

# Legends at Sparks Marina

Public Financing Overview  
(Proposed Structure)

# Public Finance Overview

- Three Sources of Public Finance
  - Sales Tax Anticipation Revenue Bonds
  - Local Improvement District (Assessment) Bonds
  - Tax Increment Revenue Bonds

# STAR Bonds

Repaid from Tourism Improvement District  
No. 1—75% of sales and use taxes collected

District exists until June 30, 2028

Proceeds reimburse costs up to \$151.18  
million plus:

- Prevailing wage costs for Target (est \$3.5 MM)
- Prevailing wage costs for Lowe's (est \$2.0 MM)
- First series expected Spring 2008

# STAR Bonds (con't)

- City issues Senior lien and subordinate lien bonds
  - Senior lien bonds (purchased by Citigroup)
    - Based on executed leases (including primary anchor tenants)
    - Debt service coverage is 165%
    - Requires all other financing be closed
  - Subordinate lien bonds (purchased by RED, financed by KeyBank NA)
    - Debt service coverage is 110% (based on executed leases)
    - Originally anticipated to be refinanced by issuance of senior lien bonds
    - Indenture provides for application of sales taxes to repay principal of subordinate bonds before principal of senior bonds (the “turbo” provision)

# Local Improvement District

LID purchases public improvements

Bonds repaid by assessments on benefitted property

Covers \$21,725,458 of construction costs

– Of that amount, \$19,139,091 is to be bonded

- Approx. \$27 million of bonds

– Payable over 20 years--\$2.5 million per year

– Secured by reserve fund

– Includes interest through December 2009

# Proposed Takeout Agreement

- City will have issued maximum amount of senior STAR Bonds allowable
  - Amount depends on leasing progress and interest rate environment
- If possible, City (by 2011) would issue other debt secured by Sales Taxes to pay costs not paid by senior STAR bonds
- If costs remain unpaid, the shortfall would be made up by purchase of assets by Redevelopment Agency financed by issuance of additional TIF Bonds

# Impacts

- The amount of public support for the Legends project remains at
    - \$151.18 million of project costs
    - \$5.5 million of prevailing wage costs
    - \$9.25 million of asset purchases financed by TIFTotal is \$165.93 million
  - If STAR Bond proceeds insufficient to repay \$156.68 million of costs, City reimburses costs through issuance of additional TIF Bonds
- Additional TIF Bonds would have negative impact on ability of Redevelopment Agency to fund other projects