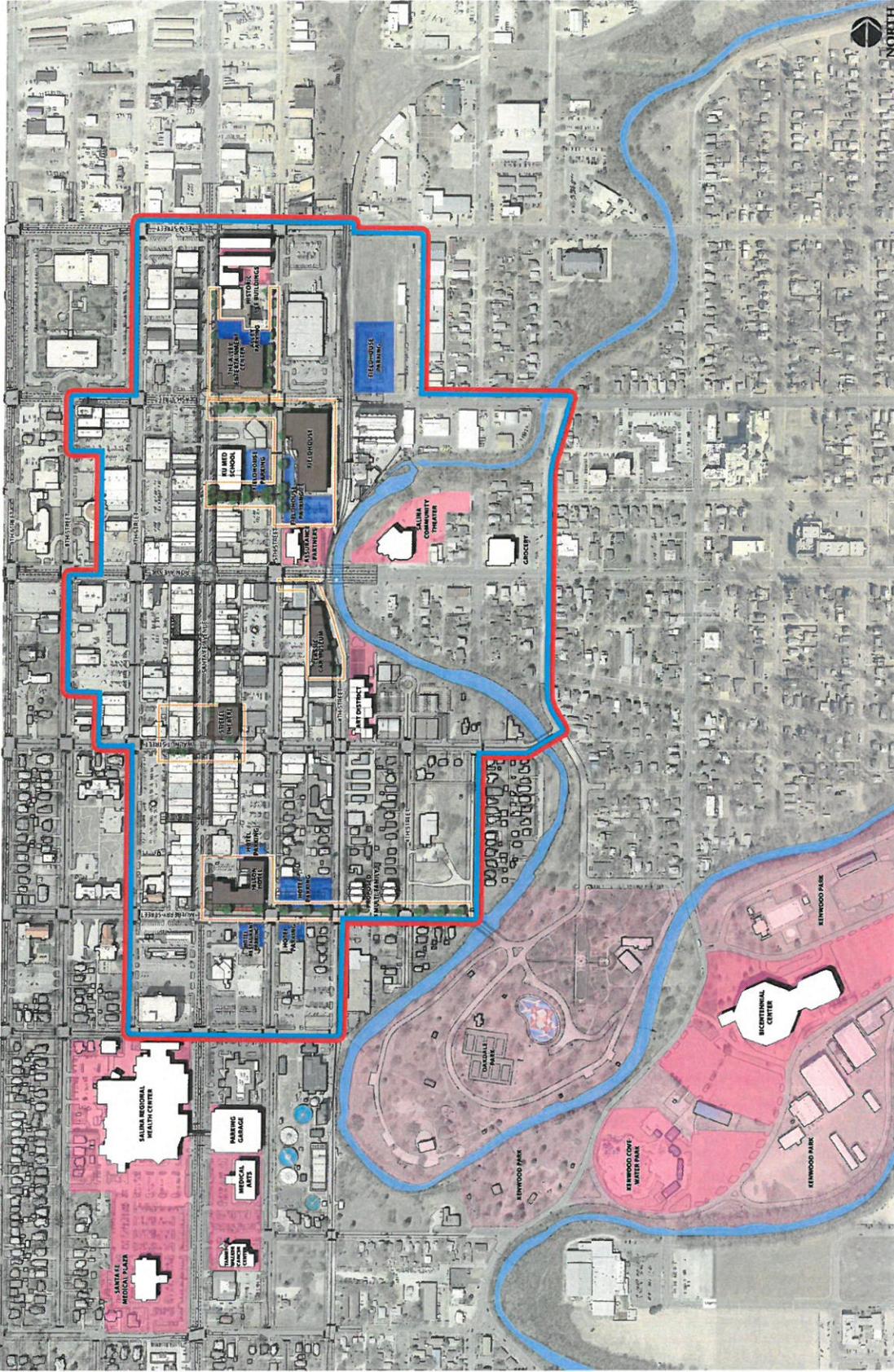
The City is not acquiring any property in connection with carrying out the provisions of the STAR Bond Act, and thus relocation assistance pursuant to K.S.A. § 12-17,173 is not required. Regardless, any property to be acquired by the Master Developer or other parties in order to complete the Project is expected to be obtained through negotiated arms-length transactions. As such, any funds required for relocation are anticipated to be included in the purchase price, negotiated as terms to the purchase contract, or provided directly to tenants of properties purchased in arms-length transactions.

G. Sources and Uses, Sufficiency of Revenues to Pay STAR Bonds Debt Service

The sources and uses of funds are described above and in Tables 1, 3, and 4. The STAR Bond Project Plan contemplates that the STAR Bonds will finance \$19.1 of the total estimated Project Costs and that TIF revenue, CID revenue, private equity and debt, and other public sources will finance the remaining \$130,994,540 of such estimated Project Costs. The anticipated amount of STAR Bonds represents 13% of the total estimated Project Costs, as indicated in Table 3.

Reference is made to the proforma table attached hereto as **Exhibit I**, setting forth the sufficiency of the anticipated revenues from the STAR Bond project, as described in the Canyon Study, to repay debt service on the anticipated principal amount of STAR Bonds.

[EXHIBITS ENCLOSED BEGINNING NEXT PAGE.]



DEVELOPMENT AREAS



TIF DISTRICT



STAR BOND DISTRICT



SPECIFIC STAR BOND PROJECTS



PARKING ASSOCIATED WITH SPECIFIC STAR BOND PROJECTS

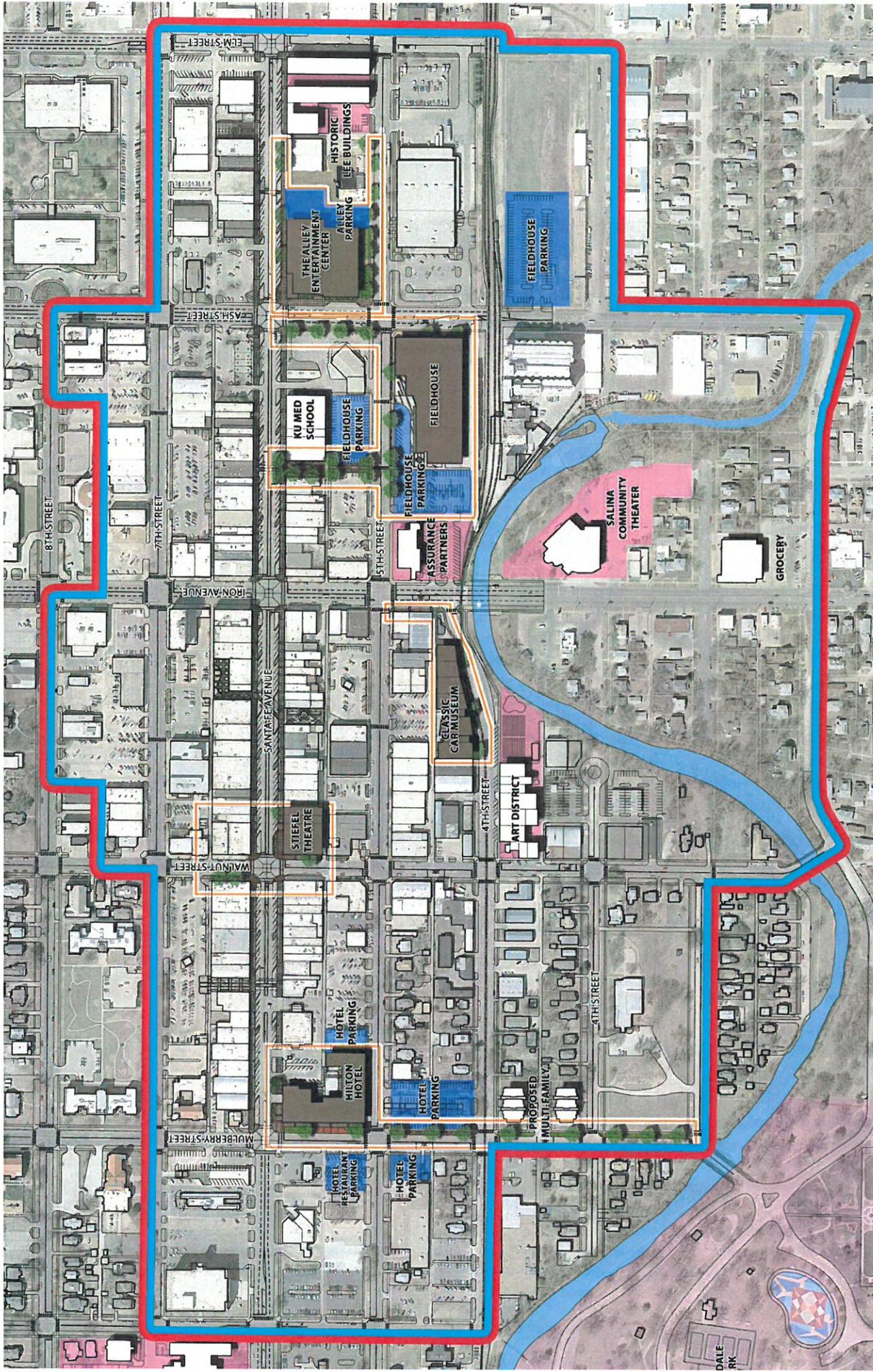


STREETScape IMPROVEMENTS ASSOCIATED WITH SPECIFIC STAR BOND PROJECTS



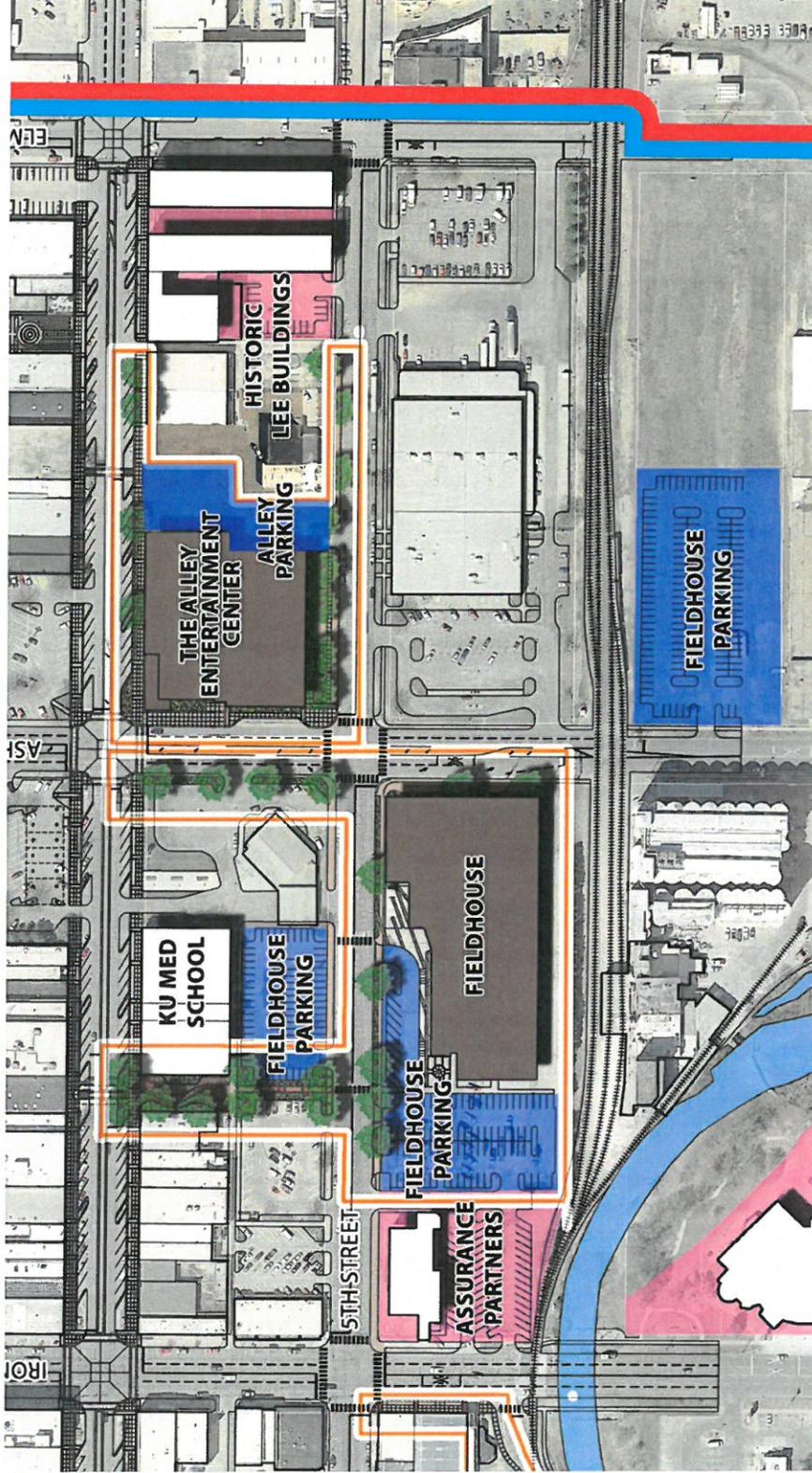
ADDITIONAL KEY DOWNTOWN FEATURES

DOWNTOWN SALINA DEVELOPMENT AREAS
SALINA, KANSAS



DEVELOPMENT AREAS

- TIF DISTRICT
- STAR BOND DISTRICT
- SPECIFIC STAR BOND PROJECTS
- PARKING ASSOCIATED WITH SPECIFIC STAR BOND PROJECTS
- STREETScape IMPROVEMENTS ASSOCIATED WITH SPECIFIC STAR BOND PROJECTS
- ADDITIONAL KEY DOWNTOWN FEATURES



DOWNTOWN SALINA DEVELOPMENT AREAS - ENLARGEMENT
SALINA, KANSAS

EXHIBIT B
ORDINANCE NO. 15-10775

(SEE ATTACHED)

EXHIBIT C
MAY 8, 2015 LETTER FROM KANSAS DEPARTMENT OF COMMERCE

(SEE ATTACHED)

May 8, 2015

Jason Gage
City Manager
300 West Ash
P.O. Box 736
Salina, KS 67402-0736

RE: Salina STAR Bond Project District

Dear Mr. Gage:

Thank you for your letter dated May 13, 2015, in which Salina requests the Secretary of Commerce, pursuant to K.S.A. 12-17,160 *et seq.* as amended (the "Act"), take action to find and determine that the Salina STAR Bond Project District is "a major commercial entertainment and tourism area" and thus an "eligible area" within the meaning of K.S.A. 12-17,165. In your request, the Project District is a single project area in the downtown area of Salina as more fully described in Exhibit B to Resolution No. 15-7193 included with your correspondence. The development currently being contemplated in the Project District consists of a mixed-use development consisting of: major multi-sport athletic complex, museum facilities; retail uses; restaurant uses; other general commercial development; hotel uses; residential uses; office uses; associated public and private infrastructure; and other items allowable under K.S.A. 12-17,160 *et seq.* The STAR bond Project District may ultimately consist of multiple STAR bond project areas as delineated in one or more STAR bond project plans to be approved for property within the STAR bond project district. These components will complement other recent development in the area.

Your request indicates the total cost of the Project will be approximately \$122 million and the primary attractions will be the Fieldhouse, designed for indoor basketball, volleyball, wrestling, gymnastics and cheerleading, the Stiefel Theater and a vintage car museum. The Project also includes up to several hundred thousand square feet of retail and entertainment venues. The Developer has estimated the construction phase of the District will result in 839 direct and indirect jobs with payroll of \$40 million and economic impact of \$134 million. The Fieldhouse is estimated to draw over 90,000 visitors on an annual basis, many of whom will come from outside the State of Kansas.

Jason Gage
May 8, 2015
Page 2

Based on all the above, it is my determination that the proposed Salina STAR Bond Project District is a major commercial entertainment and tourism area and an "eligible area," for the purpose of establishing a STAR Bond Project District as contemplated by K.S.A. 12-17,165.

This approval and designation of the proposed Project District as an "eligible area" should not be construed as approval of any particular STAR Bond Project or Project Plan and is limited to a finding that the proposed Project District constitutes an "eligible area" under the Act as a condition precedent to the city passing an ordinance creating a STAR Bond Project District. Commerce will require additional information prior to being in a position to evaluate the Project for STAR bond financing and determining the appropriate level of STAR bond funding. It is my expectation the City will submit a proposed STAR Bond Project Plan within 90 days from the date of this approval.

The Department of Commerce and I look forward to working with Salina as this project continues through the STAR bond process.

Sincerely,

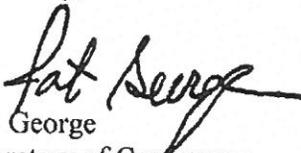

Pat George
Secretary of Commerce

EXHIBIT D

LEGAL DESCRIPTIONS OF STAR BOND PROJECT DISTRICT & PROJECT AREA

LIMITS OF THE STAR BOND DISTRICT – CITY OF SALINA:

A TRACT OF LAND LOCATED IN ORIGINAL TOWN, SURVEYOR'S PLAT J, HOLLAND'S ADDITION, AND SRHC SUBDIVISION, ALL IN THE CITY OF SALINA, SALINE COUNTY, KANSAS, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF LOT 10 ON ELM STREET, ORIGINAL TOWN, (NOW CITY) OF SALINA, SAID POINT BEING THE INTERSECTION OF THE EAST RIGHT-OF-WAY LINE OF 3RD STREET AND THE NORTH RIGHT-OF-WAY LINE OF ELM STREET;

THENCE SOUTH ON SAID EAST RIGHT-OF-WAY LINE OF 3RD STREET, A DISTANCE OF 830 FEET TO THE SOUTHWEST CORNER OF LOT 77 ON 3RD STREET, SAID ORIGINAL TOWN, SAID POINT BEING THE INTERSECTION OF SAID EAST RIGHT-OF-WAY LINE AND THE NORTH RIGHT-OF-WAY LINE OF ASH STREET;

THENCE EAST ON SAID NORTH RIGHT-OF-WAY LINE OF ASH STREET, A DISTANCE OF 580 FEET TO THE SOUTHEAST CORNER OF LOT 39 ON FRONT STREET, SAID ORIGINAL TOWN, SAID POINT BEING THE INTERSECTION OF SAID NORTH RIGHT-OF-WAY LINE AND THE WEST RIGHT-OF-WAY OF FRONT STREET, AS PLATTED IN SAID ORIGINAL TOWN;

THENCE SOUTH ON SAID WEST RIGHT-OF-WAY LINE OF FRONT STREET, A DISTANCE OF 1760 FEET TO THE NORTHEAST CORNER OF LOT 69 ON FRONT STREET, SAID ORIGINAL TOWN, SAID POINT BEING THE INTERSECTION OF SAID WEST RIGHT-OF-WAY LINE AND THE SOUTH RIGHT-OF-WAY LINE OF WALNUT STREET;

THENCE WEST ON SAID SOUTH RIGHT-OF-WAY LINE OF WALNUT STREET, A DISTANCE OF 330 FEET TO THE NORTHEAST CORNER OF LOT 1, ON WALNUT STREET, SAID ORIGINAL TOWN, SAID POINT BEING THE INTERSECTION OF SAID SOUTH RIGHT-OF-WAY LINE AND THE WEST RIGHT-OF-WAY LINE OF 2ND STREET;

THENCE SOUTH ON SAID WEST RIGHT-OF-WAY LINE OF 2ND STREET, A DISTANCE OF 830 FEET TO THE NORTHEAST CORNER OF LOT 8, SAID SURVEYOR'S PLAT J, SAID POINT BEING THE INTERSECTION OF SAID WEST RIGHT-OF-WAY LINE AND THE SOUTH RIGHT-OF-WAY LINE OF MULBERRY STREET;

THENCE WEST ON SAID SOUTH RIGHT-OF-WAY LINE OF MULBERRY STREET, A DISTANCE OF 660 FEET TO THE NORTHEAST CORNER OF LOT 170 ON 4TH STREET, SAID ORIGINAL TOWN, SAID POINT BEING THE INTERSECTION OF SAID SOUTH RIGHT-OF-WAY LINE AND THE WEST RIGHT-OF-WAY LINE OF 4TH STREET;

THENCE SOUTH ON SAID WEST RIGHT-OF-WAY LINE OF 4TH STREET, A DISTANCE OF 580 FEET TO THE NORTHEAST CORNER OF LOT 1, ON 4TH STREET, SAID HOLLAND'S ADDITION, SAID POINT BEING THE INTERSECTION OF SAID WEST RIGHT-OF-WAY LINE AND THE SOUTH RIGHT-OF-WAY LINE OF SOUTH STREET;

THENCE WEST ON SAID SOUTH RIGHT-OF-WAY LINE OF SOUTH STREET, A DISTANCE OF 935.44 FEET TO THE INTERSECTION OF SAID SOUTH RIGHT-OF-WAY LINE AND THE EAST RIGHT-OF-WAY LINE OF 7TH STREET;

THENCE NORTH ON SAID EAST RIGHT-OF-WAY LINE OF 7TH STREET, A DISTANCE OF 1410 FEET TO THE NORTHWEST CORNER OF LOT 139 ON 7TH STREET, SAID ORIGINAL TOWN, SAID POINT BEING THE INTERSECTION OF SAID EAST RIGHT-OF-WAY LINE AND THE SOUTH RIGHT-OF-WAY LINE OF WALNUT STREET;

THENCE WEST ON SAID SOUTH RIGHT OF WAY LINE OF WALNUT STREET, A DISTANCE OF 210 FEET TO THE INTERSECTION OF SAID SOUTH RIGHT-OF-WAY LINE, AND THE WEST LINE OF A 10 FOOT ALLEY BETWEEN 7TH STREET AND 8TH STREET, SAID ORIGINAL TOWN,

THENCE NORTH ON SAID WEST LINE OF A 10 FOOT ALLEY, A DISTANCE OF 280 FEET TO THE SOUTHEAST CORNER OF LOT 129 ON 8TH STREET, SAID ORIGINAL TOWN;

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SALINA, KANSAS 67401
Ph (765) 823-3400 | FAX (765) 823-3411
so@kveeng.com | www.kveeng.com

KAW VALLEY ENGINEERING

REVISED PER CITY COMMENTS
5-13-15, LRR

REVISED PER CLIENT COMMENTS
3-12-15, LRR

E1551183 FEB. 19, 2015
1183EXBA LRR

DRAFT

THENCE WEST ON THE SOUTH LINE OF SAID LOT 129, A DISTANCE OF 120 FEET TO THE SOUTHWEST CORNER OF SAID LOT 129 ON 8TH STREET, SAID POINT BEING ON THE EAST RIGHT-OF-WAY LINE OF 8TH STREET;

THENCE NORTH ON SAID EAST RIGHT-OF-WAY LINE OF 8TH STREET, A DISTANCE OF 650 FEET TO THE SOUTHWEST CORNER OF LOT 107 ON 8TH STREET, SAID ORIGINAL TOWN, SAID POINT BEING THE INTERSECTION OF SAID EAST RIGHT-OF-WAY LINE AND THE NORTH RIGHT-OF-WAY LINE OF IRON STREET;

THENCE EAST ON THE SOUTH LINE OF SAID LOT 107, A DISTANCE OF 120 FEET TO THE SOUTHEAST CORNER OF SAID LOT 107, SAID POINT BEING ON THE WEST LINE OF A 10 FOOT ALLEY BETWEEN 7TH STREET AND 8TH STREET, SAID ORIGINAL TOWN;

THENCE NORTH ON SAID WEST LINE OF A 10 ALLEY, A DISTANCE OF 432.5 FEET TO THE SOUTHEAST CORNER OF A TRACT OF LAND DESCRIBED IN DEED BOOK 229, PAGE 381 IN THE OFFICE OF THE SALINE COUNTY REGISTER OF DEEDS;

THENCE WEST ON THE SOUTH LINE OF SAID DESCRIBED TRACT, A DISTANCE OF 120 FEET TO THE SOUTHWEST CORNER OF SAID DESCRIBED TRACT, SAID POINT BEING ON SAID EAST RIGHT-OF-WAY LINE OF 8TH STREET;

THENCE NORTH ON SAID EAST RIGHT-OF-WAY LINE OF 8TH STREET, A DISTANCE OF 397.5 FEET TO THE SOUTHWEST CORNER OF LOT 77 ON 8TH STREET, SAID ORIGINAL TOWN, SAID POINT BEING THE INTERSECTION OF SAID EAST RIGHT-OF-WAY LINE AND THE NORTH RIGHT-OF-WAY LINE OF ASH STREET;

THENCE EAST ON SAID NORTH RIGHT-OF-WAY LINE OF ASH STREET, A DISTANCE OF 330 FEET TO THE SOUTHWEST CORNER OF LOT 77 ON 7TH STREET, SAID ORIGINAL TOWN, SAID POINT BEING THE INTERSECTION OF SAID NORTH RIGHT-OF-WAY LINE AND SAID EAST RIGHT-OF-WAY LINE OF 7TH STREET;

THENCE NORTH ON SAID EAST RIGHT-OF-WAY LINE OF 7TH STREET, A DISTANCE OF 830 FEET TO THE SOUTHWEST CORNER OF LOT 47 ON 7TH STREET, SAID ORIGINAL TOWN, SAID POINT BEING THE INTERSECTION OF SAID EAST RIGHT-OF-WAY LINE AND THE NORTH RIGHT-OF-WAY LINE OF ELM STREET;

THENCE EAST ON SAID NORTH RIGHT-OF-WAY LINE OF ELM STREET, A DISTANCE OF 1340 FEET TO THE POINT OF BEGINNING.

12/15/2015 10:00 AM



742 DUVALL AVENUE
SALINA, KANSAS 67401
PH (785) 823-3400 | FAX (785) 823-3411
so@kveng.com | www.kveng.com

KAW VALLEY ENGINEERING

REVISED PER CITY COMMENTS
5-13-15, LRR

REVISED PER CLIENT COMMENTS.
3-12-15, LRR

E1551183 FEB. 19, 2015
11B3EXBA LRR

EXHIBIT E
MAP OF STAR BOND PROJECT DISTRICT & PROJECT AREA

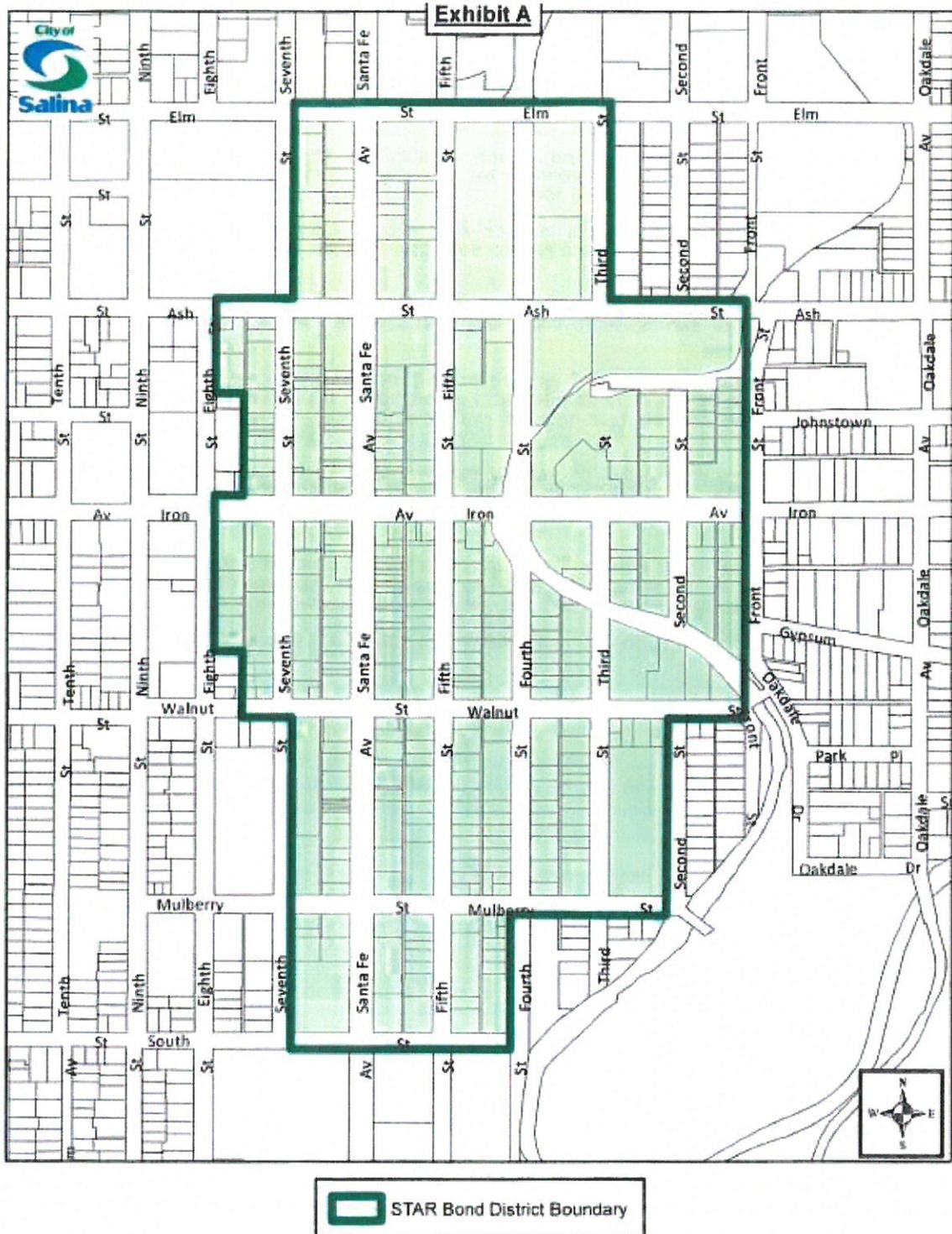
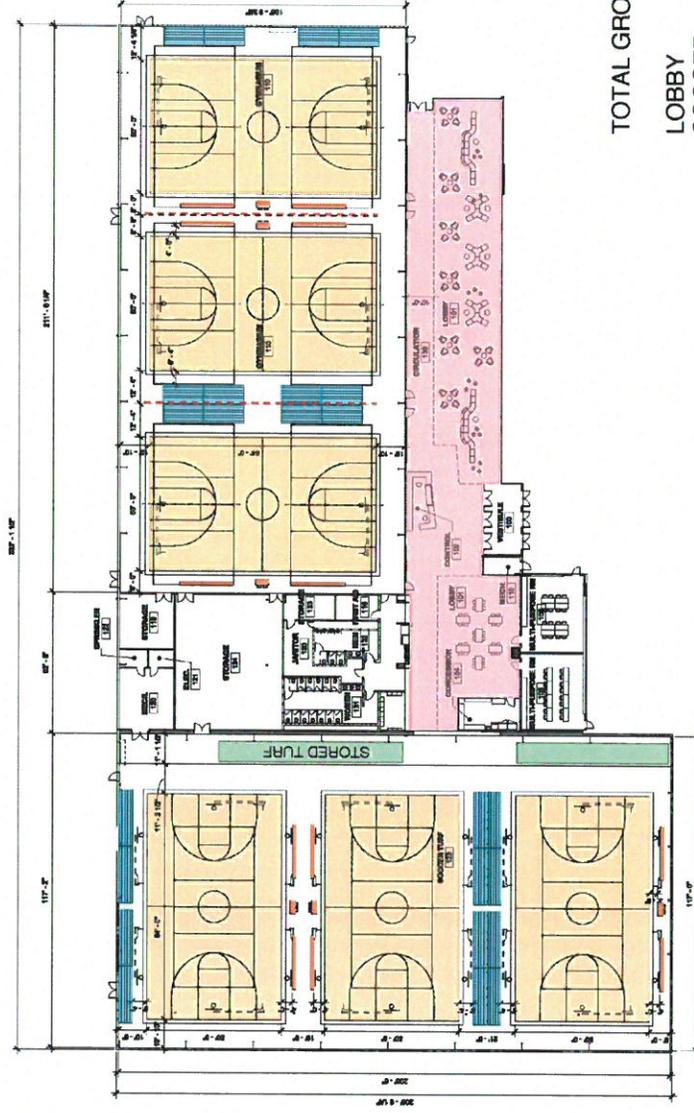


EXHIBIT F-1
FIELDHOUSE CONCEPTUAL PLANS
(SEE ATTACHED)

The 3x3 - B



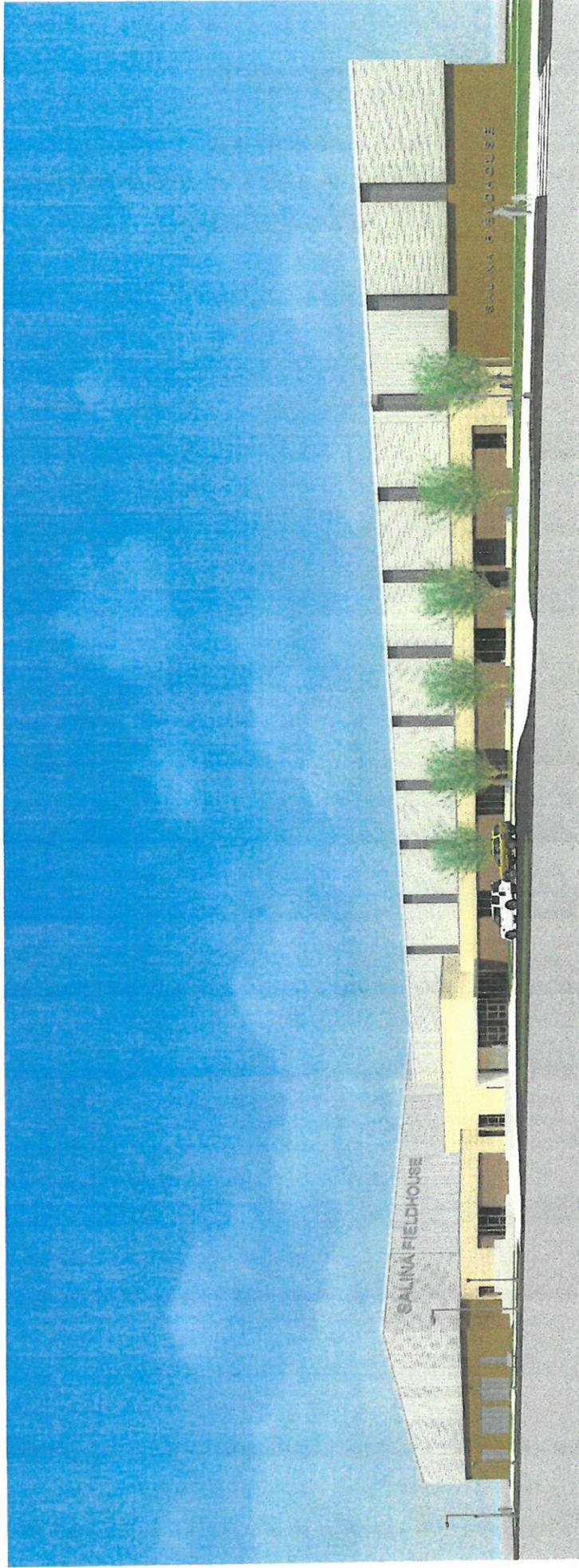
TOTAL GROSS S.F.	63,420
LOBBY	8,000
SOCCER	24,040
GYMNASIUM	23,322

PLAN 3x3 (DEVELOPED-REVISED) - (6) BASKETBALL

Salina Field House

Base Exterior

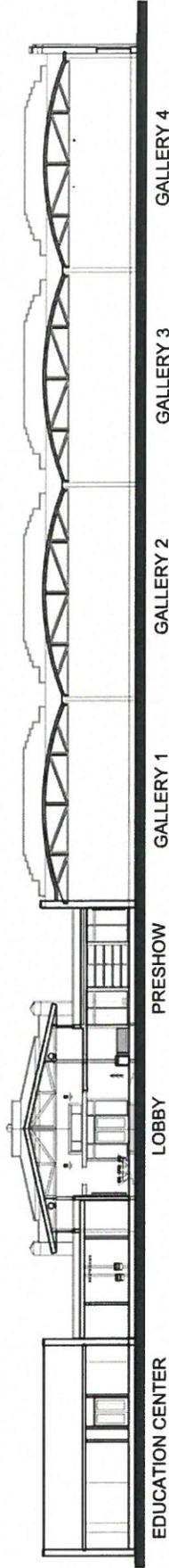
Refer to Material Sample Board for actual materials and colors



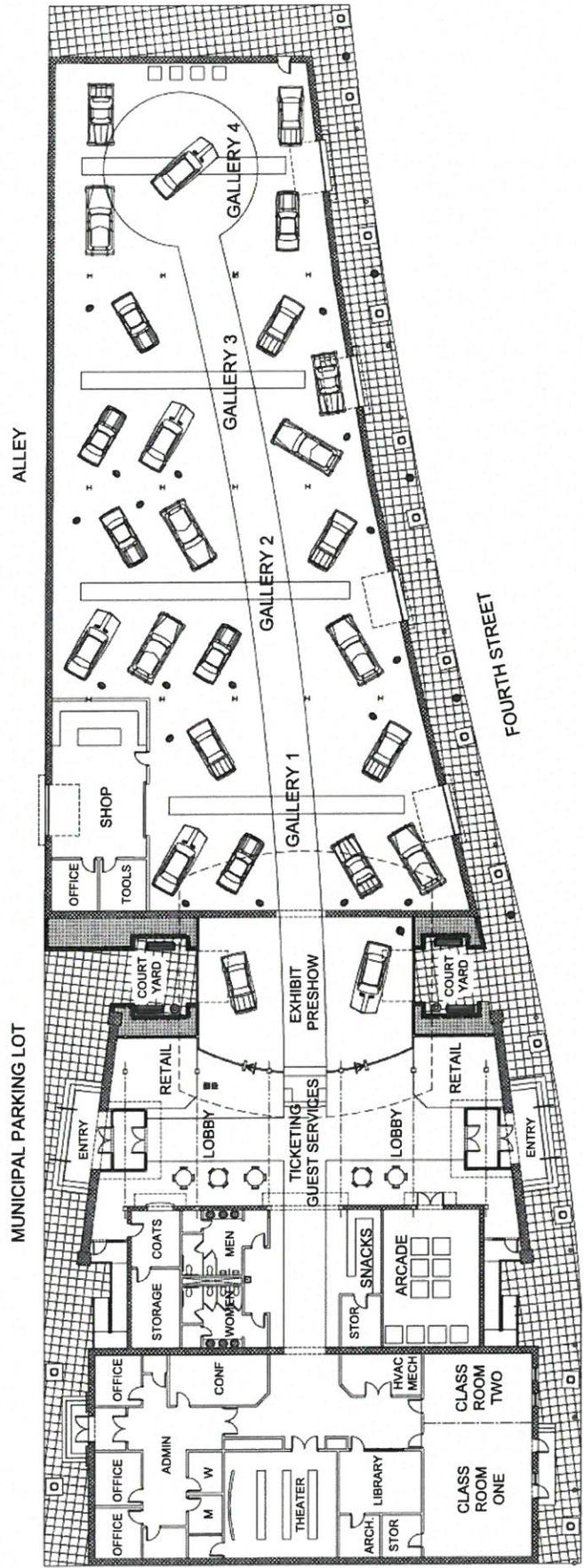
DRAFT

EXHIBIT F-2

**CAR MUSEUM CONCEPTUAL PLANS AND AUTOMOBILE INVENTORY
(SEE ATTACHED)**



PROJECT SECTION LOOKING WEST

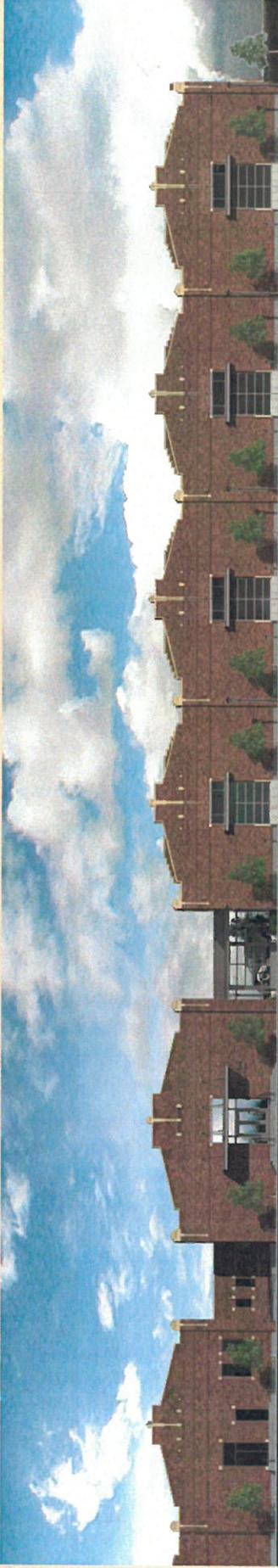


PROJECT FLOOR PLAN

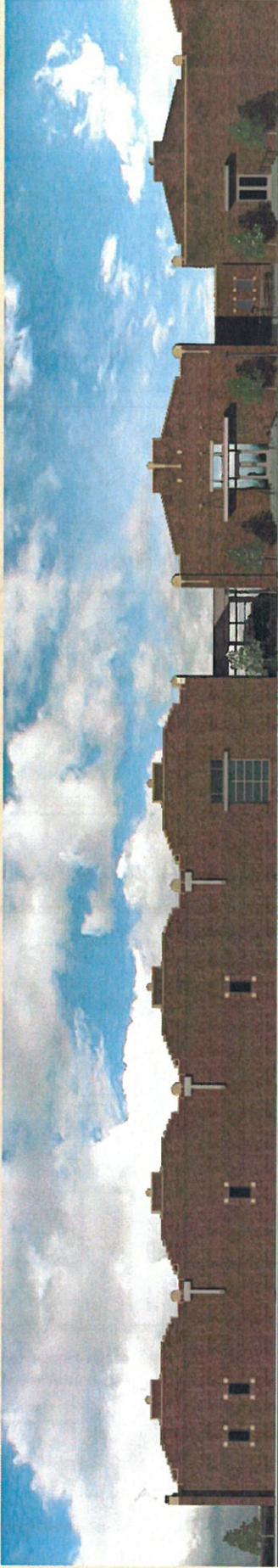
AMERICA'S CROSSROADS CAR COLLECTION

SALINA, KANSAS





WEST ELEVATION - VIEW FROM FOURTH STREET



EAST ELEVATION - VIEW FROM MUNICIPAL PARKING LOT / FIFTH STREET

exline

AMERICA'S CROSSROADS CAR COLLECTION

SALINA, KANSAS





VIEW OF THE CROSSROADS PRE-SHOW AREA FROM FOURTH STREET

exline

AMERICA'S CROSSROADS CAR COLLECTION

SALINA, KANSAS





INTERIOR VIEW OF THE CROSSROADS CAR COLLECTION LOBBY

AMERICA'S CROSSROADS CAR COLLECTION

SALINA, KANSAS



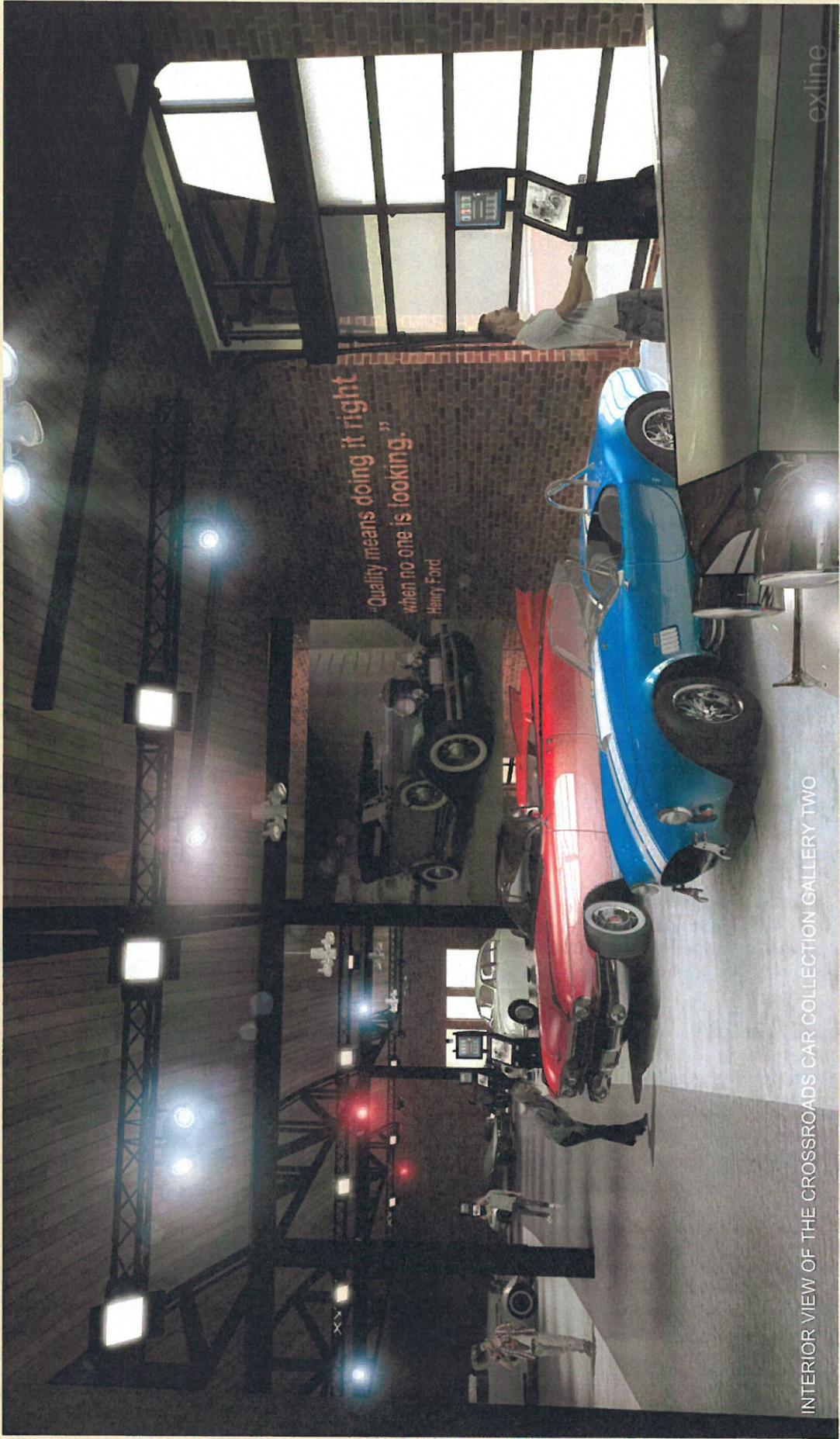


INTERIOR VIEW OF THE CROSSROADS CAR COLLECTION LOBBY

AMERICA'S CROSSROADS CAR COLLECTION

SALINA, KANSAS





INTERIOR VIEW OF THE CROSSROADS CAR COLLECTION GALLERY TWO

AMERICA'S CROSSROADS CAR COLLECTION

SALINA, KANSAS

cxline





1902 Locomobile Steam Runabout



1923 Bentley Vanden Plas Tourer



1912 Rolls-Royce Silver Ghost



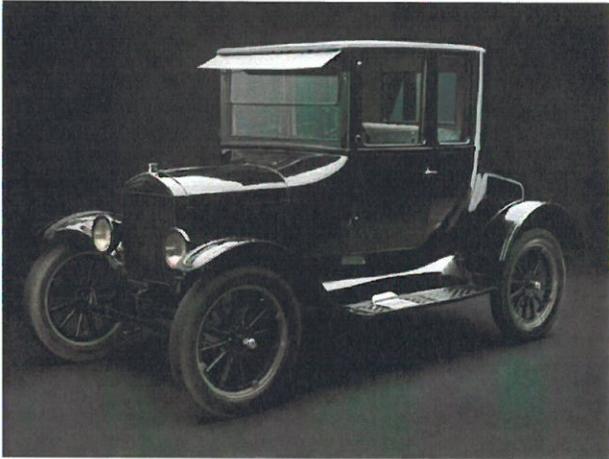
1924 Rolls-Royce Silver Ghost



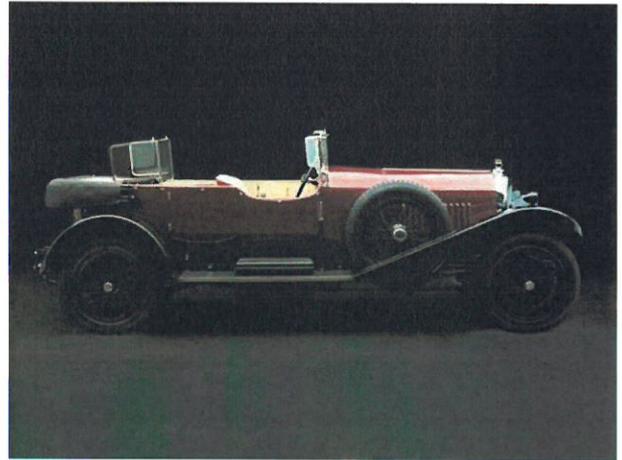
1918 Ford Model T Speedster



1924 Rolls-Royce Silver Ghost



1925 Ford Model T Coupe



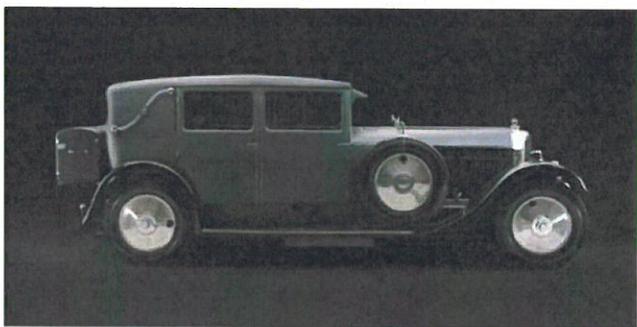
1929 Bentley



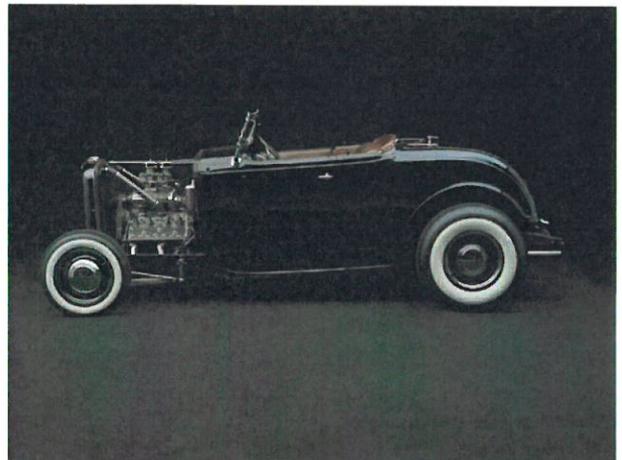
1925 Rolls-Royce Silver Ghost



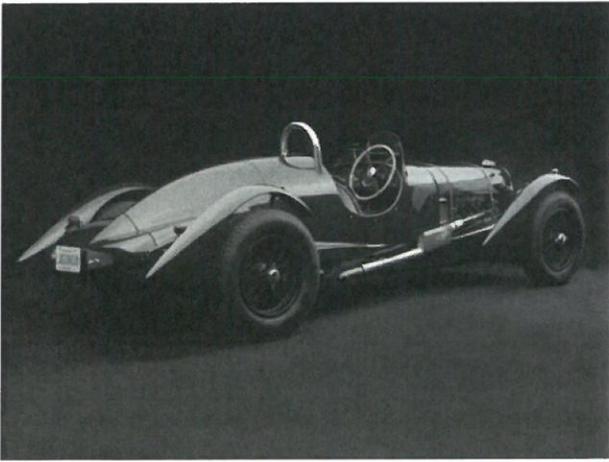
1932 Ford 5-window Coupe



1928 Bentley Gurney Nutting Limousine



1932 Ford Roadster



1939 Lagonda V12 Le Mans



1949 Ford Convertible



1941 Ford Opera Coupe



1950 Mercury Coupe



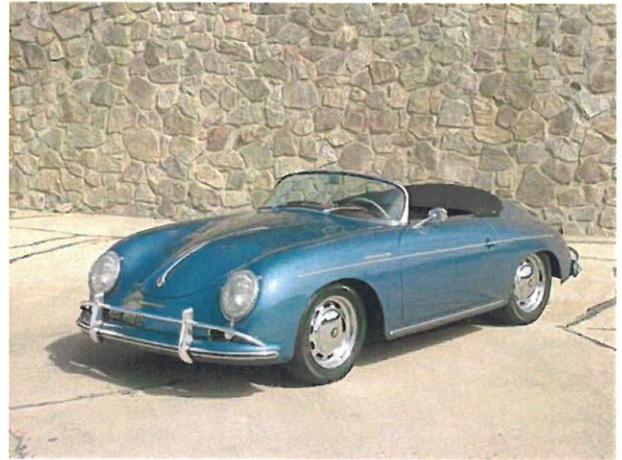
1947 Ford Woody Wagon



1951 Bentley Mark VI



1953 Buick Woody Wagon



1957 Porsche Speedster



1954 Kurtis 500 S



1958 Mercedes Benz 200 S Coupe



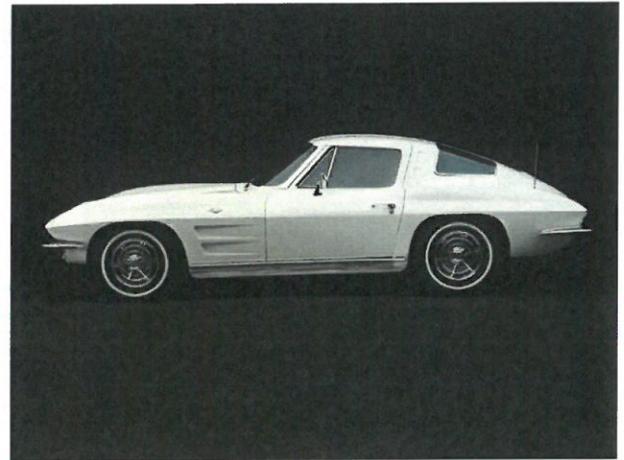
1956 Ford Ute



1958 Oldsmobile Convertible



1959 Cadillac Eldorado Convertible



1963 Chevrolet Corvette Split-Window



1959 Ford Galaxie Skyliner



1963 Ford Falcon



1960 Watson Roadster Indy Car



1964 Buick Skylark



1964 Ferrari 250 GT/L Lusso



1965 Ford Thunderbird



1964 Shelby Cobra



1965 Ford Mustang Shelby GT 350



1965 Ford Galaxie 500 XL



1966 Ford Mustang Shelby GT 350



1967 MG 1100 Sports Sedan



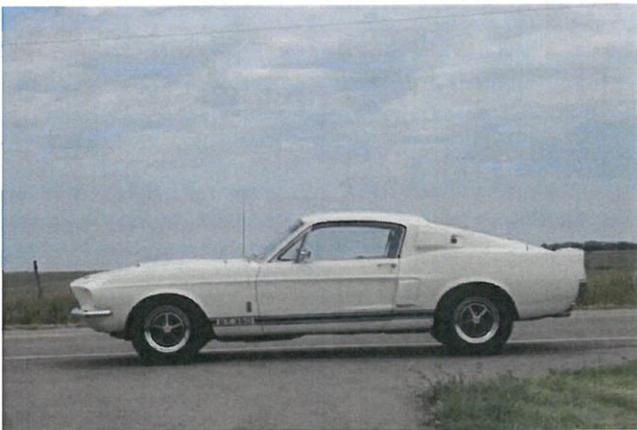
1968 Mini Cooper S



1967 Ford Mustang Shelby GT 350



1968 Morgan Plus 4 Roadster



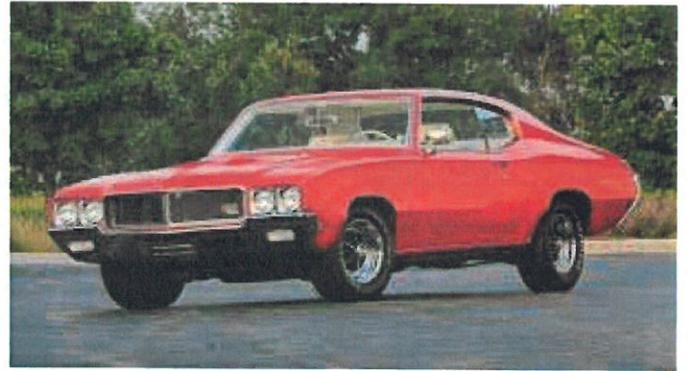
1967 Ford Mustang Shelby GT 350



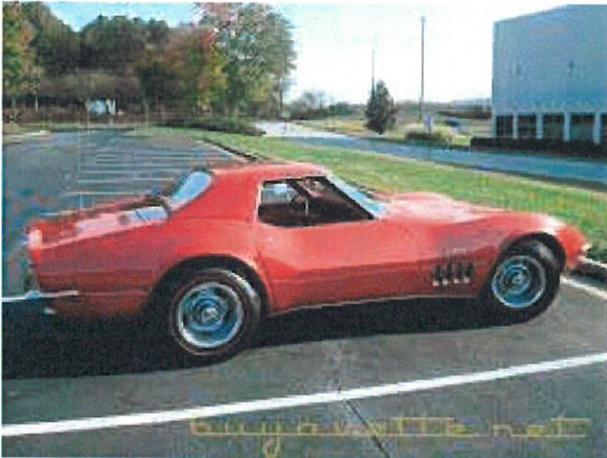
1969 Chevrolet Camaro RS Yenko



1969 Chevrolet Camaro Z28



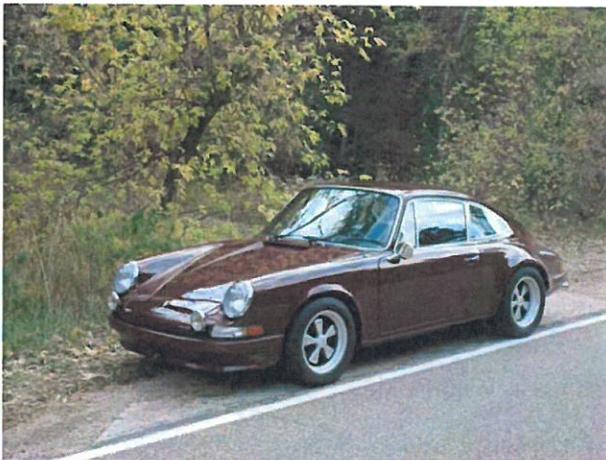
1970 Buick GS Stage 1 Fireglow



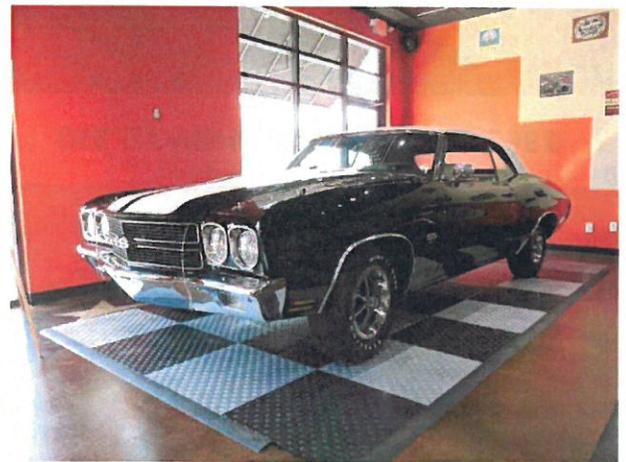
1969 Chevrolet Corvette Hardtop



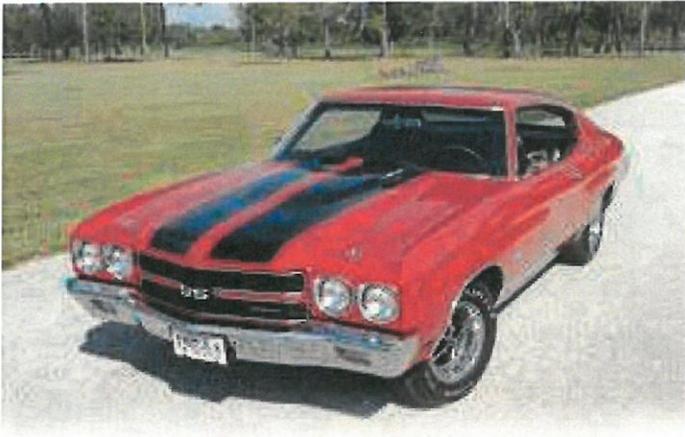
1970 Buick GSX Stage 1



1969 Porsche 911



1970 Chevrolet Chevelle LS5



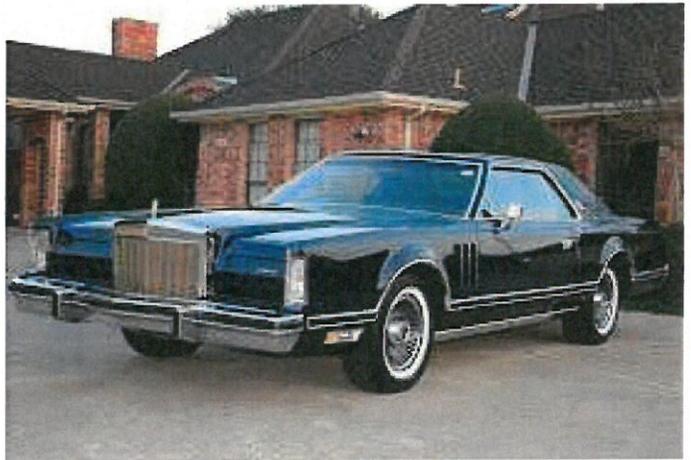
1970 Chevrolet Chevelle LS6



1979 Ducati 750 F1 B



1971 Chevrolet Nova SS Yenko



1979 Lincoln Mark V



1974 Pantera



1984 Zimmer Convertible



1986 Dodge Shelby GLHS



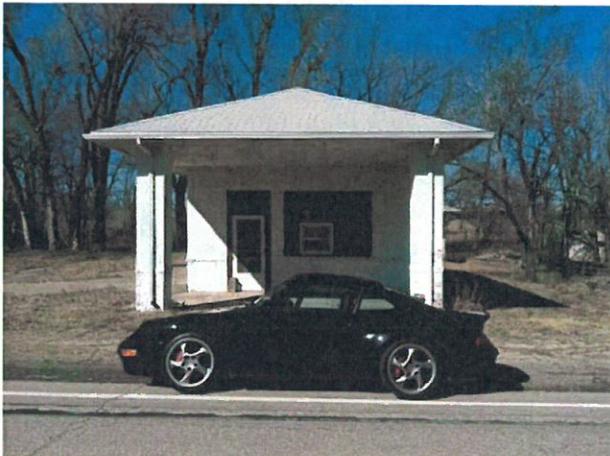
2005 Lotus Elise



**1989 Reynard Toyota – Jeff Andretti
Formula Atlantic**



2006 Ford GT



1997 Porsche 911 Twin Turbo



2015 Chevrolet Camaro Yenko



Cushman Eagle Scooter

DRAFT

EXHIBIT F-3

DOWNTOWN STREETScape IMPROVEMENTS CONCEPTUAL PLANS

(SEE ATTACHED)



LEGEND

- H.1 Gateway Monument
- H.2 Plaza Entry Sculpture
- H.3 Sculpture Base
- I.2 Elevated Light Post
- I.3 Median Lighting

A.1 STREETScape BLOCK 1

ELM STREET TO ASH STREET

DOWNTOWN SALINA STREETScape PLAN

Salina, Kansas

October 2015

**HOCHSNER
HARE & HARE**
a design studio of **OLSSON
ASSOCIATES**

**OLSSON
ASSOCIATES**





LEGEND

- H.1 Gateway Monument
- H.2 Plaza Entry Sculpture
- H.3 Sculpture Base
- I.2 Elevated Light Post
- I.3 Median Lighting

B.1 STREETScape BLOCK 2
 ASH STREET TO IRON AVENUE



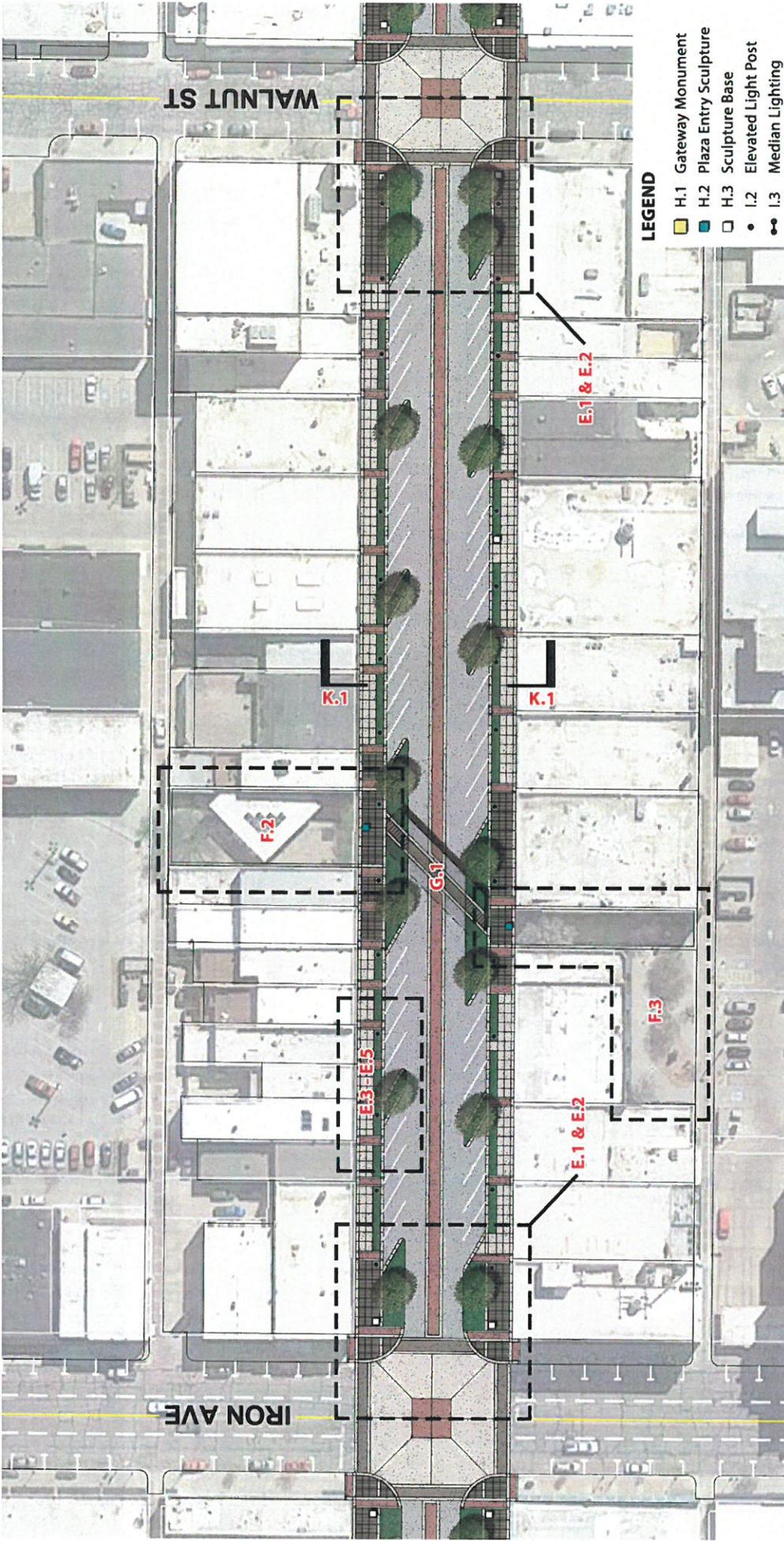
DOWNTOWN SALINA STREETScape PLAN

Salina, Kansas



October 2015





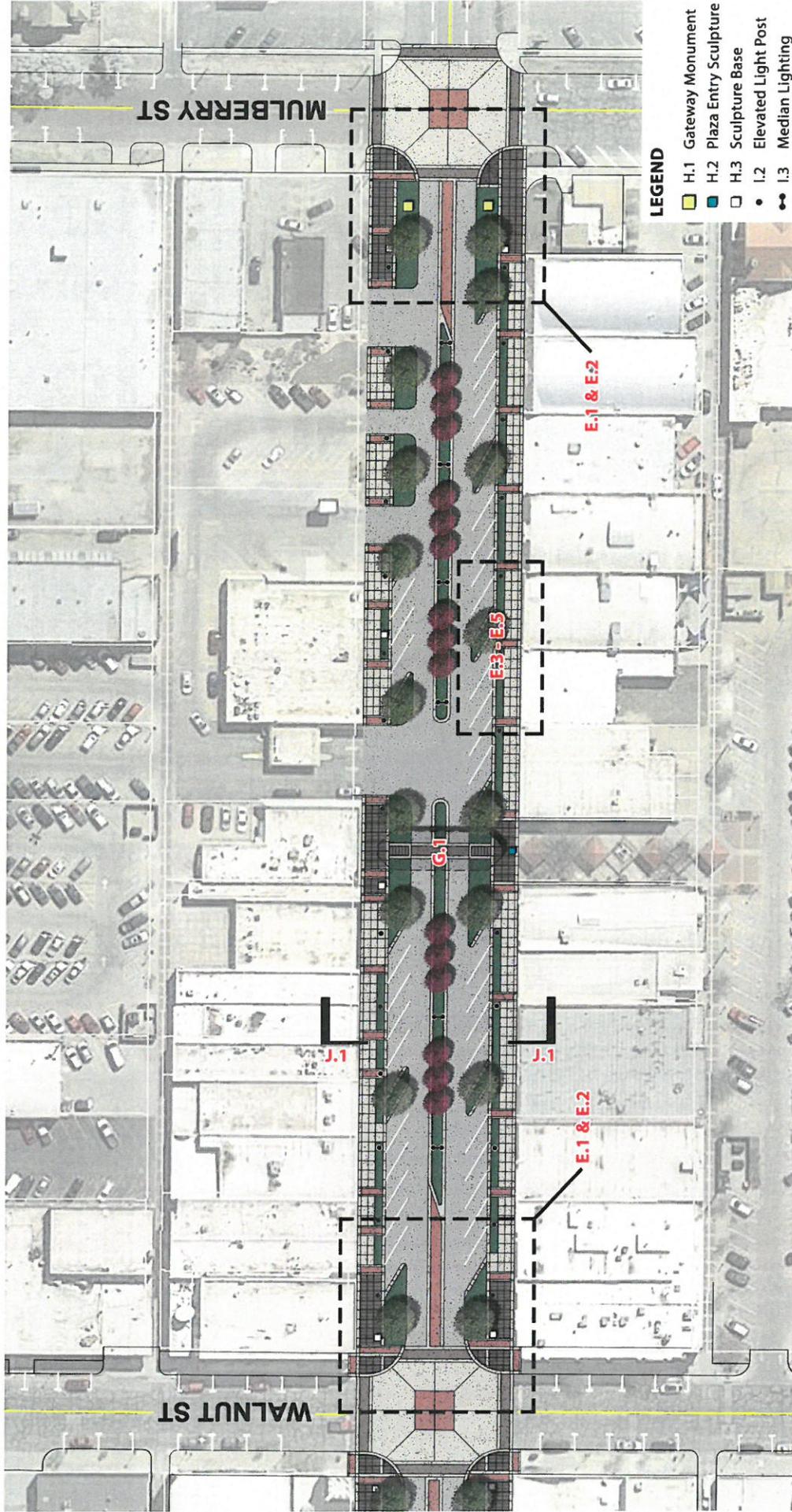
- LEGEND**
- H.1 Gateway Monument
 - H.2 Plaza Entry Sculpture
 - H.3 Sculpture Base
 - I.2 Elevated Light Post
 - I.3 Median Lighting

C.1 STREETSCAPE BLOCK 3
 IRON AVENUE TO WALNUT STREET



DOWNTOWN SALINA STREETSCAPE PLAN
 October 2015

Salina, Kansas



D.1 STREETSCAPE BLOCK 4
 WALNUT STREET TO MULBERRY STREET

DOWNTOWN SALINA STREETSCAPE PLAN

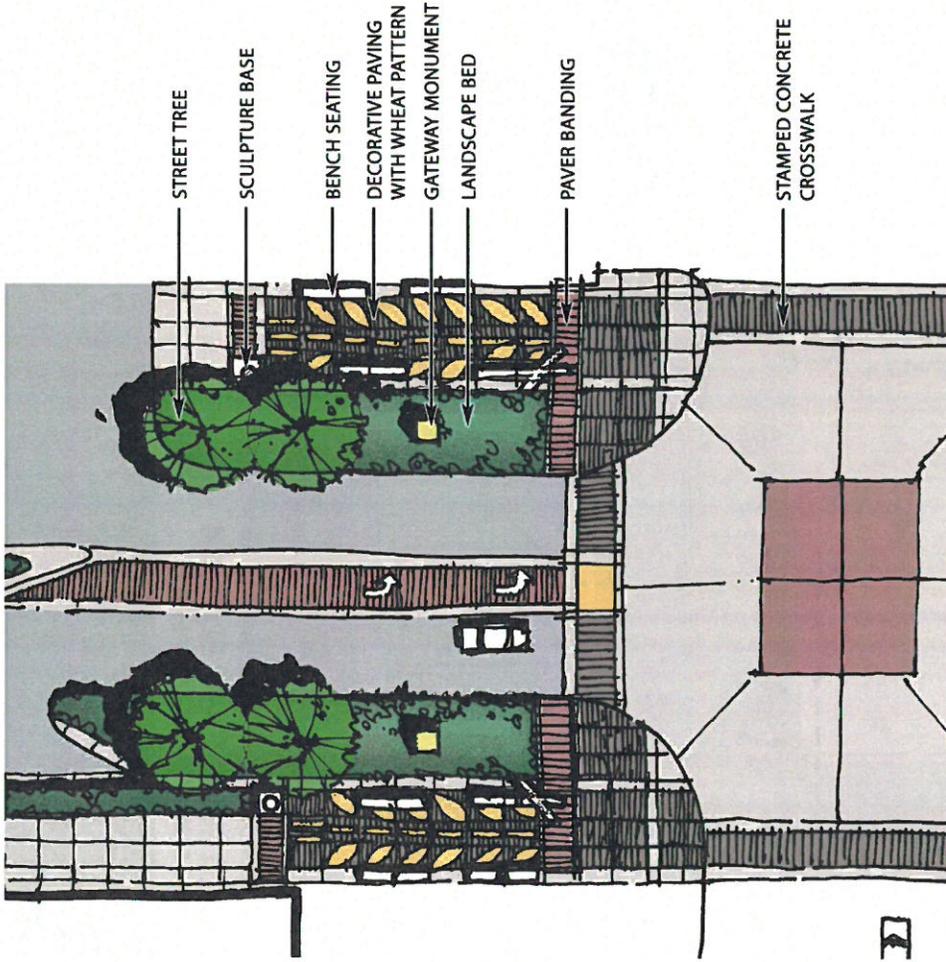
Salina, Kansas

October 2015

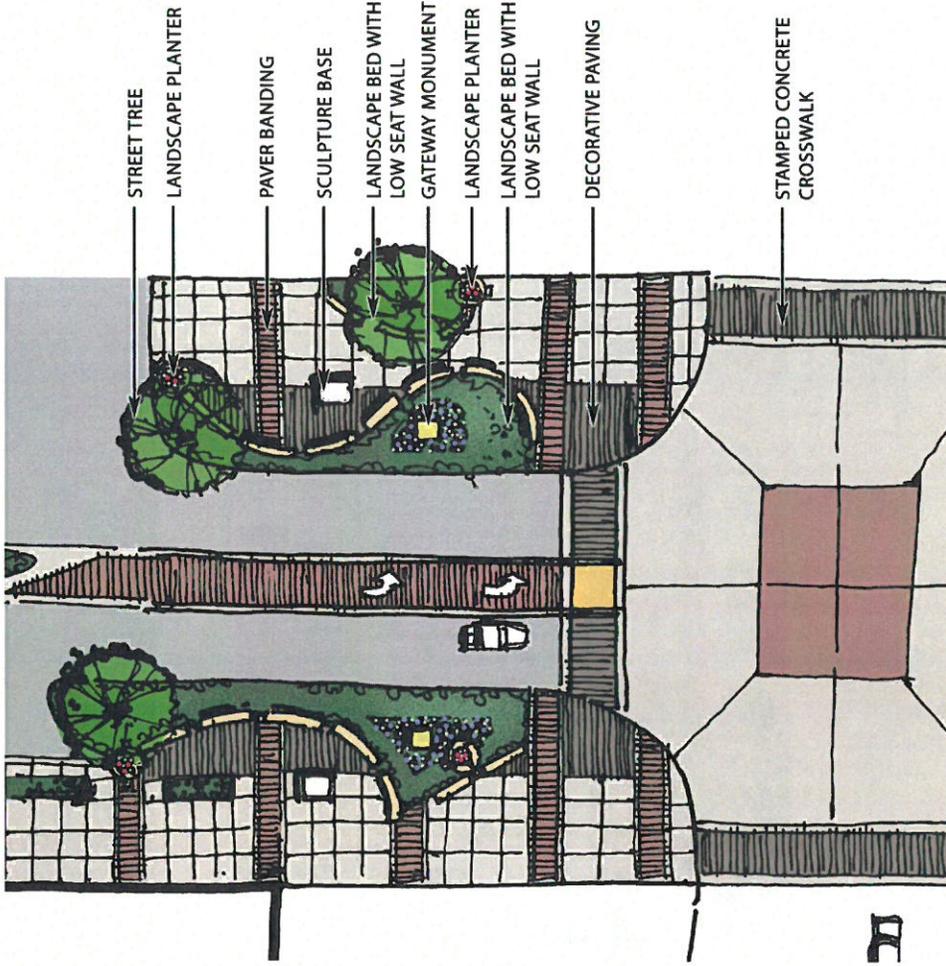
**HOCHSNER
HARE & HARE**
 a design studio of

**OLSSON
ASSOCIATES**

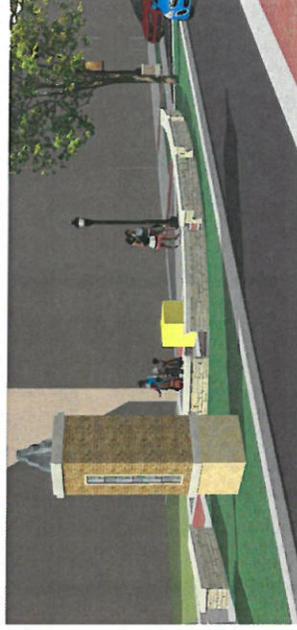




E.1 & E.2 BLOCK ENDPOINT STREETSCAPE ALTERNATIVES



NOTE: The above alternatives are not location specific. Instead, they represent typical streetscape treatments to be applied to all block endpoints from Elm Street to Mulberry Street.



E.2 BLOCK ENDPOINT STREETSCAPE ILLUSTRATIONS

NOTE: The above illustrations are not location specific. Instead, they represent typical streetscape treatments to be applied to all block endpoints from Elm Street to Mulberry Street.

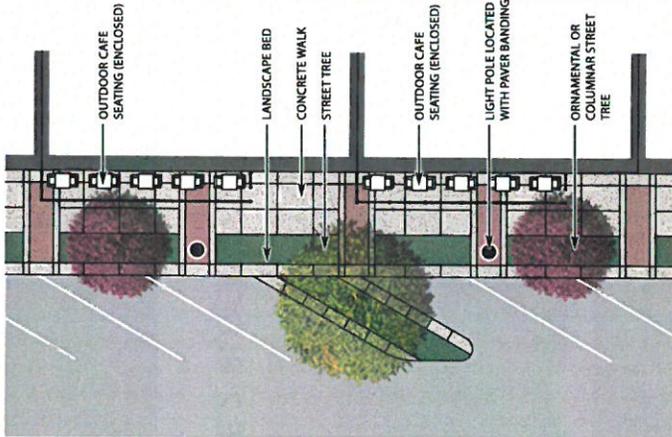
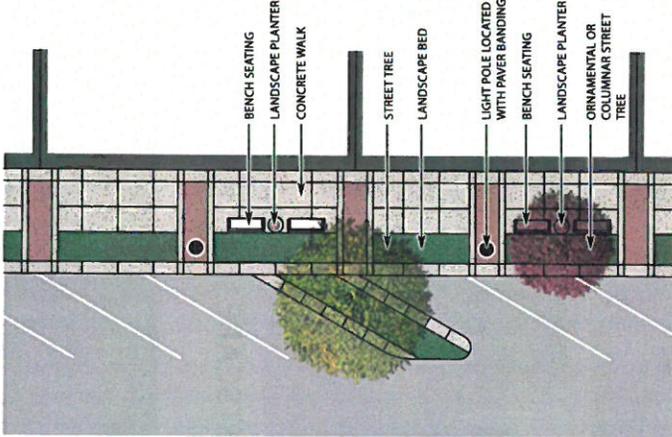
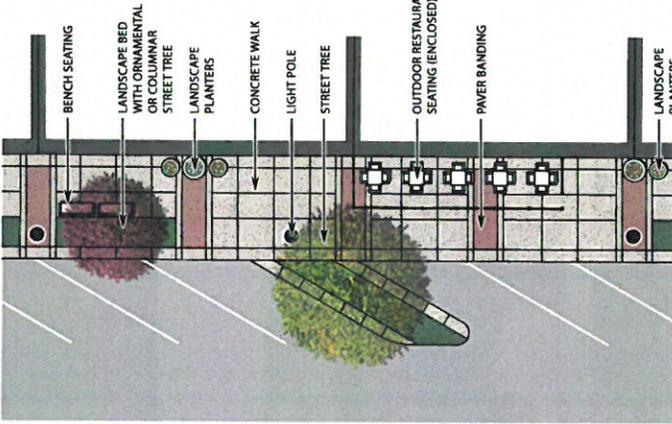
DOWNTOWN SALINA STREETSCAPE PLAN
Salina, Kansas

**VOCHSNER
HARE & HARE**
a design studio of

**OLSSON
ASSOCIATES**

**OLSSON
ASSOCIATES**

October 2015

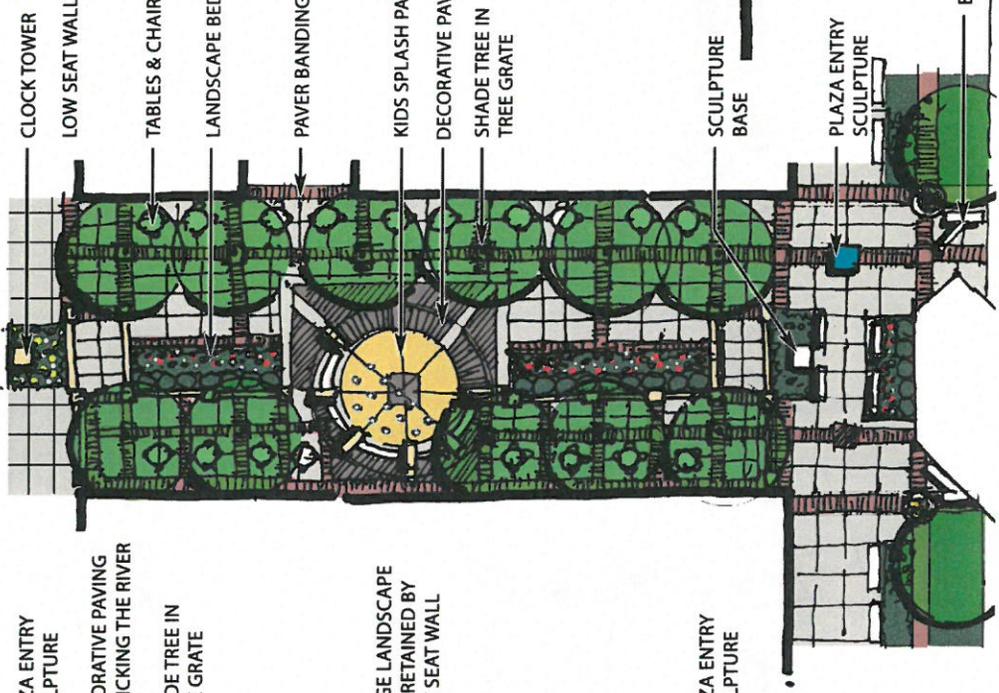


E.3, E.4 & E.5 INTERIOR BLOCK STREETScape ALTERNATIVES

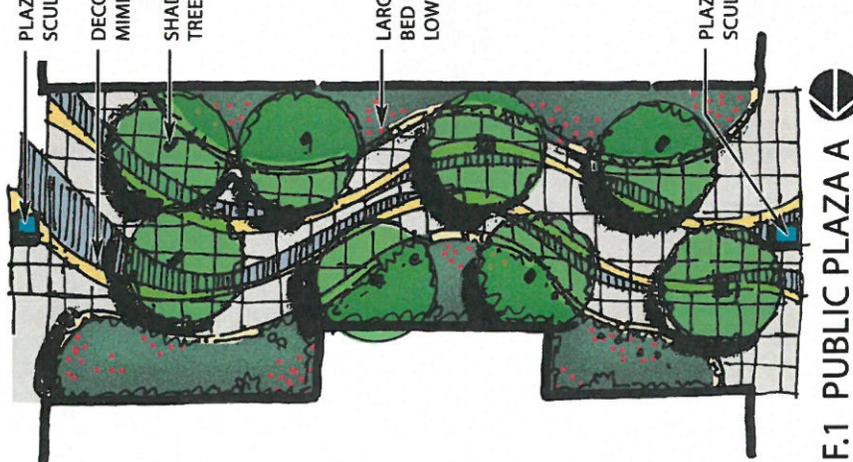
NOTE: The above alternatives are not location specific. Instead, they represent typical streetscape treatments to be applied to the interior or middle portions of each block from Elm Street to Mulberry Street. Multiple treatments are required to accommodate the needs of the unique mix of uses in Downtown Salina.



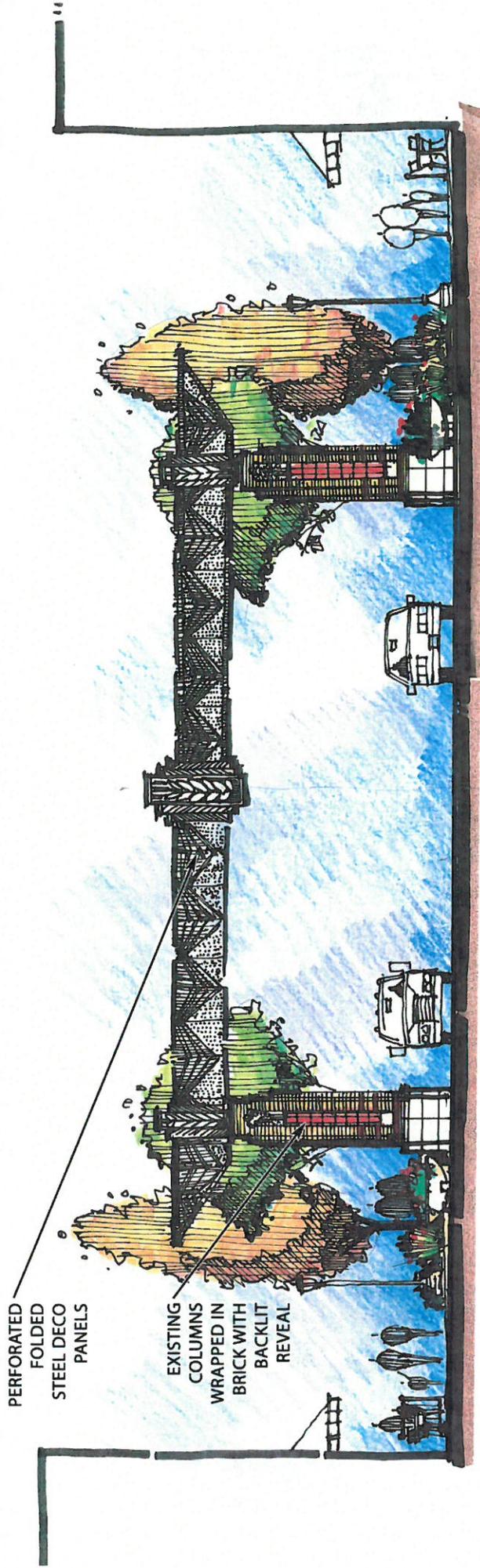
F.1 PUBLIC PLAZA A



F.2 PUBLIC PLAZA B



F.3 PUBLIC PLAZA C



G.1 OVERHEAD STRUCTURE ENHANCEMENT AT MID-BLOCK CROSSINGS

DOWNTOWN SALINA STREETSCAPE PLAN

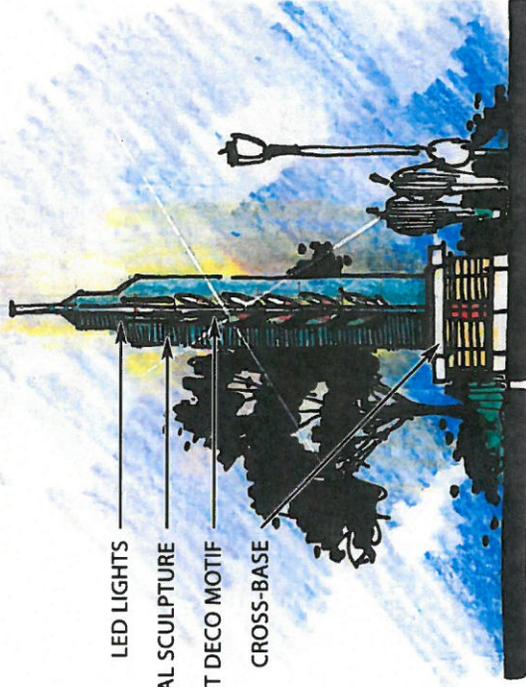
Salina, Kansas

October 2015

OCHSNER
HARE & HARE
a design studio of

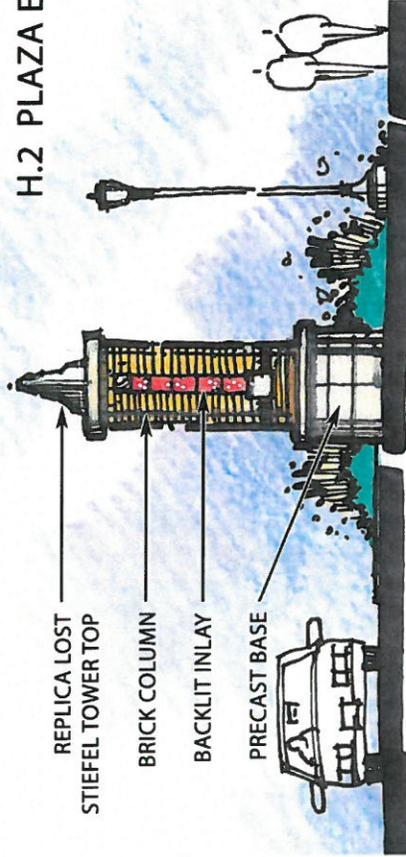
OLSSON
ASSOCIATES





- LED LIGHTS
- METAL SCULPTURE
- ART DECO MOTIF
- CROSS-BASE

H.2 PLAZA ENTRY SCULPTURE



- REPLICA LOST STIEFEL TOWER TOP
- BRICK COLUMN
- BACKLIT INLAY
- PRECAST BASE

H.1 GATEWAY MONUMENT



- SCULPTURE
- CROSS-BASE

H.3 SCULPTURE BASE

DOWNTOWN SALINA STREETSCAPE PLAN

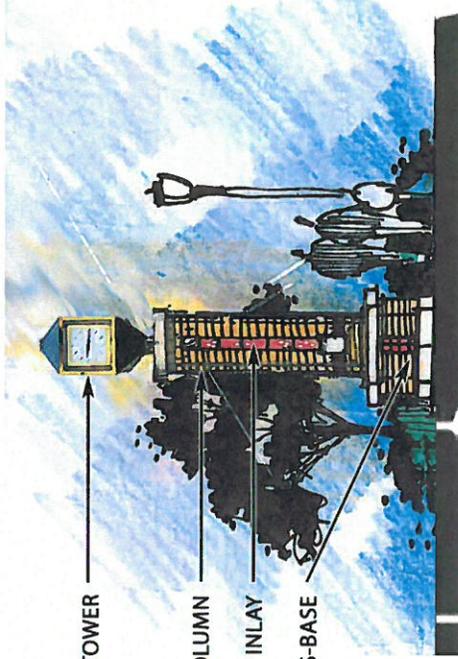
Salina, Kansas

October 2015

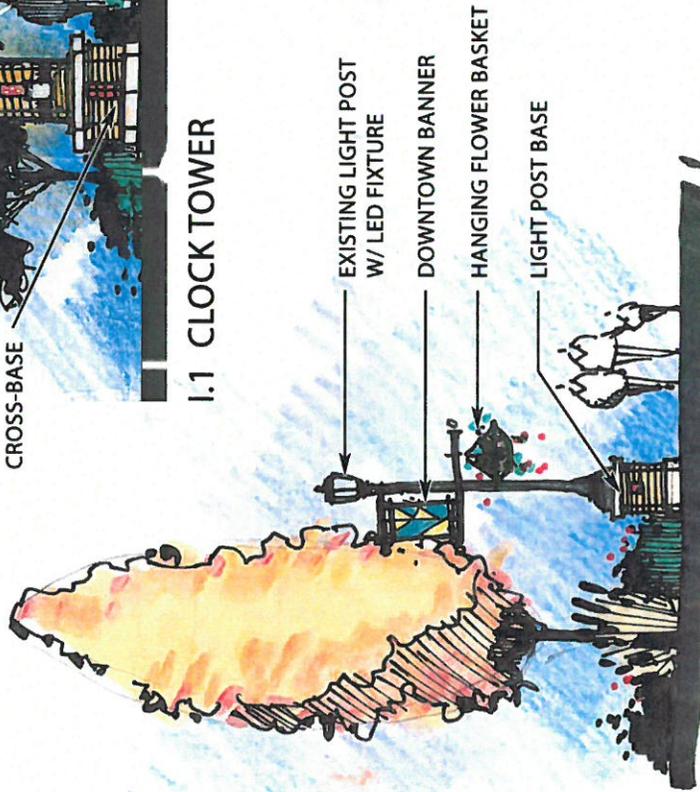
VOCHSNER
HARE & HARE
a design studio of

OLSSON
ASSOCIATES





I.1 CLOCK TOWER



I.2 ELEVATED LIGHT POST



I.3 MEDIAN LIGHTING



J.1 TYPICAL STREET ELEVATION
 ELM STREET TO ASH STREET & WALNUT STREET TO MULBERRY STREET

DOWNTOWN SALINA STREETSCAPE PLAN

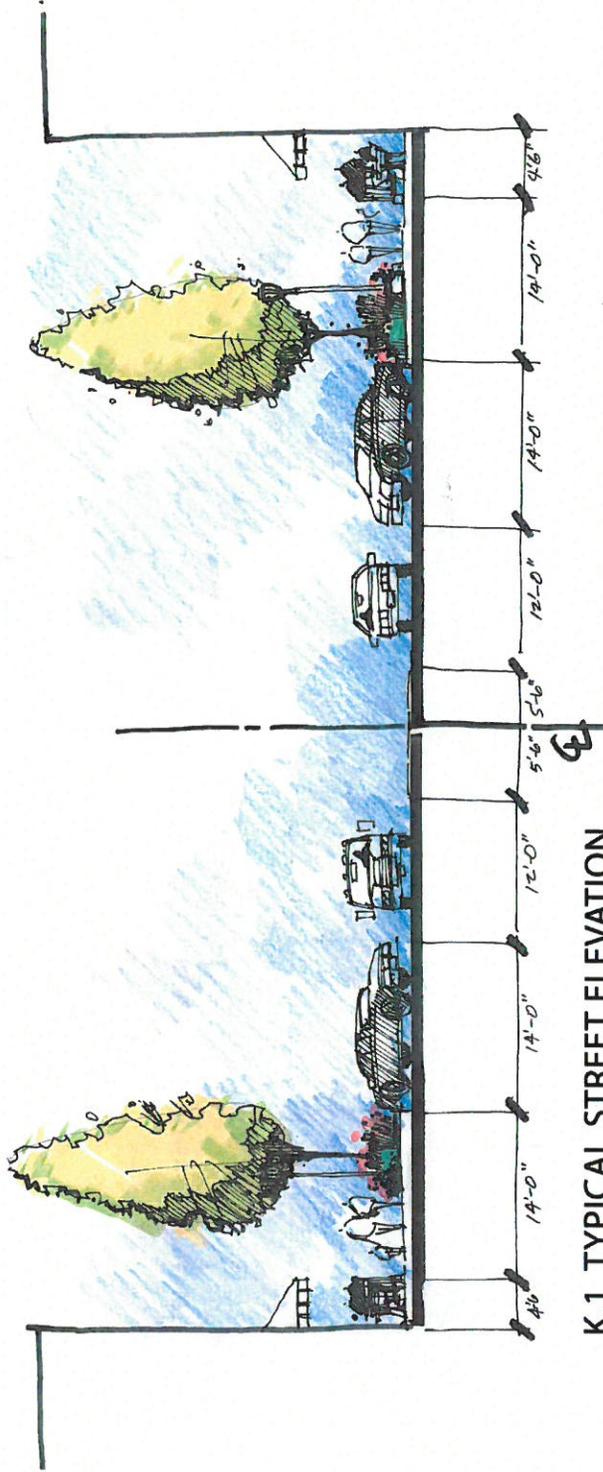
Salina, Kansas

October 2015

BOCHSNER
 HARE & HARE
 a design studio of

OLSSON
 ASSOCIATES





K.1 TYPICAL STREET ELEVATION
 ASH STREET TO WALNUT STREET

SITE FURNISHINGS & AMENITIES

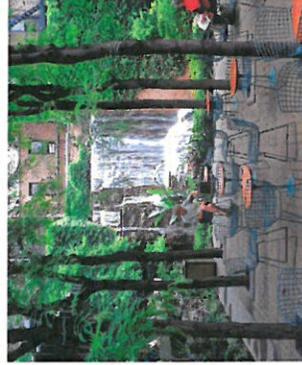
L. HARDSCAPE & SITE FURNISHING MATERIALS



Cafe or Restaurant Seating



Cafe or Restaurant Seating



Pocket Park Seating



Iron Tree Grate



Permanent Art/Sculpture Installation



Permanent Art/Sculpture Installation



Bench Seating



Bench Seating



Light Post w/ Banners



String Lighting



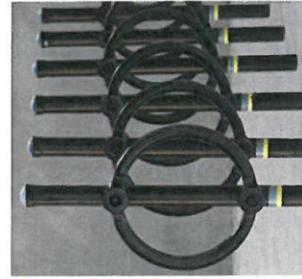
Splash Pad



Performance Stage



Bike Rack



Bike Rack



Large Storefront Planter



Large Storefront Planter



Gateway Structure w/ Masonry Columns



Fountain Feature

DOWNTOWN SALINA STREETSCAPE PLAN
Salina, Kansas

October 2015

**HOCHSNER
HARE & HARE**
a design studio of **OLSSON
ASSOCIATES**

**OLSSON
ASSOCIATES**

M. HARDSCAPE & SITE FURNISHING MATERIALS

PAVING MATERIALS



Grey Concrete, Broom Finish



Grey Concrete, Swirl Finish



Decorative Paver Fields



Decorative Paver Fields



Decorative Paver Fields w/ Landscape Beds & Seating



Exposed Aggregate Concrete



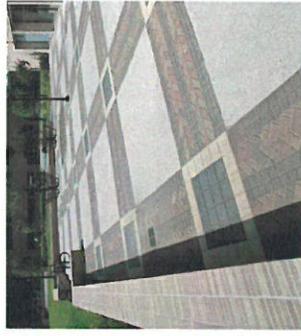
Integral Colored Concrete



Stamped Concrete Intersections



Stamped or Tiled Concrete



Decorative Paver Fields



Eco Dublin Permeable Pavers



Eco Dublin Permeable Pavers



Urban Stone Pavers



Urban Stone Pavers

DOWNTOWN SALINA STREETSCAPE PLAN

Salina, Kansas



October 2015

N. LANDSCAPE MATERIALS

OVERSTORY TREES



Armstrong Maple



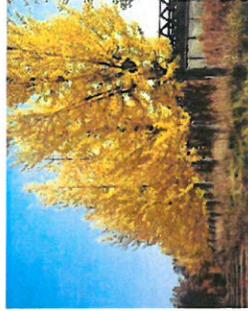
Columnnar English Oak



Columnnar Hornbeam



Frontier Elm



Princeton Sentry Ginkgo



Skyline & Shademaster Honeylocust

ORNAMENTAL TREES



Eastern Redbud



Cornelian Cherry Dogwood



Prairiefire Crabapple



Coralberry



Witch Hazel



Grey & Redosier Dogwood



Arrowwood Viburnum



Button Bush



Gro-Low Sumac

PERENNIALS & ORNAMENTAL GRASSES



White & Purple Coneflowers



Blanket Flower



Lead Plant



Common & Plains Sunflower



'May Night' Salvia



Black Eyed Susan



Prairie Dropseed



Side Oats Grama



Indian Grass



Lanceleaf Coreopsis



Grey-Headed Coneflower



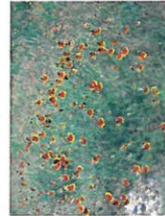
Bee Balm



Butterfly Milkweed



Smooth Penstemon



'Mexican Hat' Coneflower



Big Bluestem



Little Bluestem



Switchgrass

DOWNTOWN SALINA STREETSCAPE PLAN

Salina, Kansas



October 2015

DRAFT

EXHIBIT F-4

**ATTRACTION-SPECIFIC STREETScape IMPROVEMENTS CONCEPTUAL PLANS
AND BUDGET**

(SEE ATTACHED)

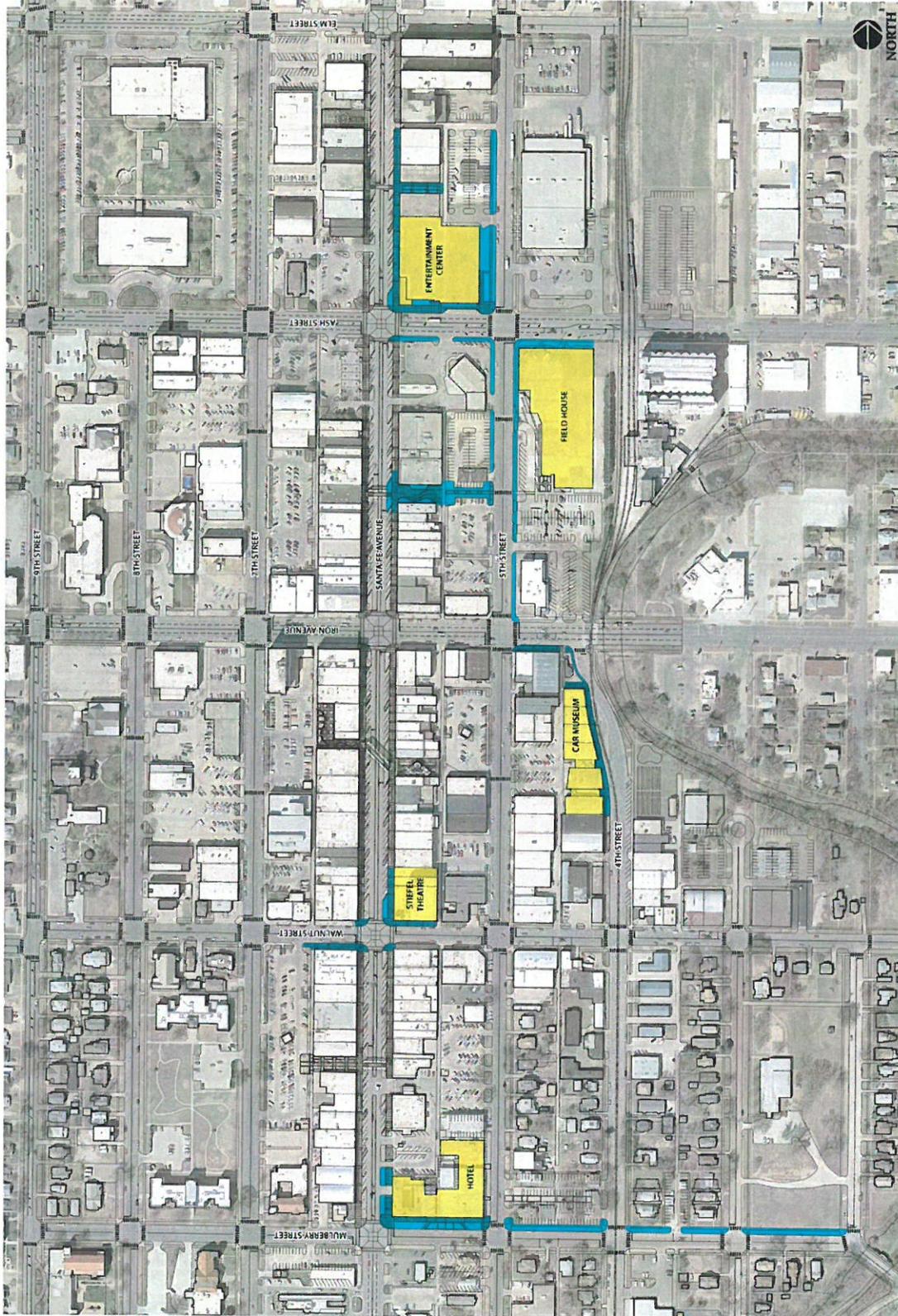
**OVERALL PLAN - PEDESTRIAN
CONNECTIVITY IMPROVEMENT
AREAS**



STAR BOND PROJECTS



STAR BOND ELIGIBLE
PEDESTRIAN CONNECTIVITY
IMPROVEMENTS



OPINION OF PROBABLE COSTS -STREETSCAPE

ENTERTAINMENT CENTER	\$702,288.40
FIELD HOUSE	\$722,083.60
CAR MUSEUM	\$202,044.00
STEEPL THEATRE	\$213,692.80
HOTEL	\$508,747.60
TOTAL =	\$2,348,856.40

DOWNTOWN SALINA STREETSCAPE IMPROVEMENTS

SALINA, KANSAS



STAR Bond Eligible Pedestrian Connectivity Improvements

Opinion of Probable Costs

May 4, 2016

Description	Unit	Quantity	Unit Price	Cost
ENTERTAINMENT CENTER				
Enhanced Hardscape & Landscape Treatment	SF	20,024	\$ 23.60	\$ 472,566.40
Standard Hardscape & Landscape Treatment	SF	9,477	\$ 18.00	\$ 170,586.00
Basic Hardscape & Landscape Treatment	SF	4,928	\$ 12.00	\$ 59,136.00
			TOTAL =	\$ 702,288.40
FIELD HOUSE				
Enhanced Hardscape & Landscape Treatment	SF	28,976	\$ 23.60	\$ 683,833.60
Standard Hardscape & Landscape Treatment	SF	2,125	\$ 18.00	\$ 38,250.00
Basic Hardscape & Landscape Treatment	SF	0	\$ 12.00	\$ -
			TOTAL =	\$ 722,083.60
CAR MUSEUM				
Enhanced Hardscape & Landscape Treatment	SF	0	\$ 23.60	\$ -
Standard Hardscape & Landscape Treatment	SF	9,752	\$ 18.00	\$ 175,536.00
Basic Hardscape & Landscape Treatment	SF	2,209	\$ 12.00	\$ 26,508.00
			TOTAL =	\$ 202,044.00
STIEFEL THEATRE				
Enhanced Hardscape & Landscape Treatment	SF	5,843	\$ 23.60	\$ 137,894.80
Standard Hardscape & Landscape Treatment	SF	4,211	\$ 18.00	\$ 75,798.00
Basic Hardscape & Landscape Treatment	SF	0	\$ 12.00	\$ -
			TOTAL =	\$ 213,692.80
HOTEL				
Enhanced Hardscape & Landscape Treatment	SF	13,781	\$ 23.60	\$ 325,231.60
Standard Hardscape & Landscape Treatment	SF	0	\$ 18.00	\$ -
Basic Hardscape & Landscape Treatment	SF	15,293	\$ 12.00	\$ 183,516.00
			TOTAL =	\$ 508,747.60
			Project Total =	\$2,348,856.40

STAR Bond Eligible Pedestrian Connectivity Improvements

Opinion of Probable Costs

May 4, 2016

Description	Unit	Quantity	Unit Price	Cost
ENTERTAINMENT CENTER				
Enhanced Hardscape & Landscape Treatment	SF	20,024	\$ 23.60	\$ 472,566.40
Standard Hardscape & Landscape Treatment	SF	9,477	\$ 18.00	\$ 170,586.00
Basic Hardscape & Landscape Treatment	SF	4,928	\$ 12.00	\$ 59,136.00
			TOTAL =	\$ 702,288.40

STAR Bond Eligible Pedestrian Connectivity Improvements

Opinion of Probable Costs

May 4, 2016

Description	Unit	Quantity	Unit Price	Cost
FIELD HOUSE				
Enhanced Hardscape & Landscape Treatment	SF	28,976	\$ 23.60	\$ 683,833.60
Standard Hardscape & Landscape Treatment	SF	2,125	\$ 18.00	\$ 38,250.00
Basic Hardscape & Landscape Treatment	SF	0	\$ 12.00	\$ -
			TOTAL =	\$ 722,083.60

STAR Bond Eligible Pedestrian Connectivity Improvements

Opinion of Probable Costs

May 4, 2016

Description	Unit	Quantity	Unit Price	Cost
CAR MUSEUM				
Enhanced Hardscape & Landscape Treatment	SF	0	\$ 23.60	\$ -
Standard Hardscape & Landscape Treatment	SF	9,752	\$ 18.00	\$ 175,536.00
Basic Hardscape & Landscape Treatment	SF	2,209	\$ 12.00	\$ 26,508.00
			TOTAL =	\$ 202,044.00

STAR Bond Eligible Pedestrian Connectivity Improvements

Opinion of Probable Costs

May 4, 2016

Description	Unit	Quantity	Unit Price	Cost
STIEFEL THEATRE				
Enhanced Hardscape & Landscape Treatment	SF	5,843	\$ 23.60	\$ 137,894.80
Standard Hardscape & Landscape Treatment	SF	4,211	\$ 18.00	\$ 75,798.00
Basic Hardscape & Landscape Treatment	SF	0	\$ 12.00	\$ -
			TOTAL =	\$ 213,692.80

STAR Bond Eligible Pedestrian Connectivity Improvements

Opinion of Probable Costs

May 4, 2016

Description	Unit	Quantity	Unit Price	Cost
HOTEL				
Enhanced Hardscape & Landscape Treatment	SF	13,781	\$ 23.60	\$ 325,231.60
Standard Hardscape & Landscape Treatment	SF	0	\$ 18.00	\$ -
Basic Hardscape & Landscape Treatment	SF	15,293	\$ 12.00	\$ 183,516.00
			TOTAL =	\$ 508,747.60

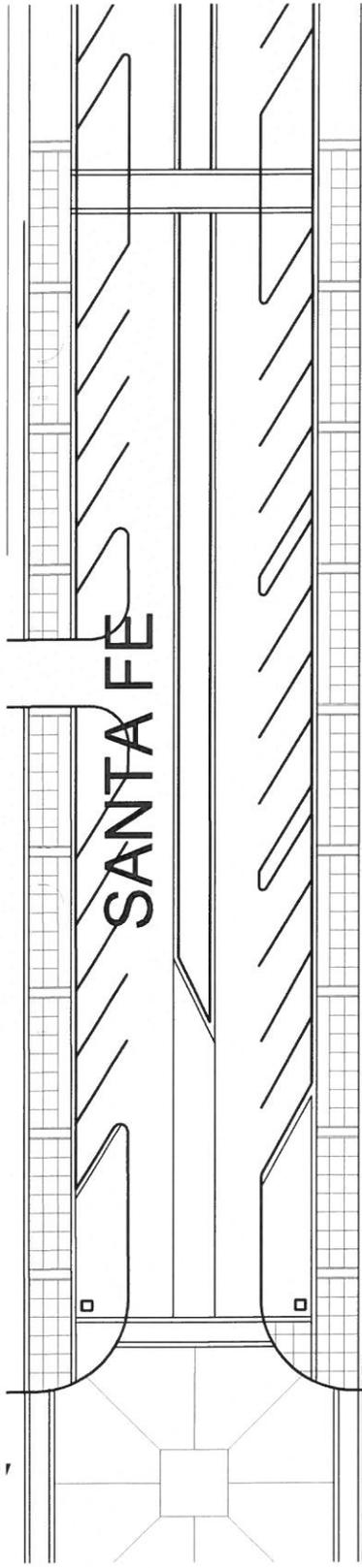
DRAFT

EXHIBIT F-5

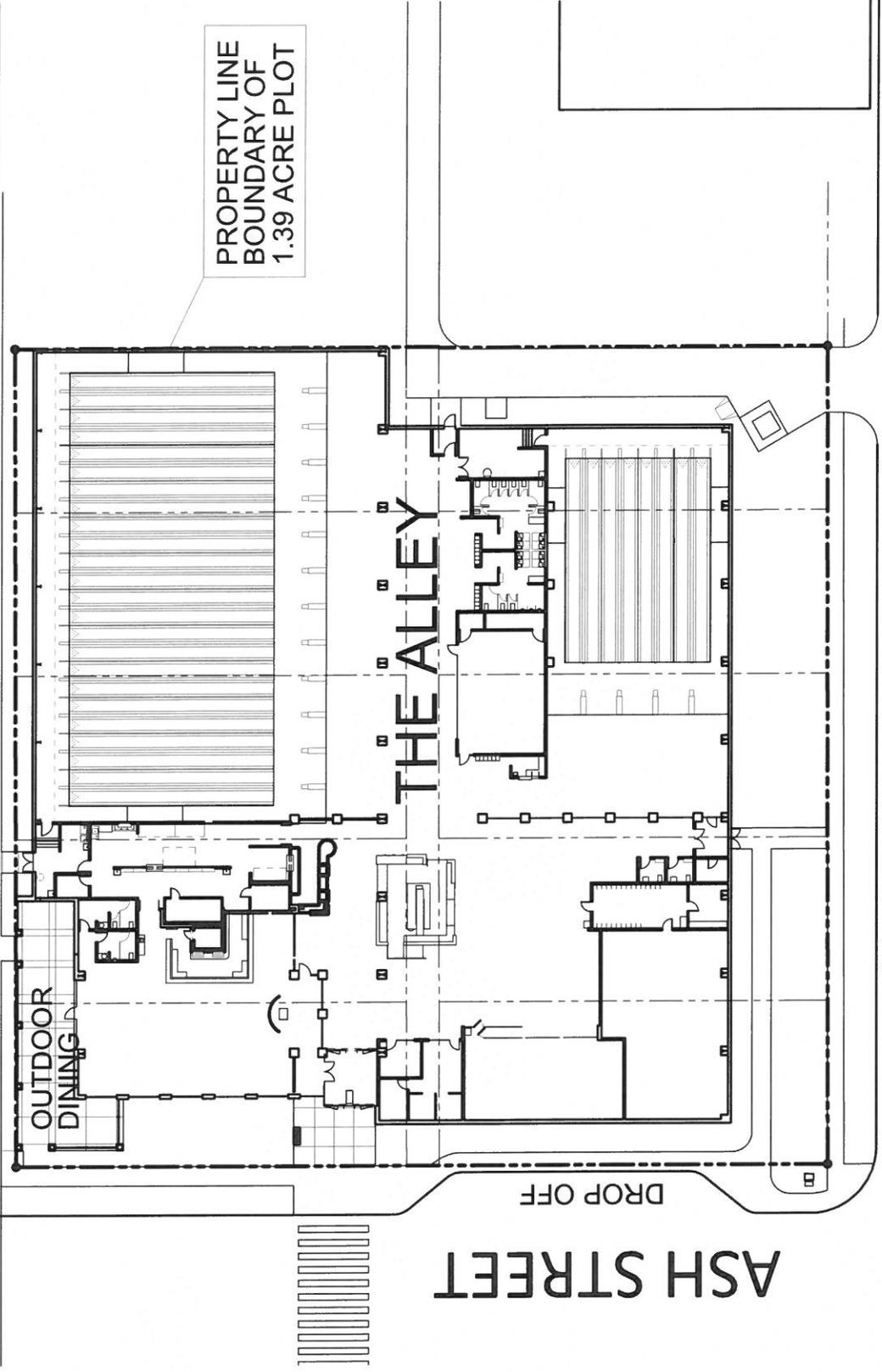
FAMILY ENTERTAINMENT CENTER CONCEPTUAL PLANS

(SEE ATTACHED)





SANTA FE



PROPERTY LINE
BOUNDARY OF
1.39 ACRE PLOT

THE ALLEY

OUTDOOR
DINING

ASH STREET

DROP OFF

5TH STREET

DRAFT

EXHIBIT F-6
HOTEL CONCEPTUAL PLANS
(SEE ATTACHED)





ARCHITECTS PA

MUNSON
STUDIO



ARQUITECTA PA

MUNSON
STUDIO

DRAFT

EXHIBIT G

ALLOCATION OF COSTS

DOWNTOWN SALINA, KANSAS REDEVELOPMENT PROJECT DRAFT SOURCES AND USES - \$19.1M NET STAR BONDS - FINAL JUNE 2016

CATEGORY	TOTAL COST	STAR BOND ELIGIBLE COSTS	STAR BOND REQUESTED ELIGIBLE COSTS	TIF USES	CID USES (DOWNTOWN CID)	CID USES (HOTEL ONLY CID)	CID USES (ALLEY ONLY CID)	COSTS FUNDED BY PRIVATE DEBT/EQUITY/ OTHER PUBLIC SOURCES	
ACQUISITION:									
Hotel Land	\$ 945,000	\$ 945,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 945,000
Hotel Parking Land	\$ 1,437,930	\$ 1,437,930	\$ -	\$ 800,000	\$ -	\$ -	\$ -	\$ -	\$ 637,930
Fieldhouse	\$ 683,609	\$ 683,609	\$ 683,609	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Entertainment Complex	\$ 715,000	\$ 715,000	\$ 715,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Car Museum	\$ 392,000	\$ 392,000	\$ 392,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Medical Student Housing (Apartments)	\$ 550,000	\$ 550,000	\$ -	\$ 550,000	\$ -	\$ -	\$ -	\$ -	\$ -
Lee Buildings (Low-Income Housing)	\$ 200,000	\$ 200,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200,000
University of Kansas Medical School	\$ 875,000	\$ 875,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 875,000
Vacant Space / New Construction Acquisition	\$ 10,334,610	\$ 10,334,610	\$ -	\$ 2,658,660	\$ -	\$ -	\$ -	\$ -	\$ 7,675,950
Fieldhouse Parking (BOA Lot & Bennett Lot)	\$ 950,000	\$ 950,000	\$ 950,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Land Acquisition Subtotal:	\$ 17,083,149	\$ 17,083,149	\$ 2,740,609	\$ 4,008,660	\$ -	\$ -	\$ -	\$ -	\$ 10,333,880
SITework / INFRASTRUCTURE:									
City Public Improvements	\$ 8,560,916	\$ 8,560,916	\$ 2,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,560,916
Hotel Infrastructure	\$ 1,623,250	\$ 1,623,250	\$ 442,274	\$ -	\$ -	\$ 673,250	\$ -	\$ -	\$ 507,726
Hotel Parking Hard Costs	\$ 650,000	\$ 650,000	\$ -	\$ -	\$ 500,000	\$ -	\$ -	\$ -	\$ 150,000
Fieldhouse Utility Relocation	\$ 750,000	\$ 750,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 750,000
Car Museum Infrastructure	\$ 245,000	\$ 245,000	\$ 245,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Entertainment Complex Infrastructure	\$ 827,726	\$ 827,726	\$ 827,726	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Medical Student Housing (Apartments) Infrastructure	\$ 370,000	\$ 370,000	\$ -	\$ 370,000	\$ -	\$ -	\$ -	\$ -	\$ -
Lee Buildings (Low-Income Housing) Infrastructure	\$ 140,000	\$ 140,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 140,000
Fieldhouse Parking Hard Costs	\$ 675,000	\$ 675,000	\$ 675,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sitework/Infrastructure Subtotal:	\$ 13,841,892	\$ 13,841,892	\$ 4,190,000	\$ 370,000	\$ 500,000	\$ 673,250	\$ -	\$ -	\$ 8,108,642
BUILDINGS / TENANT IMPROVEMENTS:									
Hotel	\$ 13,953,140	\$ -	\$ -	\$ -	\$ -	\$ 332,779	\$ -	\$ -	\$ 13,620,361
Fieldhouse Building & Sitework	\$ 6,894,000	\$ 6,894,000	\$ 6,894,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Entertainment Complex	\$ 4,287,607	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 628,676	\$ -	\$ 3,658,931
Car Museum	\$ 3,605,000	\$ 3,605,000	\$ 3,605,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Stiefel Theater	\$ 2,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,000,000
New Tenant / Vacant Space Construction Costs	\$ 20,925,450	\$ -	\$ -	\$ -	\$ 2,789,062	\$ -	\$ -	\$ -	\$ 18,136,388
Medical Student Housing (Apartments)	\$ 2,565,600	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,565,600
Lee Buildings (Low-Income Housing)	\$ 17,220,034	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,220,034
University of Kansas Medical School	\$ 6,125,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,125,000
Improvements to Existing Retail	\$ 2,000,000	\$ -	\$ -	\$ -	\$ 1,300,000	\$ -	\$ -	\$ -	\$ 700,000
Fieldhouse FFE	\$ 965,000	\$ 965,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 965,000
Total FFE for Other Buildings/Renovations	\$ 9,755,667	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,755,667
Buildings/Tenant Improvements Subtotal:	\$ 90,296,498	\$ 11,464,000	\$ 10,499,000	\$ -	\$ 4,089,062	\$ 332,779	\$ 628,676	\$ -	\$ 74,746,981
DESIGN COSTS:									
Architectural/Engineering/Surveying									
Fieldhouse	\$ 1,208,154	\$ 1,208,154	\$ 422,391	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 785,763
Car Museum	\$ 453,000	\$ 453,000	\$ 453,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	\$ 396,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 396,500
Entertainment Complex	\$ 270,000	\$ -	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 170,000
City Public Improvements	\$ 1,281,406	\$ 1,281,406	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,281,406
Stiefel Renovation/Expansion	\$ 200,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200,000
Other Project Components	\$ 1,354,036	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,354,036
Geotechnical/Environmental/Special Inspections	\$ 146,500	\$ 146,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 146,500
Land Planning	\$ 200,000	\$ 200,000	\$ 200,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Design Costs Subtotal:	\$ 5,509,596	\$ 3,289,060	\$ 1,175,391	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,334,205
SOFT COSTS:									
Fieldhouse Fees/Insurance	\$ 45,000	\$ 45,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,000
Master Developer Legal/Accounting	\$ 350,000	\$ -	\$ -	\$ -	\$ 200,000	\$ -	\$ -	\$ -	\$ 150,000
City Legal/Accounting	\$ 150,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 150,000
Leasing/Sales Commissions	\$ 800,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 800,000
Opening Costs (Signs, Inventories, Pre-Opening)*	\$ 1,030,000	\$ 309,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,030,000
Project Management*	\$ 569,558	\$ 170,867	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 569,558
Bond/Permits/Fees*	\$ 924,990	\$ 277,497	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 924,990
Financing Fees*	\$ 500,000	\$ 150,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500,000
Construction Interest*	\$ 5,000,000	\$ 1,500,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,000,000
Insurance*	\$ 850,000	\$ 255,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 850,000
Downtown Maintenance and Security	\$ 2,300,000	\$ -	\$ -	\$ -	\$ 2,300,000	\$ -	\$ -	\$ -	\$ -
Soft Costs Subtotal:	\$ 12,519,548	\$ 2,707,364	\$ -	\$ -	\$ 2,500,000	\$ -	\$ -	\$ -	\$ 10,019,548
OTHER:									
Developer Fees	\$ 1,067,086	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,067,086
Relocation Assistance	\$ 500,000	\$ 500,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500,000
Contingency (All Components Except Acquisition, Fieldhouse and City Public Improvements) @ 7%	\$ 7,285,260	\$ 2,226,162	\$ 495,000	\$ 500,000	\$ 500,000	\$ -	\$ -	\$ -	\$ 5,790,260
Fieldhouse Contingency	\$ 279,327	\$ 279,327	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 279,327
City Public Improvements Contingency @ 20%	\$ 1,712,183	\$ 1,712,183	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,712,183
Other Costs Subtotal:	\$ 10,843,856	\$ 4,717,672	\$ 495,000	\$ 500,000	\$ 500,000	\$ -	\$ -	\$ -	\$ 9,348,856
TOTAL PROJECT COSTS	\$ 150,094,540	\$ 53,103,138	\$ 19,100,000	\$ 4,878,660	\$ 7,589,062	\$ 1,006,029	\$ 628,676	\$ -	\$ 116,892,113
PERCENT OF TOTAL COST	100.00%	35.37%	12.73%	3.25%	5.06%	0.67%	0.42%	0.00%	77.88%

51600770.3

*30% of Opening Costs, Project Management, Bonds/Permits/Fees, Financing Fees, Construction Interest and Insurance are included as eligible STAR Bond costs because of attribution of 30% of those categories to eligible STAR Bond projects.

EXHIBIT H
STAR BOND PROJECT PLAN FEASIBILITY
AND MARKET IMPACT STUDY

**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:

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

Prepared by:

Canyon Research Southwest, Inc.
475 Ellicott Street, Suite 301
Buffalo, NY 14202

PR# 15-12-04

475 ELLICOTT STREET, SUITE 301 / BUFFALO, NY 14203 / (716) 551-0655

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

Salina, Kansas

.....
Star Bond District

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 KKOAA National Hall of Fame. As part of this partnership, KKOAA 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. KKOAA 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
1966	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	Chevvelle LS5
1970	Chevrolet	Chevvelle 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.

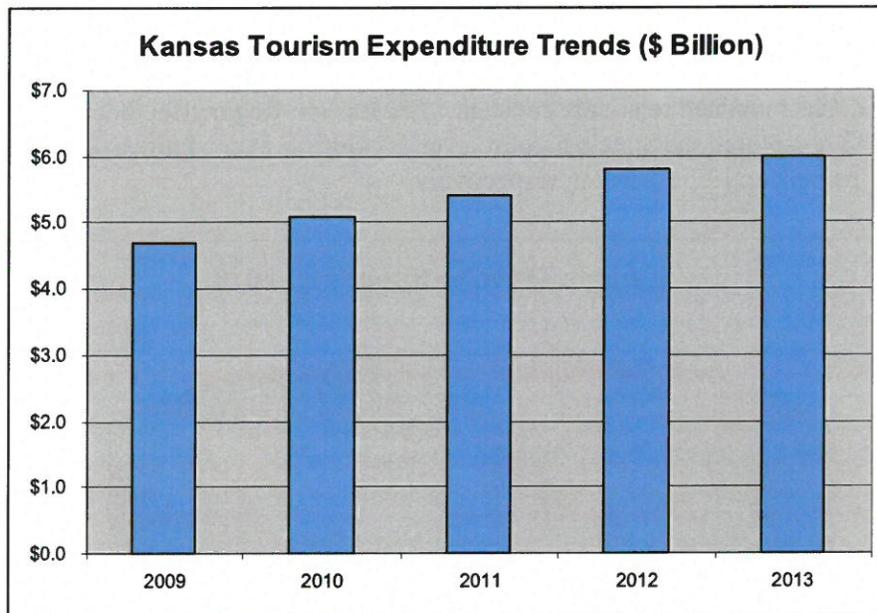
Cultural Facilities Market Analysis

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.

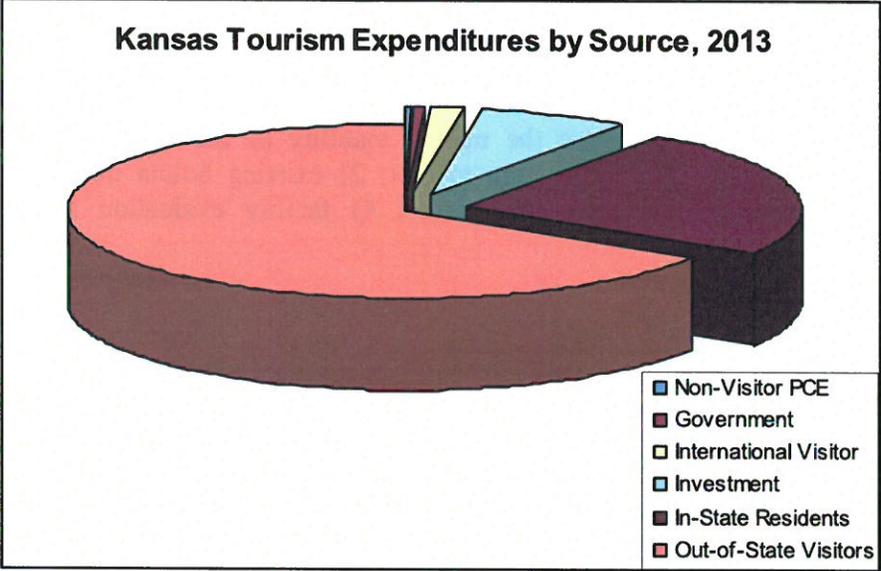
Tourism Market Overview

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.

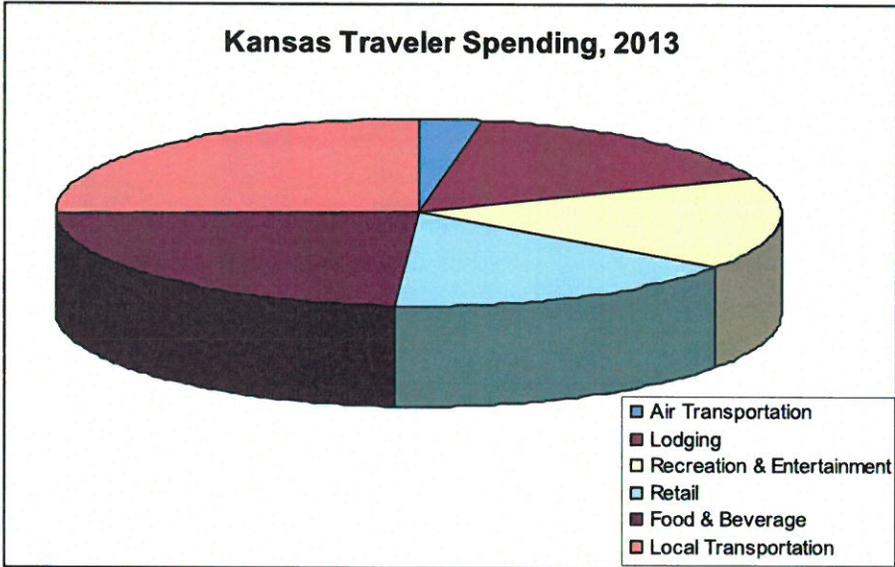


May through October is the state's peak travel season. The Kansas City and Wichita metropolitan areas serve as the State's principal tourism destinations. During 2013, spending per visitor to Kansas averaged \$177 with day travelers spending \$74 and overnight visitors spending \$332. While accounting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



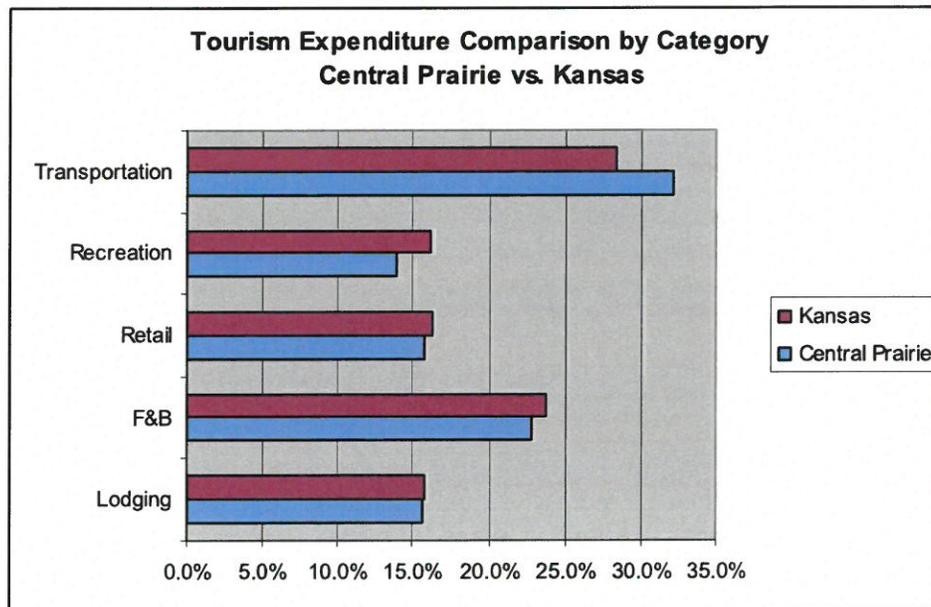
From 2009 to 2013, tourism expenditures in Kansas rose by over 27 percent. Recreation and entertainment expenditures reported the largest gain in market share, increasing from 12.8 percent in 2009 to 16.1 percent by 2013. Since 2009, both retail and food & beverage expenditures have experienced a significant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

Kansas Trends in Tourism Expenditures by Category

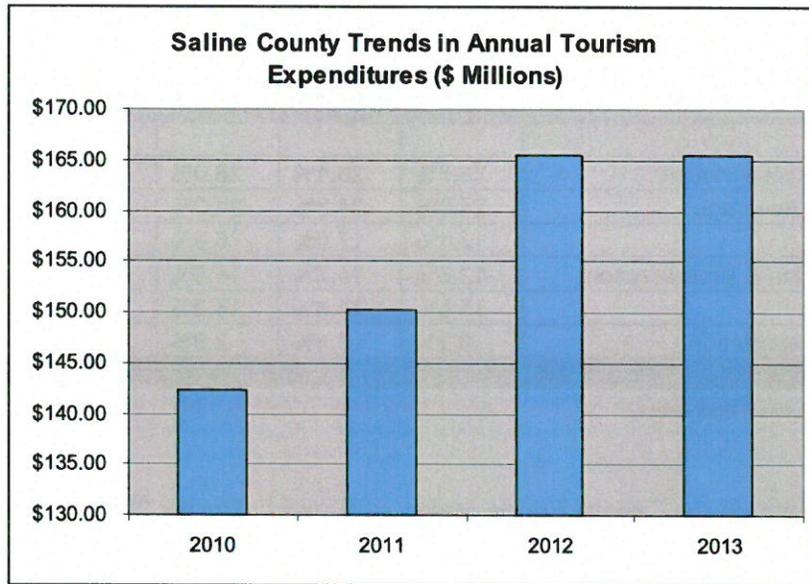
Expenditure Category	Market Share				
	2009	2010	2011	2012	2013
Local Transportation	26.7%	26.1%	26.0%	25.7%	25.3%
Food & Beverage	24.8%	24.3%	24.0%	23.4%	23.7%
Retail	17.1%	17.0%	16.8%	16.4%	16.2%
Recreation & Entertainment	12.8%	14.7%	14.5%	16.2%	16.1%
Lodging	15.5%	14.8%	15.8%	15.6%	15.8%
Air Transportation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

Source: Tourism Economics.

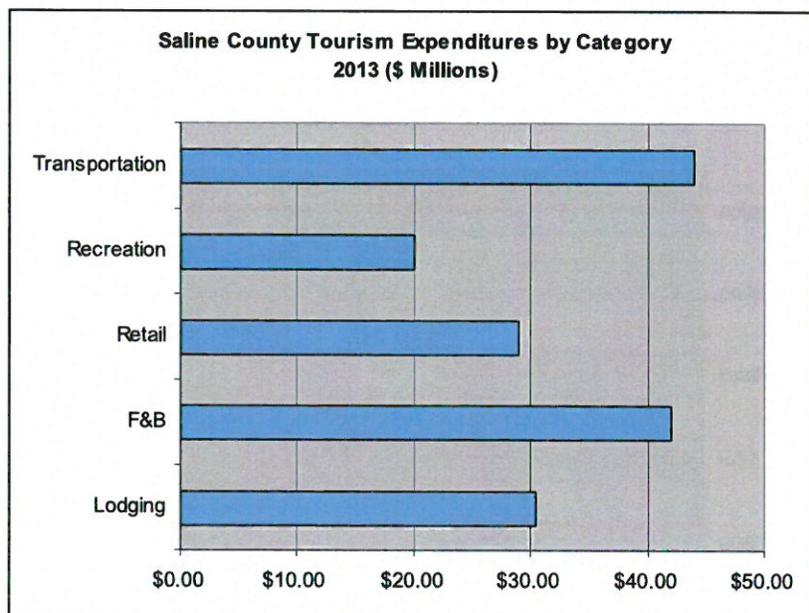
Salina is located within the Central Prairie region of Kansas. During 2013, tourism expenditures within this region amounted to \$2.1 billion, or 35.5 percent of the statewide total. Sedgwick County, which comprises the Wichita MSA, accounted for two-thirds of the Central Prairie region's total tourism 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				
	Track	Basketball	Soccer	Volleyball	Gymnastics	Wrestling	Gymnasium
Lakeside Recreational Park		1		1			
Salina Bicentennial Center		1		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	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.

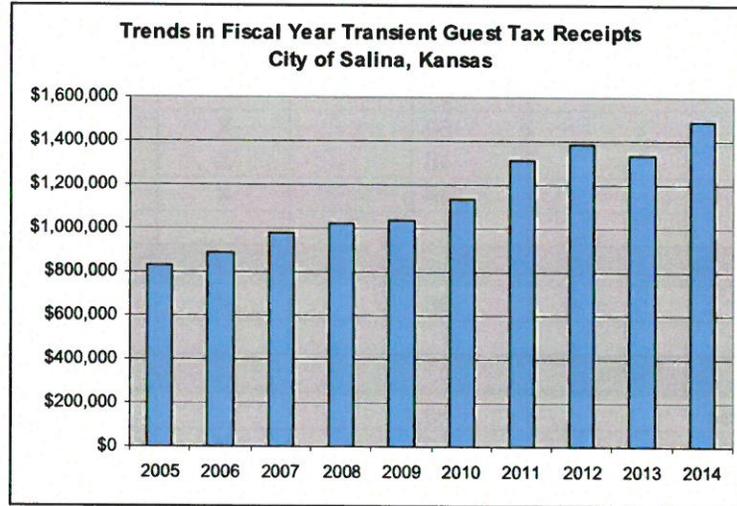
Salina, Kansas Hotel Properties

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					

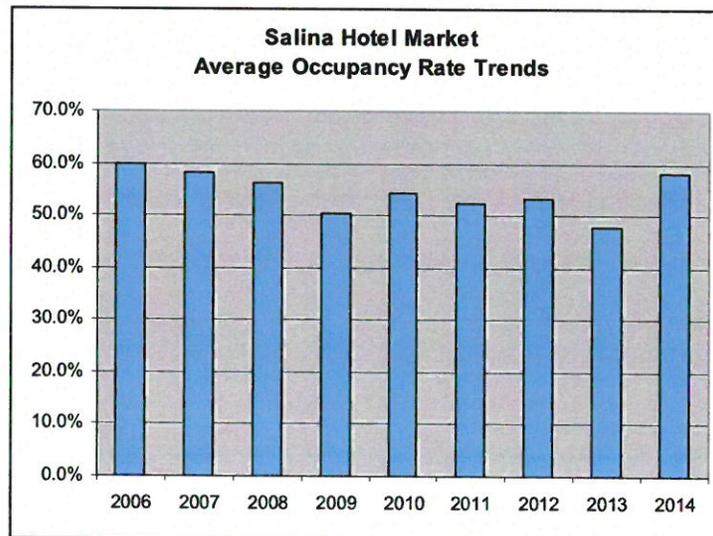
Source: Canyon Research Southwest, Inc.

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.

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 18,000 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 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

America's Crossroads Car Collection Business Plan; 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

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	Hotel		Family Center		Car Museum		Stiefel		Existing Retail		New Retail		Total Sales
	Grocery	Hotel	Hotel Restaurant	Family Center	Car Museum	Stiefel	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	Retail Sales	Lodging Sales	STAR Bond				Total STAR Bond Revenue
			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 Summit Woods 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.

EXHIBIT J
MEETINGS AND MINUTES
(SEE ATTACHED)

CITY OF SALINA, KANSAS
REGULAR MEETING OF THE BOARD OF COMMISSIONERS
May 18, 2015
4:00 p.m.

The City Commission convened at 2:30 p.m. for Community Engagement and at 3:45 p.m. for Citizens Forum.

The Regular Meeting of the Board of Commissioners was called to order at 4:00 p.m. in Room 107, City-County Building. Roll call was taken followed by the Pledge of Allegiance and a moment of silence.

Those present and comprising a quorum: Mayor Jon R. Blanchard (presiding), Commissioners Kaye Crawford, Trent Davis, Randall Hardy, and Karl Ryan.

Also present: Jason Gage, City Manager; Michael Schrage, Deputy City Manager; Greg Bengtson, City Attorney; and Shandi Wicks, City Clerk.

AWARDS AND PROCLAMATIONS

- (3.1) The day of May 21, 2015 as "Red Nose Day" in the city of Salina. Amanda Michaelis, Salina Area United Way Executive Director, read the proclamation and announced events associated with Red Nose Day.
- (3.2) The day of May 23, 2015 as "Poppy Day" in the city of Salina. Sue Herrman, Vice-President, American Legion Auxiliary, read the proclamation and announced upcoming events.
- (3.3) The week of May 17-23, 2015 as "National Public Works Week" in the city of Salina. John Smutz with the Public Works Department, read the proclamation and announced upcoming events.
- (3.4) The month of May, 2015 as "Allie's Month of Remembrance" in the city of Salina. Megan Kappelman read the proclamation. Mayor Blanchard thanked the youth of Salina for coming together following this tragedy.

CITIZEN FORUM

None.

PUBLIC HEARINGS AND ITEMS SCHEDULED FOR A CERTAIN TIME

- (5.1) Public hearing on the 2014 special assessment projects.
 - (5.1a) Second reading Ordinance No. 15-10772 levying special assessments for infrastructure improvements.

Commissioner Ryan recused himself due to a conflict of interest

Mayor Blanchard opened the public hearing.

Dan Stack, City Engineer, explained the projects, total costs and funding.

Mayor Blanchard asked if the warranty on the street improvements had expired and if so, was the developer intending to fix the cracks. Mr. Stack responded by stating that the warranty had expired and staff contacted the developer to repair the cracks within the

streets prior to expiration of the warranty.

Mayor Blanchard asked when the warranty permit started. Mr. Stack responded by stating that the warranty starts upon the substantial completion date of the project and the official acceptance of the improvement.

Mayor Blanchard asked if the repairs occurred prior to the acceptance of the improvements, would the repair cost be added to the allocation of specials. Jason Gage, City Manager, responded by stating that the cost of the repair would be paid by the developer.

Ray Hruska, 235 N. Santa Fe, stated he was confused about the context of the matter and would like additional information. Mayor Blanchard read a portion of the blue sheet to Mr. Hruska explaining what the agenda item was about.

There being no further comments the public hearing was closed.

15-0191

Moved by Commissioner Crawford, seconded by Commissioner Davis, to adopt Ordinance No. 15-10772 levying special assessments for infrastructure improvements on second reading. A roll call vote was taken. Aye: (4) Crawford, Davis, Hardy, Blanchard. Nay: (0). Motion carried.

Commissioner Ryan returned.

(5.2) Public hearing on the Sales Tax Revenue (STAR) Bond District.

(5.2a) First reading Ordinance No. 15-10775.

Mayor Blanchard opened the public hearing.

Michael Schrage, Deputy City Manager, explained the district, project and the letter received from the Kansas Department of Commerce.

Gary Anderson, Gilmore & Bell, reviewed the process of the district formation, and approval of the project plan.

Commissioner Crawford asked when step two was planned to come back to the City Commission. Mr. Anderson stated that it was currently up in the air.

Commissioner Davis asked where the money for the costs incurred so far was coming from in the budget. Mr. Schrage responded by stating that the money was coming from the general fund.

Commissioner Davis asked if the sales tax base would still be going into the general fund. Mr. Schrage responded by stating that the sales tax base would continue to go into the general fund and the increment increase would go into a special fund. Jason Gage, City Manager, stated that there would not be an increase to the mill levy which would affect the entire city.

John Peterson, Polsinelli Law Group, Overland Park, on behalf of Salina, 2020, Inc., introduced a few members of the Salina 2020, Inc. and provided information on the formation of the project.

Commissioner Hardy asked if the Polsinelli Law Group had been involved in STAR/TIF Bond projects prior to this project. Mr. Peterson provided a list of projects his law firm had worked on in the past.

Ray Hruska, 235 N. Santa Fe, congratulated the elected and re-elected members of the City Commission and provided his thoughts on the creation of the district.

Andrew Braum, 207 S. Third, asked how it was going to affect the low income individuals that live within the district. Mr. Gage responded by stating that just because the property was within the district did not mean that the property was going to be developed.

Mr. Braum also asked if he would receive additional mailings in the future regarding this project. Mr. Gage stated that the property owners and tenants within the district would continue to receive additional mailings regarding the project.

William Hall, USD No. 305, stated that the presentation provided by Mr. Gage and Salina 2020, Inc. to the School Board was appreciated and thanked them for answering all the questions of the board.

There being no further comments the public hearing was closed.

Mayor Blanchard stated that it was his understanding that STAR Bond Districts were active for a twenty year period. Mr. Anderson responded by stating that once the district was formed, the maximum district timeframe was twenty years but could be shorted depending on the project.

Mayor Blanchard asked if the district size was typical. Mr. Anderson responded by stating that there were two types of districts and continued to explain the district types.

Mayor Blanchard asked if STAR Bond funds were eligible for needed maintenance and up keeping. Mr. Anderson, responded by stating that the initial construction was the only thing that was eligible for use of the STAR Bond funds.

Mayor Blanchard asked if there were typical downsides to the formation of the district. Mr. Anderson responded by stating that properties could be added or removed from the district but notice mailings would need to be mailed for properties added to the district.

Mayor Blanchard asked how the sales tax base was formed. Mr. Anderson responded by stating that the base was formed upon the formation of the district.

Mayor Blanchard asked if public input process would be anticipated at the time of the project plan. Mr. Peterson responded by stating that there would be individual public hearing times set for the project plans.

Mayor Blanchard asked if design and engineering fees would be covered under the STAR Bond District. Mr. Anderson responded by stating that design and engineering fees would be covered by the district funds.

Mr. Schrage noted that the \$50,000-\$100,000 amounts listed in the blue sheet were estimated review costs.

15-0192

Moved by Commissioner Hardy, seconded by Commissioner Crawford, to pass Ordinance No. 15-10775 on first reading. Aye: (5). Nay: (0). Motion carried.

(5.3) Public hearing on the Tax Increment Financing (TIF) District.

(5.3a) First reading Ordinance No. 15-10776.

Mayor Blanchard opened the public hearing.

Michael Schrage, Deputy City Manager, explained the district and project.

Jason Gage, City Manager, explained that the City Commission had choices and flexibility for the TIF District.

Mayor Blanchard asked if the property values for the residential properties within the district would change. Mr. Gage responded by stating that it would be hard to tell if the property values would change.

A conversation ensued between Mayor Blanchard and Mr. Gage regarding the marketing aspect of the district and the changes of the property values within the district.

There being no further comments the public hearing was closed.

15-0193

Moved by Commissioner Hardy, seconded by Commissioner Davis, to pass Ordinance No. 15-10776 on first reading. Aye: (5). Nay: (0). Motion carried.

CONSENT AGENDA

(6.1) Approve the minutes of April 11, 2015.

(6.2) Approve Change Order No. 3 for the following Specialty Contractor Agreements: Drilling Support-Site Wide Remedial Investigation to Environmental Priority Services, Inc., in the amount of \$5,820.00 (Revised Agreement Amount \$165,297.00); and Drilling Support-Site Wide Remedial Investigation to GeoCore, Inc., in the amount of \$4,056.20 (Revised Agreement Amount \$115,357.60)

15-0194

Moved by Commissioner Crawford, seconded by Commissioner Ryan, to approve the consent agenda as presented. Aye: (5). Nay: (0). Motion carried.

ADMINISTRATION

(7.1) Award of contract for the Ohio Street Improvements, Elm Street to North Street, Project No. 14-3039.

Greg Bengtson, City Attorney, requested that the Commission recess into an executive session to discuss the project.

15-0195

Moved by Commissioner Ryan, seconded by Commissioner Hardy, to recess into executive session for 15 minutes to discuss matters pertaining to the acquisition of real estate for the reason that public discussion of the matter would adversely affect the City's position in relation to acquisition of the real estate and reconvene at 5:45 p.m.

The City Commission recessed into executive session at 5:30 p.m. and reconvened at 5:45 p.m. No action was taken.

Dan Stack, City Engineer, explained the bids received, the project scope and project budget.

Commissioner Hardy asked if there was an allowance for inclement weather with the completion project being on December 18, 2015. Mr. Stack responded by stating that there were portions of the job that could be done during the colder weather season. The contractor projected that a majority of the project would be completed by Thanksgiving.

Commissioner Hardy asked if the completion date was established by staff or the contractor. Mr. Stack responded by stating that staff established the completion date.

Commissioner Davis asked if school district staff had notified the parents of the project. Mr. Stack responded by stating that once the project was awarded and the phases of the project were determined, staff would notify the school district.

Mayor Blanchard asked if the box culvert would accommodate for a trail underneath. Mr.

Stack responded by stating that the culvert would be too narrow and would contain water. Jason Gage, City Manager, asked Mr. Stack for clarification of the funding of the project. Mr. Stack responded by stating that the remaining \$250,000 would come out of Gas Tax funds.

15-0196

Moved by Commissioner Ryan, seconded by Commissioner Davis, to award the contract for Ohio Street Improvements, Elm Street to North Street, Project No. 14-3039 to Pavers, Inc. in the amount of \$1,935,107.04 with a 4.3% contingency (\$83,000). Aye: (5). Nay: (0). Motion carried.

(7.2) Resolution No. 15-7239 setting the date for public hearing to consider whether a certain structure shall be condemned and ordered demolished or repaired.

Jim Brown, Building Official, explained the building official report and the background for the need to start the process over on this property.

Commissioner Hardy asked if the court documents filed in Butler County would automatically be forwarded to Saline County. Greg Bengtson, City Attorney, stated that the court documents from Butler County typically would need to be filed in Saline County.

Commissioner Crawford asked if the son would be notified of the new public hearing date as well. Mr. Brown stated that all three children would be notified.

Mayor Blanchard asked if staff had addresses for the daughters. Mr. Brown responded by stating that staff did have the mailing addresses for all three children.

Mayor Blanchard asked what would happen to the original resolution adopted. Mr. Bengtson stated that it would be more appropriate to bring the original resolution back after the public hearing on July 6, 2015 for action.

Mr. Gage stated that from a staff perspective, staff would not follow through with the demolition due to the new action that took place today.

Mr. Bengtson stated that the Commission could suspend the original Resolution No. 15-7200 today with a separate motion.

15-0197

Moved by Commissioner Davis, seconded by Commissioner Hardy, to adopt Resolution No. 15-7239 setting July 6, 2015 as the public hearing date for the dangerous structure located at 120 N. 2nd. Aye: (5). Nay: (0). Motion carried.

15-0198

Moved by Commissioner Davis, seconded by Commissioner Ryan, to suspend Resolution No. 15-7200 regarding property located at 120 N. 2nd. Aye: (5). Nay: (0). Motion carried.

(7.3) Resolution No. 15-7238 amending Resolution No. 15-7186 and repealing Resolution No. 15-7232 allowing for an additional 17 days for completion of the permitted demolition work at 500 E. Pacific.

Gary Hobbie, Director of Development Services, explained the request.

15-0199

Moved by Commissioner Davis, seconded by Commissioner Hardy, to adopt Resolution No. 15-7238 amending Resolution No. 15-7186 and repealing Resolution No. 15-7232 allowing for an additional 17 days for the completion of permitted work at 500 East Pacific until June 1, 2015. Aye: (5). Nay: (0). Motion carried.

- (7.4) First reading Ordinance No. 15-10771 adopting the new Chapter 13 of the Salina Code pertaining to equal opportunity and repealing the existing Chapter 13.

Gina McDonald, Director of Community Relations, explained the changes to Chapter 13.

Commissioner Davis asked if one of the three Human Relations commissioners reviewing cases requested legal counsel and the director did not feel it was needed, would it still be provided. Ms. McDonald responded by stating that a commissioner could request the need for legal counsel.

Commissioner Crawford stated that she went through the changes extensively and felt that addition of the third commissioner reviewing cases would be a big benefit.

15-0200 Moved by Commissioner Davis, seconded by Commissioner Crawford, to pass Ordinance No. 15-10771 on first reading adopting the new Chapter 13 of the Salina Code pertaining to equal opportunity and repealing the existing Chapter 13.

Commissioner Crawford asked if the ordinance had been sent to HUD for approval. Ms. McDonald responded by stating that the ordinance would be sent to HUD for approval. Greg Bengtson, City Attorney, provided information regarding the need for HUD's approval.

Aye: (5). Nay: (0). Motion carried.

DEVELOPMENT BUSINESS

- (8.1) Application #P15-1/1A to consider acceptance of offered easement and access control dedications on a final plat of an unplatted 31,920 sq. ft tract of land on the west side of South Broadway Boulevard (to be platted and known as the Broadway Addition) with the subject property located on the west side of Broadway Boulevard between Walnut Street and South Street and is addressed as 230 South Broadway Boulevard.

Dean Andrew, Director of Planning, explained the request, easement and dedications and Planning Commission recommendation.

Commissioner Hardy asked if the Commission would need to look at the land use plan today or at a later date. Mr. Andrew stated that it could be looked at today if the Commission wished.

Mayor Blanchard stated that there were a lot of issues going on, but the action today was to look at the easement. Mr. Andrew responded by stating that the action today was to accept the offered easement and access control dedications on the final plat.

Michael Schrage, Deputy City Manager, stated that the ten properties would need to be down zoned to another classification which would make the properties non-conforming to the zoning district.

A conversation ensued between the Commission, Mr. Andrew and Jason Gage, City Manager, regarding the designation of urban residential and the individual categories of urban residential.

Mayor Blanchard asked if Broadway Boulevard was considered an impact street. Mr. Andrew responded by stating that the intersection of Broadway and Crawford was an impact intersection but State Street was not designated as a designated road to enter into

Salina.

A conversation ensued between the Commission and Mr. Andrew regarding the zoning of Broadway Boulevard and uses within the district.

Mr. Schrage stated that Broadway was an impact street but State Street was not designated as a gateway area.

Mayor Blanchard asked if there was a possibility to have a gateway overlay district created requiring properties to have paved driveways and front yard landscaping. Mr. Andrew responded by stating that the creation was possible.

Warren Ediger, 631 E. Crawford, Suite 211, stated that the item before the Commission was for acceptance of the easement, explained the plan for the development of the lot and challenged the Commission to drive the area to look at the properties in the area.

Mayor Blanchard asked what the situation was that happened at the north end of the lot. Mr. Ediger stated that the entrance would be off of Broadway and there was not a plan to connect it to Cedar Street.

Mayor Blanchard asked if the applicant had applied for a building permit. Mr. Ediger stated that the building permit was waiting on today's action.

Mayor Blanchard asked if the applicant would consider front yard landscaping. Mr. Ediger stated that he would talk to the property owner, but noted that it was an option in I-2 zoning.

A conversation ensued between the City Commission and Mr. Andrew regarding the vision of the corridor and the zoning of the area.

Mr. Gage stated that the Salina Code Section 36-55 "Review by the board of commissioners" would need to be updated in accordance with the Kansas Statutes.

Commissioner Hardy asked if down zoning after approving the easement would cause problems in the future. Mr. Gage responded by stating that the issue would need to be looked at closely before down zoning took place.

15-0201

Moved by Commissioner Ryan, seconded by Commissioner Crawford, to authorize the Mayor to sign the Broadway Addition plat and to accept the easement and restricted access dedications on behalf of the City including the following four conditions: 1.) Access to Lot One (1) shall be limited to one curb cut on Broadway Boulevard depicted on the final plat. Restricted access shall be dedicated and shown along the remaining Broadway Boulevard frontage; 2.) The street along the north boundary of Lot One (1) shall be labeled as Cedar Street; 3.) A final site plan and Zoning Certificate shall be approved for Lot One (1) prior to commencing construction of any site improvements; 4.) All technical corrections in staff's corrections punch-list, including the addition of a drainage easement for the proposed detention basin, shall be made to the final plat drawing prior to City Commission consideration of the final plat. Aye: (5). Nay: (0). Motion carried.

(8.2) Application #A15-1 (filed by Bill Cooke on behalf of Webster Conference Center) requesting annexation of the Webster Conference Center site in order to allow the conference center to connect to the City of Salina's sanitary sewer collection system with the subject property located on the west side of North Ohio Street north of I-70 and contains 70 acres.

(8.2a) First reading Ordinance No. 15-10774.

Dean Andrew, Director of Planning, explained the request.

Commissioner Davis asked if only part of the property was requested for annexation and how would the fire services be handled. Mr. Andrew stated that only a portion of the property was requested for annexation and stated that a portion of the property would be serviced by the Salina Fire Department and the other portion serviced by the Rural Fire District.

Commissioner Davis asked if there was a negative impact to annexing the property. Mr. Andrew stated that the negative would be the inability to service the property unlike properties within the city proper. Martha Tasker, Director of Utilities, stated that there would be a connection fee to connect and a monthly service fee.

Mayor Blanchard asked if there were other private lines connected into the City's sewer line. Ms. Tasker responded by stating that there were additional properties connected.

Mayor Blanchard asked if the line would be metered and if the meter would notify if a breach would happen. Ms. Tasker stated that a meter would be installed and the line would dump into the pump station located by the truck stop. Staff would be able to determine where the breach was by the use of the timed meters installed.

Mayor Blanchard asked if KDHE offered other alternatives. Ms. Tasker responded by stating that they do have additional options but they are a more expensive option.

Mayor Blanchard asked if there would be an RV dump area. Ms. Tasker stated that staff and the applicant had not discussed that yet.

Bill Cooke, Executive Director for Webster Conference Center, explained that he had looked at the options available and thanked staff for all their work.

- 15-0202 Moved by Commissioner Hardy, seconded by Commissioner Davis, to decide this 17.03 acre portion of Webster Conference Center should not be annexed but that a public health and safety policy exception be granted which would allow Webster Conference Center property to connect to the City's sanitary sewer system through an "Outside the City Sewer Connection Agreement." Aye: (5). Nay: (0). Motion carried.

Greg Bengtson, City Attorney, asked that a motion be made for the ordinance.

- 15-0203 Moved by Commissioner Hardy, seconded by Commissioner Davis, to pass Ordinance No. 15-10774 on first reading. Aye: (0). Nay: (5). Motion failed.

OTHER BUSINESS

(9.1) Request for executive session (real estate).

- 15-0204 Moved by Commissioner Ryan, seconded by Commissioner Hardy, to recess into executive session for 30 minutes to discuss matters pertaining to the acquisition of real estate for the reason that public discussion of the matter would adversely affect the City's position in relation to acquisition of the real estate and reconvene at 8:15 p.m.

The City Commission recessed into executive session at 7:45 p.m. and reconvened at 8:15 p.m. No action was taken.

- 15-0205 Moved by Commissioner Davis, seconded by Commissioner Hardy, to extend the current executive session for an additional 15 minutes. Aye: (5). Nay: (0). Motion carried.

The City Commission recessed into executive session at 8:15 p.m. and reconvened at 8:30 p.m. No action was taken.

ADJOURNMENT

Moved by Commissioner Hardy, seconded by Commissioner Ryan, that the regular meeting of the Board of City Commissioners be adjourned. Aye: (5). Nay: (0). Motion carried. The meeting adjourned at 8:35 p.m.



Jon R. Blanchard, Mayor

[SEAL]

ATTEST:



Shandi Wicks, CMC, City Clerk

Consolidated-Salir-EPN111155

15-0206

CITY OF SALINA, KANSAS
REGULAR MEETING OF THE BOARD OF COMMISSIONERS
June 1, 2015
4:00 p.m.

The City Commission convened at 3:45 p.m. for Citizens Forum.

The Regular Meeting of the Board of Commissioners was called to order at 4:00 p.m. in Room 107, City-County Building. Roll call was taken followed by the Pledge of Allegiance and a moment of silence.

Those present and comprising a quorum: Mayor Jon R. Blanchard (presiding), Commissioners Kaye Crawford, Trent Davis, Randall Hardy, and Karl Ryan.

Also present: Jason. Gage, City Manager; Michael Schrage, Deputy City Manager; Greg Bengtson, City Attorney; and Shandi Wicks, City Clerk.

AWARDS AND PROCLAMATIONS

- (3.1) The month of June 2015 as "LGBT Pride Month" in the city of Salina. Gary Martens, North Central Chapter of Equality Kansas Chair, read the proclamation and announced events.

CITIZEN FORUM

Janie Marcotte, 102 S. College, provided information regarding the overgrown trees used for a screening at a bed and breakfast located at 100 S. College.

PUBLIC HEARINGS AND ITEMS SCHEDULED FOR A CERTAIN TIME

None.

CONSENT AGENDA

- (6.1) Approve the minutes of April 18, 2015.
- (6.2) Resolution No. 15-7242 appointing members to the Business Improvement District No. 1 Advisory Board and the Business Improvement District No. 1 Design Review Board.

15-0207

Moved by Commissioner Davis, seconded by Commissioner Hardy, to approve the consent agenda as presented. Aye: (5). Nay: (0). Motion carried.

ADMINISTRATION

- (7.1) Second reading Ordinance No. 15-10771 adopting the new Chapter 13 of the Salina Code pertaining to equal opportunity and repealing the existing Chapter 13.

Mayor Blanchard noted that Ordinance No. 15-10771 was passed on first reading on May 18, 2015 and since that time no comments have been received.

Commissioner Crawford provided her thoughts on the adoption of the new Chapter 13.

15-0208

Moved by Commissioner Crawford, seconded by Commissioner Ryan, to adopt Ordinance No. 15-10771 on second reading. A roll call vote was taken. Aye: (5) Crawford, Davis, Hardy, Ryan, Blanchard. Nay: (0). Motion carried.

(7.2) Second reading Ordinance No. 15-10775 establishing a STAR bond project district within the city and making certain findings in conjunction therewith.

Mayor Blanchard noted that Ordinance No. 15-10775 was passed on first reading on May 18, 2015 and since that time no comments have been received.

15-0209

Moved by Commissioner Hardy, seconded by Commissioner Davis, to adopt Ordinance No. 15-10775 on second reading. A roll call vote was taken. Aye: (5) Crawford, Davis, Hardy, Ryan, Blanchard. Nay: (0). Motion carried.

(7.3) Second reading Ordinance No. 15-10776 making findings and establishing a redevelopment district pursuant to K.S.A. 12-1770 et seq., and amendments thereto.

Mayor Blanchard noted that Ordinance No. 15-10776 was passed on first reading on May 18, 2015 and since that time no comments have been received.

15-0210

Moved by Commissioner Ryan, seconded by Commissioner Davis, to adopt Ordinance No. 15-10776 on second reading. A roll call vote was taken. Aye: (5) Crawford, Davis, Hardy, Ryan, Blanchard. Nay: (0). Motion carried.

(7.4) Award of contract for the Water Main Replacement Project - Phase VII, Project No. 10-2842F.

Martha Tasker, Director of Utilities, explained the project, funding and bids received.

Commissioner Hardy asked how many miles the \$4 million would cover per year. Ms. Tasker responded by stating that the yearly amount would cover eight miles.

Commissioner Hardy asked if the Utilities Department worked with the Streets Division to combine projects if able. Ms. Tasker responded that Utilities and Public Works work together to determine if the work could be combined.

Commissioner Crawford asked if the construction contingency percentage was always 5%. Ms. Tasker responded by stating that the contingency percentage typically was 5% but noted that the contingency had not been spent on past projects.

Mayor Blanchard asked what the process was to determine when a water main would need to be replaced. Ms. Tasker responded by stating that staff tracks the water quality calls and water main breaks to determine when an area needed replaced.

Mayor Blanchard asked if the water quality and water flow was improved upon replacement. Ms. Tasker responded by stating that the water quality and water flow was improved once replaced.

Ray Hruska, 235 N. Santa Fe, asked if the City of Salina used ultra violet in any part of the water system. Ms. Tasker responded by stating that the City of Salina does not use ultra violet but uses chlorine disinfection. Jason Gage, City Manager, provided information regarding the use of ultra violet light versus chlorine. Ms. Tasker continued to explain the use of ultra violet light and the value of the use of chlorine disinfection.

15-0211

Moved by Commissioner Crawford, seconded by Commissioner Hardy, to award the contract for the Water Main Replacement Project - Phase VII, Project No. 10-2842F to BRB Contractors, Inc. of Topeka, Kansas in the amount of \$1,998,524.80 (Authorized Amount with 5% Construction Contingency, \$2,098,450). Aye: (5). Nay: (0). Motion carried.

(7.5) Resolution No. 15-7240 initiating proceedings for street and intersection improvements in the City of Salina, Kansas.

Rod Franz, Director of Finance and Administration, explained the project and financing.

Commissioner Crawford provided her thoughts on the cost of the project.

15-0212

Moved by Commissioner Hardy, seconded by Commissioner Ryan, to adopt Resolution No. 15-7240 initiating proceedings for street and intersection improvements in the City of Salina, Kansas. Aye: (5). Nay: (0). Motion carried.

(7.6) First reading Ordinance No. 15-10778 amending Chapter 30 of the Salina Code by establishing Article III pertaining to alarm systems designed to summon a police response within the City of Salina, Kansas.

Chief Brad Nelson explained the code amendments and effective date.

Commissioner Davis asked what a double call was. Chief Nelson responded by stating that if a business was owned by two individuals, both business owners would be called. Chief Nelson also stated that the Police would still respond to the call but the owners would be notified.

Commissioner Davis asked about the systems with the one plus alarm. Chief Nelson responded by stating that the one plus alarm was the system that have the most false alarm calls.

Commissioner Ryan asked if fees would be established. Jason Gage, City Manager, stated that a recommended fee schedule would be brought back to the City Commission for approval.

Commissioner Ryan asked if there was an appeal process. Chief Nelson responded by stating that he was the final appeal process. Aaron Martin, Clark, Mize & Linville, stated that the third party alarm administrator would send correspondence regarding an appeal to the property owner.

Commissioner Hardy asked what the process was to communicate the new ordinance to the citizens affected. Chief Nelson responded by stating that staff would forward a letter to the ten alarm companies and those companies would forward the letter to each of the affected citizens.

Commissioner Davis asked if the alarm installation companies were required to obtain a license with the City of Salina. Mr. Martin responded by stating that there was not a business license for the alarm installation company but the alarm system would have to be registered with the city.

Mayor Blanchard asked if there were habitual properties that officers were reporting to. Chief Nelson responded by stating that there were habitual properties.

Mayor Blanchard asked if staff had heard from the alarm companies regarding the new ordinance. Chief Nelson responded by stating that staff had not heard from the alarm

companies regarding the new changes.

Gary Hobbie, Director of Development Services, stated that there was a contractor license to install security alarm systems in the City of Salina.

Ray Hruska, 235 N. Santa Fe, asked how much the City paid Clark, Mize & Linville to put together the ordinance. Mr. Gage responded by stating that the City did receive itemize bills from Clark, Mize & Linville and Mr. Hruska could request that information through an open records request.

Mr. Hruska asked how much the City paid the attorney for work on the ordinance. Greg Bengtson, City Attorney, provided the fees charged by Clark, Mize & Linville.

Mr. Gage provided information on the use of the City's attorneys on the creation of ordinances, resolutions and agreements.

15-0213 Moved by Commissioner Davis, seconded by Commissioner Crawford, to pass Ordinance No. 15-10778 amending Chapter 30 of the Salina Code by establishing Article III pertaining to alarm systems designed to summon a police response within the City of Salina, Kansas on first reading. Aye: (5). Nay: (0). Motion carried.

(7.7) First reading Ordinance No. 15-10779 amending Chapter 14 of the Salina Code by establishing Article IV pertaining to alarm systems designed to summon a fire department response within the City of Salina, Kansas.

Chief Larry Mullikin & Roger Williams, Fire Marshal, explained the code amendments and the effective date of the new ordinance.

Commissioner Hardy asked if the ordinance pertained to commercial customers. Chief Mullikin responded by stating that the ordinance pertained to commercial customers only.

Commissioner Hardy asked if there would be an additional ordinance for residential customers. Chief Mullikin responded by stating that the ordinance for the Police false alarm ordinances would cover the residential customers for fire alarms as well.

15-0214 Moved by Commissioner Hardy, seconded by Commissioner Davis, to pass Ordinance No. 15-10779 amending Chapter 14 of the Salina Code by establishing Article IV pertaining to alarm systems designed to summon a fire department response within the City of Salina, Kansas on first reading. Aye: (5). Nay: (0). Motion carried.

Mayor Blanchard asked if the false alarm ordinance items were part of the continuous process improvement program. Jason Gage, City Manager, responded by stating that it was not part of that program.

(7.8) Review hearing for abatement costs incurred at 500 E. Pacific Ave.

Mayor Blanchard asked for time for the Commission to review the information just provided.

Gary Hobbie, Director of Development Services, explained the abatement, costs and cleanup process.

Commissioner Hardy asked if it was the normal procedure for the contractor to include the receipts for items purchased for the project. Mr. Hobbie responded by stating that if the equipment was purchased for the use on the project, staff asked for receipts to be submitted.

Michael Schrage, Deputy City Manager, stated that due to the search warrant and the need to expedite the completion of the work, the contractor may need to obtain additional equipment in order to perform the work.

Mayor Blanchard asked if the list of the work required was provided to the property owner. Mr. Hobbie responded by stating that the required work was provided to the property owner.

Commissioner Davis asked if the hourly fee was determined by staff. Mr. Hobbie responded by stating that the hourly fee was determined by the contract with the contractor.

Mayor Blanchard asked for clarification on the contractor fees for this bill. Martin Luther, Loux Home Repair, responded by stating that the charge was \$70 per truck at ten hours each and two trailers at \$70 per trailer for ten hours.

Commissioner Crawford asked what a VMT report was. Mr. Hobbie responded by stating that the report was provided by the engineering firm hired to determine if the center building was stable.

Mayor Blanchard asked what the issue of dispute was on the cost of the bill. Jason Gage, City Manager, responded by stating that the amount of time, use of equipment and the scope of the project were the items he discussed with staff regarding the dispute of the cost.

Greg Bengtson, City Attorney, stated that the hourly rates were established by the bid process and approval of the contract.

Joseph R. Borich III, 4408 W. 110th Street, Leawood, Kansas, Attorney for Ben & LaVelle Frick, asked for a continuance of the Commission and explained the approved extensions, the scope of work and then provided information regarding points within the contract that the property owner questioned. Mr. Borich continued to explain the damages caused by the contractor on the property, questioned the insurance coverage of the contractor and would like a continuance to July 6, 2015.

Commissioner Davis asked if requesting information on the legal ramifications for this item be best addressed in an executive session or in an open session. Mr. Bengtson responded by stating that addressing the legal ramifications in executive session would be the best option.

Mr. Gage stated that the Commission might be interested in knowing why the item was placed on the agenda today when the legal counsel of the Frick's have requested the item be continued to July 6, 2015. Mr. Bengtson responded by stating that his office had handled communication with Mr. Borich and had hoped that the item could be discussed and resolved today.

Mayor Blanchard asked for information pertaining to the payroll records for the contractor's employees. Mr. Gage responded by stating that the payroll hours would not specifically provide the job the employee worked on.

Mr. Borich stated that the two things that needed to be examined were if the cost was reasonable and necessary.

Mr. Schrage stated that the Frick's were served with the Building Officials Findings & Orders which stated what the next steps were.

Commissioner Davis asked Mr. Borich if it was the first time he had received the bill within

the packet. Mr. Borich responded by stating that he received the two page bill last week but did not have it at the time the appeal was requested.

Commissioner Hardy asked if it was correct that Mr. Borich's representation had cut the Frick's off in obtaining future requests regarding this item. Mr. Borich responded by stating that he was not aware that the Frick's were not able to obtain additional information regarding this item due to his representation. Mr. Bengtson responded by stating that there were multiple communications going on between the parties and it was customary once the attorney for the client was established, the communication was to be handled through the attorneys.

Aaron Martin, Clark, Mize & Linville, stated that he had conversations with Mr. Borich on May 13, 2015. The detailed bill was sent to Mr. Borich and the date of the appeal hearing was determined during that conversation.

LaVelle Frick, 120 Overhill Road, provided information on the packet received today regarding the pictures taken. Mrs. Frick continued to talk about specifics of the contract particularly the contractor's insurance coverage, damage to the property by the contractor, the time the contractor could start the job and the receipts for the disposal of the materials.

Mr. Gage responded by stating that the staff had verified that the contractor had insurance and provided a copy to Mrs. Frick and the City Commission.

Commissioner Davis asked if there was a claim filed for the damage. Mrs. Frick responded by stating that she submitted a letter to the insurance company requesting to meet with an adjustor regarding the damages performed but had not received a call back from the insurance company.

Mrs. Frick stated that the fill sand that was delivered by the contractor she hired was removed along with the other material by the city's contractor.

Mr. Bengtson stated that a search warrant simply means that the property owner would not allow someone onto the property.

Mr. Hobbie provided information to the Commission regarding the fire at the location and the potential cause of the damage to the water or sewer lines by the fire and noted that the City was in the process of bidding for the new nuisance abatement contract at the time the work was performed.

Mr. Bengtson stated that if the Governing Body had the information needed to make a determination today, the Governing Body could act on the item. Mr. Bengtson continued to state that once a decision had been made, if the property owner did not pay the amount owed, a judgment could be filed or the amount could be added to the property taxes for the property.

Commissioner Davis stated that the contention of Mrs. Frick was that the contractor did not have the number of employees or equipment on site for the job, did Mr. Luther have a response on that contention. Mr. Luther responded by stating that if the truck was not on the site at the time, it was on the clock and traveled back and forth from the job site.

Mayor Blanchard and Commissioner Ryan provided their thoughts on the item.

Moved by Commissioner Ryan, seconded by Commissioner Hardy, to deny the appeal of charges for abatement of nuisances from 500 E. Pacific, as requested by Mr. Joseph Borich, attorney for Ben

and Lavelle Frick, and order the Fricks to pay full restitution of the outstanding charges. Aye: (5).
Nay: (0). Motion carried.

Mayor Blanchard requested a five minute recess at 6:47 p.m. and reconvened at 6:52 p.m.

DEVELOPMENT BUSINESS

(8.1) Resolution No. 15-7241 considering a request for an exception to Section 42-63(a) of the Zoning Ordinance to allow placement of a permanent above ground swimming pool in a public utility easement at 1225 Sierra Drive.

Dean Andrew, Director of Planning, explained the request, location of the swimming pool and affected easements.

Commissioner Davis asked if the pool would need to have an enclosure around it. Mr. Andrew responded by stating that the yard was enclosed by a six foot fence which met the code requirements.

Commissioner Hardy asked if all of the lots on Sierra Drive had the same easement issue as the property discussed today. Mr. Andrew responded by stating that all of the lots on Sierra Drive had double frontages but the other lots within the subdivision only had one frontage.

Commissioner Hardy asked if this item was approved would it lead to future similar requests. Mr. Andrew responded by stating that each item would be weighed on its own merit and this item was weighed on the four findings established for this case.

Commissioner Hardy asked if the resolution would allow for the possibility to perform an emergency removal if needed. Mr. Andrew responded by stating that the resolution does not affect the rights of utility providers to access their lines.

Jason Gage, City Manager, stated that the utility companies could go onto the property to perform any work needed without the consent of the property owner. Mr. Andrew concurred.

Mayor Blanchard asked if the setbacks were the same as they would be on any accessory shed. Mr. Andrew responded by stating that pools were subject to setbacks but could not be located in the front yard.

Mayor Blanchard asked if there would be a permanent deck around the pool. Mr. Andrew responded that there would not be a permanent deck around the pool.

Mayor Blanchard asked if the swimming pool was replaced would the resolution still be valid. Mr. Andrew responded by stating that if the replacement pool was of the same size, the pool could be replaced under the resolution.

Mitch Johnson, 1225 Sierra Drive, provided information on the placement of the pool.

15-0216

Moved by Commissioner Ryan, seconded by Commissioner Crawford, to adopt Resolution No. 15-7241 authorizing the placement of an 18 ft. diameter above ground pool in a 10 ft. utility easement at 1223-1225 Sierra Drive and the following findings: 1. The property at 1223-1225 Sierra Drive is unique due to 40 ft. of the 50 ft. rear yard being covered by utility easements which severely limits the useable area of the backyard; 2. Due to the 30 ft. sanitary sewer easement and existing structures on the property it is not physically possible to reroute the electric line away from proposed pool location.; 3. There are no alternate locations on the property where an above ground pool could be located outside of the 40 ft. utility easement; 4. Although the proposed above ground

pool would be located over a live electric line, Westar Energy does not object to the pool location because their line is encased in a rigid metal conduit at a depth of 42 inches and Westar can access their line from either side of the pool. Aye: (5). Nay: (0). Motion carried.

Commissioner Hardy asked if the approval of this item would be an exception to the rule and others would want the same approval. Mayor Blanchard stated that he felt the four findings included would limit the potential for future cases.

Mayor Blanchard thanked Mr. Johnson for working with staff on the item.

Aye: (5). Nay: (0). Motion carried.

(8.2) Application #Z15-4 (filed by the Salina City Planning Commission) requesting the amendment of Article XI Off-Street Parking and Loading, Division 2, by amending Section 42-552 (e)(6) and amending Section 42-553(3).

Dean Andrew, Director of Planning, explained the amendment, Planning Commission action and recommended action.

Commissioner Davis asked Mr. Andrew to explain the inadequate parking at South Middle School. Mr. Andrew responded by stating that South Middle School was constructed in 1957 before there were parking requirements for schools.

Mayor Blanchard asked if there was consideration to on-street parking. Mr. Andrew responded by stating that staff recognizes that it exists but it does not count for the number of spaces required.

Mayor Blanchard provided his thoughts on the parking and asked for the calculation of on-street parking to be included in the count. Mr. Andrew responded by stating that not allowing the on-street parking pushes the parking onto other streets.

A conversation ensued between the Commission and Mr. Andrew regarding the adequate parking and the amendment.

Kris Upson, USD #305, stated that he would like to get the project completed and school staff followed the ordinances but it was hard to do so when there were different interpretations of the ordinance. Mr. Upson continued to state that with the ordinance as it was, the School District would be okay today.

Commissioner Davis asked how many seats the current gym could hold. Mr. Upson responded by stating that the current gym could hold 200 to 300 and stated that with the addition to the gym, they would not have enough spaces.

Mayor Blanchard asked how the current parking situation was. Mr. Upson responded by stating that regardless of the amount of off-street parking provided, citizens would park where they want to park.

Mayor Blanchard asked if the item returning to the Planning Commission would put a burden on the School District. Mr. Upson responded by stating that he thought any new applications filed by the School District would be approved and the School District would be willing to help with the review of the text amendment.

Jason Gage, City Manager, stated that if the South Middle School project was completed today prior to the text amendment coming back to the City Commission, the site would become a legally non-conforming use.

Mayor Blanchard asked how far apart the City of Salina was from the School District. Mr. Gage responded by stating that if the text amendment were adopted as proposed, the School District would have to provide one (1) space for every three (3) seats in the gym, over 300 parking spaces.

Mr. Gage asked how many parking spaces would be added under the current plan. Mr. Schrage responded by stating that there would be 61 new parking spaces added.

Mr. Andrew provided the Commission with their action options.

Mr. Bengtson stated that the School District would need to exhaust their options to provide additional parking spaces for the project. Mr. Andrew noted that based on the current code interpretation, if the School District added any parking spaces, they would be doing this voluntarily, it would not be required.

Commissioner Ryan provided his thoughts on the project and the parking spaces needed.

15-0217 Moved by Commissioner Ryan, seconded by Commissioner Davis, to send Application #Z15-4 back to the Planning Commission and direct staff and the Planning Commission to perform additional research and develop alternative approaches to the proposed text amendment. Aye: (5). Nay: (0). Motion carried.

OTHER BUSINESS

Commissioner Hardy passed out to the City Commission a portion of the current fireworks ordinance that he felt was hard to enforce and hoped to add something to the ordinance to help make it more enforceable.

A conversation ensued between the Commission and Jason Gage, City Manager regarding the hours, the types of fireworks approved and the possible changes needed to the ordinance.

Mr. Gage asked how important it was to the Commission to put a message out to the citizens and fireworks stands. The Commissioners provided their thoughts on the message they would like to get out. Mayor Blanchard stated that a member of the Commission would write up the message and provide it back at the next City Commission meeting for discussion.

Mayor Blanchard noted that the North Salina Community Development Hog Roast would be held on June 6, 2015 at Thomas Park.

(9.1) Request for executive session (real estate).

15-0218 Moved by Commissioner Ryan, seconded by Commissioner Hardy, to recess into executive session for 15 minutes to discuss matters pertaining to the acquisition of real estate for the reason that public discussion of the matter would adversely affect the City's position in relation to acquisition of the real estate and reconvene at 8:45 p.m.

The City Commission recessed into executive session at 8:30 p.m. and reconvened at 8:45 p.m. No action was taken.

15-0219 Moved by Commissioner Ryan, seconded by Commissioner Davis, to extend the current executive session for an additional 15 minutes. Aye: (5). Nay: (0). Motion carried.

The City Commission recessed into executive session at 8:45 p.m. and reconvened at 9:00 p.m. No action was taken.

15-0220

Moved by Commissioner Ryan, seconded by Commissioner Crawford, to extend the current executive session for an additional 15 minutes. Aye: (5). Nay: (0). Motion carried.

The City Commission recessed into executive session at 9:00 p.m. and reconvened at 9:15 p.m. No action was taken.

ADJOURNMENT

15-0221

Moved by Commissioner Davis, seconded by Commissioner Ryan, that the regular meeting of the Board of City Commissioners be adjourned. Aye: (5). Nay: (0). Motion carried. The meeting adjourned at 9:15 p.m.

[SEAL]



Jon R. Blanchard, Mayor

ATTEST:


Shandi Wicks, CMC, City Clerk

Consolidated Agenda EPN11155

