

Tanger Center Project & Financing Update: September, 2016

Below is summary information on project status and financing for the Steven B. Tanger Center for the Performing Arts. The estimated cost of the new facility, including site acquisition, is approximately \$78.1 million, to be funded from City contributions of \$39.6 million and private donations of \$38.5 million.

Project Status:

September 2013	Purchase of downtown property for the Tanger Center authorized
March 2014	Approved Memorandum of Understanding with Community Foundation of Greater Greensboro
August 2014	Awarded design services contracts
January 2015	Approved Construction Manager at Risk (CMAR) pre-construction services contract
By Dec. 2016	Site demolition and Clearing
By Dec. 2016	Approve CMAR Construction Contract and Guaranteed Maximum Price
Jan. 2017 – Spring 2018	Project Construction

Project Financing – City of Greensboro:

The City's project financing will be comprised of the following transactions and it will involve several budget amendments:

September 2013	Approved \$11.5M property financing to acquire downtown properties (2-year variable rate installment financing agreement with Bank of America – no penalty for paying off loan prior to maturity)
December 2014	Approved \$30M project financing (3-year variable rate installment financing agreement issued to PNC Bank, refinancing \$11.5M property loan and funding \$18.5M of facility costs. The property loan was refinanced and consolidated into one loan amount of \$30M for several reasons. First, there will be one loan with one deed of trust on the project that the City is financing. Secondly, two portions of the property currently mortgaged have been excluded from the City's deed of trust with PNC Bank. The parking area will be sold to the Foundation which will use it along with donor pledges as collateral for its loan and once its loan is repaid the parking area will be transferred back to the City; also, the parcel on which the Chamber of Commerce building is located will not be included in order to provide the City with greater flexibility in the future use of that property. Thirdly, this loan was closed before the end of the calendar year in order to take advantage of lower bank fees/interest offered in 2014; with this loan, there will be no cost for the availability of \$30M in capital – we will only pay interest after amounts are drawn for project costs.

December 2016 Request final approval to increase loan for project financing with PNC Bank from \$30M to \$39.6M (initially authorized by City Council on Dec. 8, 2015).

January 2018 The \$39.6M short-term construction loan will be converted to fixed rate 25-year limited obligation bonds; timing of the bond issue is aligned with projected revenue of the facility and hotel/motel tax that will be used to pay debt service (principal and interest) on the bonds.

The City will pay the estimated \$68M debt service on its transactions from three sources of funding:

- Hotel/Motel Tax funds - Tourism Development Authority's City Capital account (designated for this project by the Authority, City and Guilford County)
- Facility Fee (ticket surcharge) on Tanger Center events
- Parking revenue from Tanger Center events

Project Financing - Community Foundation/Private Donors:

The Community Foundation, in conjunction with the private donor committee, will contribute \$38.5M to the project, as follows:

October 2014 –
June 2017

- \$5M for architectural & engineering services
- The Foundation is current in paying the City's invoices for design services that have been billed on the project

By November 2016 The Foundation will close its \$25M loan with Bank of North Carolina to fund facility costs and will draw funds as needed for construction, net of donor pledges received

The Foundation is providing guarantees of \$5M each to the City and its bank from donor contributions and, as necessary, unrestricted reserves of the Foundation