

STAR BOND ANNUAL REPORT – 2013

TO: The Honorable Sam Brownback
Susan Wagle, President of the Senate
Terry Bruce, Senate Majority Leader
Anthony Hensley, Senate Minority Leader
Julia Lynn, Chairperson, Senate Commerce Committee
Susan Wagle, Vice Chairperson, Senate Commerce Committee
Ray Merrick, Speaker of the House
Jene Vickrey, House Majority Leader
Paul Davis, House Minority Leader
Marvin Kleeb, Chairperson, House Commerce, Labor & Economic Development
Committee

FROM: Pat George, Secretary of Commerce

DATE: February 1, 2014

In accordance with K.S.A. 12-17,169(c), here is the annual report for projects funded with special obligation bonds or STAR bonds. K.S.A. 12-17,177(g) and 12-17,169(c) require that each city with a project financed with special obligations payable from state sales tax revenue to submit an annual report to the Secretary of Commerce. The Kansas Department of Commerce (Commerce) is then required to compile and transmit a report to the Governor and Legislature by February 1 of the following year. The annual reports from Unified Government of Wyandotte County (Attachment A), Topeka (Attachment B), Wichita (Attachment C), Manhattan (Attachment D), and Overland Park (Attachment E) are included.

Cities that have issued STAR bonds are also required to have an audit conducted annually by an independent certified public accountant to determine whether STAR bond financing is being used for authorized purposes. Commerce has included the available audit reports (Attachment F).

The following provides status updates, as well as highlights from the annual reports and other STAR bond activities:

Wyandotte County

- The Legends of Village West retail and entertainment district continues to be the number one tourist attraction in Kansas with more than 10 million visitors annually. Overall sales were up in 2013, occupancy for the center is 94%. The district has created more than 3,500 new jobs generating more than \$55 million in annual payroll, and contains more than \$950 million in combined public and private investment with annual sales of more than \$450 million. The Village West district continues to grow and added several new venues in 2013.
- The Kansas Speedway completed its 13th successful season of racing on October 21 with the Sprint Cup Series Hollywood Casino 400, the third year with two Sprint Cup events in the same season. More than \$340 million in local and state sales taxes have been generated by the Speedway/Village West project.
- Sporting KC, an 18,500 seat major multi-sport athletic facility continues to be the most innovative and fan-friendly venue for soccer matches in the country. It is home to the Major League Soccer's Sporting Kansas City. In addition to Sporting KC games, the site has hosted international friend matches, U.S. Open Cup and World Cup qualifying events. The total project cost was around \$414 million. The stadium created up to 2,430 net new full and part-time jobs and will generate approximately \$60 million in net new tax revenue over 30 years.
- Cerner has completed construction on two office buildings as part of its commitment to build a 600,000-square-foot office park and will create up to 4,000 jobs with an average annual salary of \$65,000. Total annual economic impact of this project is estimated by the developer to exceed \$500 million.

Topeka

- Commerce approved \$10.46 million in STAR bonds for Heartland Park Racetrack which were issued in March 2006. Total redevelopment costs are estimated to be almost \$24 million. Phase 1 renovations to the racetrack and visitor amenities are

complete. Additional improvements are planned to make Heartland Park a world class race and entertainment facility. The city reported around \$1.6 million in sales tax revenue through December 31, 2013. Topeka issued these bonds as “full faith and credit” bonds and is responsible for debt service. The city has had to supplement the debt service payment. Commerce continues to work actively with the developer to increase revenue by enhancing the use of the track for all types of events.

Hutchinson

- The Kansas Underground Salt Museum was approved in July 2006. STAR bonds of \$4,810,000 were approved for the \$10.5 million unique destination development that includes a visitor’s center complex, underground museum with theatre and events center, an elevator that descends 650 feet underground, and related amenities. Attendance has met initial projections and sales tax revenue has continued to increase. Potential economic impact is estimated at more than \$36 million annually. The STAR bonds have been paid off and sales tax revenues are returning to the state and city.

Manhattan

- The Flint Hills Discovery Center was issued \$50 million in bonds for a project worth more than \$108 million. The Discovery Center Museum has been very successful with over 53,000 visitors in 2012. The project includes a 30,000-square-foot discovery center and museum, hotel and conference center, restaurants, entertainment venues and a park area. Total economic impact includes more than \$160 million in capital investment, more than 1,200 construction jobs worth \$27 million in annual payroll, and more than 1,000 permanent full-time employees with annual payroll of more than \$21 million. Approximately \$23 million in sales tax has been collected from the district through December 31, 2012.

Wichita

- The Water Walk project involves redevelopment and revitalization of public space on the banks of the Arkansas River and includes the Keeper of the Plains monument

platform, pedestrian walkways, amphitheater promenade, fountains, waterfalls and an interactive water show. The Waltzing Waters Fountain and Plaza area was completed in 2012. Total project cost is approximately \$155 million and the project was approved for up to \$14.7 million in STAR bonds. The project brings 800,000 to 1 million new visitors annually to Wichita and produces more than 1,250 full-time jobs and annual retail sales of more than \$78 million. Since 2007, the District has generated more than \$11,457,000 in sales tax revenue.

- In late 2013, Commerce approved the K-96 and Greenwich STAR Bond Plan for a project centered on a major multi-sport athletic complex. The project consists of over 1,400,000 sq. ft. of development including a 65,000 sq. ft. state of the art indoor multi-sport complex, destination water park, several hotels, super-regional retailers and entertainment destinations. At build-out, total project costs will exceed \$400 million. Approximately \$33M in STAR Bonds were approved and issued. The project will draw around 2 million visitors annually with over 30% being from out of state.

Overland Park

- Commerce approved a STAR bond project for a major museum project in Overland Park called Prairiefire. Total project cost is estimated to be \$573 million and includes an American Museum of Natural History affiliated museum, a wetlands park, retail/entertainment development and prairie gardens. STAR bonds up to \$81,000,000 have been authorized and \$64,990,000 in STAR Bonds were sold in December 2012. The project is expected to create more than 1,887 full-time equivalent jobs and up to 2,624 indirect and induced jobs. After completion, the project is forecast to bring 1.9 million new visitors to Overland Park and generate \$154 million in annual sales. Construction of Phase 1 began in January, 2013 and is on schedule with retail coming on-line in late fall of 2013.

An update on pending projects:

Wyandotte County

- The Schlitterbahn Vacation Village project consists of a major water park resort and related amenities. The water park opened in July 2009 and added six new major water attractions, including an award-winning King Kaw Rapids River, in 2012. No STAR bonds have been issued to date. More than \$178 million in private funds have been expended on the project to date. The Developer and Unified Government estimate visitorship increased in 2012 and major new attractions, including the tallest water slide are in progress.

Other STAR Bond Activities

- Commerce has had discussions with local officials regarding potential STAR bond projects in several cities.
- The agency is actively involved in amending the existing STAR bond regulations to better administer and implement the Act.

I appreciate the opportunity to discuss these exciting projects and would be happy to respond to any questions or provide additional information.

City of Topeka, Kansas

Annual Report to the Kansas Secretary of Commerce

**For the Major Motor-Sports Complex
Redevelopment Project**

**Financed by City of Topeka Full Faith and Credit
STAR Bonds
Series 2006-A (Heartland Park)**

September 26, 2013

This report is prepared pursuant to K.S.A. 12-1774 (d). Information submitted in this report was compiled from the records of the City of Topeka, for transactions completed through July 31, 2013, in conjunction with the City's redevelopment project commonly known as Heartland Park.

DESCRIPTION OF PROJECT STATUS

On November 29, 2005, the City issued its Taxable General Obligation Bonds, Series 2005-C (Heartland Park) in the aggregate principal amount of \$5,070,000, to finance a portion of the costs of the Heartland Park redevelopment project. On March 30, 2006, the City issued \$10,405,000 principal amount of Full Faith and Credit STAR Bond (Series 2006-A) also to finance a portion of the costs of Heartland Park redevelopment project. In February 2007, the City Council passed Ordinance 18813, which allocated \$750,000 in general obligation bonds for a drag strip improvement to the Heartland Park area. This shifted \$750,000 from the private funds to the City's portion of the project. The components of the project, and their estimated percentages of completion at July 31, 2013, are presented in *Tables 1, 2, and 3* below. No additional capital expenditures have been made in the last year.

Please note that the amounts shown in each table in the columns headed *Estimated Total Costs, Payments Through 7/31/2013, and Estimated % Complete* are not independently audited numbers. The *Estimated Total Costs* numbers are derived from the originally approved project estimates, with slight revisions. The City did have an independent audit done. The payments made to date were derived from other sources in addition to STAR Bond proceeds, to pay for components of the redevelopment project taken as a whole.

The project funding sources include:

• The City's general obligation bonds	\$ 5,860,114
• STAR Bond proceeds	10,458,628 ¹
• Federal funding	3,500,000
• Private funds	<u>2,791,372</u>
Total Anticipated Funding Sources	<u>\$22,610,114</u>

As you will see in the tables below, Mr. Irwin's estimate of total redevelopment project costs is \$23,705,000. Of that amount, \$15,220,000 represents Phase I development, as detailed in *Table 1*; Phase II development is expected to cost \$7,300,000, as shown in *Table 2*; and \$1,185,000 in additional projects are also planned, as seen in *Table 3*.

¹ This number is the par value of the bonds plus net premium.

Table 1—Phase I project components

Description of Project Component	Estimated Total Cost	Payments Through 7/31/13	% Complete
Drag race and road course tracks asphalt replacement	\$2,050,000	\$2,248,821	82%
Repair and resurface all asphalt paddock/pit areas (about 45 acres)	3,500,000	2,392,208	100%
Consolidated timing and scoring building with areas for race and steward control	1,600,000	1,433,167	100%
Garages for competitors	900,000	819,923	100%
Consolidated technical inspection and shower building	900,000	796,055	100%
Maintenance building	500,000	566,727	100%
Credentials and security building	230,000	206,095	100%
Tire building	500,000	566,954	100%
Pavilions	300,000	353,946	100%
Landscaping and beautification	275,000	415,655	69%
Paddock lighting, public address, and Telco systems	650,000	533,375	89%
Perimeter fencing, curbing, and walls	400,000	660,701	100%
Engineering & architect fees	700,000	1,063,346	100%
Excavating and other work	1,465,000	2,115,216	94%
Project soft costs (include payment of capitalized interest)	1,250,000	951,088	79%
Total	\$15,220,000	\$15,123,277	

Table 2—Phase II project components

Description of Project Component	Estimated Cost	Payments Through 7/31/13	Estimated % Complete
Repair roads on property	\$1,350,000	\$984,487	73%
Commerce Park development	1,500,000	none	0%
Concessions/Souvenirs/Medical facility	1,500,000	147,403	10%
Spectator entrance bridge	350,000	none	0%
TEC building	750,000	312	0%
Tower improvements and fan amenities	500,000	33,683	7%
Engineering and architect costs	600,000	4,105	0%
Excavation work	750,000	none	0%
Total	\$7,300,000	\$1,169,990	16%

Table 3 – Additional project components

Description of Project Component	Estimated Cost	Payments Through 7/31/13	Estimated % Complete
RV & camping amenities	750,000	258,335	48%
City water pump station	300,000	201,852	100%
Additional excavation work	135,000	135,000	100%
Drag Strip	750,000	560,717	100%
Total	\$1,935,000	\$1,155,904	

EXPENDITURES OF STAR BOND PROCEEDS TO DATE

The amount of STAR Bond proceeds spent to date totals \$10,458,628, which is less than 50% of the total estimated cost of the redevelopment project. To date, an additional \$6,990,543 has also been spent on the project from revenue sources other than STAR Bond proceeds. There have been no additional funds expended within the last year.

EXPECTED FUTURE EXPENDITURES OF STAR BOND PROCEEDS

The principal amount of STAR Bond proceeds was \$10,405,000. The bonds were sold at a net premium of \$53,628.35, yielding a total for project expenditures of \$10,458,628.35. That entire amount has been spent on the project.

	Source of Debt Service Payments					Totals
	Total Debt Service	Capitalized Interest	State Sales Tax Monies	Local Sales Tax Monies	City Bond & Interest Fund	
8/15/2006	172,139.53	172,139.53				172,139.53
2/15/2007	229,519.38	229,519.38				229,519.38
8/15/2007	229,519.38		176,618.83	52,900.55		229,519.38
2/15/2008	229,519.38		84,485.33	63,824.82	81,209.23	229,519.38
8/15/2008	229,519.38		98,207.36	20,452.49	110,859.53	229,519.38
2/15/2009	229,519.38		99,580.96	48,436.27	81,502.15	229,519.38
8/15/2009	479,519.38		111,904.06	45,256.69	322,358.63	479,519.38
2/15/2010	222,644.38		119,701.90	49,199.15	53,743.33	222,644.38
8/15/2010	479,519.38		117,488.33	58,336.41	303,694.64	479,519.38
2/15/2011	215,356.88		174,933.04	40,423.84	-	215,356.88
8/15/2011	495,356.88		179,034.66	60,452.94	255,869.28	495,356.88
2/15/2012	101,620.82		101,620.82	-		101,620.82
8/15/2012	516,150.00		104,239.01	86,406.63	325,504.36	516,150.00
2/15/2013	120,300.00		120,300.00			120,300.00
8/15/2013	495,300.00		21,556.00	23,375.29	450,368.71	495,300.00
	\$ 4,445,504.15	\$ 401,658.91	\$ 1,509,670.30	\$ 549,065.08	\$ 1,985,109.86	\$ 4,445,504.15

*includes City of Topeka, Shawnee County and Washburn University
 ** Debt Service includes August Principal Payment

As of August 31, 2013 the City has had to supplement the debt service payments for Heartland Park STAR bonds by \$1,985,109.86. The City does not believe the special sales tax will be able to pay the debt service. The City will have to use other revenue sources to pay off the debt. Note in 2012 a portion of sales tax was incorrectly submitted to the Heartland Park District and was corrected in 2013. Therefore making the portion of sales tax from the State lower in 2013.

FEDERAL GRANTS

In 2007, Heartland Park received a HUD Economic Development Initiative Grant through the Chamber of Commerce for \$198,000. Heartland Park received \$188,100 for a construction project and \$9,900 went to administrative cost for HND of the City.

In 2008 Heartland Park and Heartland Park and the City received a Small Business Administration grant for \$1.0 million to repair and reconstruct roads on Heartland Park grounds. As of July 31, 2013 \$955,762.26 had been spent on Heartland Park road construction and \$25,495.13 went to administrative cost for HND of the City (non qualifying expenses). This grant is now closed.

No new grants were obtained during 2013.

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RECEIVED

JAN 27 2014

Secretary's Office

January 23, 2014

Secretary Pat George
Kansas Department of Commerce
1000 S.W. Jackson Street
Suite 100
Topeka, KS 66612-1354

RE: Wichita STAR Financing Annual Report 2013

Dear Secretary George,

The Wichita River District was approved as an eligible area for STAR financing in the fall of 2007, in accordance with K.S.A. 12-1770, *et seq.*, as amended by K.S.A. 12-17,160, *et seq.* The approval was for up to \$13 million (exclusive of interest expense and other financing costs) for three projects: 1) the Keeper of the Plains sculpture, plaza and pedestrian bridge project; 2) the East Riverbank Redevelopment project adjacent to the Broadview Hotel; and 3) the WaterWalk fountain and public plaza area (including riverbank amenities). Information about the status of the Wichita River District follows, as required in KSA 12-1774(d).

Attachment A provides a summary of the financial status for the public investment in the project. In the original application submitted to the Department of Commerce, the River District project included a budget of \$155.8 million, of which \$68,800,000 would be public investment and \$87,000,000 would be private investment. These amounts were exclusive of debt issuance and interest expenses. The attached status report shows a current budget of \$73.9 million in public investment; however, that budget includes \$2.3 million in ancillary costs associated with management and debt issuance. The public investment has grown approximately \$2.8 million (4%) from the original project budget. Based on the expenditures to-date, the public portion of the project is approximately 94% completed.

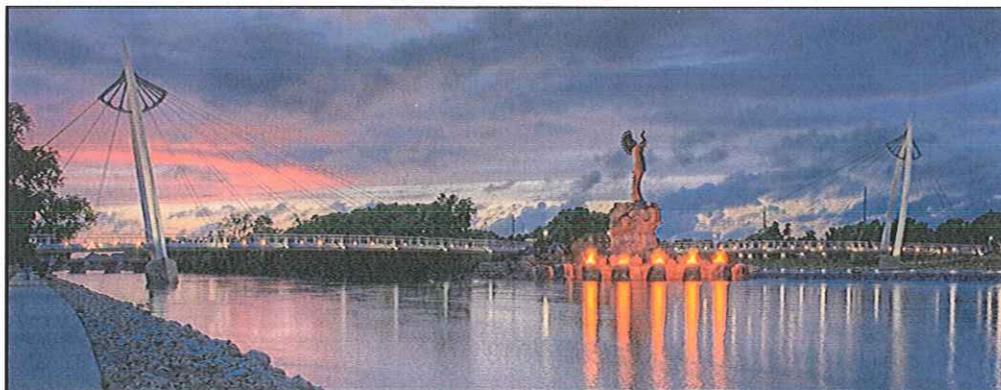
Although the private investment in the district is more difficult to precisely identify, there are some known investment amounts that can be reported. The known investments listed below total more than \$72 million. Understandably, the public investment in land acquisition, demolition, streets, utilities and public hardscaping/landscaping occurs in advance of most private investment.

- WaterWalk Main Place and Gander Mountain - \$29 million
- Marriott Fairfield Hotel - \$12.35 million
- Drury Broadview Hotel remodel and renovation - \$29 million
- Wichita Area Association of Realtors office building- \$1.6 million
- Wichita Boathouse renovation - \$650,000

Following is a narrative summary of significant developments within the Wichita River District:

- Gander Mountain, a national retailer of outdoor equipment, opened an 85,000 sq. ft. store in the fall of 2005. Of the 116 Gander Mountain stores in 23 states, the WaterWalk Gander Mountain consistently ranks among the top five stores for sales. Late in 2011, a new 7,500

foot expansion to the store was added for a firearms training academy known as Gander Mountain Academy. The expansion cost between \$2 and \$3 million. Only six of the Gander stores have been outfitted as an academy.



- The Keeper of the Plains Plaza and Pedestrian Bridges project was completed and dedicated to the public in May 2007. The project included refurbishment of the east bank bike path south almost to the Douglas Street Bridge, or to the point north of the bridge where the Broadview Hotel bike path and riverbank project begins.



- In the fall of 2008, the City Council approved the necessary agreements for the ownership of the 200-room Broadview Hotel to be transferred to DSW Broadview LLC (Drury Southwest, Inc.) and to ultimately allow for \$29 million in substantial renovations. The historic Broadview Hotel was constructed in 1922 at the northwest corner of Douglas and Waco streets, along the east bank of the Arkansas River. Renovations were completed and the Hotel reopened in August 2011. Concurrent with the hotel renovation, the City completed a \$2.2 million project to improve the landscaping and hardscaping of the riverbank between the Broadview and the Arkansas River and to repair and upgrade the stretch of downtown bike path that passes there. These bike path improvements are adjacent to the bike path improvements associated with the Keeper of the Plains project.
- Construction of the WaterWalk Place building and public parking garage has been completed. More than 22,150 of the 29,115 sq. ft. of commercial office and retail space (over 76%) has been leased, and 45 of the 46 available condominiums have been sold.

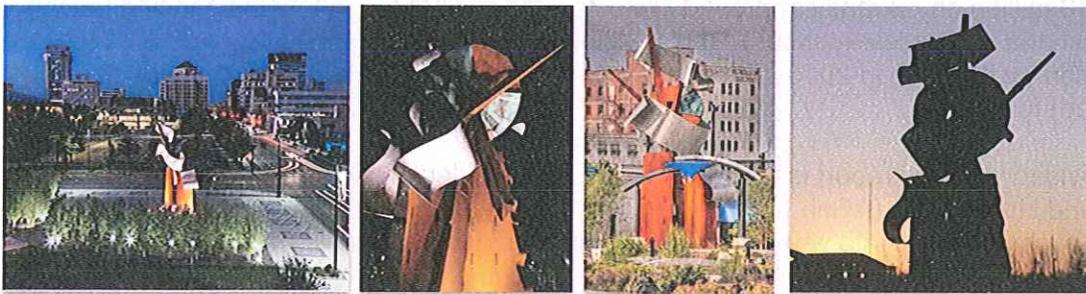


- July 15, 2010 marked the grand opening of the WaterWalk Garden, a beautifully landscaped stream, with small ponds, walkways, a gazebo and public gathering spaces on the west side of the WaterWalk Main Place building. The area has been used to host summer concerts and special events such as a Mother's Day luncheon, a reception for the Honor Flight Veterans, and pre-race dinner in advance of the Komen Race for the Cure event.

- The City Council awarded a construction contract for Waltzing Waters Fountain in November 2011. The project was completed in October of 2012. A plaza area leading from the fountain to the Arkansas River will be designed and constructed in the final phase of the public participation for WaterWalk.



- In the fall of 2010, the City Council approved a contract with nationally renowned artist, Albert Paley, to design and erect a contemporary signature sculpture for the northeast gateway into WaterWalk. The sculpture is completed and located at Main Street and Waterman. The sculpture design includes a brick paved plaza and a backdrop of birch trees, and includes special directional lighting for a unique night time view.



- An agreement was reached in January 2010 for a new 131 room Marriott Fairfield Inn and Suites Hotel. Construction commenced on July 1, 2010 and the hotel opened in June 2011.



- The Kansas Sports Hall of Fame invested \$650,000 to remodel the Wichita Boathouse in order to relocate from Old Town to WaterWalk.

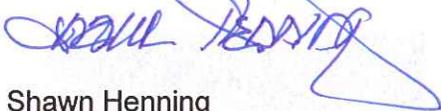


The City of Wichita officially created a redevelopment district in October 2005. The Redevelopment District Plan and designation as a STAR Financing District was officially approved by the Secretary of Commerce in October 2007. In November of 2007, the Kansas Department of Revenue began capturing sales tax revenue from within the district. The base year amount (from which the annual increment is calculated), determined by the sales tax collections within the district a year prior to creation of the district (October 2004 to November 2005), is \$1,167,855. Collections in a calendar year in excess of the base year amount ("the increment") are available for STAR financing. Since November 2007, the STAR District has generated \$11,457,470 for financing eligible STAR projects (see attachment B).

The City of Wichita and the State of Kansas developed a unique approach to the use of STAR resources for the River District project. Because of this project's unique characteristics, particularly since the district did not begin as a "greenfield," but already contained a number of thriving businesses, it was possible to more efficiently use the STAR resources in essentially a "pay-as-you-go" manner. The State and the City outlined procedures to effect this arrangement in a memorandum of understanding (MOU). The City received the first reimbursement under this agreement in 2011 in the amount of \$4,873,000. The second and third reimbursement requests received were for \$1,627,000 and \$1,800,000, respectively. A fourth request has recently been submitted and approved for \$2,300,000. Upon receipt of the recently approved request, the total amount reimbursed would be \$10,600,000. The City still expects to spend entire \$13 million on currently approved projects supported through STAR financing (exclusive of interest and issuance expenses). It is possible that the cost of these projects will be entirely reimbursed by this time in 2015, and by the middle of 2016 (after the base sales tax revenue is recovered) for certain.

Also provided with this report is the most recent Independent Accountant's Report from Allen, Gibbs, and Houlik, L.C. (AGH). This report was commissioned in compliance with K.S.A. 12-17,160, *et seq.*, to evaluate whether STAR Financing resources have been used for only authorized purposes. The report is included as Attachment C.

Sincerely,



Shawn Henning
Director of Finance
City of Wichita
shenning@wichita.gov
(316) 268-4300

Attachments:

- A) Summary of Financial Status
- B) Wichita River District STAR Financing Resource Tracking
- C) Allen, Gibbs & Houlik, L.C (AGH) Audit Report
- D) Wichita WaterWalk Site Map

PROJECT / COMPONENT	Budget	Project-to-Date	Balance Available
		Actual* 12/31/13	
RIVER DISTRICT - SOURCES			
WaterWalk (435352)			
Tax Increment Financing Bonds	22,652,500.00	13,878,243.62	8,774,256.38
Parking Revenue / Other	0.00	110,841.84	(110,841.84)
Federal grant	247,500.00	247,500.00	0.00
Home Rule Bonds (CIP)	13,900,000.00	12,868,919.82	1,031,080.18
STAR Financing - Fountain & Plaza	4,800,000.00	1,555,000.00	3,245,000.00
Administration/interest & issuance	2,111,801.94	1,774,987.85	336,814.09
TOTAL WaterWalk	43,711,801.94	30,435,493.13	13,276,308.81
River Corridor			
Capital Improvement Program Bonds	19,000,000.00	17,978,091.49	1,021,908.51
Federal grant	2,798,214.00	2,798,213.99	0.01
STAR Financing - Keeper/Ped Bridges	6,000,000.00	4,692,730.00	1,307,270.00
STAR Financing - Broadview Riverbank	2,200,000.00	2,052,270.00	147,730.00
Administration/interest & issuance	225,618.94	519,505.91	(293,886.97)
TOTAL River Corridor	30,223,832.94	28,040,811.39	2,183,021.55
TOTAL SOURCES	73,935,634.88	58,476,304.52	15,459,330.36
RIVER DISTRICT - USES			
WaterWalk (435352)			
Land, A&E, Demolition (792382)	7,775,581.04	7,753,773.82	21,807.22
Waterway & Riverbank (792422)	7,702,504.65	6,578,295.81	1,124,208.84
Waltzing Waters Fountain/Plaza (792537)	4,300,000.00	3,732,672.75	567,327.25
Riverbank amenities (792538)	200,000.00	0.00	200,000.00
Parking (792423)	3,687,755.52	3,677,755.52	10,000.00
Parking (792423) HR	6,900,000.00	6,910,000.00	(10,000.00)
Streets and Utilities (792424)	3,342,462.30	3,340,373.30	2,089.00
Public Art (792425)	115,276.67	115,276.67	0.00
Gander Mountain (792426) HR	5,968,919.82	5,968,919.82	0.00
Water Walk - Floating Stage (782582)	307,500.00	260,602.60	46,897.40
Destination Restaurant (792528) HR	1,000,000.00	350.13	999,649.87
Contingency (792488)	300,000.00	0.00	300,000.00
Subtotal WaterWalk	41,600,000.00	38,338,020.42	3,261,979.58
Interest & bond issuance (792458)	1,251,801.94	1,256,357.11	(4,555.17)
Project Management (792457)	860,000.00	518,630.74	341,369.26
TOTAL WaterWalk	43,711,801.94	40,113,008.27	3,598,793.67
River Corridor			
Keeper of the Plains Plaza (405209)	19,368,574.46	18,510,614.03	857,960.43
Arkansas River Pedestrian Bridges (242107)	8,429,639.54	8,429,639.54	0.00
Broadview Riverbank (208459) STAR	2,200,000.00	2,130,950.29	69,049.71
Administration, interest & bond issuance	225,618.94	519,505.91	(293,886.97)
TOTAL River Corridor	30,223,832.94	29,590,709.77	633,123.17
TOTAL USES	73,935,634.88	69,703,718.04	4,231,916.84
USES OVER (UNDER) SOURCES			
WaterWalk (435352)	0.00	(9,677,515.14)	
River Corridor (405209/242107/208459)	0.00	(1,549,898.38)	
TOTAL RIVER DISTRICT¹	0.00	(11,227,413.52)	

*Includes encumbrances.

¹Negative balances reflect expenses not permanently financed and currently offset through temporary notes.

Kansas State Department of Revenue
City of Wichita STAR Financing District Revenue

Date	Deposits	Disbursements	Net	Balance in Fund	City Share
Total CY 08	\$ 1,021,353.20	\$ -	\$ 1,021,353.20		\$ 57,048.33
Running Balance				\$ 1,021,353.20	
Total CY 09	\$ 1,968,354.48	\$ -	\$ 1,968,354.48		\$ 107,652.68
Running Balance				\$ 2,989,707.68	
Total CY 10	\$ 2,145,520.73	\$ -	\$ 2,145,520.73		\$ 111,174.01
Running Balance				\$ 5,135,228.41	
Jan-11	\$ -		\$ -		\$ -
Feb-11		4,873,000.00	\$ (4,873,000.00)		\$ -
Mar-11			\$ -		\$ -
Apr-11			\$ -		\$ -
May-11			\$ -		\$ -
Jun-11	\$ 89,346.12		\$ 89,346.12		\$ 4,105.05
Jul-11	\$ 193,989.47		\$ 193,989.47		\$ 8,943.26
Aug-11	\$ 197,810.86		\$ 197,810.86		\$ 9,376.82
Sep-11	\$ 204,992.89		\$ 204,992.89		\$ 9,733.23
Oct-11	\$ 184,451.06		\$ 184,451.06		\$ 8,773.51
Nov-11	\$ 281,789.08		\$ 281,789.08		\$ 13,277.49
Dec-11	\$ 270,635.98		\$ 270,635.98		\$ 12,722.32
Total CY 11	\$ 1,423,015.46	\$ 4,873,000.00	\$ (3,449,984.54)		\$ 66,931.68
Running Balance				\$ 1,685,243.87	
Jan-12	\$ 1,627,000.00		\$ (1,627,000.00)		\$ -
Feb-12			\$ -		\$ -
Mar-12			\$ -		\$ -
Apr-12	\$ 27,498.76		\$ 27,498.76		\$ 1,294.48
May-12	\$ 277,758.62		\$ 277,758.62		\$ 13,042.74
Jun-12	\$ 184,365.86		\$ 184,365.86		\$ 8,555.73
Jul-12	\$ 251,218.71		\$ 251,218.71		\$ 11,696.53
Aug-12	\$ 326,505.19		\$ 326,505.19		\$ 15,323.63
Sep-12	\$ 214,686.51		\$ 214,686.51		\$ 10,156.05
Oct-12	\$ 227,463.72		\$ 227,463.72		\$ 10,555.59
Nov-12	\$ 330,371.52		\$ 330,371.52		\$ 15,333.93
Dec-12	\$ 266,478.31		\$ 266,478.31		\$ 12,365.95
Total CY 12	\$ 2,106,347.20	\$ 1,627,000.00	\$ 479,347.20		\$ 98,324.63
Running Balance				\$ 2,164,591.07	
Jan-13	\$ 1,800,000.00		\$ (1,800,000.00)		\$ -
Feb-13			\$ -		\$ -
Mar-13			\$ -		\$ -
Apr-13	\$ 199,233.31		\$ 199,233.31		\$ 9,145.20
May-13	\$ 223,251.66		\$ 223,251.66		\$ 10,348.42
Jun-13	\$ 251,525.48		\$ 251,525.48		\$ 11,659.04
Jul-13	\$ 286,995.82		\$ 286,995.82		\$ 13,301.20
Aug-13	\$ 264,979.59		\$ 264,979.59		\$ 12,289.84
Sep-13	\$ 228,063.54		\$ 228,063.54		\$ 10,143.23
Oct-13	\$ 243,929.64		\$ 243,929.64		\$ 11,532.89
Nov-13	\$ 249,635.29		\$ 249,635.29		\$ 11,801.60
Dec-13	\$ 299,739.24		\$ 299,739.24		\$ 14,172.69
Total CY 13	\$ 2,247,353.57	\$ 1,800,000.00	\$ 447,353.57		\$ 104,394.11
Running Balance				\$ 2,611,944.64	
Totals	\$ 10,911,944.64	\$ 8,300,000.00	\$ 2,611,944.64		\$ 545,525.44



CITY OF MANHATTAN

2013 STAR Bond Annual Report

On November 27, 2006, the Kansas Secretary of Commerce approved and designated the Downtown Redevelopment Project as a "special bond project" pursuant to the provisions of K.S.A. 12-1770 *et seq.*, as amended, and on December 28, 2006 approved the issuance of up to \$50,000,000 in STAR bonds. On December 1, 2009, \$50 million in STAR Bonds were issued to finance the construction of the Flint Hills Discovery Center as well as expenses related to land acquisition, public infrastructure, streetscape, landscaping, and a public park within the South End of the Downtown Redevelopment Project Area.

The following report has been generated in compliance with statutory requirements in K.S.A. 12-1774(d).

Status of Project

The North Redevelopment Area is near full build-out with only one location left available for lease. Wheat State Pizza & Paul Mitchell Salon both opened in the spring of 2013. All 158 residential units have been completed on the north-end. As the main revenue generator for STAR Bonds, the North Redevelopment Area is maintaining a level of output consistent with the consultant's report generated in 2009 at the time the bonds were issued.

The Flint Hills Discovery Center opened in April 2012. The immediate success and support of the Flint Hills Discovery Center has been evident with 53,221 visitors in the attendance in 2012. The Flint Hills Discovery Center has over 100 volunteers and has held several free public events educating those who attend about the history of the region. Young minds are expanded through educational classes and a strong partnership exists with the surrounding elementary and secondary schools. Most of all, the Flint Hills Discovery Center offers people of this community and this region a clearer insight into the very special place of the Flint Hills—their home. For more information, visit the Flint Hills Discovery Center Website at <http://www.flinthillsdiscovery.org>.

The Hilton Garden Inn, conference center, and parking garage concluded construction and held a grand opening to the public on November 30, 2011. Conferences, receptions and community events have utilized the Conference Center almost every weekend since its opening. Blue Earth Plaza, across the street from the hotel and conference center, was completed in April 2012. The name Blue Earth Plaza was derived from the name of the Blue Earth Lodge Village that was located near Manhattan and the PrairyErth archaic name for the soils of the region. Blue Earth Plaza features an interactive water feature, outdoor fireplace, and shade structure among extensive landscape plantings. The primary Plaza area surrounding the shade structure was designed as a rentable space for family gatherings, receptions, and public functions.

The City has finalized a development agreement with a local developer which would include two hotels and a mixed use building for the lot referred to as the 'Retail/Theater Tract' in the bond documents. Zoning for the tract was complete in March of 2012. One of the hotels (Candlewood Inn & Suites) opened in April of 2013. The construction of the mixed-use building will be complete by the end of the 2013 with tenants occupying space in the spring of 2014. The Holiday Inn Express is

anticipated to start construction by the end of 2013 and will be completed by the end of 2014. The construction of a 32-unit apartment complex is also expected to begin in 2013 and be completed by the end of 2014 located at the southeast corner of 4th Street and Colorado Street.

Expenditure of Bond Proceeds to Date

The following is an accounting of draws made to date on the STAR Bond proceeds as well as the remaining balance on the budget originally submitted to the State of Kansas.

**CITY OF MANHATTAN KANSAS
TAXABLE SALES TAX SPECIAL OBLIGATION REVENUE BONDS
(DOWNTOWN REDEVELOPMENT PROJECT)
SERIES 2009-1 and 2009-2 STAR Bonds**

-----STAR Bond Budget Submitted to State October 2009, Revised April 2011-----

State of Kansas Star Bond Budget										
				Land Acquisition, Relocation, Demolition	Discovery Center Construction	Discovery Center Design	Parking Garage	Infrastructure & Utilities	Cap-I, DSR, & COI	Total Star Bond Par Amount
2011 Revised Budget				18,120,441	14,561,034	2,536,427	3,169,257	9,011,766	2,601,075	\$ 50,000,000
1)	COI #1	PROJ #1	12/1/2009	(15,813,875)	-	-	-	-	(1,429,014)	\$ (17,242,889)
2)	COI #2		12/2/2009	-	-	-	-	-	(14,041)	\$ (14,041)
3)	COI #3		12/18/2009	-	-	-	-	-	(435)	\$ (435)
4)	COI #4		12/29/2009	-	-	-	-	-	(270)	\$ (270)
5)	COI #5		1/6/2010	-	-	-	-	-	(112,299)	\$ (112,299)
6)	COI #6		2/11/2010	-	-	-	-	-	(744)	\$ (744)
7)	COI #7	PROJ #2	6/1/2010	-	-	-	-	(2,408,844)	(1,008,588)	\$ (3,417,432)
8)		PROJ #3	10/1/2010	(1,792,626)	-	(1,927,073)	-	(84,292)	-	\$ (3,803,991)
9)	CLOSED FUND*		1/6/2011	-	-	-	-	23,516	(35,684)	\$ (12,169)
10)		PROJ #4	2/14/2011	(31,775)	(2,656,842)	(141,648)	-	(789,117)	-	\$ (3,619,382)
11)		PROJ #5	7/11/2011	(449,173)	(3,227,367)	(138,633)	-	(415,951)	-	\$ (4,231,124)
12)		PROJ #6	10/16/2011	(26,223)	(4,223,516)	(69,217)	-	(1,894,682)	-	\$ (6,213,638)
13)		PROJ #7	1/23/2012	(450)	(2,576,561)	(3,845)	(2,228,174)	(1,985,907)	-	\$ (6,794,937)
14)	Interest Earnings		7/31/2012	-	-	-	-	379,563	-	\$ 379,563
15)		PROJ #8	10/3/2012	-	(1,595,001)	(74,295)	-	(1,711,123)	-	\$ (3,380,419)
16)		PROJ #9	1/25/2013	(5,533)	(57,341)	-	-	(161,730)	-	\$ (224,604)
17)	Interest Earnings		8/31/2013	-	-	-	-	2,071	-	\$ 2,071
Total Draws				(18,119,655)	(14,336,628)	(2,354,711)	(2,228,174)	(9,046,496)	(2,601,075)	\$ (48,686,740)
Remaining Budget				786	224,406	181,716	941,083	(34,730)	0	\$ 1,313,260

* The Cost of Issuance (COI) Funds for both the 2009-1 and 2009-2 STAR Bonds were closed at the beginning of 2011. The balance of the 2009-1 Bonds (\$12,168) was transferred to the Debt Service Account while the balance of the 2009-2 bonds (\$23,516) was transferred to the Project Fund Account. For reporting purposes, the balance of the 2009-2 COI Fund has been placed under the Infrastructure and Utilities category; however, these funds can be applied to any expense category.

Anticipated Expenditures

As presented in the table above, the City of Manhattan has spent \$49,068,374 of the \$50,000,000. However, interest earnings in the amount of \$381,634 have been received to date that can also be applied toward project costs. Therefore, the remaining funds available are \$1,313,260. It is anticipated that the final withdrawal of funds will be complete by the beginning of 2014 as final project costs and change orders are realized.

Sales Tax Revenue Collected to Date

The following is a breakdown of the revenue collected within the STAR Bond district since the inception of the project. Please note that the City sales tax and the City's portion of the County sales tax were dedicated to the City's outstanding TIF bonds until the issuance of STAR Bonds in November 2009.

	City Sales Tax (1%)	City's portion of Riley County Sales Tax	State Sales Tax	Total
2005	-	-	\$60,702	\$60,702
2006	-	-	\$992,161	\$992,161
2007	-	-	\$1,679,695	\$1,679,695
2008	-	-	\$1,755,104	\$1,755,104
2009	\$848	\$256	\$2,046,979	\$2,048,083
2010	\$23,747	\$7,241	\$2,843,582	\$2,874,570
2011	\$43,047	\$13,321	\$4,585,316	\$4,641,684
2012	\$75,262	\$23,005	\$5,538,775	\$5,637,042
2013	\$51,421	\$13,004	\$3,064,437	\$3,128,862

As of August 31, 2013

Use of Sales Tax Revenue

Approximately \$6.35 million in sales tax was collected within the STAR Bond district prior to the issuance of the Bonds in November 2009. Part of this revenue resides at the State of Kansas in a reserve fund in the amount of \$5 million. The remaining \$1.35M was transferred to the trustee and was applied to debt service on the bonds. Revenue collected subsequent to November 2009 will be used to finance the debt service on the bonds. Any additional revenues up and above the annual debt service amount will be used to redeem additional bonds beyond the scheduled principal payments.

The first scheduled principal payment on the bonds (\$1,710,000) and interest payments totaling \$2,377,737 were due in 2012. Excess 2012 sales tax revenue was used to call \$2,635,000 in bonds. Only interest payments in the amount of \$2,626,850 were due in 2010 and 2011. However, excess sales tax generated in 2010 and 2011 was used to call \$3.57 million in bonds on June 1, 2011 and \$1.175 million on December 1, 2011. Total debt service scheduled to occur in 2013 is \$3,554,292 (net of federal subsidy).

Projected Revenue Collections

Currently, revenue collections have been keeping pace with the projections formulated by our consultants for use in sizing the STAR Bonds. Given the progression of the development, it is anticipated that future

revenues will continue to come in at a level above the required debt service allowing for STAR Bonds to retire at a faster rate than scheduled.

Anticipated Use of Future Revenue

As shown in the table above, the City of Manhattan has spent approximately \$48.7 million of the \$50 million in STAR Bond proceeds. This includes additional monies generated from interest earnings that are also eligible to be used for project costs. The remaining funds are anticipated to be spent on the following items:

CITY OF MANHATTAN KANSAS
TAXABLE SALES TAX SPECIAL OBLIGATION REVENUE BONDS
(DOWNTOWN REDEVELOPMENT PROJECT)
SERIES 2009-1 and 2009-2 STAR Bonds

-----STAR Bond Budget Submitted to State October 2009, Revised April 2011-----

State of Kansas Star Bond Budget							
	Land Acquisition, Relocation, Demolition	Discovery Center Construction	Discovery Center Design	Parking Garage	Infrastructure & Utilities	Cap-I, DSR, & COI	Total Star Bond Par Amount
2011 Revised Budget	18,120,441	14,561,034	2,536,427	3,169,257	9,011,766	2,601,075	\$ 50,000,000
Remaining Budget	786	224,406	181,716	941,083	(34,730)	0	\$ 1,313,260
Anticipated Drawdown	-	26,328	-	936,404	350,528	-	\$ 1,313,260

Future sales tax collections will continue to be used to pay debt service on the bonds. Given the conservative structure of the bonds and the steady progression of the project, STAR bonds could retire as soon as 2022, four years early.

Additional Information

Additional information related to the Downtown Redevelopment project can be found on the City of Manhattan's website: <http://cityofmnhk.com/>.

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**STAR BOND PROJECT
ANNUAL REPORT
PRAIRIEFIRE AT LIONSGATE**

Status of Prairiefire at Lionsgate STAR Bond Project (“Prairiefire Project”)

In December of 2012 the City of Overland Park issued \$64,990,000 Sales Tax Special Obligation Revenue Bonds (Series 2012) (the “Bonds”) for the Prairiefire Project. Attachment A is a summary of the Bond issue sources and uses.

The Bonds were issued to finance Phase 1 of the Prairiefire Project. Attachment B is a depiction of the Prairiefire Project phases.

Construction of Phase 1 began in January 2013 and is proceeding on schedule, with the first retail stores, Fresh Market and REI scheduled to open on October 1, 2013.

The first American Museum of Natural History exhibit is scheduled to open in temporary space adjacent to the Fresh Market and REI on October 7, 2013. A copy of the grand opening notice is included in Attachment C.

Expenditures of the Bond Proceeds and Estimated Future Expenditures

Through September, 2013 a total of \$26,352,715 in Bond proceeds have been expended. The project is on schedule and project expenditures are expected to be completed by June of 2014.

Collection and Expenditure of the Bond Sales Tax Revenue

No sales tax revenue has been collected within the district as of September, 2013. Sales tax collections are expected to begin October 1, 2013 when REI and Fresh Market open.

Sales tax revenues are projected to be approximately \$3.7M for the year ending October of 2014.

All sales tax revenues are pledged to the repayment of the Bonds.

**ATTACHMENT A
PRAIRIEFIRE AT LIONSGATE
BOND ISSUE SOURCES & USES**

Sales Tax Special Obligation Revenue Bonds (Series 2012) Sources and Uses
--

Issue Amount		64,990,000.00
Underwriter Discounts		(2,074,675.00)
	Net	62,915,325.00
Capitalized Interest		5,258,475.00
Debt Service Reserve		6,499,000.00
Cost of Issuance		606,078.23
Project Fund*		43,351,771.77
Escrowed Project Fund*		7,200,000.00
		62,915,325.00
Total Project Funds*		50,551,771.77

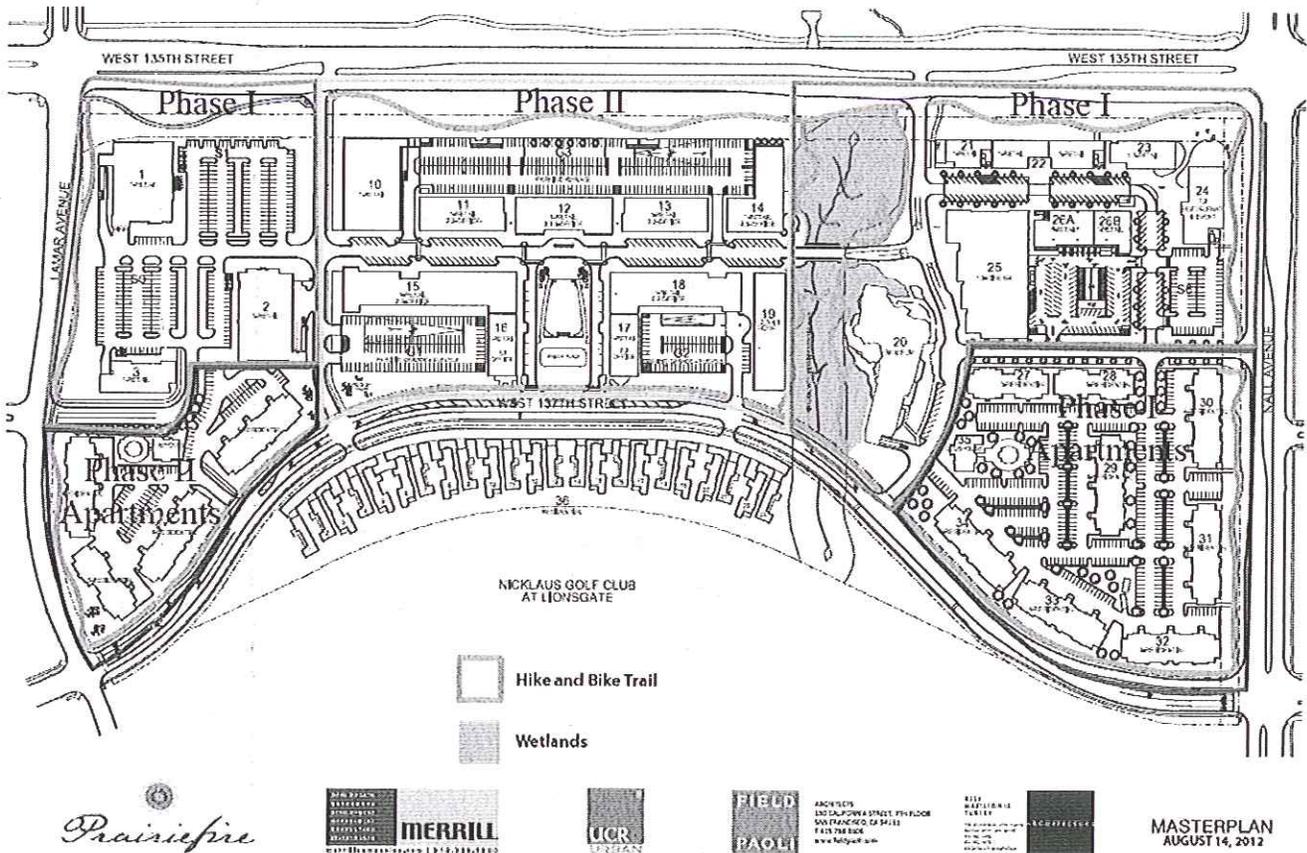
**Pursuant to the terms of the trust indenture for the Bonds, a portion of the proceeds of the Series Bonds are held in escrow until satisfaction of certain performance conditions ("Escrow Release Conditions"). The escrowed funds can be transferred to the Project Fund when the Escrow Release Conditions are satisfied or transferred on May 15, 2014 to the Redemption Account of the Debt Service Fund. The Escrow Release Conditions include requirements related to the completion and full operation of the Museum of Prairiefire and certain retail tenants.*

ATTACHMENT B PRAIRIEFIRE PROJECT DESCRIPTION AND PROJECT PHASES

The Prairiefire at LionsGate Project (the "Project") is located in the vicinity of 135th Street between Lamar Avenue and Nall Avenue in the City of Overland Park, Kansas (the "City"). The Project includes retail, office, hotel and residential uses and features the Museum of Prairiefire (the "Museum"). The 35,000 square foot Museum will host traveling exhibits by New York's American Museum of Natural History and will serve as a regional attraction drawing an estimated 400,000 visitors annually.

The Project is planned to be developed in two phases. Phase 1 Project components include the Museum, approximately 206,000 square feet of retail space, 397,000 square feet of residential space, and development of a portion of the wetlands and interpretive walk areas included in the Project. Phase 2 Project components include office space (279,500) a hotel (89,350 s.f.) and additional retail (157,200 s.f.) and residential development (199,654 s.f.).

The Site Plan and phasing for the Project is depicted below.



ARCHITECT
1001 LAMAR STREET, 10TH FLOOR
SAN FRANCISCO, CA 94103
TEL: 415.778.8000
www.mfgpaoli.com



MASTERPLAN
AUGUST 14, 2012

ATTACHMENT C
SUMMARY OF PRAIRIEFIRE PROJECT
STAR BOND ISSUE

SAVE THE DATE

AMERICAN MUSEUM OF NATURAL HISTORY

The World's Largest Dinosaurs

DINE WITH THE DINOS
MONDAY, OCTOBER 7 - 6 PM

The science behind their size.

VIP Reception for *The World's Largest Dinosaurs*
The Museum of Prairiefire's Sneak Preview Exhibition

Special Guest Dr. Mark A. Norell
Chair and Curator-in-Charge, Division of Paleontology
American Museum of Natural History

MUSEUM OF PRAIRIEFIRE

AMERICAN MUSEUM OF NATURAL HISTORY
Exhibitions at Prairiefire

500 of Lamar Avenue and 135th Street | Overland Park, KS | museumofpf.org | 913.647.5315



Certified Public Accountants
and Management Consultants

Brian J. Florea, CPA
Derek H. Hart, CPA
John R. Helms, CPA
Darrell D. Loyd, CPA
Eric L. Otting, CPA

Jere Noe, CPA
John E. Wendling, CPA
Barry W. Boyles, CPA
Adam C. Crouch, CPA
Heather R. Eichen, CPA
Aaron L. Kuehn, CPA

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

City Council, City of Topeka, Kansas
Secretary, Kansas Department of Commerce

We have examined the City of Topeka, Kansas, Star Bond Project compliance with allowable redevelopment costs as set forth in KSA 12-17,162r and compliance with KSA 12-17,164 to verify that the Star Bond financing did not exceed 50 percent of the redevelopment project costs for the period of August 1, 2012 to July 31, 2013, and from inception to July 31, 2013. Management is responsible for the City of Topeka's compliance with those requirements. Our responsibility is to express an opinion on the City of Topeka's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the City of Topeka's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City of Topeka's compliance with specified requirements.

In our opinion, the City of Topeka, Kansas, complied, in all material respects, with the aforementioned requirements for the period of August 1, 2012 to July 31, 2013, and from inception to July 31, 2013, except KSA 12-17,164, which is not applicable until the project is complete. Appendix 1 sets forth the status of the project to July 31, 2013.

This report is intended solely for the information and use of the City of Topeka, Kansas, and Kansas Department of Commerce and is not intended to be and should not be used by anyone other than these specified parties.

Wendling Noe Nelson & Johnson

Topeka, Kansas
September 6, 2013

CITY OF TOPEKA, KANSAS
HEARTLAND PARK REDEVELOPMENT PROJECT (STAR BONDS)
July 31, 2013

	<u>August 1, 2012 to July 31, 2013</u>	<u>Inception to July 31, 2013</u>	
Total required redevelopment cost			\$20,810,000.00
Project funding			
City of Topeka, Kansas			
General Obligation Bonds	\$ -	\$ 5,820,000.00	
Star Bonds		10,405,000.00	
Bond premiums and discounts		93,742.18	
Grants		1,143,862.22	
Developer payments		<u>214,348.56</u>	
	<u>\$ -</u>	<u>\$17,676,952.96</u>	
Project expenditures			
Qualifying costs	<u>\$ -</u>	<u>17,449,169.96</u>	
Redevelopment costs yet to be incurred and paid			<u>\$ 3,360,830.04</u>



INDEPENDENT ACCOUNTANTS' REPORT

Ms. Shawn Henning
City of Wichita, Kansas

We have performed the procedures enumerated below, which were agreed to by the City of Wichita, Kansas (City) for the purpose of assisting the City in evaluating whether bond financing obtained pursuant to K.S.A. 12-17,160 through 12-17,179, known as the STAR bonds financing act, and any subsequent amendments thereto, was used only for authorized purposes during the City's fiscal year ended December 31, 2012. The City is responsible for expending the proceeds of STAR bond financing for authorized purposes. This agreed upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Procedure: Determination of whether financing obtained under K.S.A. 12-17,160 through 12-17,179 is being used only for authorized purposes — We obtained a detail listing of expenditures that have been reimbursed under K.S.A. 12-17,169 during the City's fiscal year ending December 31, 2012. We noted that the City did not receive any reimbursements related to expenditures incurred during the fiscal year ending December 31, 2012. Therefore, no testing was performed for the year ending December 31, 2012.

Findings: No exceptions were found as a result of applying the procedure.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the State of Kansas and the City, and is not intended to be and should not be used by anyone other than these specified parties.

Allen, Gibbs & Houlik, L.C.

June 13, 2013