



Richmond City Council

The Voice of the People

Richmond, Virginia

Office of the Council Chief of Staff

TO Lenora Reid, Acting Chief Administrative Officer
Leonard Sledge, Director of Economic Development
Matt Welch, Senior Policy Advisor
Jeff Gray, Senior Policy Advisor to the CAO

FROM Meghan Brown, Interim Council Chief of Staff

COPY Cynthia Newbille, President

DATE October 2, 2019

RE: Questions Received Prior to October 7th Navy Hill Work Session

- 1.) The Navy Hill Development proposal is an investment of \$1.5 billion with a significant part coming from private investors. Please provide a list of investors, the amount they are investing, terms of the investment, and what is their expected return on their investment.

NHDC Response:

The private development components (overall project less the arena) within the Master Plan are estimated to cost around \$1.3 billion. These costs will be funded by private equity and construction debt in these approximate amounts:

- \$520 million in equity; and
- \$780 million in construction loans (debt).

These components will be developed over an approximate six-to seven-year period.

The initial sequence of construction activities includes the development of \$861 million (of the \$1.3 billion total) of new commercial buildings which will be under construction during the arena construction period. These new buildings will be completed around the time the arena is opening or shortly thereafter.

As negotiated within the agreements between the City and NH District Corporation, private investors may choose to keep their participation confidential which is not unusual within the commercial real estate marketplace. Under any circumstance, it will be at the sole election of the investor whether their participation will become public, or not. Some will, some won't. On the other hand, the lenders involved in providing the various construction loans will likely

desire their participation to be public (i.e., signs on construction projects often list the construction lenders).

Navy Hill has a group of investors in place that have been willing, alongside the developer, to invest funds early, at risk, in order to advance the project to where it stands today – prior to City Council approval.

Lenders will commit to construction loans at such time that each project component is ready to draw debt – about three to six months ahead of the need for the funds. Equity is spent first, then debt during the development process. Each private development component has its own schedule for the need to spend equity, then debt.

It goes without saying that “time is of the essence” to be able to secure these additional investors specifically to take advantage of the maximum Opportunity Zone tax benefits (more on this tied to another question) that carry a December 31, 2019 deadline.

The private investors, who have the choice to invest in Navy Hill or in any other commercial real estate project elsewhere, will be seeking market level returns in order to induce their investment in Navy Hill versus something else.

- 2.) With regard to the recruitment of investors, what is the diversity of the investors by profile and size?

NHDC Response:

We are recruiting investors, either individuals or business entities, to invest private equity into the project. The investors include local investors, minority investors and institutional investors. An individual investment is a minimum of \$1 million however we are allowing smaller investments (minimum \$25,000) to be pooled within a single entity in order to encourage more local community involvement.

Recruitment of local investors is a key goal for the project but also it is a top goal to induce outside capital to come into the Richmond market – likely for the very first time for many potential investor prospects.

A group of local minority investors has been formed, standing by for City Council approval, to invest in Navy Hill. This group is highly focused on making Opportunity Zone investment and to achieve the maximum tax benefits that these investors are seeking, they need to be able to make their investment by December 31, 2019. This is an important deadline/milestone for these minority investors.

- 3.) Who are the investor's lenders? What will be their return on investment? (i.e. for every dollar invested they receive \$3 in return)

NHDC Response:

As mentioned in Question #1, approximately \$780 million of the total \$1.3 billion of private investment will be in the form of construction loans, therefore we will likely have multiple lenders participating in these loans. The terms of those construction loans will be negotiated and reflect the market at the time of the loan.

- 4.) Large parts of the development proposal are located in Opportunity Zones. How do the Opportunity Zones factor into the investment return? Are the investors planning to utilize the Opportunity Zones and funds? Who are the investors in the opportunity fund and what are the terms, if any?

NHDC Response:

As mentioned earlier, a group of identified local minority investors want to have their investment in Navy Hill be Opportunity Zone (OZ) investment in order to take advantage of the long-term tax benefits associated with the program.

Further, we expect other investors to choose to make their investments within the Opportunity Zone program. The OZ tax benefits help make the returns more conducive to the investor community.

So, the OZ designation is a positive thing for the advancement of the project. Time is of the essence relating to having Navy Hill move forward as the maximum tax benefits are tied to the investor making the investment commitment by December 31, 2019.

- 5.) Is there any State investment as part of the proposal?

NHDC Response:

No, however, three blocks of the development are expected to generate State Sales Taxes related to tourism, approximately \$24 million over 30 years. No action is required of the General Assembly to recoup these taxes.

- 6.) What is the total City investment to include, but not limited to, funding, land, services, in-kind contributions, fees, abatements, special conditions, reimbursements, etc.?

Response:

The City is not providing any financial incentives and no tax abatements are included for this project. However, the City has identified in the Fiscal and Economic Impact Statement (Pages 15-23) additional staffing, services and

capital project costs associated with the development. (Those pages have been attached hereto for convenience.)

The City will be receiving \$15.8 million for the land – please see additional information regarding the land transfer set forth in the response to question # 1 in the questions from Council dated September 24, 2019.

- 7.) What is the cost to the City to support the development deal (i.e. infrastructure, utilities, staff time and resources, etc.)?

Response:

Please refer to the response to #6 above.

- 8.) Please provide an annual projection, over the 30 years, of cost, sources of revenue, debts (including interest), the source of revenue to cover the cost of the bonds and the delta for each year. The projection should be detailed by source/type.

Reponse:

Please see the cash flow analysis and spread sheet recently performed by Davenport & Company. The analysis was sent to the Interim Council Chief of Staff on Friday, October 3, 2019 and is also attached hereto for convenience.

- 9.) An annual projection, over the 30 years, of cost and revenue by source/type for the operation of the arena and the blues armory.

NHDC Response:

For net (incremental) revenues to the City generated by the arena and blues armory that will be used to support debt service on the non-recourse revenue bonds, please refer to Schedule XIX and Schedule XX of the MuniCap revenue projections.

Annual projections over the 30-year period are \$14.5M/year in box office sales assuming no sports tenant, \$2.8M in suite revenues and a net income of approximately \$4.3M. \$2.21M of NOI will be dedicated to bond repayment.

We expect to set up a work session with the proposed Arena Operator soon, at which point additional details can be discussed and shared.

NHDC Armory Response:

A business plan and operating pro forma has not been finalized at this point in time. The agreements between the City and NHDC mandate that the improvements and operations of the Armory are at the sole expense and responsibility of NHDC. Additionally, the agreements put the adaptive reuse of the Armory in the initial sequence of development, tied to the hotel's

construction schedule. Plans for the Armory include a lease with an urban grocer for the first floor, then a lease with the hotel operator for the second and third floors. These plans will be finalized once the project is approved by City Council, allowing the project to move forward.

- 10.) Growth Projections- what is the real estate values growth needed to cover the debt? For example : The debt service cost is based on growth in the downtown CBD and residential district over 30 years and requires growth to meet the cost to the City of \$350 million just for the Arena. That would mean a growth in annual real estate taxes from current yield of \$2.3 million to an average increase of \$17.9Mil per year for 30years, an average increased annual growth of \$15.6 Mil. per year to cover debt services. What are the mix of new development needed to reach the value to yield real estate taxes?

Response:

The incremental real estate tax revenues and some parking revenues (not including the Hunden Strategic Partners uplift) are shown on Schedule XII and Schedule XIII of the MuniCap revenue projections and are received from the Incremental Financing Area (IFA) only and not from the Downtown CBD area. Additional incremental revenues from other tax sources (i.e., meals tax, BPOL Tax, Lodging tax, etc.) are from the NHDC project sites only as highlighted on page 15 of the Fiscal and Economic Impact Statement, and shown on Schedule XXI of the MuniCap revenue projections.

- 11.) What is the projections of cost to the City to support the growth in city services, infrastructure and other?

Response:

Pages 15-23 of the Fiscal and Economic Impact Statement attached to each of the ordinances outline the estimated impacts on City services. The project is expected to generate significant surplus revenues to the General Fund to cover these expenses.

- 12.) Please provide a breakdown of how the \$1 billion in surplus revenue is determined.

Response:

The breakdown in projected surplus revenues is shown on page 15 of the Fiscal and Economic Impact Statement. Please also see the recent Davenport analysis and cash flow spread sheet referenced in the response to question # 8 above.

- 13.) How will the cost to relocate the Department of Social Services and other services housed in the Public Safety Building be covered? Where will the Department of Social Services be relocated?

Response:

A new location for the Department of Social Services has not been determined. There is a balance of funds accumulated in the Advantage Richmond Corporation internal service fund that could help address the costs to relocate DSS. The estimated costs for Justice Services to relocate from the Public Safety building are listed on page 19 of the Fiscal and Economic Impact Statement – estimated at \$95,000 annually.

14.) As it relates to the Arena, once constructed who will operate?

NHDC Response:

NHDC has competed the operator role between three of the nation's best operators. Requirements set forth included a willingness to invest in the arena FFE, contribute annually to a repair and replacement fund, and assume all operating risks over the life of the agreement with no risk to the "Landlord".

From that process, NHDC has identified an operator and is now in the final stages of an MOU, the terms of which will be shared with the City once finalized.

15.) As it relates to the Arena, what is the projected volume and scale of events needed to cover costs? What are the projected profits for the operator? What safeguards are in place in the event revenues from the arena are insufficient to cover the costs, for operating the arena and the maintenance of it, so that the City will not be required to provide subsidies? Is there some sort of escrow?

NHDC Response:

The legal safeguards to prevent any City subsidy for the operations and maintenance of the arena are included in the Development Agreement, and specifically the "Arena Lease". This can be highlighted by the City Attorney and/or Orrick (outside counsel).

Please see response to question 9 above. Details of the arena operations will be shared once the facility operator is under agreement with NHDC. Prior to the selection process of an operator, NHDC engaged CSL to provide an independent proforma of the arena business model. Their report is part of the NHDC RFP response (February 9, 2017).

Once the Arena Operator is under agreement, NHDC will share the full proforma model with the City which includes the values shown in question 9 and other line item details.

ATTACHMENTS

Fiscal and Economic Impact Statement & Related Analysis

North of Broad/Downtown Neighborhood Redevelopment Project

City of Richmond, Virginia



July 30, 2019

Section 2-303(e)



e) A Projected revenue and expenditure estimates attributable to the City, as a result of the proposed ordinance for adoption or amendment, if it is approved, covering at least the next ten fiscal years, including, but not limited to, debt repayment, new tax revenue, ownership, management, and maintenance costs, and additional service delivery costs for police and fire protection services and refuse collection services.

■ The table on this page shows the projected revenue estimates generated as a result of the Project, related Non-Recourse Revenue Bond debt service related to the Public Portion of the Project and other revenue/expenditure estimates over 30 years.

■ Except as noted all revenue estimates are from Municap/Developer.

	<u>Scenario 1</u>	<u>Scenario 2</u>
	No Project (Base Case)	Project Completed and performs as projected
\$Millions		
Real Estate Tax Revenue		
Taxable Project Components	\$0.0	\$281.2
Expanded Increment District	<u>308.4</u>	<u>308.4</u>
Subtotal Real Estate Tax Revenue	\$308.4	\$589.6
Sales Tax Revenue	0.0	59.3
Meals Tax Revenue (6.0%)	0.0	112.7
Lodging Tax Revenue	0.0	84.8
BPOL Tax Revenue	0.0	12.2
Admissions Tax	0.0	35.4
Arena Revenue(1)	0.0	122.1
Other Revenue(2)	0.0	69.9
Estimated Hunden Uplift(3)	0.0	404.6
Subtotal Increment/Project Revenues	\$308.4	\$1,490.6
Additional 1.5% Meals Tax for Schools	0.0	28.2
Sale Proceeds from Land	0.0	15.8
Total Revenue	\$308.4	\$1,534.6
Less :Total Revenue Bond Debt Service	0.0	(476.0)
Surplus (Net Revenue to the City after Debt Service)	\$308.4	\$1,058.5
Less: Incremental Costs(4)		
Public Works		(\$0.4)
Police		(21.0)
Fire/Emergency		(41.1)
Richmond Public Schools		**
Community Wealth Building		(0.2)
Justice Services		(3.9)
Finance		(3.6)
Economic Development		(1.4)
Planning and Development		(2.0)
Net Revenue to the City After Debt Service/Incremental Costs		\$984.9

(1) Source: Municap/Developer: Comprised of Arena generated tax revenues and sponsorships.

(2) Source: Municap/Developer: Armory generated tax revenues and parking revenue.

(3) Pro-rata estimate based on 88.1% (\$1,086/\$1,233) of Hunden Uplift calculated by Hunden in its Analysis dated October 31, 2018.

(4) Source: City of Richmond.

** Dependent on number of students attributable to the Project.

Section 2-303(e)(cont)



- The New Arena and Blues Armory will be managed by third party operators and the City is not going to be responsible for any construction cost overruns or subsidies for operations.

- Public Works: \$400,000 One-time Costs / \$0 Recurring Annual Costs
 - The Department of Public Works (DPW) attributes \$300,000 in additional demolition inspection services related to the project, which would be spread out over multiple years.
 - DPW would also incur one-time costs of approximately \$100,000 related to moving facilities equipment and supplies from the Public Safety building, and potentially additional recurring costs for storage if rented space is needed.
 - DPW anticipates that refuse collection services wouldn't be significantly impacted, as the new businesses and apartment buildings wouldn't be receiving that service from the City.
 - DPW expects the project to generate significant additional net revenues for the Parking Enterprise fund.
 - Given that special event revenues (typically in the evenings and on weekends) have declined dramatically with the closing of the Coliseum, the project will have a positive long term impact.

Section 2-303(e)(cont)



- Police Department: \$0 One-time Costs / \$700,000 Recurring Annual Costs
 - Richmond Police Department (RPD) indicates that approximately 10 additional Police Officers will need to be added incrementally over the course of the project's development (over several years).
 - The RPD estimate for 10 total positions is based on projected call and service volume related to residential and commercial development, along with the new arena.
 - The total RPD service cost impact, once the project is completed, is approximately \$700,000 in recurring annual expenses.

- Fire and Emergency Services: \$5,550,000 One-time Costs / \$1,186,000 Recurring Annual Costs
 - While the Navy Hill project wouldn't be the sole driver of a need for a fire station in the downtown area, it would increase and accelerate that need.
 - The Fire and Emergency Services Department estimates the one-time cost for a new fire station at \$5,000,000, plus \$550,000 for apparatus.
 - In order to staff a new fire station, the annual recurring costs for 18 additional FTEs are estimated at \$1,186,000.

Section 2-303(e)(cont)



- **Richmond Public Schools: \$0 One-time Costs / Per Student Recurring Annual Costs Depending on Number of Students attributable to Project**
 - Based on the FY2020 budget, RPS has indicated that the approximate local cost per enrolled student for operations is \$7,088.
 - As an example, if the project results in 300 additional students being enrolled, the annual cost would be \$2,126,400 at completion of the Project.
 - The additional students would be enrolled incrementally as housing units are completed over the course of multiple years.

- **Community Wealth Building: \$200,000 One-time Costs / \$0 Recurring Annual Costs**
 - It would be beneficial to City residents living in poverty to be trained in hospitality and construction trades careers so that they are prepared to obtain the new jobs that will be available due to the Project.
 - To facilitate an economic development training project the City would need to provide \$50,000 per year for four years.

Section 2-303(e)(cont)



- Finance: \$0 One-time Costs / \$120,000 Recurring Annual Costs
 - The Finance Department would need an estimated 1.5 FTEs to assist in tracking/verifying the Increment Area Financing revenues and manage the debt service reporting requirements for the non-recourse revenue bonds issued by the Economic Development Authority.
 - These new positions would cost approximately \$120,000 per year

- Economic Development: \$0 One-time Costs / \$47,000 Recurring Annual Costs
 - The Department of Economic Development would need an additional .5 FTE to monitor compliance to the development agreement, serve as the liaison to the Economic Development Authority for all matters related to the issuance of the non-recourse revenue bonds, and provide business attraction marketing support for the project.
 - This new position would cost approximately \$47,000 per year.

- Planning and Development: \$510,000 Recurring Annual Costs for 4 years.
 - The Department of Planning and Development would need an additional 6 FTEs to handle the number of large scale projects all underway at the same time.
 - Each new position would cost approximately \$85,000.

Section 2-303(f)



- f) Subsequent actions that may affect future revenue and expenditures if the proposed ordinance authorizes spending, including, but not limited to, the City's full fiscal obligation, ownership, management and maintenance.*
- As this project is anticipated to have a significant impact over the next thirty years, incremental changes will need to be incorporated into the annual budgets adopted by City Council, as revenues grow, new housing units are established, etc.
- The Arena and Blues Armory are expected to be owned by the Economic Development Authority and managed by (private) third parties.
 - Arena: the tenant is responsible for maintenance and upkeep of the facility. Such maintenance will be paid from funds provided by the tenant and incremental revenues generated by the Project.
 - Blues Armory: the tenant will be responsible for maintenance of the facility from its own funds.

Section 2-303(g)



g) A description of any variables that may affect revenue and cost estimates.

- Variables that may affect revenue and cost estimates include:
 - Interest rates in effect when the public revenue bonds are sold;
 - The timing of the completion of construction of public and private improvements; and
 - Major changes in the national and/or local economy, which impact the ultimate cost of the various capital improvements and anticipated revenues.

- As a safeguard against uncertainty of the cost of capital improvements, there will be Guaranteed Maximum Price contracts for construction of the Public Portion of the Projects (New Arena and Infrastructure).

Section 2-303(h)



h) An estimate of the staff time and staff costs needed to implement the proposed ordinance.

- Staff time from the City Attorney's Office, Economic Development, Finance, and Planning and Development Review, among others, will be needed to assist with the issuance of public revenue bonds, tracking and disbursement of Increment Area Financing revenues, permitting, etc. Minor increases are anticipated for future years above baseline service levels.

Projected Annual Cash Flow Impact to the City Navy Hill Project

City of Richmond, Virginia



October 3, 2019

- Davenport has developed a year-by-year comparison of the annual cash flow impact to the City based upon the following scenarios:
 - A. Do Nothing (No Project)
 - B. With the Project
- This analysis includes certain key assumptions as follows:
 - A. Under the Do Nothing (No Project) Scenario:
 - Real Estate Tax Revenues in the Increment Financing Area grow by 1.5% per year;
 - The City will continue to cover \$1 Million annual cost of the “moth-balled” Coliseum and debt service for 4 years through FY 2024; and
 - Coliseum is demolished in year 5 for \$12 Million (financed over 5 years – FY 2025 – FY 2029).
 - B. With the Project Scenario:
 - City will receive \$15.8 million from the Developer in the first 5 years from land sales;
 - Cash Flow impact shown has been reduced by the anticipated debt service related to the Non-Recourse Revenue Bonds issued to finance the new Arena;
 - City avoids annual costs related to the Coliseum approximating \$1 Million per year;
 - City avoids financing Coliseum demolition costs of approximately \$12 Million over 5 years.
 - **Scenario B Excluding Hunden:** All Revenue Assumptions from Municap/Developer; Real Estate Tax Revenues in the Increment Financing Area grow at 2.0% per year; and
 - **Scenario B Including Hunden:** Additional City revenues generated within the Increment Financing Area and City-wide (outside of the Increment Financing Area) are included and have been estimated by Hunden in its independent economic impact analysis.

Projected Annual Cash Flow Impact to the City – First 10 Years (Excluding Hunden Analysis)



- Comparison of the Cash Flow Impact to the City over the first 10 years is shown below (Excluding Hunden Analysis):

	<u>A</u>		<u>B</u>
Fiscal	Do Nothing		With Project
<u>Year</u>	<u>No Project</u>		<u>(EXCLUDES Hunden)</u>
2021	\$961,920		\$8,217,000
2022	2,038,153		5,734,000
2023	3,855,687		2,971,123
2024	6,450,907		3,027,155
2025	5,227,308		1,460,149
2026	5,716,463		4,950,742
2027	6,212,955		8,214,414
2028	6,716,895		8,968,492
2029	7,228,394		9,628,993
2030	10,443,090		10,384,193
Total	\$54,851,771		\$63,556,262

Scenario	10-Year Total
A. Do Nothing (Without Project)	\$54,852,000
B. With Project (Excl. Hunden)	\$63,556,000

Note: the analysis of the cash flow impacts shown above is based on Project assumptions provided by Developer. In Scenario B the Cash Flow impact shown has been reduced by the anticipated debt service related to the Non-Recourse Revenue Bonds issued to finance the new Arena.

Projected Annual Cash Flow Impact to the City – First 10 Years (Including Hunden Analysis)



- Comparison of the Cash Flow Impact to the City over the first 10 years is shown below (Including Hunden Analysis):

	A		B
Fiscal	Do Nothing		With Project
<u>Year</u>	<u>No Project</u>		<u>(INCLUDES Hunden)</u>
2021	\$961,920		\$8,217,000
2022	2,038,153		5,734,000
2023	3,855,687		2,957,694
2024	6,450,907		2,289,307
2025	5,227,308		3,833,849
2026	5,716,463		8,821,813
2027	6,212,955		10,429,585
2028	6,716,895		11,974,687
2029	7,228,394		13,456,165
2030	10,443,090		14,697,179
Total	\$54,851,771		\$82,411,279

Scenario	10-Year Total
A. Do Nothing (Without Project)	\$54,852,000
B. With Project (Incl. Hunden)	\$82,411,000

Note: the analysis of the cash flow impacts shown above is based on Project assumptions provided by Developer and Hunden's independent economic analysis of the Project. In Scenario B the Cash Flow impact shown has been reduced by the anticipated debt service related to the Non-Recourse Revenue Bonds issued to finance the new Arena.



Excluding Hunden Analysis

- After 5 years the City would receive approximately \$3 Million more revenues With the Project than in the Do Nothing Scenario (No Project).
- Over 10 years the City receives approximately \$9 Million more With the Project than in the Do Nothing Scenario (No Project).
- Year-to-year cash flow for the life of the bond issue (28 years) is included in Exhibit 1.

Including Hunden Analysis

- After 5 years the City would receive approximately \$5 Million more revenues With the Project than in the Do Nothing Scenario (No Project).
- Over 10 years the City receives approximately \$28 Million more With the Project than in the Do Nothing Scenario (No Project).
- Year-to-year cash flow for the life of the bond issue (28 years) is included in Exhibit 2.



Exhibits

Exhibit 1: 28 Year Projected Annual Cash Flow Impact to the City (Excluding Hunden Analysis)



Fiscal	<u>A</u> Do Nothing	<u>B</u> With Project
Year	No Project	(EXCLUDES Hunden)
2021	\$961,920	\$8,217,000
2022	2,038,153	5,734,000
2023	3,855,687	2,971,123
2024	6,450,907	3,027,155
2025	5,227,308	1,460,149
2026	5,716,463	4,950,742
2027	6,212,955	8,214,414
2028	6,716,895	8,968,492
2029	7,228,394	9,628,993
2030	10,443,090	10,384,193
2031	10,970,049	11,106,426
2032	11,504,913	11,857,003
2033	12,047,799	12,645,740
2034	12,598,828	13,459,733
2035	13,158,123	14,375,130
2036	13,725,808	15,259,181
2037	14,302,007	16,181,539
2038	14,886,850	17,140,004
2039	15,480,465	43,163,419
2040	16,082,985	53,838,026
2041	16,694,542	55,299,475
2042	17,315,273	56,790,153
2043	17,945,315	58,310,645
2044	18,584,807	59,861,547
2045	19,233,892	61,577,780
2046	19,892,713	63,191,339
2047	20,561,416	64,837,170
2048	21,240,150	66,515,918
Total	\$341,077,706	\$758,966,491

- Comparison of the Cash Flow Impact to the City over the life of the Non-Recourse Revenue Bonds (28 years) is shown below:

- Excluding Hunden Analysis:

Scenario	28-Year Total
A. Do Nothing (Without Project)	\$341,078,000
B. With Project (Excl. Hunden)	\$758,966,000

Note: the analysis of the cash flow impacts shown above is based on Project assumptions provided by Developer. In Scenario B the Cash Flow impact shown has been reduced by the anticipated debt service related to the Non-Recourse Revenue Bonds issued to finance the new Arena.

Exhibit 2: 28 Year Projected Annual Cash Flow Impact to the City (Including Hunden Analysis)



Fiscal	A	B
Year	Do Nothing No Project	With Project (INCLUDES Hunden)
2021	\$961,920	\$8,217,000
2022	2,038,153	5,734,000
2023	3,855,687	2,957,694
2024	6,450,907	2,289,307
2025	5,227,308	3,833,849
2026	5,716,463	8,821,813
2027	6,212,955	10,429,585
2028	6,716,895	11,974,687
2029	7,228,394	13,456,165
2030	10,443,090	14,697,179
2031	10,970,049	15,846,471
2032	11,504,913	17,051,783
2033	12,047,799	18,314,291
2034	12,598,828	19,632,088
2035	13,158,123	21,083,024
2036	13,725,808	22,536,157
2037	14,302,007	47,586,630
2038	14,886,850	63,782,408
2039	15,480,465	66,086,823
2040	16,082,985	68,593,393
2041	16,694,542	71,049,435
2042	17,315,273	73,586,231
2043	17,945,315	76,207,373
2044	18,584,807	78,916,705
2045	19,233,892	81,852,660
2046	19,892,713	84,751,035
2047	20,561,416	87,750,904
2048	21,240,150	90,857,398
Total	\$341,077,706	\$1,087,896,087

- Comparison of the Cash Flow Impact to the City over the life of the Non-Recourse Revenue Bonds (28 years) is shown below:

- Including Hunden Analysis:

Scenario	28-Year Total
A. Do Nothing (Without Project)	\$341,078,000
B. With Project (Incl. Hunden)	\$1,087,896,000

Note: the analysis of the cash flow impacts shown above is based on Project assumptions provided by Developer and Hunden's independent economic analysis of the Project. In Scenario B the Cash Flow impact shown has been reduced by the anticipated debt service related to the Non-Recourse Revenue Bonds issued to finance the new Arena.

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Version 01/13/2014 RK/JS|DR

	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	
2	Debt Service Coverage/Cash Flow Projection																		
3	Navy Hill																		
4	Incremental Revenues																		
5			A	A1	B	C	C1	D (A+A1+B+C+C1)		E	F	G	H	I	J	K	L		
6																	Adjustment for Revenue		
7			100.0%	100.0%			100.0%			100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
8								Memo Column	Subtotal	of Projected	of Projected	of Projected	Construction	of Projected	of Projected	of Projected	of Projected	of Projected	
9			Fiscal	Project	Hunden Project	Expanded TIF (Dominion)	Expanded TIF	Hunden Expanded TIF	Subtotal Expanded TIF	Incremental	Local Sales Tax	State Sales Tax	6.0% Meals Tax	Sales	Lodging	BPOL	ARENA Admissions	ARENA 6.0% Meals	
10	Year	Year	RE Tax Revenues ⁽¹⁾	Uplift Revenues	RE Tax Revenues ⁽¹⁾	RE Tax Revenues	Uplift Revenues	RE Tax Revenues	RE Tax Revenues	Tax Revenues ⁽¹⁾	Tax Revenues ⁽¹⁾	Tax Revenues ⁽¹⁾	Tax Revenues ⁽²⁾	Tax Revenues ⁽¹⁾	Tax Revenues ⁽¹⁾	Tax Revenues ⁽¹⁾	Tax Revenues ⁽¹⁾	Tax Revenues ⁽¹⁾	
11																			
14	2021	1	2021	0	0	1,951,920	0	0	1,951,920	1,951,920	0	0	0	[Excluded]	0	0	0	0	
15	2022	2	2022	29,589	0	2,136,953	891,200	(174,186)	2,853,967	2,883,556	0	0	0	0	0	2,153	0	0	
16	2023	3	2023	44,829	2,668,570	3,610,228	1,350,212	108,904	5,069,345	7,782,744	90,859	183,989	545,153	0	0	36,523	523,107	137,131	
17	2024	4	2024	3,930,603	1,154,488	5,856,025	1,818,405	408,876	8,083,306	13,168,397	364,779	602,065	1,880,144	0	2,537,636	194,760	1,067,139	279,746	
18	2025	5	2025	7,163,144	1,658,970	6,025,707	2,295,961	726,569	9,048,237	17,870,350	651,711	756,049	3,083,951	0	2,704,287	232,951	1,088,482	285,341	
19	2026	6	2026	8,978,454	1,808,711	6,198,783	2,783,068	1,062,868	10,044,719	20,831,884	1,058,449	779,060	3,576,337	0	2,758,373	303,165	1,110,252	291,048	
20	2027	7	2027	9,172,672	2,082,661	6,375,321	3,279,918	1,418,712	11,073,951	22,329,283	1,190,139	796,556	3,709,619	0	2,813,540	327,372	1,132,457	296,869	
21	2028	8	2028	9,370,773	2,125,214	6,555,389	3,786,704	1,795,095	12,137,188	23,633,175	1,233,506	852,105	3,901,197	0	2,869,811	333,919	1,155,106	302,806	
22	2029	9	2029	9,572,837	2,161,925	6,739,059	4,303,627	2,193,070	13,235,756	24,970,517	1,258,177	869,147	3,979,221	0	2,927,207	340,597	1,178,208	308,862	
23	2030	10	2030	9,778,942	2,199,591	6,926,402	4,830,887	2,613,757	14,371,046	26,349,579	1,283,353	886,530	4,058,805	0	2,985,751	347,409	1,201,772	315,040	
24	2031	11	2031	9,989,169	2,238,238	7,117,492	5,368,693	3,058,345	15,544,529	27,771,936	1,309,033	904,261	4,139,981	0	3,045,466	354,358	1,225,808	321,341	
25	2032	12	2032	10,203,600	2,277,890	7,312,403	5,917,255	3,528,100	16,757,759	29,239,249	1,335,226	922,346	4,222,781	0	3,106,376	361,445	1,250,324	327,767	
26	2033	13	2033	10,422,320	2,318,573	7,511,213	6,476,788	4,024,373	18,012,375	30,753,269	1,361,944	940,793	4,307,237	0	3,168,503	368,674	1,275,331	334,323	
27	2034	14	2034	10,645,415	2,360,315	7,714,000	7,047,512	4,548,605	19,310,117	32,315,847	1,389,196	959,609	4,393,381	0	3,231,873	376,047	1,300,837	341,009	
28	2035	15	2035	10,872,971	2,403,142	7,920,842	7,629,651	5,102,336	20,652,828	33,928,941	1,416,994	978,801	4,481,249	0	3,296,511	383,568	1,326,854	347,829	
29	2036	16	2036	11,105,079	2,447,082	8,131,820	8,223,432	5,687,215	22,042,467	35,594,628	1,445,347	998,377	4,570,874	0	3,362,441	391,239	1,353,391	354,786	
30	2037	17	2037	11,341,829	2,492,164	8,347,019	8,829,089	6,305,011	23,481,118	37,315,111	1,474,268	1,018,344	4,662,291	0	3,429,690	399,064	1,380,459	361,882	
31	2038	18	2038	11,583,314	2,538,418	8,566,521	9,446,859	6,957,621	24,971,001	39,092,732	1,503,768	1,038,711	4,755,537	0	3,498,284	407,045	1,408,068	369,119	
32	2039	19	2039	11,829,628	2,585,872	8,790,413	10,076,984	7,647,088	26,514,485	40,929,986	1,533,858	1,059,485	4,850,648	0	3,568,249	415,186	1,436,229	376,502	
33	2040	20	2040	12,080,869	2,634,560	9,018,783	10,719,712	8,375,609	28,114,105	42,829,533	1,564,551	1,080,675	4,947,661	0	3,639,614	423,490	1,464,954	384,032	
34	2041	21	2041	12,337,134	2,684,512	9,251,721	11,375,294	9,145,558	29,772,573	44,794,219	1,595,857	1,102,289	5,046,614	0	3,712,407	431,960	1,494,253	391,712	
35	2042	22	2042	12,598,525	2,735,760	9,489,317	12,043,988	9,959,496	31,492,802	46,827,087	1,627,790	1,124,334	5,147,546	0	3,786,655	440,599	1,524,138	399,547	
36	2043	23	2043	12,865,144	2,788,338	9,731,666	12,726,056	10,820,198	33,277,920	48,931,402	1,660,362	1,146,821	5,250,497	0	3,862,388	449,411	1,554,621	407,537	
37	2044	24	2044	13,137,095	2,842,281	9,978,861	13,421,766	11,730,668	35,131,295	51,110,671	1,693,585	1,169,757	5,355,507	0	3,939,636	458,399	1,585,713	415,688	
38	2045	25	2045	13,414,485	2,897,624	10,231,000	14,131,389	12,694,171	37,056,560	53,368,669	1,727,474	1,193,153	5,462,617	0	4,018,428	467,567	1,617,428	424,002	
39	2046	26	2046	13,697,423	2,954,401	10,488,182	14,855,205	13,714,255	39,057,642	55,709,466	1,762,040	1,217,016	5,571,869	0	4,098,797	476,919	1,649,776	432,482	
40	2047	27	2047	13,986,019	3,012,652	10,750,508	15,593,497	14,794,782	41,138,787	58,137,458	1,797,298	1,241,356	5,683,307	0	4,180,773	486,457	1,682,772	441,132	
41	2048	28	2048	14,280,388	3,072,412	11,018,080	16,346,555	15,939,967	43,304,602	60,657,402	1,833,262	1,266,183	5,796,973	0	4,264,388	496,186	1,716,427	449,954	
42	0																		
43				Totals	274,432,250	63,144,362	213,745,626	215,569,708	164,187,064	593,502,399	931,079,011	35,162,826	25,087,810	113,380,996	0	84,807,083	9,706,463	34,703,906	9,097,487
44	NOTES: (1) Source: Municap/Developer, except where noted.																		
45	(2) Excluded from analysis																		
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5		M	N	O	P	Q	R	R1	S	T =(Sum E to S)
6		nues in Impact Zone								
7		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
8		of Projected	of Projected	of Projected	of Projected	of Projected	of Projected	of Projected	of Projected	Subtotal
9		ARENA Novelty Sales	ARENA BPOL	ARENA Sponsorship	BLUES Army Admissions	BLUES Army 6.0% Meals	BLUES Army Sales	Hunden Other Local Tax	Parking	Other
10	Year	Tax Revenues ⁽¹⁾	Tax Revenues ⁽¹⁾	Revenues ⁽¹⁾	Tax Revenues ⁽¹⁾	Tax Revenues ⁽¹⁾	Tax Revenues ⁽¹⁾	Uplift Revenues	Revenues ⁽¹⁾	Revenues
11										
14	2021	0	0	0	0	0	0	0	0	0
15	2022	0	0	3,710,000	0	0	0	57,962	0	3,770,115
16	2023	31,600	33,213	3,710,000	257,671	126,206	165,174	2,475,085	1,000,000	9,315,711
17	2024	64,465	67,755	3,710,000	262,825	128,730	168,477	719,088	2,000,000	14,047,609
18	2025	65,754	69,110	3,820,500	268,081	131,305	171,847	1,152,765	2,000,000	16,482,134
19	2026	67,069	70,492	3,820,500	273,443	133,931	175,284	823,024	2,000,000	17,240,427
20	2027	68,410	71,902	3,820,500	278,912	136,610	178,790	1,082,693	2,000,000	17,904,368
21	2028	69,779	73,340	3,820,500	284,490	139,342	182,365	1,348,942	2,000,000	18,567,209
22	2029	71,174	74,807	3,820,500	290,180	142,129	186,013	1,516,999	2,000,000	18,963,221
23	2030	72,598	76,303	3,936,525	295,983	144,971	189,733	1,630,365	2,000,000	19,425,140
24	2031	74,050	77,829	3,936,525	301,903	147,871	193,528	1,748,409	2,000,000	19,780,361
25	2032	75,531	79,386	3,936,525	307,941	150,828	197,398	1,871,294	2,000,000	20,145,167
26	2033	77,041	80,973	3,936,525	314,100	153,845	201,346	1,978,799	2,000,000	20,499,432
27	2034	78,582	82,593	3,936,525	320,382	156,922	205,373	2,090,367	2,000,000	20,862,696
28	2035	80,154	84,245	4,058,351	326,790	160,060	209,481	2,206,133	2,000,000	21,357,018
29	2036	81,757	85,930	4,058,351	333,325	163,261	213,670	2,326,234	2,000,000	21,738,983
30	2037	83,392	87,648	4,058,351	339,992	166,526	217,944	2,450,813	2,000,000	22,130,664
31	2038	85,060	89,401	4,058,351	346,792	169,857	222,302	2,580,016	2,000,000	22,532,312
32	2039	86,761	91,189	4,058,351	353,728	173,254	226,749	2,713,995	2,000,000	22,944,184
33	2040	88,496	93,013	4,186,269	360,802	176,719	231,284	2,852,905	2,000,000	23,494,464
34	2041	90,266	94,873	4,186,269	368,018	180,253	235,909	2,996,907	2,000,000	23,927,588
35	2042	92,071	96,771	4,186,269	375,379	183,859	240,627	3,146,168	2,000,000	24,371,752
36	2043	93,913	98,706	4,186,269	382,886	187,536	245,440	3,300,857	2,000,000	24,827,244
37	2044	95,791	100,680	4,186,269	390,544	191,286	250,349	3,461,151	2,000,000	25,294,356
38	2045	97,707	102,694	4,320,582	398,355	195,112	255,356	3,627,231	2,000,000	25,907,704
39	2046	99,661	104,748	4,320,582	406,322	199,014	260,463	3,799,283	2,000,000	26,398,972
40	2047	101,654	106,843	4,320,582	414,448	202,995	265,672	3,977,502	2,000,000	26,902,789
41	2048	103,687	108,980	4,320,582	422,737	207,055	270,986	4,162,084	2,000,000	27,419,483
42	0									
43		2,096,422	2,203,424	108,420,553	8,676,030	4,249,476	5,561,559	62,097,069	51,000,000	556,251,105
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3																	
4																	
5		U (D+T)		V	W	X	Y	Z	AA (U-Y-Z)	Allocation of Surplus							
6		Perform Factor								AB	AC	AD			AE	AF	
7		100.0%		1	Acceleration on = 1; off = 0												
8		of Projected						Less:		Reserve/Early	To City						
9		Total		Adjusted Debt Service (With Acceleration)				Excess to	Surplus	Redemption	for General	Cumulative			Debt Service	Negaitve Cash	
10	Year	Revenue		Series A	Series B	Admin Exp	Total	Project	(Deficit)	(Release to City)	Purpose	Surplus			Coverage	Flow Adjustment	
11																	
14	2021	1,951,920		0	0	0	0	(1,951,920)	0	0	0	0	0		N/A	0	
15	2022	6,653,671		0	0	0	0	(6,653,671)	0	0	0	0	0		N/A	0	
16	2023	17,098,455		7,001,009	847,861	47,754	7,896,624		9,201,831	9,201,831	0	9,201,831	0		217%	0	
17	2024	27,216,006		15,249,922	954,864	48,709	16,253,496		10,962,510	10,962,510	0	20,164,341	0		167%	0	
18	2025	34,352,484		17,954,922	1,855,668	49,684	19,860,274		14,492,210	11,437,747	3,054,463	34,656,550	0		173%	0	
19	2026	38,072,312		19,453,104	1,835,959	50,677	21,339,740		16,732,572	8,366,286	8,366,286	51,389,122	0		178%	0	
20	2027	40,233,652		18,751,136	2,066,976	51,691	20,869,802		19,363,849	9,681,925	9,681,925	70,752,971	0		193%	0	
21	2028	42,200,384		18,525,173	2,023,841	52,725	20,601,738		21,598,646	10,799,323	10,799,323	92,351,617	0		205%	0	
22	2029	43,933,738		18,245,448	1,990,595	53,779	20,289,822		23,643,916	11,821,958	11,821,958	115,995,533	0		217%	0	
23	2030	45,774,718		17,915,059	1,936,402	54,855	19,906,315		25,868,403	12,934,202	12,934,202	141,863,936	0		230%	0	
24	2031	47,552,297		17,532,865	1,886,406	55,952	19,475,224		28,077,073	14,038,537	14,038,537	169,941,010	0		244%	0	
25	2032	49,384,416		17,102,340	1,829,573	57,071	18,988,983		30,395,433	15,197,716	15,197,716	200,336,442	0		260%	0	
26	2033	51,252,701		16,613,533	1,755,184	58,212	18,426,930		32,825,771	16,412,886	16,412,886	233,162,214	0		278%	0	
27	2034	53,178,543		16,071,715	1,683,243	59,377	17,814,335		35,364,208	17,682,104	17,682,104	268,526,422	0		299%	0	
28	2035	55,285,959		15,461,704	1,597,311	60,564	17,119,579		38,166,380	19,083,190	19,083,190	306,692,802	0		323%	0	
29	2036	57,333,612		14,794,965	1,506,540	61,775	16,363,280		40,970,331	20,485,166	20,485,166	347,663,133	0		350%	0	
30	2037	59,445,775		14,053,431	1,410,197	63,011	15,526,639		43,919,137	(1,564,004)	45,483,141	391,582,270	0		383%	0	
31	2038	61,625,044		0	0	0	0		61,625,044	0	61,625,044	453,207,313	0		N/A	0	
32	2039	63,874,170		0	0	0	0		63,874,170	0	63,874,170	517,081,483	0		N/A	0	
33	2040	66,323,998		0	0	0	0		66,323,998	0	66,323,998	583,405,480	0		N/A	0	
34	2041	68,721,807		0	0	0	0		68,721,807	0	68,721,807	652,127,288	0		N/A	0	
35	2042	71,198,839		0	0	0	0		71,198,839	0	71,198,839	723,326,127	0		N/A	0	
36	2043	73,758,646		0	0	0	0		73,758,646	0	73,758,646	797,084,773	0		N/A	0	
37	2044	76,405,027		0	0	0	0		76,405,027	0	76,405,027	873,489,800	0		N/A	0	
38	2045	79,276,373		0	0	0	0		79,276,373	0	79,276,373	952,766,173	0		N/A	0	
39	2046	82,108,438		0	0	0	0		82,108,438	0	82,108,438	1,034,874,611	0		N/A	0	
40	2047	85,040,247		0	0	0	0		85,040,247	0	85,040,247	1,119,914,858	0		N/A	0	
41	2048	88,076,885		0	0	0	0		88,076,885	0	88,076,885	1,207,991,744	0		N/A	0	
42	0																
43		1,487,330,116		244,726,326	25,180,619	825,836	270,732,781	(8,605,591)	1,207,991,744	186,541,375	1,021,450,369					0	
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	B	AS	AT	AU	AV	AW	AX	AY	AZ	BA	BB	BC	BD	BE	BF
2															
3															
4															
5		AG	AH	AI	AJ	AK		AL	AM	AN					
6															
7			100.0%		100.0%					Total					
8				Plus	Non-TIF Component			Do Nothing	Less:	Do Nothing					
9		Purchase Funds	1.5% Schools	Coliseum	Hunden			Expanded TIF + Dominion	Coliseum	Expanded TIF + Dominion Net of		Fiscal	A Do Nothing	B With Project	
10	Year	Land Takedown	Meals Tax	Savings	Uplift Revenues	Total		Revenue	Costs	Coliseum Costs		Year	No Project	(INCLUDES Hunden)	
11															
14	2021	7,227,000	0	990,000	0	8,217,000		1,951,920	(990,000)	961,920		2021	\$961,920	\$8,217,000	
15	2022	4,744,000	0	990,000	0	5,734,000		3,028,153	(990,000)	2,038,153		2022	2,038,153	5,734,000	
16	2023	1,779,000	202,123	990,000	(13,428)	2,957,694		4,845,687	(990,000)	3,855,687		2023	3,855,687	2,957,694	
17	2024	1,465,000	572,155	990,000	(737,848)	2,289,307		7,440,907	(990,000)	6,450,907		2024	6,450,907	2,289,307	
18	2025	585,000	875,149	0	(680,763)	3,833,849		7,922,833	(2,695,525)	5,227,308		2025	5,227,308	3,833,849	
19	2026	0	1,000,329	0	(544,802)	8,821,813		8,411,988	(2,695,525)	5,716,463		2026	5,716,463	8,821,813	
20	2027	0	1,035,774	0	(288,114)	10,429,585		8,908,480	(2,695,525)	6,212,955		2027	6,212,955	10,429,585	
21	2028	0	1,085,836	0	89,528	11,974,687		9,412,420	(2,695,525)	6,716,895		2028	6,716,895	11,974,687	
22	2029	0	1,107,553	0	526,654	13,456,165		9,923,919	(2,695,525)	7,228,394		2029	7,228,394	13,456,165	
23	2030	0	1,129,704	0	633,273	14,697,179		10,443,090	0	10,443,090		2030	10,443,090	14,697,179	
24	2031	0	1,152,298	0	655,636	15,846,471		10,970,049	0	10,970,049		2031	10,970,049	15,846,471	
25	2032	0	1,175,344	0	678,722	17,051,783		11,504,913	0	11,504,913		2032	11,504,913	17,051,783	
26	2033	0	1,198,851	0	702,555	18,314,291		12,047,799	0	12,047,799		2033	12,047,799	18,314,291	
27	2034	0	1,222,828	0	727,156	19,632,088		12,598,828	0	12,598,828		2034	12,598,828	19,632,088	
28	2035	0	1,247,285	0	752,550	21,083,024		13,158,123	0	13,158,123		2035	13,158,123	21,083,024	
29	2036	0	1,272,230	0	778,761	22,536,157		13,725,808	0	13,725,808		2036	13,725,808	22,536,157	
30	2037	0	1,297,675	0	805,814	47,586,630		14,302,007	0	14,302,007		2037	14,302,007	47,586,630	
31	2038	0	1,323,628	0	833,736	63,782,408		14,886,850	0	14,886,850		2038	14,886,850	63,782,408	
32	2039	0	1,350,101	0	862,553	66,086,823		15,480,465	0	15,480,465		2039	15,480,465	66,086,823	
33	2040	0	1,377,103	0	892,292	68,593,393		16,082,985	0	16,082,985		2040	16,082,985	68,593,393	
34	2041	0	1,404,645	0	922,983	71,049,435		16,694,542	0	16,694,542		2041	16,694,542	71,049,435	
35	2042	0	1,432,738	0	954,654	73,586,231		17,315,273	0	17,315,273		2042	17,315,273	73,586,231	
36	2043	0	1,461,393	0	987,335	76,207,373		17,945,315	0	17,945,315		2043	17,945,315	76,207,373	
37	2044	0	1,490,620	0	1,021,057	78,916,705		18,584,807	0	18,584,807		2044	18,584,807	78,916,705	
38	2045	0	1,520,433	0	1,055,854	81,852,660		19,233,892	0	19,233,892		2045	19,233,892	81,852,660	
39	2046	0	1,550,841	0	1,091,756	84,751,035		19,892,713	0	19,892,713		2046	19,892,713	84,751,035	
40	2047	0	1,581,858	0	1,128,799	87,750,904		20,561,416	0	20,561,416		2047	20,561,416	87,750,904	
41	2048	0	1,613,495	0	1,167,017	90,857,398		21,240,150	0	21,240,150		2048	21,240,150	90,857,398	
42	0														
43		15,800,000	31,681,990		15,003,729	1,087,896,087		358,515,333	(17,437,627)	341,077,706		Total	\$341,077,706	\$1,087,896,087	
44															
45															
46															
47															
48															
49															
50												Fiscal	A Do Nothing	B With Project	
51												Year	No Project	(INCLUDES Hunden)	
52															
53												2021	\$961,920	\$8,217,000	
54												2022	2,038,153	5,734,000	
55												2023	3,855,687	2,957,694	
56												2024	6,450,907	2,289,307	
57												2025	5,227,308	3,833,849	
58												2026	5,716,463	8,821,813	
59												2027	6,212,955	10,429,585	
60												2028	6,716,895	11,974,687	
61												2029	7,228,394	13,456,165	
62												2030	10,443,090	14,697,179	
63												Total	\$54,851,771	\$82,411,279	

Note:
Assumptions from City
Debt Service + Mothball
cost through FY2024.

Note:
Negative is offset
to Municap Projection
from Lodging tax in
early years.

Note:
Assumptions from City
Debt Service + Mothball
cost through FY2024;
FY2025 - FY2029 is
5 year financing of
\$12 million demo cost.



Richmond City Council

The Voice of the People

Richmond, Virginia

Office of the Council Chief of Staff

TO Lenora Reid, Acting Chief Administrative Officer
Matt Welch, Senior Policy Advisor
Jeff Gray, Senior Policy Advisor to the CAO

FROM Meghan Brown, Interim Council Chief of Staff

COPY Cynthia Newbille, President

DATE September 24, 2019

RE: September 23rd Navy Hill Work Session - Follow Up Questions

I.) The Navy Hill Development proposal provides for the sale and conveyance of City-owned property to The NH District Corporation. Has the City had these properties appraised? If no, does the City anticipate having the properties appraised?

Response:

No, the City did not have the parcels appraised. The City negotiated, with NHDC, the purchase price of \$15,800,000 as part of the overall benefit package that the City will receive for the private development of Parcels A-2, A-3, B, C, D, E, F-1, I, N and U (as shown on Exhibit K to the Development Agreement) and the project as a whole, which includes not only financial compensation for the property, but also the following benefits:

- Obligation to meet the minimum development requirements set forth in the Master Plan. Notably, the Minimum Capital Investment the Developer is required to meet for the development exceeds \$1.3 billion(not including the arena);
- Obligation of NHDC to pay the \$15,800,000 to the City for all of the parcels upfront and for the City to hold the payment in escrow and to only convey to NHDC the title of each parcel as the private funding and the financial closing for the each parcels has occurred¹;
- Obligation to construct and maintain a minimum of 280 affordable housing units, spread throughout the Development Parcels and incorporated as a percentage into each residential building (valued at \$50,000/unit which is the average subsidy for an affordable housing unit = \$14,000,000);
- Obligation of the Developer to secure and provide to the Better Housing Coalition, or similar entity, a cash philanthropic contribution of \$10,000,000 allowing for the development of 200 additional affordable units within downtown Richmond;

¹ If a Development Parcel does not convey to NHDC due to its failure to meet the prerequisites for closing prior to the applicable deadline set forth in Exhibit J to the Development Agreement or due to any breach, the City retains the purchase price allocated to such Development Parcel and retains ownership of the property – further, in such scenarios, the City has certain rights to terminate NHDC’s right to acquire any Development Parcels not yet conveyed to NHDC (in which case, the City would retain the entire Purchase Price as well as the property).

- Obligation to include a 65,000 SF GRTC transit center within the ground floor of a mixed use development;
- Obligation to have as a goal \$300,000,000 in minority business contract participation for the development work;
- Obligation to perform a variety of right-of-way and infrastructure improvements, including building back sections of East Clay Street and 6th Street and to re-align the rights-of-way for Leigh, 5th, 10th and Marshall Streets;
- Obligation to build all buildings to LEED silver standards;
- Obligation to utilize natural gas from Richmond Gas Works;
- Obligation to construct, make available, and maintain all public open spaces;
- Obligation to meet enhanced storm water retention standards;
- Obligation to construct a 500+ key convention center hotel and to secure an operator/flag that is designated as Upper-Upscale or Luxury; and
- Obligation to preserve the historic façade of the Richmond Garage.

Moreover, the City did not have the parcels appraised because many of the “parcels” currently do not exist² and the improvements on the current parcels are in a state of disrepair and almost all are required to be demolished as part of the project, and, therefore it would be impractical to rely upon an appraisal of the currently configured parcels based on their current use to determine a purchase price for property within the totality of the proposed project.

For comparison purposes only (see attached chart), the City has done an analysis of what the current assessed value of the land may be for each Development Parcel based on the City’s Tax Assessor’s 2020 assessed land value based on the applicable pro rata land value for each existing parcel, or portion thereof. In total, the pro rata land value of the parcels to be sold (based on the 2020 tax assessments) is \$24,198,722. That number solely relates the assessed land value and does not take into account the various city benefits derived from the covenants, development obligations (including in public infrastructure at private expense), restrictions on use of the property, deal structure, and community benefits outlined in this response.

In conclusion, based on the complexity of the many parcel configurations, the \$1.3 billion in private investment by NHDC, the absence of any request for City funding or incentives, and the host of benefits derived from the NHDC development proposal, the City believes it has negotiated a best value and benefits package.

(Note - two parcels: A-1, the carved out Arena parcel; and F-2, the Blues Armory parcel, are not part of the purchase price as these two parcels will be leased with use restrictions and obligations requirements that have been negotiated in the two respective lease agreements.)

2.) How was the \$300 million goal for minority business enterprise (MBE) and

² With one exception (Dev. Parcel N), the Development Parcels (as shown on Exhibit K - Map Depicting Development Parcels) are not current parcels of real estate in such configurations; rather, the contemplated future Development Parcels are comprised of a combination of current parcels /portions of current parcels of real estate owned by the City and associated entities. Formation and development of such contemplated Development Parcels is only made possible due to (1) a variety of infrastructure improvements to be completed and privately funded by the Developer, providing for updated street fronts and for the addition of portions of current rights-of-way to the Development Parcels and (2) demolition of deteriorating facilities – e.g., the Richmond Coliseum as part of the arena project (estimated cost if City demolished independently is \$12 million) and the Public Safety Building to be completed by the Developer at its cost.

Private Development Parcel A2				
Makeup - Based on Current Parcels	% of current parcel	Total Land Value of Full Current Parcel	% Land value of Portion (Pro Rata)	NOTES/Encumbrances*
40,619 s.f. portion of N000-007-001	12.6	12,343,000	1,555,218	Only developable if coliseum demolished
<i>*small section of to-be-closed r/w will be added to Dev. Parcel</i>				Developer must complete adjacent r/w improvements
Total			1,555,218	
Private Development Parcel A3				
Makeup - Based on Current Parcels	% of current parcel	Total Land Value of Full Current Parcel	% Land value of Portion (Pro Rata)	NOTES/Encumbrances
33,273 s.f. portion of N000-007-001	10.3	12,343,000	1,271,329	Only developable if coliseum demolished
<i>*small section of to-be-closed r/w will be added to Dev. Parcel</i>				Developer must complete adjacent r/w improvements
Total			1,271,329	
Private Development Parcel B				
Makeup - Based on Current Parcels	% of current parcel	Total Land Value of Full Current Parcel	% Land value of Portion (Pro Rata)	NOTES/Encumbrances
19,902 s.f. portion of N000-0008-001	23.5	3,484,000	818,740	Only developable if to-be-closed r/w added - closing r/w requires developer to make r/w improvements with private funds
<i>*to-be-closed r/w will be added to Dev. Parcel</i>				City will retain rights of ingress/egress across parcel to access garage - via easment
Total			818,740	
Private Development Parcel C				
Makeup - Based on Current Parcels	% of current parcels	Total Land Value of Full Current Parcel	% Land value of Portion (Pro Rata)	NOTES/Encumbrances
Collective 88,832 portion of parcels N000-009-001 and N000-009-002	98	3,867,000	3,789,600	65,000 of ground space must be used for GRTC transit center with min ceiling height of 22 feet
<i>*small section of to-be-closed r/w will be added to Dev. Parcel</i>				Public open space required on roof of transit center

Total				3,789,600
Private Development Parcel D				
Makeup - Based on Current Parcels	Land Area % of current parcel	Total Land Value of Full Current Parcel	% Land value of Portion (Pro Rata)	NOTES/Encumbrances
97,543 sf portion of E000-0235-001	74.3	4,327,000	3,214,961	Developer must demolish Public Safety Building
*small section of to-be-closed r/w will be added to Dev. Parcel				Developer must complete adjacent r/w improvements for new E. Clay St.
Subtotal			3,214,961	
Private Development Parcel E				
Makeup - Based on Current Parcels	% of current parcel	Total Land Value of Full Current Parcel	% Land value of Portion (Pro Rata)	NOTES/Encumbrances
12,972 s.f. portion of N000-007-001	3.5	12,343,000	432,005	Developer must demolish decrepit remnants of buildings on E-C
5,876 sf portion of N000-0011-033	8.5	2,839,000	241,315	Developer must complete adjacent r/w improvements for new Clay
N-0000-0011-034 (RRHA)	100	369,000	369,000	
Subtotal			1,042,320	
Private Development Parcel F1				
Makeup - Based on Current Parcels	% of current parcel	land value of current parcel	% Land value of Portion (Pro Rata)	NOTES/Encumbrances
16,751 s.f. portion of N000-007-001	4.6	12,343,000	567,778	Developer must remove crystal palace and must complete r/w improvements for new E. Clay as well as improvemetns for public pedestrian plaza
N000-0011-032 (RRHA)***	100	678,000	678,000	Property encumbered by hotel use covenants and room block agreement
N000-0006-004 (RRHA)	100	975,000	700,000	
N000-0006-025 (RRHA)	100	700,000	700,000	

***Entirety of this parcel (032) plus a little more land will be subject public pedestrian easement for 6th St. pedestrian plaza (total ecumbrance appx 17,577+/- s.f.)

Subtotal 2,645,778

Private Development Parcel I

			% Land value of	
		Total Land Value of	Portion (Pro	
Makeup - Based on Current Parcels	% of current parcel	Full Current Parcel	Rata)	NOTES/Encumbrances
11,545 sf portion of E000-0235-001	8.8	4,327,000	380,776	Developer must demolish Public Safety Building
E000-0235-003 (Advantage Richmond Corp.)	100	2,947,000	2,947,000	Developer must complete adjacent r/w improvements for new E. Clay St. Doesn't convey unless suitable relocation of DSS agreed upon.
Total			<u>3,327,776</u>	

Private Development Parcel N

		Total Land Value of		
Makeup - current parcels	% of current parcel	Full Current Parcel	% Land value	NOTES/Encumbrances
W000-0025-001	100	2,615,000	2,615,000	
Subtotal			<u>2,615,000</u>	

Private Development Parcel U

			% Land value of	
		Total Land Value of	Portion (Pro	
Makeup - Based on Current Parcels	% of current parcel	Full Current Parcel	Rata)	NOTES/Encumbrances
				Developer must preserve
				historic features of
W000-0008-001	100	3,526,000	3,526,000	Richmond Garage
W000-0008-008	100	109,000	109,000	
W000-0008-009	100	113,000	113,000	
W000-0008-010	100	170,000	170,000	
Subtotal			3,918,000	

Total of All Private Dev. Parcels 24,198,722

*Notes/Encumrances do not include other obligations/convenants that will apply across all parcels such as the affordable housing covenant (requiring 280 affordable units on Development Parcels).