

OPTIONS FOR
FUNDING CIVIC CENTER EXPANSION

The following options were presented to the Council on 11/27/06

1. Loan the Civic Center \$1,400,000 from SAB 28 Fund and another \$1,600,000 from CIP to be repaid over a 15 year period beginning in 2010. The remaining \$3.5 million could be financed as a 2012 economic development project by moving a portion of the Futures Fund allocation into the unfunded Year of 2011.
2. Loan the Civic Center \$3,000,000 from SAB 28 Fund to be repaid over a 15 year period beginning in 2010, and authorize expenditure of \$3,500,000 from CIP by reallocating projects or eliminating CIP Contingency of \$350,000 per year.
3. Issue 20 year sales tax revenue bonds with annual payments of approximately \$520,000. Beginning in 2010 the Civic Center will have paid off its existing loan from CIP. At that time an additional \$259,355 will be available for debt redemption in addition to the following new revenue sources:
 - a. Restoration fee @\$1 per ticket for revenue of \$200,000 yr. and
 - b. Paid parking – room for 199. \$200,000 if charging per ticket; \$264,000 if charging per vehicle

The following options are for consideration at a 2012 meeting on 12/11/06. Keep in mind that there is no way to increase the debt payable without increasing the amount that must be provided to cover the interest from 2007 to 2012.

1. Issue \$6,620,000 sales tax revenue bonds, providing \$5,835,000 in construction funds available plus \$662,000 reserve returned to the account upon final bond maturity 12/01/2013. Average coupon 3.8%. Would cost the 2012 Fund additional interest of \$1,654,583 plus cost of issuance and insurance of \$119,287.63 of which a portion would be recovered by interest earned on the account.
2. Issue \$9,735,000 sales tax revenue bonds, providing \$8,835,000 in construction funds available plus \$973,500 reserve returned to the account upon final bond maturity 6/1/2014. Average coupon 3.82%. Would cost the 2012 Fund additional interest of \$2,541,665 plus cost of issuance and insurance of \$163,307.24 of which a portion would be recovered by interest earned on the account. This bond would provide funds to include additional projects and/or contingency funds.
3. Issue \$10,515,000 sales tax revenue bonds, providing \$9,285,000 in construction funds available plus \$1,051,000 reserve returned to the account upon final bond maturity 12/01/2014. Average coupon 3.82%. Would cost the 2012 Fund additional interest of \$2,779,930 plus cost of issuance and insurance of \$174,402.44 of which a portion would be recovered by interest earned on the account. This bond would provide funds to include additional projects and/or contingency funds.
4. Issue \$7,905,000 sales tax revenue bonds, providing \$7,000,000 in construction funds available plus \$755,087 reserve returned to the account upon final bond

maturity 12/01/2026. Average coupon 4.08%. Would cost the 2012 Fund additional interest of \$4,507,748 plus cost of issuance and insurance of \$148,639.11 of which a portion would be recovered by interest earned on the account.

Issue a 20 year sales tax revenue bond in the amount of \$8,760,000 providing \$7,975,000 in construction funds payable from the third penny (BBB) excise tax.

1. The annual debt service of approximately \$625,000 is equivalent to 25% of the annual revenue from this tax.
 - a. Decrease amount available to Civic Center for operations, and pay operating costs from additional revenue from the expansion/additional use of facility.
 - b. Eliminate 25% BBB tax available to CVB and encourage Board and Hospitality Association to increase occupancy tax an additional \$1 per room and apply this to all hotels and motels with 50 rooms or more. Currently only applies to facilities named in the original ordinance, which could be considered unfair competition.

Increase Civic Center revenue by selling naming rights (\$200,000 yr.) and adding an additional marquee (\$200,000 yr.) and using these funds to repay a loan from the City SAB 28 and CIP funds. It is not feasible to use these revenues to repay a bond issue, as they are private activity revenues and could only be used to repay a non-tax exempt bond. However, these revenues could be used to repay the City's revolving loan fund and the portion of the CIP fund balance that is not derived from a bond issue.