

Tony Saucerman

From: Robert L. Buckingham <Robert.Buckingham@grandchute.net>
Sent: Friday, June 08, 2018 10:50 AM
To: Britney K. Stobbe
Cc: Karen Harkness; Tony Saucerman
Subject: Sports Facility Project
Attachments: Grand Chute CDA 2018 Sports Facility Cooperation Agreement 6-7-2018 Draft.docx; Redline - v 3-4 Grand Chute CDA 2018 Sports Facility Cooperation Agreement (003).pdf

Hi Mayor Hanna,

Thank you for calendaring the Sports Facility project at upcoming City of Appleton meetings. Regarding discussion at the June 11 Finance Committee meeting, John Mehan (Baird) and I will be in attendance and prepared to respond to questions or to provide additional information that might be requested.

Attached to this email is a revised draft of the Cooperation Agreement regarding the Sports Facility project (redline and clean versions). This draft, dated June 7, 2018, replaces the earlier version that was sent to you on May 29. It includes a few updates and changes made since the earlier version, including some changes that the City wanted made. This revised draft Agreement is the version to be included with the Authorizing Resolution and Pledge & Security Agreement as a complete packet of documents to be acted upon by the Common Council.

During your recent discussion with Town Chairman Showalter, and in Director Harkness's discussion at the June 6 CVB Board meeting, there were questions presented about the project that I can provide answers to now. If there are additional questions you, Council members, or staff have regarding this project, we will certainly provide responses in a timely manner.

Sources and Uses of Funds, Financing Update. The project team continues its work on finalizing the financing for the project. The CDA will issue taxable lease revenue bonds, with features very similar to those of the Exhibition Center bonds. Knowing that we are six weeks out from pricing the bonds, our sources and uses analysis is still preliminary at this time. Right now, we are projecting total uses of funds at \$35.5 million, including construction hard and soft costs at \$28.9 million, and FF&E costs at \$1.4 million. Total sources are currently projected at \$33.6 million in bond proceeds and \$1.9 million in Tourism Facility Room Tax amounts already received and available to be applied to this project.

The final financing package will be determined at the date the bonds are priced. Ahead of that date, the CDA will receive and approve a Guaranteed Maximum Price from Miron Construction for the cost of work in constructing the Sports Facility, and the CDA will receive a bond rating for this issue. What we do know is that since the Exhibition Center bond sale, interest rates are higher. At this time we are projecting a last bond maturity date in 2052, with an average maturity of 26 years. The CDA has no interest in borrowing more than the project needs, so the planning work we are engaged in now is in an effort to get the best available rates and terms when the bonds are priced.

Managing Bond Proceeds. The Town will be opening a separate bank account for the CDA. The bond proceeds will be deposited into this CDA bank account. As the Town cuts checks for the construction of the Sports Facility, the Town will transfer money from the CDA account to the Town's checking account. All interest earned in the CDA account will stay in the CDA account and will first be used to fund unexpected costs, if any, of constructing and equipping the Sports Facility. After that, all remaining earned interest in the CDA account will be used to call bonds. All proceeds and interest earnings will stay with the project.

Cooperation Agreement. The revised draft of the Cooperation Agreement has been updated, in part, following questions or concerns raised by the City. At Section 2.06, the requirement that Grand Chute approve any grant made from Tourism Facilities Room Tax revenue has been removed. That requirement will no longer be in effect.

Similarly, at Section 2.07, a revision was made to drop Grand Chute's approval of the grant for the Sports Facility. Grand Chute will not approve this grant. The only action by Grand Chute in that regard will be to accept the grant. At Section 2.08, it was asked if the Town's gift of land for the Sports Facility project will be financed/reimbursed with Tax Increment Financing. The answer is no. The gift of land originally made for this project stands and the Town will not be reimbursed for that value. The proposed tax increment district will be created no later than September 30, 2018, with an effective date of January 1, 2018. The boundaries of the district are yet to be finalized. While the Sports Facility will be included in the district, the boundaries will encompass a much broader area, where we expect the availability of TID financing will generate incremental value from new commercial, residential and mixed-use development. The full cost of public infrastructure to serve the Sports Facility will be funded by this district and no infrastructure improvements will be financed by the CDA lease revenue bonds.

At Section 3.02, a question was raised about current and future land ownership of the property being gifted to the CDA by the Town. The total amount of land being gifted is 60 acres. It is being platted as a single lot for purposes of land transfer and bonding. The actual amount of land that ultimately will be needed for the Sports Facility (building, parking, greenspace, and room for future expansion) is approximately 25 acres. Section 3.02 allows that after the Sports Facility "parcel" is defined and platted, the Town may re-acquire some or all of the lands not needed for the Sports Facility. That land will include an outlot for the regional stormwater pond, lands to be dedicated for public roads and trails, and other future parcels that could be sold to generate new tax-generating development.

Sports Facility Administration Agreement. Under separate cover, the City was provided an updated version of the agreement between Grand Chute and Fox Cities Sports Development, Inc. for the operation and management of the completed Sports Facility. This version reflects changes made in response to some questions or concerns raised by the City. Director Harkness may be addressing those in more detail, but I will note two specific revisions made. First, the Agreement provides that a Sports Facility Advisory Committee will be created. Each municipality in the Tourism Zone will have the option to appoint a representative to serve on this committee. Also, the Agreement establishes that all municipalities in the Tourism Zone will be granted two community days per calendar year in which residents will be provided a 50% discount on use fees during any ice or gym recreation use scheduled for the public.

As I mentioned earlier, if there are other questions you may have, please forward them to me and we will respond in a timely manner. In the meantime, I look forward to attending the Finance Committee meeting on June 11.

Regards,

Bob

Robert Buckingham
Community Development Director
Town of Grand Chute
920-832-1599