FACT SHEET:

MountainStar Sports Group offers to commit additional $12.1 million toward construction of El Paso's Downtown Ballpark

SUMMARY

On May 28, 2013, El Paso City Council directed City staff to limit the City's financial commitments required to construct the Downtown Ballpark. Since receiving council's direction, City staff has met with representatives of MountainStar Sports Group, LLC – the local ownership group bringing Triple-A Baseball to El Paso – to discuss the status of the project and changes needed to bring the budget in line with Council's directive.

As a result of these discussions, MountainStar is prepared to commit $12.1 million in additional revenues to fund the construction of El Paso's new Downtown Ballpark. This allows the city to construct the state-of-the-art facility, including all envisioned amenities, without burdening El Paso property taxpayers or substantially increasing the City's direct contribution beyond the original commitment. The additional revenues would be generated by the following:

- Doubling MountainStar's annual lease payment to the City of El Paso from $200,000 to $400,000 a year.
- Extending the term of MountainStar's lease from 25 to 30 years.
- Extending the term of MountainStar's non-relocation agreement from 25 to 30 years.

In order to formalize this commitment, Mayor John Cook will ask City Council to consider approval of the following items at the June 18, 2013, City Council Meeting:

- **Amending the Bond Authorization Parameters Resolution:** If City Council approves, the City of El Paso Downtown Development Corporation would be authorized to increase its borrowing capacity from $52.8 million to $60.8 million. This would allow construction of the ballpark as presently designed and envisioned. Some of the project cost would be funded through revenue generated by favorable interest rates on the bond market. Sources of funding to repay those bonds include the following:
  - $48.7 million would be repaid through Hotel Occupancy (HOT) Tax Revenues, as approved by voters in November 2012.
  - $12.1 million would be repaid with MountainStar's additional funding commitment.
  - $0 would be repaid by El Paso property taxpayers.

- **Amending the Lease Agreement to extend the term and non-relocation clause:** Over the 30-year-term of the lease, these provisions would generate the additional $12.1 million from the following:
  - **Additional Rent due to annual increase:** $7,715,610.
  - **Additional Rent due to 5-year lease extension:** $1,610,510.
  - **Parking:** $1,057,377.
  - **Ticket Surcharges:** $1,742,374.

- **Amending the Development Agreement:** This amends the development agreement to be more precisely aligned with the final construction plans and documents.
- **Amending the Construction-Manager-at-Risk contract:** This allows the city to align the construction budget with MountainStar's increased financial commitment.
- **Amending the Design contract:** This allows for the increased level of effort of the designers to align with MountainStar's increased financial commitment.

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City of El Paso Downtown Development Corporation

DOWNTOWN BALLPARK VENUE PROJECT BOND FINANCING

Triple-A Baseball Park

- The City of El Paso Downtown Development Corporation intends to issue Special Revenues Bonds secured by a special hotel occupancy tax, Team revenues and a “subject to appropriation” City backstop.

- On November 6, 2012, the voters of the City authorized financing of a sports and community venue project within the City and to impose an additional (2%) hotel occupancy tax on rooms located within the City.

- Additional revenues considered for repayment include a Ticket Surcharge, Rent, Sales Tax, & Parking Revenues.

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Amendment to Parameter Authorization

- Parameter authorization will enable sale of special revenue bonds at optimum timing and structure within 6 month period

- Corporation Board delegates final pricing authority to Pricing Officer(s)

- Corporation will change the following sale parameters in Corporation's Resolution as follows:
  - Aggregate Principal Amount of Issue - $60,800,000
  - Final Maturity Date – December 31, 2045
  - No changes to TICs or Expiration of Delegated Authority

- Pricing Officer can only approve sale if parameters are met.

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Cash Flow Model

Fiscal Year End 8/31/2013	Projected Additional HOT [1]	Team Revenues [2]	Other Revenues [3]	Total Revenues	$60,800,000 Series 2013 Bonds: Tax-Exempt Series 2013A	$60,800,000 Series 2013 Bonds: Taxable Series 2013B	Total Debt Service Requirements	Coverage		Excess Revenues from Team/HOT
2013	$ 1,683,377	-	-	$ 1,683,377	$ -	$ -	$ -			-
2014	2,562,942	774,396	870,608 [4]	$ 4,207,946	2,913,252	1,294,694	4,207,946	1.00	[4]	(0)
2015	2,639,830	625,716		$ 3,265,546	2,161,250	1,084,575	3,245,825	1.01		19,721
2016	2,719,025	627,049		$ 3,346,074	2,234,750	1,083,245	3,317,995	1.01		28,079
2017	2,800,596	628,396		$ 3,428,991	2,334,250	1,086,592	3,420,842	1.00		8,149
2018	2,884,613	629,756		$ 3,514,369	2,403,250	1,084,422	3,487,672	1.01		26,697
2019	2,971,152	695,369		$ 3,666,521	2,423,000	1,217,002	3,640,002	1.01		26,519
2020	3,060,286	696,756		$ 3,757,043	2,500,750	1,220,516	3,721,266	1.01		35,777
2021	3,152,095	698,157		$ 3,850,252	2,593,500	1,218,142	3,811,642	1.01		38,610
2022	3,246,658	699,573		$ 3,946,231	2,680,250	1,219,692	3,899,942	1.01		46,289
2023	3,344,058	701,002		$ 4,045,060	2,801,000	1,215,384	4,016,384	1.01		28,676
2024	3,444,379	773,109		$ 4,217,489	2,828,750	1,360,499	4,189,249	1.01		28,240
2025	3,547,711	774,567		$ 4,322,278	2,872,750	1,359,203	4,231,953	1.02		90,325
2026	3,654,142	776,040		$ 4,430,182	2,912,000	1,361,673	4,273,673	1.04		156,509
2027	3,763,766	777,527		$ 4,541,294	2,911,500	1,362,881	4,274,381	1.06		266,913
2028	3,876,679	779,030		$ 4,655,709	2,913,000	1,362,789	4,275,789	1.09		379,920
2029	3,992,980	858,277		$ 4,851,257	2,911,250	1,516,355	4,427,605	1.10		423,652
2030	4,112,769	859,809		$ 4,972,579	2,911,250	1,511,674	4,422,924	1.12		549,655
2031	4,236,152	861,357		$ 5,097,509	2,912,750	1,512,133	4,424,883	1.15		672,626
2032	4,363,237	862,921		$ 5,226,157	2,910,500	1,515,852	4,426,352	1.18		799,805
2033	4,494,134	864,499		$ 5,358,633	2,914,500	1,512,583	4,427,083	1.21		931,550
2034	4,628,958	951,597		$ 5,580,555	2,914,250	1,672,574	4,586,824	1.22		993,731
2035	4,767,827	953,208		$ 5,721,034	2,909,750	1,671,621	4,581,371	1.25		1,139,663
2036	4,910,861	954,834		$ 5,865,696	2,911,000	1,673,132	4,584,132	1.28		1,281,564
2037	5,058,187	956,478		$ 6,014,665	2,912,500	1,671,855	4,584,355	1.31		1,430,310
2038	5,209,933	958,137		$ 6,168,070	2,914,000	1,672,790	4,586,790	1.34		1,581,280
2039	5,366,231	1,053,866		$ 6,420,097	2,910,250	1,730,682	4,640,932	1.38		1,779,165
2040	5,527,218	1,055,559		$ 6,582,777	2,911,250	1,731,146	4,642,396	1.42		1,940,381
2041	5,693,034	1,057,269		$ 6,750,303	2,911,500	1,732,990	4,644,490	1.45		2,105,813
2042	5,863,825	1,058,996		$ 6,922,821	2,910,750	1,730,957	4,641,707	1.49		2,281,114
2043	6,039,740	1,060,740		$ 7,100,480	2,913,750	1,730,047	4,643,797	1.53		2,456,683
	$ 123,616,394	$ 25,023,991	$ 870,608	$ 149,510,993	$83,162,502	$43,117,700	$ 126,280,202			$ 21,547,413

NPV Discounted @ AIC 4.41%: $ 798,617

(1) Projected Additional HOT Revenues based on historical collections of General Hotel Occupancy Tax. Fiscal Year 2013 assumes eight months of collections. Assumes 3.0% growth, thereafter.
(2) Includes Parking, Ticket Surcharge and Rental Revenues Available for Debt Service Payments.
(3) Projected payments from other revenue sources, including projected sales tax and other lawfully available revenues.
(4) Corporation will use Project Venue Fund Revenues from 2013 Fiscal Year Collections to make 1.0x coverage and fund additional projects costs as necessary so excess collections in the first year will accrue to the project budget.

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Fiscal Year End 8/31/2013	Excess Revenues from Team/HOT	Sales Tax Revenue	Total Excess Revenues	General	HOT
2013	- [4]		-		
2014	(0)	179,805.43	179,805	179,805	-
2015	19,721	181,603.48	201,324	201,324	-
2016	28,079	183,419.52	211,499	211,499	-
2017	8,149	185,253.71	193,403	193,403	-
2018	26,697	187,106.25	213,803	213,803	-
2019	26,519	188,977.31	215,496	215,496	-
2020	35,777	190,867.08	226,644	226,644	-
2021	38,610	192,775.75	231,386	231,386	-
2022	46,289	194,703.51	240,992	240,992	-
2023	28,676	196,650.55	225,326	225,326	-
2024	28,240	198,617.05	226,857	226,857	-
2025	90,325	200,603.22	290,928	290,928	-
2026	156,509	202,609.26	359,118	359,118	-
2027	266,913	204,635.35	471,548	471,548	-
2028	379,920	206,681.70	586,602	586,602	-
2029	423,652	208,748.52	632,400	632,400	-
2030	549,655	210,836.00	760,491	760,491	-
2031	672,626	212,944.36	885,571	885,571	-
2032	799,805	215,073.81	1,014,879	1,014,879	-
2033	931,550	217,224.55	1,148,775	1,081,724	67,051
2034	993,731	219,396.79	1,213,128	1,170,994	42,134
2035	1,139,663	221,590.76	1,361,254	1,174,798	186,456
2036	1,281,564	223,806.67	1,505,370	1,178,641	326,729
2037	1,430,310	226,044.73	1,656,354	1,182,522	473,832
2038	1,581,280	228,305.18	1,809,585	1,186,442	623,143
2039	1,779,165	230,588.23	2,009,753	1,284,454	725,299
2040	1,940,381	232,894.11	2,173,275	1,288,453	884,822
2041	2,105,813	235,223.06	2,341,036	1,292,492	1,048,544
2042	2,281,114	237,575.29	2,518,689	1,296,571	1,222,118
2043	2,456,683	239,951.04	2,696,634	1,300,691	1,395,943
	$ 21,547,413	$ 6,254,512	$ 27,801,926	$ 20,805,855	$ 6,996,070

Estimated Difference between the *Revenues* and the *Cost* to Finance Ballpark

Surplus of Ballpark related revenues and HOT revenues is $27.801 million

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Key Points

- Excess revenues* from Ballpark through the end of the lease term:

General revenues	$20,805,855
HOT Revenues	6,996,070
	$27,801,926

Includes Sales Taxes of $6,254,512 generated by the ballpark but not required to fund the new debt requirements.

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Key Points

- Original size of issuance will increase from $52.8 million to $60.8 million ($8 million increase)
- Funded by additional team revenues in the amount of $11.4 million through increase of $200,000 per year rent (with 10% escalation clause) and extension of lease for an additional five years (team revenues plus HOT)
- Additional $750,000 in contributions to the Capital Improvement Fund for a *total new team contribution of $12.125 million*

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Key Points

Cash Flows from Additional Team Revenues:

Cashflows from Team:	Original	Revised	Difference
Rent	$ 2,505,100	$ 11,081,220	$ 8,576,120
Parking	4,460,102	5,517,479	1,057,377
Ticket Surcharge	6,682,918	8,425,292	1,742,374
Subtotal	$ 13,648,120	$ 25,023,991	$ 11,375,871
Contribution to the Capital Improvement Fund	3,600,000	4,350,000	750,000
Totals	$ 17,248,120	$ 29,373,991	$ 12,125,871

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Recommendation for action by the City Council

City Administrative Staff recommends approval of the amended resolution to authorize $60.8 million of bonds and the amendment to the Lease Agreement to extend the term and non-relocation clause and the amendment to the Development Agreement

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Questions?

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El Paso Ballpark Enhancements

William F. Studer, Jr.
Deputy City Manager
City of El Paso

How do we pay for the additional items?

- Mountain Star doubles lease amount from $200,000 to $400,000 per year
- Mountain Star increases lease term from 25 years to 30 years
- Nominal term of financing moves to 30 years allowing for additional parking revenues, ticket surcharge and lease revenues to be considered

Cash Flows from Additional Team Revenues:

Cashflows from Team:	Original	Revised	Difference
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SERVICE SOLUTIONS SUCCESS

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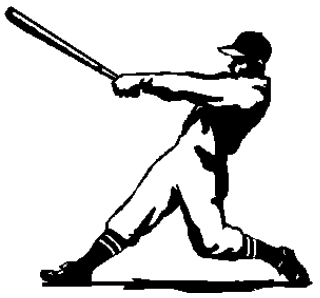
What do we receive for the additional investment?

- Right field buildings including party decks, bullpen bar, team store
- Centerfield play area including water feature
- Fourth level of suites, premium seats and press area
- Functional and decorative roof



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Cash Flow Model

Fiscal Year End 8/31/2013	Projected Additional HOT [1]	Team Revenues [2]	Other Revenues [3]	Total Revenues	$60,800,000 Series 2013 Bonds Tax-Exempt Series 2013A	Taxable Series 2013B	Total Debt Service Requirements	Coverage	Excess Revenues from Team/HOT
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2035	4,767,827	953,208		$ 5,721,034	2,909,750	1,671,621	4,581,371	1.25	1,139,663
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2038	5,209,933	958,137		$ 6,168,070	2,914,000	1,672,790	4,586,790	1.34	1,581,280
2039	5,366,231	1,053,866		$ 6,420,097	2,910,250	1,730,682	4,640,932	1.38	1,779,165
2040	5,527,218	1,055,559		$ 6,582,777	2,911,250	1,731,146	4,642,396	1.42	1,940,381
2041	5,693,034	1,057,269		$ 6,750,303	2,911,500	1,732,990	4,644,490	1.45	2,105,813
2042	5,863,825	1,058,996		$ 6,922,821	2,910,750	1,730,957	4,641,707	1.49	2,281,114
2043	6,039,740	1,060,740		$ 7,100,480	2,913,750	1,730,047	4,643,797	1.53	2,456,683
	$ 123,616,394	$ 25,023,991	$ 870,608	$ 149,510,993	$83,162,502	$43,117,700	$ 126,280,202		$ 21,547,413

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2016	28,079	183,419.52	211,499	211,499	-
2017	8,149	185,253.71	193,403	193,403	-
2018	26,697	187,106.25	213,803	213,803	-
2019	26,519	188,977.31	215,496	215,496	-
2020	35,777	190,867.08	226,644	226,644	-
2021	38,610	192,775.75	231,386	231,386	-
2022	46,289	194,703.51	240,992	240,992	-
2023	28,676	196,650.55	225,326	225,326	-
2024	28,240	198,617.05	226,857	226,857	-
2025	90,325	200,603.22	290,928	290,928	-
2026	156,509	202,609.26	359,118	359,118	-
2027	266,913	204,635.35	471,548	471,548	-
2028	379,920	206,681.70	586,602	586,602	-
2029	423,652	208,748.52	632,400	632,400	-
2030	549,655	210,836.00	760,491	760,491	-
2031	672,626	212,944.36	885,571	885,571	-
2032	799,805	215,073.81	1,014,879	1,014,879	-
2033	931,550	217,224.55	1,148,775	1,081,724	67,051
2034	993,731	219,396.79	1,213,128	1,170,994	42,134
2035	1,139,663	221,590.76	1,361,254	1,174,798	186,456
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Estimated Difference between the *Revenues* and the *Cost* to Finance Ballpark

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Amendment to Parameter Authorization

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- Corporation will change the following sale parameters in Corporation's Resolution as follows:
  - Aggregate Principal Amount of Issue - $60,800,000
  - Final Maturity Date – December 31, 2045
  - No changes to TICs or Expiration of Delegated Authority

- Pricing Officer can only approve sale if parameters are met.

Recommendation for action by the City Council

For Items 9 and 10A:

Staff recommends approval of the amended resolution to authorize $60.8 million of bonds and the amendment to the Lease Agreement to extend the term and non-relocation clause and the amendment to the Development Agreement

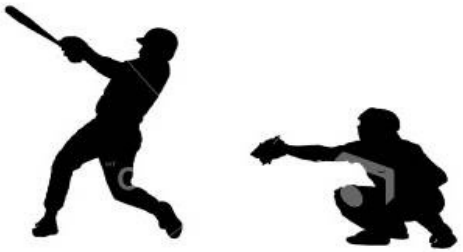
Recommendation for action by the City Council (continued)

Item 10B: "Discussion and action regarding a Resolution that the City Manager be authorized to sign the First Amendment to the Agreement for Professional Services by and between the City of El Paso and Populous, Inc., to add design, modification, steel detailing, and survey coordination services and to adjust engineering and construction administration fees for an additional amount not to exceed $725,310.

Item 10C: "Discussion and action regarding a Resolution that the Target Budget for the Construction Phase Services as identified in Exhibit B of the January 8, 2013 Construction Manager at Risk Agreement between the City of El Paso and Jordan/Hunt, a Texas Joint Venture be revised in amount not to exceed $52,545,810.

Cost of Ballpark is paid by:

- Hotel Occupancy Tax
- Mountain Star Sports lease payments
- Ballpark Related Revenues
  - Ticket surcharges
  - Parking revenues



None of the cost is borne by the general revenues of the city. In fact the general fund will receive sales taxes collected on tickets, concession and merchandise in the ballpark.

Questions?