

“WOW” Project - \$50M

- **88 Acre Indoor/Outdoor Sports Complex**

- Privately owned and managed

- **Keeps existing City 5-Year CIP intact**

- **Maintains Levy Rate at \$12.55**

- **Requires additional City bonding –**

- City Debt Margin Ratio reduced to 60% or below in 5 years (utilizing new re-valuations)

- **Requires \$1.5M Gaming Revenue**

- 5 years \$300K toward debt payment

\$50 Million Total Project

- **\$40M Developer**
- **\$10M City**
 - \$5.1M City bonding – Property taxes & gaming
 - \$4.9M City bonding - TIF Revenue

***Review Developer's Maps
and Project Description***

NARRATIVE

Kratz et al:

- 1) Newly formed limited liability company ("Bettendorf Family Sportsplex, LLC"¹) to acquire approximately 88 acres of ground in East Bettendorf (corner of Middle Road and Forest Grove Road on the west side of Middle Road running to Interstate 80) that will own:
 - a. Indoor and outdoor Sports Complex consisting of:
 - i. Eleven on eleven indoor turf soccer field that can also be used for baseball/softball, football, lacrosse, wrestling and volleyball
 - ii. Eight indoor wood basketball courts that will also be used for volleyball and wrestling
 - iii. Four indoor sand volleyball courts with doors that will open to eight outdoor sand volleyball courts with lights
 - iv. Indoor stacked batting cages and pitching mounds
 - v. Restaurant
 - vi. Bar
 - vii. Physical therapy center
 - viii. Training room
 - ix. Sporting goods store (soccer, basketball, baseball and volleyball inventory)
 - x. Office and conference rooms
 - xi. Four outdoor eleven on eleven turf soccer fields with lights
 - xii. One Four-plex plus two additional stand-alone baseball/softball turf fields with lights. Each field will be at least 375 feet and convert to two softball fields for a total 12 softball fields. Further, the outfields will also be lined for soccer fields, resulting in six additional eleven on eleven soccer fields.
 - xiii. Two large outdoor concession stands with restroom facilities
 - xiv. Space for two-three outdoor Dek Hockey arenas
 - b. Fun Center (adjoining the Sports Complex)
 - i. 32 (possibly 36) total lanes of bowling (20-24 lanes on the lower level and 12 lanes on the upper level)
 - ii. 65-game arcade consisting of "latest and greatest" technology
 - iii. Sports bar, restaurant and service bar
 - iv. Two-story laser tag
 - v. Banquet and meeting rooms

¹ A corporate name search for Bettendorf Family Sportsplex, LLC has not yet been conducted. Thus, if said corporate name is not available, another name will be chosen.

Proposed Financing

City of Bettendorf
Bettendorf Family Sportsplex LLC

Infrastructure Portion:

Sanitary Sewer Costs (City Engineer estimate):

Off-site gravity sewer main & manholes (Hess property)	700,000	
On-site gravity sewer main, manholes & laterals (Missman)	210,000	
On-site sanitary sewer pump station	250,000	
On-site sanitary sewer force main	130,000	
Subtotal		1,290,000

Storm water improvements:

On-site improvements	1,000,000	
Subtotal		1,000,000

Surface infrastructure:

4 entry roads per City standards (grading, rock base, curb & gutter, concrete paving & lighting)	500,000	
Asphalt access walk	310,000	
Subtotal		<u>810,000</u>

Total Essential Corporate Purpose (EPC) infrastructure projects 3,100,000

City of Bettendorf
Bettendorf Family Sportsplex LLC - \$50 Million
Developer \$40 Million
City \$10 Million

City Contribution:

1) \$3,185,000 General Obligation TAX EXEMPT Bonds: (Infrastructure)

Issue date	06/01/2017
Net project costs	3,100,000
Total Interest Expense	1,116,770
Total Principal & Interest	4,301,770
Average annual debt service	226,500
True interest cost(TIC)	3.34%
Term: 19 year bonds	

Paid back through Debt Levy and \$1.5 million Gaming Revenue

2) \$2,275,000 TAXABLE Urban Renwal General Obligation Annual Appropriation Bonds

Net project costs	2,000,000
City purchases 10 - 20 acres land - Future Aquatic Center/Water Park \$400-800K	
City contributes to paved parking	
City offers forgivable loan - part of Development Agreement	
Issue date	6/1/2017
Total Interest Expense	1,623,600
Total Principal & Interest	3,898,600
Average annual debt service	221,400
True interest cost(TIC)	5.50%
Term 19 Year Bonds	

Paid back through Debt Levy

3) \$5,900,000 TIF Increment TAXABLE REVENUE Annual Appropriation

Capital Loan Notes:

Requires \$27 Full Value Minimum Assessment

Issue date	06/01/2017
Net Project costs	4,900,000
Total Interest Expense and capitalized interest	4,302,298
Total Principal and Interst	10,201,898
Average annual debt service	555,000
True interest cost (TIC)	5.5% - 8%
Term: 20 Year Capital Loan Notes	

Paid Back entirely through TIF Increment

***Debt Margin Sheets and Charts
with and without refinancing***

City of Bettendorf

Debt Margin

FY 2016/17 without refunding

Fiscal Year	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 21/22
100% assessed valuation	\$ 3,323,145,461	\$ 3,403,714,919	\$ 3,760,710,336	\$ 3,844,478,084	\$ 3,940,690,047	\$ 4,039,104,798
Plus: Public gas and electric utilities	114,528,603	118,027,037	118,000,000	118,000,000	118,000,000	118,000,000
Plus: Captured tax increment value	52,038,041	54,861,850	75,161,850	75,161,850	105,230,570	109,230,570
Less: Military exemption	(3,748,448)	(3,653,996)	(3,653,996)	(3,750,000)	(3,750,000)	(3,750,000)
Total assessed valuation of the property	\$ 3,486,864,247	\$ 3,572,949,810	\$ 3,940,218,190	\$ 4,033,889,944	\$ 4,160,070,617	\$ 4,262,585,368
Debt limit, 5% of total actual valuation	\$ 174,343,212	\$ 178,647,491	\$ 197,010,910	\$ 201,694,497	\$ 208,003,531	\$ 213,129,268
Debt applicable to debt limit:						
GO Bonds	91,683,000	98,334,000	101,363,500	102,989,380	105,140,259	106,593,639
Refunded GO bonds	9,580,000	-	-	-	-	-
\$.50 Levy Increase (Dispatch crossover)	10,187,000	10,926,000	11,201,500	11,444,376	11,682,261	11,732,627
Debt service TIF revenue bonds	126,000	-	-	-	-	-
TIF Annual rebate obligations	1,204,468	1,076,146	2,110,418	2,111,670	2,328,538	2,248,096
Enterprise general obligation bonds	14,645,000	10,320,000	9,170,000	7,995,000	6,765,000	6,587,500
Total outstanding GO debt:	127,424,468	121,266,146	123,895,418	124,680,426	125,916,048	126,161,862
Legal debt margin	\$ 40,919,744	\$ 57,381,345	\$ 75,115,492	\$ 79,469,521	\$ 90,154,569	\$ 99,963,506

Percentage of debt margin used:

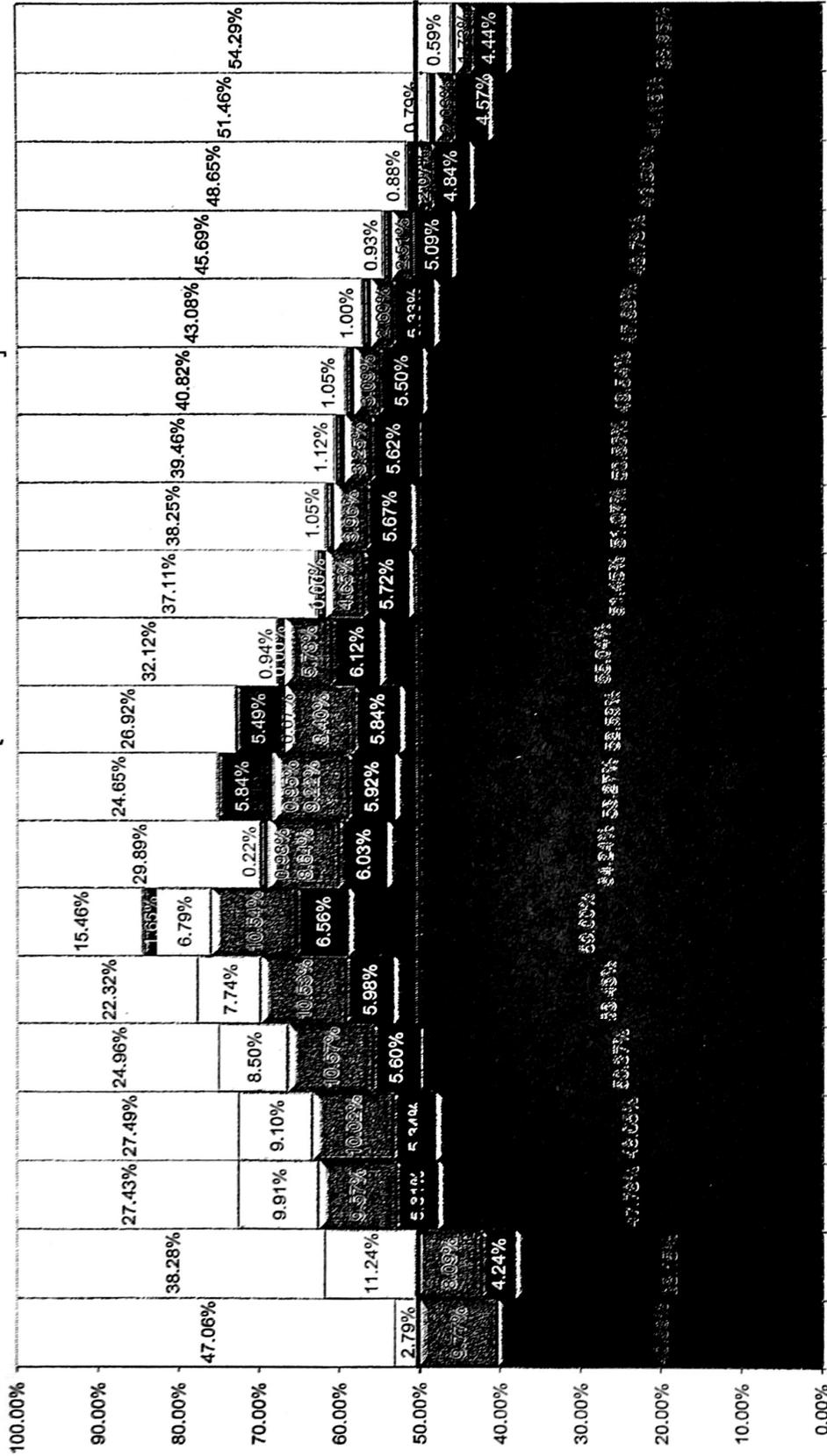
Legal debt margin available	26.92%	32.12%	32.12%	31.28%	31.28%	31.28%
GO Bonds paid by TIF	0.07%	0.00%	0.00%	0.00%	0.00%	0.00%
GO Bonds paid by user fees (Enterprise funds)	8.40%	5.78%	4.65%	3.96%	3.25%	3.09%
GO bonds	62.69%	48.04%	81.46%	61.87%	60.65%	60.65%

Refunded bonds	6.40%	0.00%	0.00%	0.00%	0.00%	0.00%
Total debt margin used	73.16%	53.82%	86.11%	65.83%	64.30%	64.30%
Debt Levy Rate (per \$1,000 taxable valuation)	8.94%	10.00%	10.00%	10.00%	10.00%	10.00%
New debt to be issued (NET PROCEEDS):	8,945,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
GO Bonds, issued in October annually	-	-	-	-	-	-
GO refunding	-	-	-	-	-	-
General Corporate Bonds:						
Forest Grove Park	700,000	700,000	700,000	700,000	700,000	700,000
Downtown Land Acquisition & Improvements	1,400,000	-	-	-	-	-
Winter Project, LFC, Fire Station parking	700,000	-	-	-	-	-
Fire Truck	-	700,000	-	-	-	-
Solid Waste/Recycling trucks	700,000	-	-	-	-	-
Storm Water Revenue Bonds	-	2,000,000	-	2,000,000	-	2,000,000
Sewer Revenue Bonds	-	2,000,000	-	2,000,000	-	2,000,000
Total Bonds Issued	19,445,000	14,700,000	11,825,000	11,700,000	11,400,000	14,700,000

**City of Bettendorf
20 Year Debt Margin History & Projections
with Refundings and New Growth Assumptions**

**FY 2016/17 without
refundings**

Current budget year (FY 16/17 thru FY 21/22)



■ GO bonds ■ \$0.50 Levy increase (Dispatch crossover) ■ Enterprise funds ■ TIF Annual rebate obligations ■ Refunded bonds ■ Legal debt margin available
 Future debt margin may fall below 50% within the next ten years, if the following assumptions hold: 1) \$9M CIP Bonding FY 16/17, 2) \$10M CIP Bonding FY 17/18-FY 21/22, 3) \$8M CIP Bonding FY 22/23-FY 26/27, 4) Effective 1/1/18, Revenue Bonds may be issued for future Sewer and Storm Water bonding every other year 5) 1/1/17 Assume 6% Residential walk through revaluations, 6) Gross values continue to increase an average of 2.5-3% annually (new construction + revaluations) effective 1/1/18 and thereafter. If Council chooses to continue \$10M of annual bonding for FY 22/23-FY 26/27 vs. \$8M as shown, the City's future debt margin ratio is projected to remain in the low 60% range.

City of Bettendorf

Debt Margin

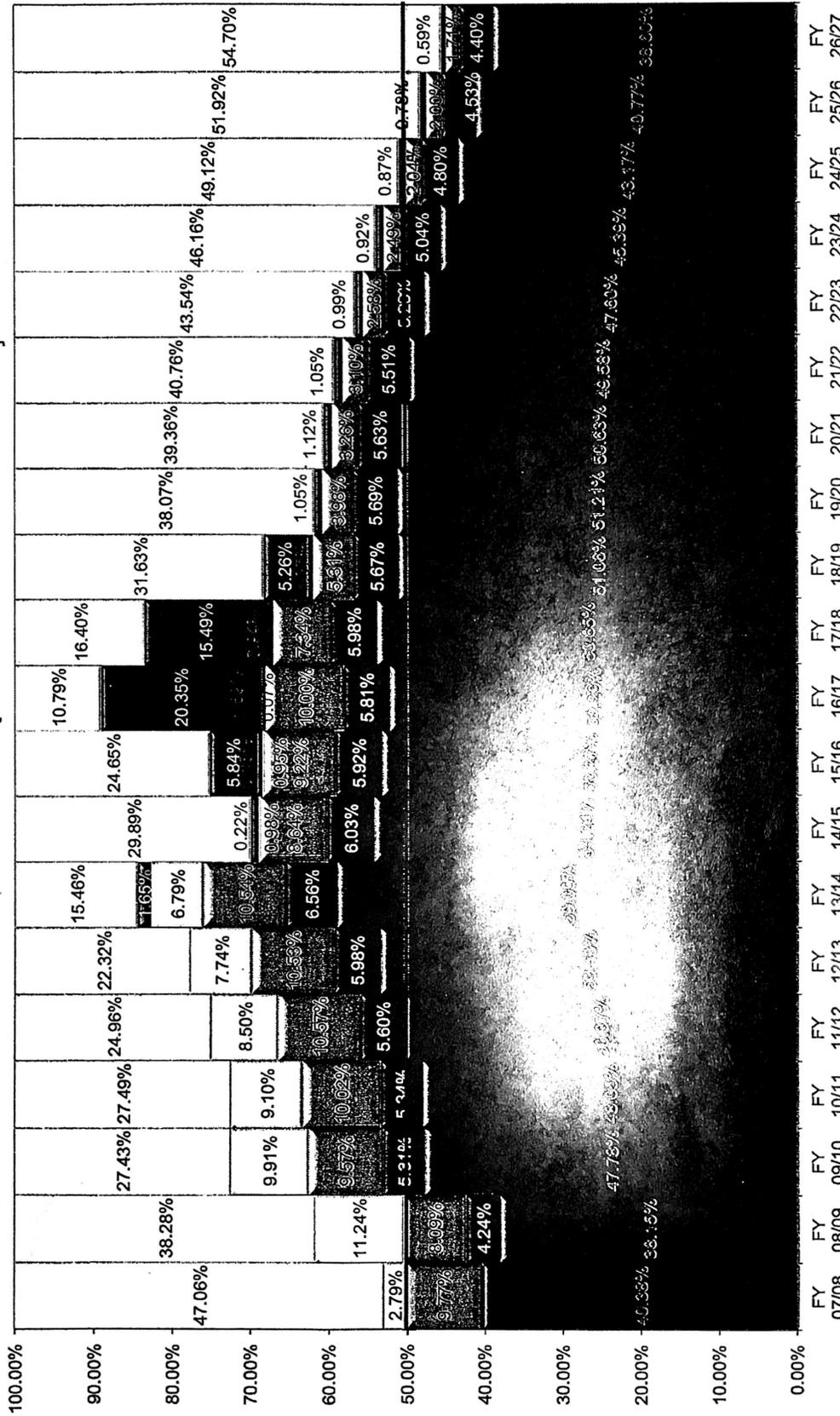
FY 2017/18 including refunding issues

Fiscal Year	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 21/22
100% assessed valuation(excluding ag)	\$ 3,323,145,451	\$ 3,403,714,919	\$ 3,750,710,336	\$ 3,844,478,094	\$ 3,940,590,047	\$ 4,039,104,798
Plus: Public gas and electric utilities	114,528,603	118,027,037	118,000,000	118,000,000	118,000,000	118,000,000
Plus: Captured tax increment value	52,938,641	54,861,850	75,161,850	75,161,850	105,230,570	109,230,570
Less: Military exemption	(3,748,448)	(3,653,996)	(3,750,000)	(3,750,000)	(3,750,000)	(3,750,000)
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Debt limit, 5% of total actual valuation	\$ 174,343,212	\$ 178,647,491	\$ 197,006,109	\$ 201,694,497	\$ 208,003,531	\$ 213,129,268
Debt applicable to debt limit:						
GO Bonds	91,161,000	96,210,000	100,588,500	103,296,380	105,320,259	105,861,139
Refunded GO bonds	35,475,000	27,675,000	10,370,000	-	-	-
\$.50 Levy Increase (Dispatch crossover)	10,129,000	10,690,000	11,176,500	11,477,376	11,702,251	11,740,127
Debt service TIF revenue bonds	125,000	-	-	-	-	-
TIF Annual rebate obligations	1,204,468	1,676,145	2,110,418	2,111,670	2,328,538	2,248,096
Enterprise general obligation bonds	17,440,000	13,115,000	10,455,000	8,035,000	6,790,000	6,597,500
Total outstanding GO debt:	155,534,468	149,366,145	134,700,418	124,920,426	126,141,048	126,246,862
Legal debt margin	\$ 18,808,744	\$ 29,281,346	\$ 62,395,691	\$ 76,774,071	\$ 81,862,483	\$ 86,882,406
Percentage of debt margin used:						
Legal debt margin available	10.79%	16.49%	31.63%	38.97%	39.36%	40.76%
GO Bonds paid by TIF	0.07%	0.00%	0.00%	0.00%	0.00%	0.00%
GO Bonds paid by user fees (Enterprise funds)	10.00%	7.34%	5.31%	3.98%	3.26%	3.10%
GO bonds	52.29%	53.85%	51.08%	51.21%	50.63%	49.58%
\$.50 Levy Increase (Dispatch crossover)	5.91%	5.62%	5.67%	5.31%	5.62%	5.31%
TIF Annual rebate obligations	0.69%	0.94%	0.70%	0.55%	0.70%	0.65%
Refunded bonds	20.35%	15.49%	5.26%	0.00%	0.00%	0.00%
Total debt margin used	89.21%	83.60%	68.37%	61.93%	60.64%	59.24%
Debt Levy Rate(per \$1,000 taxable valuation)	5.00	5.00	5.00	5.00	5.00	5.00
New debt to be issued (NET PROCEEDS):	8,945,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
GO Bonds, issued in October annually	17,400,000	-	-	-	-	-
GO refunding	10,710,000	-	-	-	-	-
General Corporate Bonds:						
Forest Grove Park	700,000	-	700,000	-	700,000	-
Downtown Land Acquisition & Improvements	1,400,000	-	700,000	-	700,000	-
Winter Project, LFC, Fire Station parking	700,000	-	-	-	-	-
Fire Truck	-	700,000	-	-	-	-
Sold Waste/Recycling trucks	700,000	-	-	-	-	-
Storm Water Revenue Bonds	-	2,000,000	-	-	-	-
Sewer Revenue Bonds	-	2,000,000	-	-	-	-
Total Bonds Issued	40,565,000	14,700,000	11,825,000	14,700,000	11,400,000	14,700,000

**City of Bettendorf
20 Year Debt Margin History & Projections
with Refundings and New Growth Assumptions**

**FY 2017/18 with proposed
bond issues & refundings**

Current budget year (FY 16/17 thru FY 21/22)



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City Benefits

- **\$5 Debt levy - minimum of \$27M Full Value**
 - \$121,500 annual
 - 20 Years \$2.43 Million
- **\$5 Voluntary “Head Tax” - Hotel Rooms**
(40 weekends at 100% occupancy,
50% occupancy remainder of year)
 - Up to \$222,000 Annually
 - Up to \$4.44 Million over 20 Years
- **Increased Sales Tax**
- **Increased Hotel/Motel Tax**
 - Up to \$250,000 Annually
 - Up to \$5 Million over 20 Years
- **Future Commercial Growth**
- **Citizen access to Indoor walking path**

Potential Challenges

- **Accelerated need for Middle Road 4 lane widening:**
 - I-80 to Forest Grove
- **Accelerated need for Sanitary Sewer beyond this project – entire quadrant around I-80 interchange.**
 - DNR approval
- **Traffic conflicts with future Forest Grove widening to Middle Road**
- **Servicing “unplanned EXPLOSION” of Residential and Commercial Development**
 - Impact on City Staffing & Operating Budgets:
Police, Fire, Public Works
- **Competition w/existing City Recreation Programs**
- **Other Challenges?**

Time Table

Complete by June 1:

- Urban Renewal Plan – 30-60 days
- Development Agreement – 30 days
- Financing – 90 days
 - Capital Loan Note thru Local Bank
 - Bonds – Market through Springsted

Complete by Fall 2017:

- All City infrastructure

Opening June 2018

Council's Desire
