



REPORT TO CITY COUNCIL

FROM: Dorothy Ann David, City Manager

DATE: April 26, 2019

SUBJECT: The Yards Downtown Development SS 2019-011

A. Introduction: The purpose of this Study Session is to seek direction to complete negotiations on a development agreement for Council review at a future Study Session based on previously approved negotiating principles. The project as currently planned has an estimated cost of construction of over \$250M and includes expansion of the Illinois Terminal, new office and retail space, a hotel and conference center, residential units and a downtown arena potentially serving as the home for a new Division I Illinois hockey program as well as several other Illinois sports programs. In an effort to provide full transparency on this project, a project page has been established on the City of Champaign website for public access of additional supporting material at champaignil.gov/planning/economic-development/the-yards/.

B. Action Requested: The Administration recommends that Council direct staff to continue negotiations with the developer pursuant to Council's direction and schedule a future Study Session with details on a development agreement when a final draft is completed.

C. Prior Council Action:

- On November 5, 1996, City Council approved CB 96-265 authorizing the City Manager to enter into an agreement between the City and CUMTD that vacated and exchanged public land and right-of-way and provided up to \$1 million dollars to construct infrastructure for the construction of Illinois Terminal.
- On November 10, 2015, City Council held a Study Session ([SS 2015-056](#)) on the Washington and Walnut Development Concept and directed staff to negotiate a draft development agreement for the project for review by Council at a future meeting.
- On January 3, 2017, City Council approved the creation of the Downtown Fringe Tax Increment Finance District (TIF) which now places the subject property inside a TIF District ([CB 2017-005](#), [CB 2017-006](#), [CB 2017-007](#)).
- On August 22, 2017, City Council held a Study Session ([SS 2017-032](#)) to discuss a request from the CUMTD and developer Hans Grotelueschen for consideration of a development proposal around Illinois Terminal, to provide input on the process to evaluate the project, and to seek direction to complete the evaluation of the proposal and submit the results for Council consideration at a future meeting.
- On September 11, 2018, City Council held a Study Session ([SS 2018-039](#)) to discuss the status of The Yards project and provide staff with direction to proceed with negotiation of a development agreement based on identified negotiating principals.

D. Summary:

- At a November 10, 2015 Study Session, City Council reviewed a possible mixed-use project that was proposed by Hans Grotelueschen, the developer of the Hyatt Place Hotel on the City-owned parking lot at Washington and Walnut Street and directed staff to negotiate a draft development agreement for review by City Council at a future meeting.
- Subsequently, during the planning stages of the Illinois Terminal expansion project, the original proposed development project moved from the Washington and Walnut location to the area around Illinois Terminal as part of a public-private partnership involving CUMTD. This concept was presented to Council at an August 22, 2017 Study Session and direction was provided to complete an evaluation of the proposal and submit the results for Council consideration at a future meeting.
- During this timeframe discussions also began with the U of I Division of Intercollegiate Athletics (DIA) about the concept of a downtown arena serving a potential new DI hockey program, as well as volleyball, gymnastics and wrestling. The DIA expressed a preference for a site on the south side of Downtown so the facility would be more proximate to their students.
- The project is now estimated to cost approximately \$250M and generally include the following:
 - Expansion of Illinois Terminal to increase onsite bus capacity, increase Amtrak waiting area accommodations and other patron accommodations, and to increase tenant lease space to support operational costs of the building
 - 180 hotel rooms
 - Convention space to accommodate up to 1,000 people that is regionally competitive to attract new businesses and visitors.
 - 179 residential units
 - 90,000 square feet of office and retail space
 - Between 790 to a 1,000 structured parking spaces to serve the development (this number is still being finalized)
 - A 5,000 seat multi-purpose arena with three sheets of ice, one of which is a community sheet of ice.
- At a September 11, 2018 Study Session, Council received an update on the proposed development and directed staff to negotiate a development agreement based on proposed negotiating principles, and additionally, to proceed with negotiation of an Intergovernmental Agreement with the CUMTD to support the expansion of Illinois Terminal.
- The Yards Champaign project represents a major investment in Downtown Champaign and will have significant economic impact on the community bringing jobs, residents and new visitors to Downtown.
- Over the course of the last several months, a number of studies have been undertaken to analyze various aspects of the project and evaluate the feasibility of the proposed design. The developer submitted a financial analysis of the project and the assistance needed to make the project financially feasible. They also submitted a shared parking study, economic impact assessment, and hotel and conference center market study.

- According to the economic impact assessment prepared by SB Friedman on behalf of the developers, “When fully operational, the proposed Project is projected to create or retain 1,245 full-time equivalent (FTE) permanent jobs in Champaign County and generate over \$112 million (2019 dollars) of annual economic activity for Champaign County households and businesses.”
- The project will be developed by Core Champaign Hockey LLC, which includes three single member LLCs including BTN Capital Ventures LLC, single member: Brian Neiswender; ML Development Group, single member: Marc Lifshin; and Prairieview Park LLC, single member: Hans Grotelueschen.
- A City of Champaign staff team including representative of the Planning and Development Department, Finance Department, Legal Department, and City Manager’s Office has been in the process of negotiating a financial assistance proposal based on the negotiating principles previously approved by City Council.
- The contemplated City project support includes use of City land, construction of a relief sanitary sewer to serve the development as well as additional land area in the Fringe TIF District, and City financial support toward the construction of structured parking, and development of the convention center. With the exception of the relief sanitary sewer, most of the financial support for the project would come from tax revenues that will be created by the taxable components of the development. The remainder is proposed to come from a Business Development District adding an additional 1% hotel-motel tax on three downtown hotels (Hyatt Place, 401 North Neil and the project hotel).
- Any agreement on the City’s financial contributions to the project would be contingent upon the City’s parking consultants, Walker Consultants, and the developer’s parking consultants, Desman, coming to mutual agreement that a sufficient number of covered parking spaces would be constructed to support the project’s peak parking demands during daytime, evening, and weekend hours.
- The development agreement would include several additional contingencies that protect the City’s interests as this project proceeds. They would likely be tied to when the City will transfer ownership of its land to the developer, as well as other security and contractual requirements, and would need to be fully addressed before the City contributes any financial assistance to the developer.
- The negotiations with the developer and City staff are ongoing, and many details about the project remain to be finalized, including the amount and location of public parking, and whether the University of Illinois will add a DI Hockey program.
- Preliminary negotiated terms on City assistance to the The Yards development includes a total contributions of approximately \$40M over 20 years, and assumes that the taxable portions of the development will be completed by end of calendar year 2021, that the projected EAV will meet expectations, and that the developer will be able to document adequate TIF eligible expenses in accordance with State law to support the TIF based assistance.
- To demonstrate good faith efforts required by the Champaign Diversity Advancement Program (CDAP) the developer will, at a minimum, have their general contractor host an open house for all vendors on the City’s CDAP preferred vendor list to share information about subcontracting and hiring opportunities in the construction of The Yards. The developer will also agree to work with the Champaign County Regional Planning Commission Illinois WorkNet office in the recruitment and hiring of employees for the hotel-

conference center portion of the development. These are the same requirements as in the recent agreement with Costco.

- If Council directs staff to proceed, there are numerous next steps over the next year that will require further Council action before this project could proceed to implementation. This includes Council approval of an Intergovernmental Agreement between the City and Champaign-Urbana Mass Transit District to facilitate expansion of Illinois Terminal. The project as proposed is also subject to a final decision by the University of Illinois Division of Intercollegiate Athletics to go forward with the addition of a new men's Hockey program

E. Background:

1. Project History. At a November 10, 2015 Study Session, City Council reviewed a possible mixed-use project that was proposed by Hans Grotelueschen, the developer of the Hyatt Place Hotel on the City-owned land at the southwest corner of Washington and Walnut Streets (two parking lots and the lot north of the Orpheum Theater). The project proposed at that time was estimated at \$95 Million and included a mix of uses anchored by a hotel and conference center. At that meeting Council directed staff to proceed with the process to negotiate a draft development agreement for review by Council at a future meeting.

Subsequently, during the planning stages of the Illinois Terminal expansion project, the Champaign-Urbana Mass Transit District (CUMTD) reached out to Mr. Grotelueschen to discuss their proposed expansion and gauge whether the proposed downtown development might be feasible south of Illinois Terminal. In this discussion, opportunities were identified to utilize a public-private partnership approach of having the private development support expansion of the Illinois Terminal, and the terminal expansion support the development. As a result, they agreed to work together, and the developer began acquiring land to move the project from its original location at Washington and Walnut to the area south of Illinois Terminal.

During this timeframe an organization called College Hockey Incorporated approached the City and developer about its efforts to promote the addition of a DI hockey program at the University of Illinois. As a result, discussions also began with the U of I Division of Intercollegiate Athletics (DIA) about the concept of a downtown arena serving a potential new DI hockey program, as well as volleyball, gymnastics and wrestling. The DIA expressed a preference for a site on the south side of Downtown so the facility would be more proximate to their students. The University of Illinois subsequently partnered with the National Hockey League and the National Hockey League Players Association to evaluate the possible addition of hockey as a varsity sport. That report ([University of Illinois Hockey Feasibility Study](#)) concluded that "With a growing passion for ice hockey at all levels in the state of Illinois, the foundation appears to be in place for the University of Illinois to develop an intercollegiate men's hockey program that will be financially successful and competitive on a conference and national level." The study also recommended development of the new multipurpose arena on the location proposed in downtown Champaign. More information about why the U of I is pursuing addition of a DI hockey program can be found at whyillinihockey.com/.

At a September 11, 2018 City Council Study Session Council received an update on the proposed development and directed staff to negotiate a development agreement based on

proposed negotiating principles, and additionally, provided direction to proceed with negotiation of an Intergovernmental Agreement with the CUMTD to support the expansion of Illinois Terminal.

2. The Yards Champaign. This project represents a major investment in Downtown Champaign in an area that has seen very little reinvestment over the years and was included in the Downtown Fringe TIF District in anticipation of the opportunity to promote redevelopment of the property. It is anticipated that the development will have an unprecedented economic impact on the community bringing jobs, residents and new visitors to Downtown.

- a. Development Team.** The project will be developed by Core Champaign Hockey LLC (Attachment 2 – Disclosure Affidavit) that includes three single member LLCs including BTN Capital Ventures LLC, single member: Brian Neiswender; ML Development Group, single member: Marc Lifshin; and Prairieview Park LLC, single member: Hans Grotelueschen. References in this report to “the developer” includes these entities taken as a whole. Other entities involved in this project include the Champaign Urbana Mass Transit District and the University of Illinois Division of Intercollegiate Athletics.
- b. Project Overview.** Attachment 1 to this report is a location map showing the project site and current ownership of the approximately 10.9 acres of land proposed to be used for The Yards. The site is generally bounded by University Avenue to the north, the CN Railroad tracks to the east, Marshall Street to the south and Neil and Walnut Streets to the west. It includes the existing Illinois Terminal facility, one City owned surface parking lot, City street rights-of-way, and land owned or optioned by the developer. This land is made up of vacant property, public and private surface parking lots and aging commercial/industrial buildings. The developer has purchased most of the land needed for the project and has an agreement in principal with Christie Clinic for the remainder of the private land needed for the lots.
- c. Negotiation Principles.** The negotiation principles approved by the City Council at the September 11, 2018 Study Session, and used to guide the process were as follows:
 - The assistance requested is reasonable, necessary, and in the public’s best interest to induce the development, thereby removing area blight, disinvestment or generally enhancing the quality of life in the community.
 - All parties will supply adequate financial information to allow the detailed financial analysis necessary to understand what public investment is needed in the project fully.
 - The financial analysis of the proposed project must demonstrate the potential of the project to generate tax revenues in amounts sufficient to pay for any City assistance provided. Only tax revenues generated directly by the project will be considered as a basis for direct City financial assistance to the project.
 - That the priority for City investment in the project will be as follows:
 - Use of public property to support the project.

- Construction of needed infrastructure improvements such as public parking, regional sanitary and storm sewer improvements or traffic safety improvements.
 - Rebate of new public revenues generated by the project for a given period. In the case of this project that will focus primarily on TIF increment.
 - Consistent with the City’s Champaign Diversity Advancement Program, the development agreement will define the developer’s “good faith efforts” to achieve agreed to goals for the utilization and employment of MBE and WBE firms and minority and female workers during the development of the project.
- d. Project Description and Scope.** The scope of this approximately \$250M development project consists of several complementary public and private components as follows:

1) Public, nontaxable project components:

- ✓ Parking – Upon completion of the project, at least 780 new spaces in two parking structures will be available to meet the parking needs for the development. This number is still subject to the outcome of further analysis and negotiation. (Additional information regarding parking can be found in Background section 5 below.)
- ✓ Illinois Terminal Expansion – includes a 24,248 square foot expansion and renovation of Illinois Terminal and expansion of the MTD bus platforms.
- ✓ Arena – The scope of the project includes a 5,000 seat multi-purpose arena with three sheets of ice that may be home to a new University of Illinois DI hockey team, as well as volleyball, wrestling and gymnastics.
- ✓ Community Ice Rink replacing the current University of Illinois Ice Arena and available for community programming.
- ✓ A practice sheet of ice that is convertible to additional competition space based on configuration.

2) Private, taxable project components:

- ✓ Mixed-use Office Building – The office and retail component of the development includes construction of a 90,000 square foot office building with 19,000 square feet of retail space.
- ✓ Residential development providing for 179 units.
- ✓ Hotel – A proposed hotel with a nationally recognized brand would offer 180 guestrooms and suites, operate a full-service restaurant, a bar and a café. The hotel would also feature an indoor pool and a pool lounge.
- ✓ Convention Center – The project includes plans for a 29,240 square foot convention center that will accommodate events for up to 1,000 people.

- e. Development Research and Feasibility Analysis.** Over the course of the last several months several studies have been undertaken to analyze various aspects of the project and evaluate the feasibility of the proposed design. These include the following:

- 1) **The Yards Champaign Review of Financial Gap, SB Friedman Development Advisors** – The developer contracted with SB Friedman to prepare a financial analysis of The Yards development and document the incentives needed to make the project financially feasible. SB Friedman’s analysis evaluated the financial feasibility of the project both with and without City assistance. This analysis indicated the level of public investment needed to generate a rate of return for the project necessary to attract equity investors and receive bank financing. The results the SB Friedman analysis are summarized in Attachment 3. This document projects cash flow over ten years and projects a shortfall without incentives of just over \$24M. The developer reports that this shortfall results from the cost of constructing structured parking that will be owned and operated by the City, and from the convention space, which they do not project will generate adequate revenues to support the cost of its construction. View the full [report](#).

- 2) **South Downtown Mixed-Use Development Shared Parking Study, Desman Design Management Company (March 15, 2019)** – The developer contracted with Desman to evaluate the parking demand that would be created by this development taking into account modal split (how different users of the development will travel to and from the site), sharing of parking spaces base on Urban Land Institute studies and the mix of land uses proposed for the project. This methodology is regularly used to calculate the parking demand for a mixed-use project and show it can be met with a supply that is less than what the total number of spaces required by each individual use would indicate. Desman’s analysis determined that there would be peak shared parking demand for the development of 761 spaces weekdays, and 1,883 weekends when the arena is in use. This study is currently being updated to ensure that replacement parking for Christie Clinic employees is appropriately accounted for, and to determine the number of new parking spaces that need to be constructed in two new parking structures with a goal to ensure adequate new parking is provided, but not to overbuild new spaces in expensive parking decks. View the full [report](#).

- 3) **City of Champaign Shared Parking Peer Review, Walker Consultants** – The City of Champaign hired Walker to conduct a peer review of the Desman shared parking study and confirm the findings regarding parking demand generated by The Yards development. Walker’s analysis suggested that peak shared parking demand for the development is 864 weekday and 1,919 weekends when the arena is in use. Walker will again review the revised Desman study when it is released and advise the City on its decisions regarding the amount of new parking to require as part of the development agreement. View the full [report](#).

- 4) **The Yards Economic Impact Assessment, SB Friedman Development Advisors** – The developer contracted with SB Friedman to prepare an economic impact analysis of the project. The purpose of this study was to project the community economic impacts of The Yards. The report states that “The proposed Project will transform existing underutilized property that is primarily consisting of surface parking lots and industrial property into a catalytic redevelopment that has the potential to activate the southern part of downtown Champaign. The project is expected to create jobs,

improve access to transportation, attract visitors from the surrounding region and beyond. This will provide enhanced tourism and positive economic benefits for both the City of Champaign and Champaign County. When fully operational, the proposed Project is projected to create or retain 1,245 full-time equivalent (FTE) permanent jobs in Champaign County and generate over \$112 million (2019 dollars) of annual economic activity for Champaign County households and businesses.” It should be noted that no independent study has substantiated these projections, and that this study does not reflect the most recent project scope. City staff has requested that SB Friedman complete an updated study reflecting the project’s current known scope. View the full [report](#).

5) Market Study – Proposed Hotel Conference Center Champaign, Illinois, Hotel Appraisers and Advisors (HAA) – The developer contracted with HAA to conduct a market study of the proposed hotel and conference center. The Executive Summary of this report concludes that “The proposed hotel conference center will be the only full-service, upper-upscale hotel chain in the Champaign market area. Full-service amenities and an integrated 20,000-square-foot conference center should make the subject property an attractive option for meetings, conferences, and social groups. Its location adjacent to the new arena should also make the proposed hotel conference center a destination for transient leisure travelers and sports groups. Strong national branding and upper-upscale amenities should also allow the hotel to attract more than its fair share of the area’s highest-rate business transient travelers. The following market findings and conclusions are key considerations throughout this analysis:

- The subject site enjoys a premier location within downtown Champaign
- The subject site is within walking distance to the University of Illinois and the MTD Illinois Terminal
- The proposed hotel conference center development is strategically planned in conjunction with the mixed-use development, which is expected to augment lodging demand and create additional amenities for visitors
- The hotel conference center is proposed to be a full-service, upper-upscale chain property

As economic development activity continues in the area, we anticipate continued growth in both lodging demand and lodging supply. However, economic growth may be slowing nationally; so, our demand growth projections reflect this emerging concern. The proposed hotel will compete with a growing set of hotels in Champaign, Illinois and nearby communities. We expect the subject’s proposed location will represent a long-term competitive advantage, given its visibility from Neil Street and its location within the Yards development project.” There has been no independent review of this study. View the full [report](#).

6) South Downtown Sanitary Sewer Feasibility Study - Clark Dietz, Inc. was retained by the City of Champaign to conduct a Sanitary Sewer Feasibility Study for the proposed South Downtown Development that includes recommendations for possible system improvements, which can be used to serve the proposed development and

surrounding areas, as well as integrate seamlessly into the existing sanitary conveyance system. This study confirmed that a relief sanitary sewer needs to be constructed to provide the capacity for this development, as well as to allow additional increases in development density in the southern area of the Downtown Fringe TIF District. The sewer project is estimated to cost approximately \$3M. Without this additional relief sewer, development in the south half of the TIF will be limited. View the full [report](#).

3. Development Agreement Negotiations.

a. Negotiation Team. An internal staff team was established to work on the project, including a designated negotiating team with representatives of Planning and Development, Finance, Legal, and the City Manager’s Office. The Planning and Development Director led the negotiating team that included the Finance Director, a Deputy City Manager, Assistant City Attorney, and the Senior Planner for Economic Development. This team worked from the negotiating principles previously approved by City Council to identify an appropriate level of City assistance to facilitate the project while minimizing the risk to the public based on analysis of the project financial information provided by the developer. The City’s financial advisors from Baird and Comer Capital provided additional analysis, bonding scenarios and negotiation advice in the process. In this process, staff established some additional negotiating principles to guide the process:

- The City’s AAA Bond Rating will not be put at risk.
- The City will not contribute more to the project than the equity investors are contributing.
- The City’s contribution to the convention center is based on the expectation that it will be of a design and size to clearly differentiate it from existing facilities locally and in the region.

b. Preliminary Incentive Package. The preliminary incentive package for assisting The Yards project based on the negotiating principles previously discussed with City Council is summarized below and include numerous remaining contingencies that must be met by the developer. The proposal requires the developers to invest their money in building the project first. Once the City Assessor has established the project’s Equalized Assessed Valuation the City would issue TIF bonds and make the initial payment to the developer for the parking structures. All other revenue would be rebated to the developer over time as it is generated. This approach greatly reduces the City’s risk. It also means that because of the concept of “time value of money” wherein money received early in such a project has a higher value than money received later, the value of the City’s financial package at the front end of the development is reduced, or “discounted” from \$32.3M total over 15 years to approximately \$24M up front.

- 1) Sanitary Sewer – The City would issue general obligation bonds for \$3M to pay for the construction of a relief sanitary sewer that is needed to meet the capacity needs of The Yards project, as well as future redevelopment that is expected to occur in the

southern area of the Downtown Fringe TIF District. The debt service on these bonds would be paid from TIF revenues generated by other properties within the Downtown Fringe TIF district, but not The Yards project itself. Given the growth of increment in this fund to date there will be adequate revenue to cover this debt service.

- 2) Land Contribution – The City would contribute land it owns within the boundaries of the project site to facilitate full assembly of the site for the development. This includes street right-of-way for portions of Market, Marshall and Chestnut streets appraised at \$19,000. Additionally, just under 30,000 square feet of a City owned parking lot north of Logan Street (132 S Market Street) with an appraised value of \$673,726 would be provided for the project. In exchange, the developer would transfer ownership of the land for the site of the two new parking structures, which was purchased for a value of \$3,116,000.
- 3) TIF Bonds – Once the project has been fully completed and the Equalized Assessed Value (EAV) of the project has been finalized by the County Assessor, the City would issue bonds to be utilized to pay the developer for the parking structures and other TIF eligible expenses related to the new convention center. The amount of the bonds to be issued would generally be based on 80% of the tax increment projected to be generated by the project within the Downtown Fringe TIF District over the remaining life of the TIF (projected at 18 years). The total amount of the bond would not exceed \$18M and would be less if either the EAV for the project is lower than projected, or the taxable portions of the development are delivered later than the end of calendar year 2021. The developer would be required to demonstrate that the use of the proceeds of the TIF bonds will be for a public purpose sufficient to ensure that the bonds can meet the IRS Standards test to be non-taxable.
- 4) TIF Revenue Share – Any remaining taxable increment generated from the project after the debt service on the TIF bonds is met would be rebated to the developer up to a total capped amount of \$7,000,000 pending determination of TIF eligible costs.
- 5) Hotel-Motel Tax Revenue Share – The City would reimburse the developer 5% of the total 7% hotel-motel tax revenues generated by the project hotel for a period of 15 years, up to a total cap of \$6.3M. These proceeds would only be used to defray the cost of constructing the convention center. Because only 5% of the 7% hotel-motel tax generated by the project would be subject to this reimbursement, there will be no impact to the hotel-motel tax revenues that are dedicated to arterial street funding and Visit Champaign County (VCC) support per City financial policies.
- 6) Business Development District 1% Hotel-Motel Tax – The preliminary package includes the proposed creation of a Business Development District (BDD) as provided by State law that would encompass only the portion of the Downtown area encompassing the following hotels: The Hyatt Place, The Yards hotel and the hotel planned to be developed at 401 North Neil Street. These three hotels will benefit most directly from their proximity to the convention center. The creation of this district will allow City Council to impose an additional 1% hotel-motel tax to be

levied for just this area. The proceeds from the tax would be provided to the developer for a period of 15 years, up to a cap of \$3.2M and will also be used to defray the cost of constructing the convention center. The BDD could be terminated at the end of this 15-year period.

Following is a summary of the tax revenues anticipated to be generated by the development and the Business Development District:

Summary of The Yards Related Tax Revenue - 2022 to 2041	
Revenue:	Amount
Downtown Fringe TIF Revenues	\$29,197,710
Hotel/Motel Tax	\$12,666,361
Business Development District 1% Hotel Tax	\$3,139,743
Food & Beverage Tax Revenue	\$3,205,624
Sales Tax Revenue	\$3,112,287
Total	\$51,321,725

Below is a summarized projection of the incentive package. These projections are based upon current estimates of revenues. As the amounts contributed to the development are based on the revenues earned by the development, the exact amounts paid will vary based upon revenue actually generated by the project. The revenues earned by the development and the Business Development District are projected to be in excess of the contributions to the development.

Preliminary Incentive Package Summary

	<u>Tentative Projection</u>	<u>Caps</u>	<u>Terms</u>
Bond Issuance	\$ 16,422,254	\$ 18,000,000	Upfront payment upon completion of development
TIF Revenue	6,417,347	7,000,000	Reimbursed over life of TIF (18Years)
1% Business Development District	3,139,744	3,200,000	Reimbursed over 15 years
5% Hotel Tax Revenue	<u>6,297,974</u>	<u>6,300,000</u>	Reimbursed over 15 years
Total Cash Contributions	<u>32,277,319</u>	<u>34,500,000</u>	
Land Value	692,726		
Asset Contribution - Sewer work	<u>2,000,000</u>		
Total City Asset Contributions	<u>2,692,726</u>		
Total Contributions	\$ 34,970,045		
Bond expense (interest, issuance costs)	<u>6,358,109</u>		
Total Cost to City	<u>\$ 41,328,154</u>		

4. Plan for Bond Issuances. As discussed in the above sections, the City will have two bond issuances related to the construction of this development.

a. General Obligation Bond Issuance for Relief Sanitary Sewer. The first bond issuance will be a tax-exempt general obligation bond issuance of \$3,000,000 and related to the construction of a relief sanitary sewer to serve the south half of the Downtown Fringe TIF District. Without this additional relief sewer, development in the south half of the TIF will be limited. As the construction of the sewer benefits the TIF district as a whole, the debt service on the bonds will be paid out of the general Downtown Fringe TIF district revenues and not deducted from the TIF revenues generated from this project. It is estimated that the bonds will be issued in the spring of 2020 and be used to pay for the construction of the sewer. The bonds will mature with the end of the TIF in December of 2040. Interest and issuance costs of an estimated \$1,458,000 will be incurred on the bonds. Currently, there are estimated annual TIF revenues of \$278,000 to \$364,000 available to pay the debt service on the bonds. These revenues are estimated to be enough to pay for the debt service on the Sewer bonds, which are currently estimated at \$215,000 per year.

b. General Obligation Bond Issuance for Construction of Public Parking Decks.

- 1) **Revenue Assumptions** - In projecting the amount of bonds to be issued, it is assumed that the development would initially add an estimated 15.8M of EAV growth to the TIF District. This growth in EAV results in an initial TIF revenue of approximately \$1.3M a year. It is further assumed that the EAV and associated revenue related to this project would grow at a pace of 2% per year.
- 2) **Structure of Bond Issuance** - The specific amount of the bonds to be issued would be based on 80% of the TIF increment (i.e. TIF Revenue) generated by the development. It is estimated that the City would issue bonds in the amount of \$16.4M, with a maximum cap on the amount of bonds to be issued of \$18M. The exact amount of the bond issuance will be tied to the performance of the development and would only be issued after the project has been completed and final Equalized Assessed Value (EAV) has been determined for the taxable properties. Delay of bond issuance until after EAV is established will ensure that the City has adequate revenues to pay debt service on the bonds. The bonds would be amortized for the remaining life of the TIF. It is estimated that the bonds would be issued in late Spring of 2023, with a final maturity in December of 2040.
- 3) **Taxability of Bonds** – It is assumed that the bond proceeds issued for this portion of the project would be used to reimburse the developer for expenses related to the construction of public parking and would therefore be tax-exempt. The City will work with its Bond Counsel to determine the final tax status of the bonds.

5. Parking. As part of the agreement, the City would assume ownership and operation of the proposed parking structures upon their completion. As such, the City has a vested interest in ensuring that there is sufficient parking available to meet the parking demands of the proposed development. In addition, the City would retain all revenue generated by the parking to pay for the costs associated with operating and maintaining structured parking. These decks would be

utilized for events, particularly events during nights and weekends. The City's current parking fee structure does not address event parking and offers free parking on nights (after 9 pm) and weekends. It is anticipated the City Council would need to amend the existing parking ordinance as it pertains to these new parking decks to accommodate the unique operational needs of this development. The final number of parking spaces to be included in the development is still subject to further negotiation and clarification of peak demand and projected usage.

The developer's parking consultant, Desman, is currently updating its shared parking study, which was completed in March 2019. That study indicated that the peak weekday demand using the shared parking methodology is 761 parking spaces between two parking decks, and that peak demand during weekend and evening hours when the arena is in use would be 1,883 spaces. At the time, this study assumed that the current 275 Christie employee parking spaces would be addressed in another location. This has since changed, and it is likely that Christie employee parking will be provided in the two planned parking structures to be built with the development. There are several known, intended users of the two planned parking structures, who would likely obtain parking permits. This includes parking demand generated from the office and retail space, 179 apartments, 180 hotel rooms, and approximately 275 replacement parking spaces for Christie Clinic employees. The current development pro forma is based on the construction of 789 parking spaces in two parking structures. City staff have expressed concerns to the developer that the number of parking spaces in the proposed structures appears insufficient to accommodate parking demand/usage during peak times based on the numbers provided in the March 2019 Desman study when Christie employee parking is added to the count. City staff will have Walker Consultants review the updated Desman study and ensure that the final development agreement provides for the construction of adequate public parking to meet the needs of the development while avoiding overbuilding the size of parking structures that are not only expensive to build, but also to operate and maintain over time.

Also, the precise details of Christie Clinic's parking spaces, including the amount and timing of any financial contributions of Christie towards construction, operation and maintenance, are still in the process of being negotiated. To support additional peak parking for evenings and weekends, the developer is considering obtaining leases with local surface lot owners (including Christie Clinic) for supplemental night and weekend use by arena-goers, but these details have not yet been fully determined.

6. Champaign Diversity Advancement Program (CDAP). As stated in the program requirements, CDAP applies to development agreements where the City is providing financial assistance. The program requires developers to show a "Good Faith Effort" to be inclusive in the potential hiring of MBE and WBE firms in the contracting and sub-contracting for the portions of the development project receiving City financial assistance. To show such good faith efforts, the developer would, at a minimum, have their general contractor host an open house for all vendors on the City's CDAP preferred vendor list to share information about subcontracting and hiring opportunities in the construction of The Yards. The developer would also agree to work with the Champaign County Regional Planning Commission Illinois WorkNet office in the recruitment and hiring of employees for the hotel-conference center portion of the development. Illinois WorkNet has previously helped major employers in the community with job fairs and necessary screening processes to ensure the local workforce understands the hiring opportunities.

Prior to bringing the details of an agreement to Council before the next Study Session, the developer would meet with staff from the Office of Equity, Community, and Human Rights to identify other “good faith efforts” that are appropriate for a project of this size and scope. Those additional efforts would be included in a final proposed agreement for Council consideration.

7. Staff Analysis Based on Negotiation Principles. Following is a preliminary assessment of how negotiations to date comply with the agreed to negotiation principles.

- a. Principle 1 – The assistance requested is reasonable, necessary, and in the public’s best interest to induce the development, thereby removing area blight, disinvestment or generally enhancing the quality of life in the community.**

Based on the financial report and development pro forma submitted by the developer, and review by the City’s financial advisors and the staff team, the financial assistance proposed herein appears necessary to make the project financially feasible and allow the developer to attract equity investors in the project. The site for the project is currently made up of vacant property, surface parking lots and aging commercial/industrial buildings. It is unlikely this will change in any significant way without the City’s assistance, which is why the Downtown Fringe TIF District was created and why this land area was included in its boundaries.

- b. Principle 2 – All parties will supply adequate financial information to allow the detailed financial analysis necessary to understand what public investment is needed in the project fully.**

The developer contracted with SB Friedman Development Advisors to prepare the financial analysis of the project and demonstrate the financial gap. This information was shared with the City’s financial advisors, Baird and Comer Capital who reviewed it and advised staff on additional information to request. An updated version of the SB Friedman report and the project pro forma are attached to this report and are the basis of the preliminary concept for City assistance for this project from the City. These numbers remain contingent on the City’s and the developer’s parking consultants coming to agreement, the project’s EAV meeting expectations, the taxable portions of the development being completed by the end of 2021, and documentation of enough TIF eligible expenses to justify the financial contribution. The City has also requested additional financial information from the developer to fully understand its requested participation, including itemized TIF eligible expenses, and an updated economic impact report.

- c. Principle 3 – The financial analysis of the proposed project must demonstrate the potential of the project to generate tax revenues in a sufficient amount to pay for any City assistance provided. Only tax revenues generated directly by the project will be considered as a basis for direct City financial assistance to the project.**

The City team and the developer have reached tentative consensus on the projected EAV for the project, as well as on the projected proceeds of 5% of the hotel-motel tax. As

contemplated, the City will not issue the TIF bonds for the project until construction is completed and the EAV has been established. This ensures that the TIF increment generated by the project will be able to support the debt service on the bonds. All other financial contributions to the project will be distributed on a “pay as you go” basis, requiring that they be generated by the project first, and then paid out to the developer. This includes a contemplated new 1% Business Development District tax assessed to visitors to the downtown Hyatt hotel, as well as the future Aloft Hotel located on North Neil Street and the future Yards hotel. The City would also support the project (as well as other future development in the Downtown Fringe TIF District) using approximately \$3 million of TIF increment generated by other properties within the Downtown Fringe TIF district to build the relief sanitary sewer. The approach of delaying the City’s additional financial investment in the project until it is built and the EAV is established minimizes risk to the public. Because it can be anticipated that demand for City services will increase as a result of The Yards Champaign, sales tax, food and beverage tax and 2% of the hotel-motel tax revenues generated by this project will continue to come to the City.

- d. Principle 4 – That the priority for City investment in the project will be as follows:**
- **Use of public property to support the project.**
 - **Construction of needed infrastructure improvements such as public parking, regional sanitary and storm sewer improvements or traffic safety improvements.**
 - **Rebate of new public revenues generated by the project for a given period. In the case of this project that will focus primarily on TIF increment.**

As noted previously, the City’s investment in this project includes the use of land for the project, construction of a relief sanitary sewer funded with TIF increment, and the use of public revenues generated by the project to support public parking and the construction of a new convention center.

- e. Principle 5 – Consistent with the City’s Champaign Diversity Advancement Program, the development agreement will define the developer’s “good faith efforts” to achieve agreed to goals for the utilization and employment of MBE and WBE firms and minority and female workers during the development of the project.**

As described in paragraph 5 of the Background section a minimum expectation has been established for compliance with CDAP that is consistent with the expectations established in the recent Costco proposal. It is also noted that the developer is expected to meet with staff from the Office of Equity, Community, and Human Rights to identify other “good faith efforts” that are considered appropriate for The Yards project.

- f. Principle 6 (new) – The City’s AAA Bond rating will not be put at risk.**

As noted previously, the approach of delaying the City’s additional financial investment in the project until it is built and the EAV is established minimizes risk to the public and protects against a negative impact to the City’s bond rating. The fact that almost all other contributions are a rebate of revenues generated by the development also eliminates risk to the City’s bond rating.

g. Principle 7 (new) - The City will not contribute more to the project than the equity investors are contributing.

The preliminary negotiated incentive package is based on this premise. City staff will continue to monitor this during the remaining negotiations. This will take into account the time value of money, which is a concept that recognizes money early in the project has greater value, and that since the City's money will follow the developer's investment, its value is discounted to equalize the values.

h. Principle 8 (new) - The City's contributions to the convention center is based on the expectation that it will be of a design and size to clearly differentiate it from existing facilities locally and in the region.

The preliminary negotiated incentive package provides for the City to review and approve the functional design of the convention center. This allows for a determination that this principle has been met before financial contributions by the City are made.

8. Intergovernmental Agreements. Part of City Council's direction from the September 12, 2018 Study Session was to proceed with negotiation of an Intergovernmental Agreement (IGA) with the Champaign Urbana Mass Transit District (CUMTD) to facilitate the expansion of Illinois Terminal. This agreement is expected to primarily focus on how portions of the City's surface parking lots around the Terminal will be used to support the Terminal expansion. Because of the complexities of City negotiations on the development agreement for this project, and the fact that CUMTD is in the very early stages of its work to design the Illinois Terminal expansion and negotiate an agreement with the developer, work on the IGA with CUMTD has not begun. City staff anticipates that work on an IGA with the CUMTD will proceed once they are further along in planning for their portion of the project, and there is a better understanding of the terms of their agreement with the developer.

9. University of Illinois Division of Intercollegiate Athletics Division I Men's Hockey. A key component of The Yards development is the proposed 5,000 seat arena that would serve as the home for U of I DI hockey, volleyball, gymnastics and wrestling. DIA continues to undertake due diligence and fund raising towards this decision. The feasibility study undertaken on behalf of DIA determined that hockey would be a successful program, and that the downtown location enhances fund raising efforts to make this successful and allows the University to partner with the City of Champaign in a redevelopment that benefits the local economy. The negotiations on The Yards to date are based on the assumption that this project will proceed. If that should turn out not to be the case, it is expected that a new development proposal will result and negotiations around a development agreement would restart.

10. Contingencies. Negotiations on the development agreement will ensure that several contingencies are addressed to protect the City's interests as this project proceeds. Some will be addressed before a draft development agreement is completed, some will be incorporated into the development agreement and be tied to when the City will transfer ownership of its land to the developer and all will be fully addressed before the City contributes any financial assistance to

the developer. The contingencies identified to date include the following:

- a. Agreement will be reached on the appropriate number of parking spaces to construct in two new parking structures, including addressing replacement of parking spaces for Christie Clinic employees.
- b. An understanding will be reached as to how Christie Clinic employee parking will be paid for, and how long-term operation and maintenance costs will be addressed.
- c. The developer will provide proof of ownership of the remainder of the site.
- d. The developer will provide evidence of project financing.
- e. The developer will demonstrate the planned ownership structure for all phases of the development.
- f. The City has reviewed and approved the structural and operating design of the parking structures.
- g. The City has reviewed and approved the functional programmatic design of the convention center.

11. Next Steps. If Council directs staff to proceed with continuing negotiations, the next steps would include the following:

- a. **Finalize Negotiations.** Based on Council feedback and direction, staff will finalize the remaining details of an agreement with the developer, including the number of parking spaces to be constructed and addressing the pre-agreement contingencies. It is expected this will be completed in the next 60 days.
- b. **Draft Proposed Development Agreement.** Complete a draft of the agreement based on the terms approved by City Council for review by Council at a future meeting. This will require an additional 30-45 days following the finalization of negotiations.
- c. **Negotiate Proposed IGA with CUMTD** – Negotiate and complete a draft of the IGA with CUMTD for review by Council. This timeframe will overlap with steps a and b above.
- d. **City Council Study Session to Review Proposed Development Agreement and IGA.** Both the development agreement and IGA will be presented to City Council in a Study Session before they are scheduled for formal consideration. Expected late July or August 2019.
- e. **City Council Action on Development Agreement and IGA.** Both the development agreement and IGA will be scheduled for approval by City Council. Expected August or September 2019.
- f. **Complete Action Necessary to Establish the Business Development District (BDD).** The process to set up the BDD is established by State Law and would be followed to recommend creation of this district, so long as statutory requirements are met. Schedule to be determined.
- g. **Design, Bid and Construction of Relief Sanitary Sewer.** The relief sanitary sewer would need to be designed, bid and construction completed before occupancy of the project is allowed. This will require several Council actions throughout the process. Schedule to be determined.
- h. **Issuance of Sewer Bonds.** There are a number of steps needed before the bonds are issued to pay for the estimated \$3M construction cost of the sanitary sewer. These

include developing a full plan of finance, reviewing with City Council, working with a bond counsel to prepare for the issuance and Council approval to proceed. Schedule to be determined.

i. Development Approvals. Several actions would be needed at this stage, including:

- Rezoning and/or Planned Development
- Street vacations
- Subdivision/Replat of the property
- Building Permits

Schedule to be determined.

j. Update Municipal Code Parking Provisions. The Code would require revisions to reflect the unique characteristics of this development, in particular with respect to managing event parking as well as nights and weekend parking. Schedule to be determined.

k. Issuance of TIF Bonds for Parking. Once the development has been completed and the EAV of the project determined, the City would issue bonds with the proceeds going towards the cost of the parking structures. Schedule to be determined.

F. Alternatives:

1. Direct staff to continue negotiations with the developer pursuant to Council's direction and schedule a future Study Session with details on a development agreement when a final draft is completed.
2. Provide alternative direction to staff.

G. Discussion of Alternatives:

Alternative 1 would direct staff to finalize a development agreement consistent with the proposal described herein, after addressing any Council concerns and including directed revisions, and to schedule it for review at a future City Council Study Session.

a. Advantages

- Finalizes a development agreement that was negotiated following previously approved negotiation principles ensuring protection of the public interest.
- Facilitates the extension of Downtown development into an underutilized area to the south of downtown that would better connect the area to the University District.
- Supports a significant development in Downtown Champaign by utilizing rebating tax revenues generated by the project to assist in developing public parking and the convention center.
- Facilitate a development that will generate new jobs in Champaign and significant economic activity when fully operational.
- Will enhance Champaign as a tourism destination and help to support Downtown Champaign's 45 locally owned bars and restaurants.
- Keeps the sales tax, food and beverage tax and 2% of the hotel motel tax revenues generated by the development to help pay for City services.

- An IGA with CUMTD facilitates expansion of the Illinois Terminal to ensure its continued safe operation and maintains the City’s longstanding support for this facility.
- Strengthens the City’s partnership with the University of Illinois by facilitating their investment in the economic development and vitality of Downtown Champaign.

b. Disadvantages

- Will continue to require an investment of significant staff time and some financial resources to complete the development agreement for the project and manage its implementation. These resources could otherwise be focused on other priorities.
- Commits the new TIF increment and 5% of the total 7% hotel motel tax back to the development for 15 years.
- Commits other TIF revenues to construction of a relief sanitary sewer which could be put to other public purposes within the TIF boundaries.
- Can be expected to create congestion in Downtown Champaign during events at the new arena.

Alternative 2 would provide alternative direction to staff, which could range from ending negotiations to seeking more significant changes to the terms of a potential agreement.

a. Advantages.

- Depends on Council direction.
- May suggest alternative terms for the development agreement that would better achieve the City’s goals.
- May not require the expenditure of staff time or financial resources to complete this process.

b. Disadvantages

- May lose the interest of the developer in undertaking a large private development in Downtown Champaign.
- May lose the opportunity to develop a mix of new uses that would add significantly to Downtown’s customer base.
- Would not pursue the possibility of redeveloping an area of surface parking and marginal uses adjacent to Downtown.
- May lose the opportunity to provide increment to the Downtown Fringe Tax Increment Finance District.

H. Community Input: Opportunity for input on the development concept was provided at the November 15, 2015, August 22, 2017, and September 11, 2018 City Council Study Sessions. At the September 11, 2018 Study Session four members of the public spoke expressing some concerns about the demand for the development, potential for gentrification of nearby residential areas, and expressing support and noting the need for the community sheet of ice in Champaign.

Additional opportunity for input on the City’s preliminary negotiated incentive package will be provided at this Study Session, as well as during the future Study Sessions and Regular Meeting addressing the draft development agreement and IGA with CUMTD.

I. Budget Impact: The current Equalized Assessed Valuation of the entire site is approximately \$930,000, which is very low for 10 acres of property immediately adjacent to Downtown. The property under the proposed development generates \$12,220 in property tax revenue to the City of Champaign annually. No other types of tax revenues are currently being generated in the area. To date the City has spent just over \$32,000 on professional services to analyze and evaluate the project. The financial details of the preliminary incentive package negotiated to date are discussed throughout this report. While the package is significant, it is based on project revenues that don’t exist without the development. Further, The Yards is expected to stimulate significant additional development in and around Downtown Champaign further benefiting the community.

J. Staffing Impact: The Planning and Development Department is the lead department on this project and has spent approximately 230 hours of staff time since negotiation of the development agreement started following the September 12, 2018 Study Session. Other Departments that have been involved include Legal (100 hours), Finance (110 hours), The City Manager’s Office (60 hours) and Public Works (40 hours). It is anticipated that many more hours will be needed from each of these departments to complete the development agreement, get it approved, and manage the implementation of the project.

Prepared by:

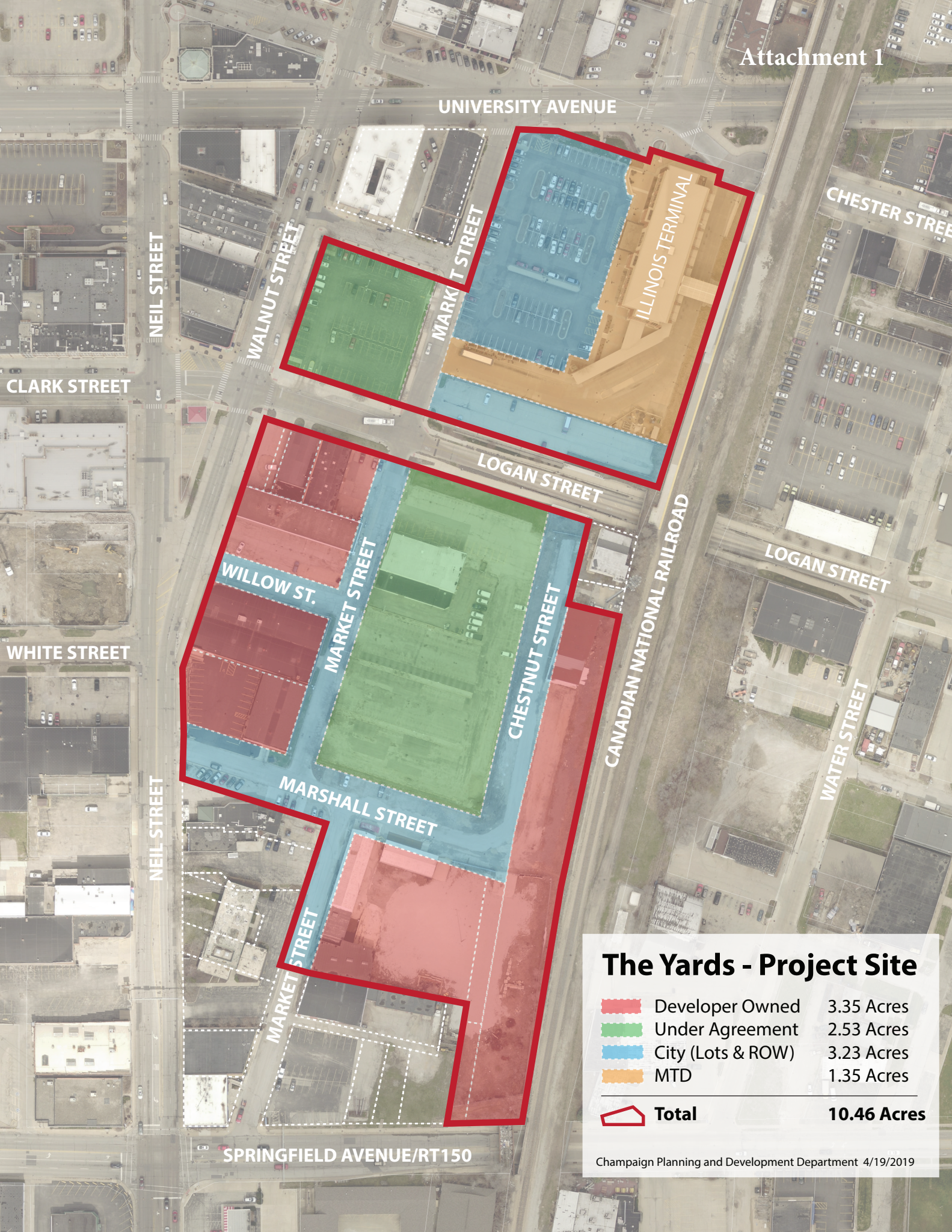
Reviewed by:

Bruce A. Knight, FAICP
Planning and Development Director






Kay Nees
Finance Director

Attachments:

1. Site Location and Ownership Map
2. Disclosure Affidavit
3. Project Gap Analysis – 10 Year Returns



The Yards - Project Site

	Developer Owned	3.35 Acres
	Under Agreement	2.53 Acres
	City (Lots & ROW)	3.23 Acres
	MTD	1.35 Acres
	Total	10.46 Acres

DISCLOSURE AFFIDAVIT

(NOTE: This disclosure is required by adopted City Council Policy. This Affidavit must be completely filled out and signed by any party 1) entering into contracts with the City, 2) involved in certain land use proceedings, or 3) development or real estate agreements with the City. This Affidavit assists the City in making determinations relative to conflict of interest and other laws.)

(Fill in state and county in which affidavit is being signed)

STATE OF Illinois)
) ss.
 COUNTY OF Cook)

I, the undersigned, being duly sworn, do state as follows:

BUSINESS STATUS STATEMENT

A. Core Champaign Hoke, LLC

- Corporation
- Partnership or Joint Venture (General or Limited)
- Limited Liability Company (LLC)
- Individual or Sole Proprietorship
- Not-for-Profit Corporation
- Land Trust

Contractor's Federal Tax Identification Number: 81-3534620

(If a Corporation, complete B; If a Partnership or LLC, complete C; If an Individual, complete D; if Not-for-Profit Corporation, complete E)

B. CORPORATION

The State of Incorporation is _____.

<p>Registered Agent of Corporation in Illinois:</p> <p>_____</p> <p>Name</p> <p>_____</p> <p>Address</p> <p>_____</p> <p>City, State, Zip</p> <p>_____</p> <p>Telephone</p> <p>_____</p>	<p>Business Information (If Different from Registered Agent):</p> <p>_____</p> <p>Company Address, Principal Office</p> <p>_____</p> <p>City, State, Zip</p> <p>_____</p> <p>Telephone _____ Facsimile _____</p> <p>_____</p> <p>Website</p> <p>_____</p>
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The corporate officers are as follows (list and identify all corporate officers - attach additional sheets if necessary):

President: _____

Vice President: _____

Secretary: _____

Attach a List of all shareholders owning five percent (5%) or more of the stock in the corporation.

C. PARTNERSHIP OR L.L.C.

The business address is: 901 S First ST, CHAMPAIGN, IL 61820

Telephone: 773-969-5740 Fax: _____

Website or Email Address: corpspaces.com

The partners or members are as follows: (Attach additional sheets if necessary)

Name:	<u>BTN CAPITAL VENTURES, LLC (SINGLE MEMBER: BRIAN NEISWENDER)</u>
Address:	<u>54 GREENCROFT DR., CHAMPAIGN, IL 61821</u>
Telephone:	<u>773.969.5740</u>
Name:	<u>ML DEVELOPMENT GRP, LLC (SINGLE MEMBER: MARC LIFSHIN)</u>
Address:	<u>1643 N MILWAUKEE AVE, CHICAGO, IL 60647</u>
Telephone:	<u>773.969.5740</u>
Name:	<u>PRAIRIEVIEW PARK, LLC (SINGLE MEMBER: HANS GROTELIESCHEN)</u>
Address:	<u>804 N NEIL ST, SUITE 103, CHAMPAIGN IL 61820</u>
Telephone:	<u>217.352.1570</u>

Manager of LLC (attach additional sheets as needed):

Name:	<u>BRIAN NEISWENDER</u>	<u>MARC LIFSHIN</u>	<u>HANS GROTELIESCHEN</u>
Address:	<u>901 S FIRST ST, CHAMPAIGN IL 61820</u>	<u>1724 N. WANNEBAGO AVE # K, CHICAGO, IL 60647</u>	<u>804 N NEIL ST SUITE 103 CHAMPAIGN, IL 61820</u>
Telephone:	<u>773 969. 5740</u>	<u>773.969.5740</u>	<u>217.352.1570</u>

D. INDIVIDUAL PROPRIETORSHIP

The business address is _____

Telephone: _____ Fax: _____

My home address is _____

Telephone: _____ Fax: _____

Email or website: _____

E. NOT-FOR-PROFIT CORPORATION

The business address is: _____

Telephone: _____

Email or website: _____

Director or CAO: _____

The Board Members are as follows: (Attach additional sheets if necessary)

Name: _____
Address: _____
Telephone: _____
Name: _____
Address: _____
Telephone: _____
Name: _____
Address: _____
Telephone: _____
Name: _____
Address: _____
Telephone: _____

F. LAND TRUST

Bank or entity acting as Trustee is: _____

Address: _____

Telephone: _____ Fax: _____

Trust #: _____

Power of Direction: _____

Address: _____

Telephone: _____ Fax: _____

Beneficial Interests:

Name: _____
Address: _____
Telephone: _____
Name: _____
Address: _____
Telephone: _____
Name: _____
Address: _____
Telephone: _____
Name: _____
Address: _____
Telephone: _____

MANAGERS OR AUTHORIZED SIGNATORIES FOR ALL OWNERSHIP TYPES ARE TO SIGN AND NOTARIZE BELOW:

Signature

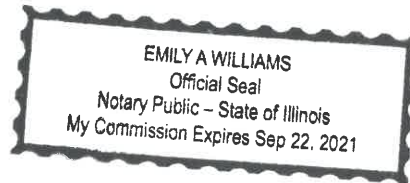
Printed Name: Brian Neiswender

Title: Manager

SUBSCRIBED and SWORN to before me this 23 day of April, 2019.

Emily A. Williams
Notary Public

My Commission Expires: Sep. 22, 2021





Core Spaces - Champaign - Gap Analysis

Project 10-Year Cash Flow, with City Assistance Discussed 4-18-19

4/23/2019

Project Cash Flow	2020	2021	2022	stabilization							
				2023	2024	2025	2026	2027	2028	2029	2030
Revenues		\$13,550,285	\$16,659,731	\$17,183,053	\$17,666,093	\$18,162,813	\$18,673,603	\$19,198,864	\$19,739,010	\$20,294,464	\$20,865,664
Less Expenses		\$8,470,185	\$9,145,833	\$9,672,709	\$9,950,556	\$10,236,429	\$10,530,562	\$10,833,196	\$11,144,576	\$11,464,958	\$11,794,601
Net Operating Income		\$5,080,100	\$7,513,898	\$7,510,344	\$7,715,538	\$7,926,384	\$8,143,041	\$8,365,669	\$8,594,434	\$8,829,506	\$9,071,062
Total Development Costs	\$117,969,324										
Yield on Cost, without Assistance		4.3%	6.4%	6.4%	6.5%	6.7%	6.9%	7.1%	7.3%	7.5%	7.7%
<i>Initial Bond Proceeds (anticipated mid-2023)</i>	-\$16,422,254										
<i>Reduction in TDC to Reflect Paygo Prior to Stabilization</i>	-\$421,623										
<i>Interest Cost to Bridge Bond Proceeds from 2020-2023</i>	\$4,310,842										
Modified Total Development Costs	\$105,436,288										
<i>Pay-As-You-Go - City Incentives</i>											
City Hotel Motel Tax Revenue	\$0	\$0	\$370,191	\$379,446	\$388,932	\$398,655	\$408,621	\$418,837	\$429,308	\$440,040	\$451,041
Entertainment District Hotel Motel Tax Revenue	\$0	\$118,194	\$182,914	\$187,487	\$192,174	\$196,978	\$201,903	\$206,950	\$212,124	\$217,427	\$222,863
Additional TIF Revenue Sharing Projection	\$0	\$0	\$0	\$336,253	\$300,291	\$267,491	\$361,279	\$324,154	\$282,654	\$384,667	\$343,292
Adjusted NOI, with Assistance		\$5,198,294	\$8,067,003	\$8,413,530	\$8,596,935	\$8,789,509	\$9,114,844	\$9,315,610	\$9,518,519	\$9,871,641	\$10,088,259
Yield on Cost, with Assistance		4.9%	7.7%	8.0%	8.2%	8.3%	8.6%	8.8%	9.0%	9.4%	9.6%
Yield Target											
Residential		7.0%									
Office		8.0%									
Hotel		9.0%									
Overall Target Yield		8.0%									
Present Value of Total Shortfall, without Incentives	\$24,045,597										

Note: Cash flow does not reflect timing of Upfront City Assistance, not intended for IRR use.