

| Economic Development Program Fund      |                  |                  |                  |                   |                     |
|--|------------------|------------------|------------------|-------------------|---------------------|
|  | FY15<br>Actual   | FY16<br>Budget   | FY16<br>Estimate | FY17<br>Adopted   | FY18<br>Adopted     |
| <b>Balance Forward</b>                 | <b>448,383</b>   | <b>236,133</b>   | <b>236,133</b>   | <b>16,380</b>     | <b>15,837,970</b>   |
| <b>REVENUES</b>                        |                  |                  |                  |                   |                     |
| CC Loan Payment                        | 1,194,357        | 1,186,573        | 1,186,573        | 16,997,265        | 0                   |
| Bond Proceeds                          | 0                | 0                | 0                | 0                 | 0                   |
| Interest Income                        | 30               | 266              | 100              | 30,066            | 30,060              |
| <b>Total Revenue</b>                   | <b>1,194,387</b> | <b>1,186,839</b> | <b>1,186,673</b> | <b>17,027,331</b> | <b>30,060</b>       |
| <b>EXPENDITURES</b>                    |                  |                  |                  |                   |                     |
| Professional Services                  | 7,784            | 10,000           | 10,000           | 10,000            | 5,000               |
| Debt Service - Bond Principal          | 645,000          | 685,000          | 685,000          | 730,000           | 16,420,000          |
| Debt Service - Bond Interest           | 1,353,854        | 1,311,427        | 1,311,427        | 1,265,741         | 0                   |
| Land/Construction                      | 0                | 0                | 0                | 0                 | 0                   |
| Financial Fees                         | 0                | 0                | 0                | 0                 | 0                   |
| <b>Total Expenditures</b>              | <b>2,006,638</b> | <b>2,006,427</b> | <b>2,006,427</b> | <b>2,005,741</b>  | <b>16,425,000</b>   |
| <b>Other Financing Sources (Uses)</b>  |                  |                  |                  |                   |                     |
| General Fund Transfer - Sales Tax      | 600,000          | 600,000          | 600,000          | 800,000           | 600,000             |
| Debt Service Fund Transfer - Sales Tax | 0                | 0                | 0                | 0                 | 0                   |
| Transfer to Debt Service Fund          | 0                | 0                | 0                | 0                 | 0                   |
| Transfer to General Fund               | 0                | 0                | 0                | 0                 | 0                   |
| <b>Total Other Uses of Funds</b>       | <b>600,000</b>   | <b>600,000</b>   | <b>600,000</b>   | <b>800,000</b>    | <b>600,000</b>      |
| <b>Operating Cash Annual Inc/(Dec)</b> | <b>(212,251)</b> | <b>(219,588)</b> | <b>(219,754)</b> | <b>15,821,590</b> | <b>(15,794,940)</b> |
| Prior Year Cash                        | 448,383          | 236,133          | 236,133          | 16,380            | 15,837,970          |
| <b>End of Year Cash Total</b>          | <b>236,132</b>   | <b>16,545</b>    | <b>16,379</b>    | <b>15,837,970</b> | <b>43,030</b>       |

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# Economic Development Fund

Under the City's Local Option Economic Development Program, this fund makes the debt service payment on the \$3 million grant and \$18 million construction loan made to John Q. Hammons (JQH) to facilitate construction of the JQH Embassy Suites/Conference Center/Marriott Courtyard. Also included in the revenue projections are the quarterly interest payments paid by JQH on the \$15.8 million construction loan that will be repaid September 2017. Since its inception, the City has used \$3.6 million of sales tax revenue in the Economic Development fund for debt service.

## About the Economic Development Program

- The Mayor and Council adopted Ordinance No. 919 (as amended by Ordinance No. 921) in accordance with Neb. Rev. Stat. Sections 18-2701 ("Local Option Municipal Economic Development Act") and thereby established an economic development program.
- Economic Development Program was approved by a majority of affirmative votes of registered voters at a special election held on September 30, 2003.
- In accordance with the "Local Option Municipal Economic Development Act," the City is authorized to issue bonds for purposes of the Act.
- Proprietary or commercial information that the applicant or JQH in this case provides to the City and desires to remain confidential shall remain confidential and not be publicly disclosed.
- There is a \$2M per year maximum under State Statute that can be appropriated from funds derived directly from local sources of revenue for all economic development programs.
- On February 20, 2007, by Ordinance No. 1023, the City Council approved the Economic Development program application of John Q. Hammons along with a Development Agreement, Loan Classification, Loan Application and grant of \$3 Million and loan of \$18 Million to construct a full service hotel and conference center facility in Southport West.

## Concluding FY16 Financial Performance

Bond principal of \$685,000 and interest of \$1,311,427 was paid in FY16. The sources of funds were \$600,000 sales taxes and quarterly interest payments totaling \$1,186,673 from JQH per the loan agreement.

**Fund Balance** — The fund balance has an estimated year-end cash total for FY16 of \$16,379 which is consistent with the FY16 budget.

## FY17 & FY18 Budgets

**Expenditures —** Bond payments on the current debt issue continue until FY30. We anticipate refinancing the bond in the future to achieve a lower interest rate.

**Fund Balance —** With the balloon payment of \$15,810,691, the fund balance estimated year-end cash total for FY17 is \$15,837,970. The FY18 fund balance is projected at \$43,030 based on paying down the bond and refinancing any remainder. *(Note: This is only one scenario. Recommendations will be forthcoming closer to the time of receiving the balloon payment).*

**\$21.245M Economic Development****Dated July 2007**

| <b>Date</b> | <b>PRINCIPAL</b>  | <b>COUPON</b> | <b>INTEREST</b>   |
|-------------|-------------------|---------------|-------------------|
| FY 2017     | 730,000           | 6.53000       | 1,265,741         |
| FY 2018     | 780,000           | 6.53000       | 1,216,439         |
| FY 2019     | 835,000           | 6.83000       | 1,162,457         |
| FY 2020     | 890,000           | 6.83000       | 1,103,548         |
| FY 2021     | 960,000           | 7.73000       | 1,037,288         |
| FY 2022     | 1,035,000         | 7.73000       | 961,419           |
| FY 2023     | 1,120,000         | 7.73000       | 878,128           |
| FY 2024     | 1,210,000         | 7.73000       | 788,074           |
| FY 2025     | 1,305,000         | 7.73000       | 690,869           |
| FY 2026     | 1,410,000         | 7.73000       | 585,934           |
| FY 2027     | 1,525,000         | 7.73000       | 472,496           |
| FY 2028     | 1,645,000         | 7.73000       | 349,976           |
| FY 2029     | 1,780,000         | 7.73000       | 217,600           |
| FY 2030     | 1,925,000         | 7.73000       | 74,401            |
|             | <b>17,150,000</b> |               | <b>10,804,370</b> |