COUNCIL DECISION REQUEST

SUBJECT: Event Center Project

MEETING DATE: July 20, 20056

ITEM NO.:

SUBMITTED BY: Fred Carpenter

SUBMITTAL TO AGENDA
APPROVED BY TOWN MANAGER

CSP ITEM: Yes KRA 6, Objective 2 No

TENTATIVE SCHEDULE: Unknown

AMOUNT BUDGETED: N/A

EXPENDITURE REQUIRED: None

CONT. FUNDING REQUIRED: None

EXHIBITS (If Applicable, To Be Attached):

(1) Comparison of lease and sale options
(2) Question and answer e-mail sequence
(3) Event center COP comparisons

RECOMMENDED MOTION

I move to direct staff to:

(1) Proceed to develop a lease with Hospitality Support Group for a portion of the Payson Event Center property and return to Council for consideration and possible action; or
(2) Proceed with a new RFP to allow sale of a portion of the property, with appropriate restrictions for a hotel/conference center facility

SUMMARY OF THE BASIS FOR RECOMMENDED MOTION: At the June 6 special Council meeting, Council directed staff to develop additional information concerning the options of lease or sale for the portion of the event center property proposed for development as a hotel/conference center. Our consultants, Nielsen Fackler Planning and Development, put together a comparison chart of the sale and lease options for your review. During that process, Councilman Blair asked a number of questions via e-mail to which NFPD's Dave Fackler responded and provided additional information. The e-mail sequence among the three of us illuminates this process better than a summary so I have included it as an additional attachment.

A couple points need to be made:

- NFPD has emphasized that the average daily room rates than can be achieved for the hotel project would not support the cost of purchasing the property for the project as currently envisioned;
- Hospitality Support Group is ready to proceed with the project on a lease basis.

I have also attached debt service schedules for certificate of participation issues of $2,900,000 and $900,000, which are the amounts the Town would need to finance to complete the full-scale event center under the lease and sale options, respectively.

COUNCIL DECISION REQUEST

As a result, staff recommends option #1.

In the interest of saving paper, staff has not reproduced the June 6 packet. Please bring that material to the meeting as some of it may be germane to the discussion.

PROS: This project will increase economic development in the community by enhancing tourism.

CONS: Leasing will require that the Town's portion of the project be funded through a certificate of participation or similar bond finance mechanism for a larger proportion of project cost.

PUBLIC INPUT (if any):

BOARD/COMMITTEE/COMMISSION ACTIONS/RECOMMENDATIONS (if any) (give dates and attach minutes):

NOTE: The following options assume an initial fair market value of the project site of $500,000.
Developer proforma indicates that Project can move forward only as a land lease and with the Town's participation in the construction of the Green Valley Parkway to service the hillside Hotel site.

Option One assumes that the hillside site will be leased to the Developer for 55 years

OPTION ONE - LAND LEASE	Assumed Land Value: $ 500,000	15-Year NPV	15-Year Gross	35-Year NPV	35-Year Gross	55-Year NPV	55-Year Gross
TOWN REVENUES & VALUE							
Town All Direct Site General (2.0%)Sales Taxes		$ 1,519,849	$ 2,758,439	$ 2,217,924	$ 7,700,260	$ 2,396,346	$ 14,356,177
Town All Direct Hotel Tax (3.0%)		$ 1,018,269	$ 1,920,999	$ 1,530,048	$ 5,565,227	$ 1,672,079	$ 10,473,473
Planning & Building Fees		$ 88,785	$ 94,160	$ 88,785	$ 94,160	$ 88,785	$ 94,160
Town Government Property Lease Excise Tax (GPLET)		$ 28,815	$ 49,980	$ 35,701	$ 92,821	$ 36,307	$ 110,671
Municipal Service Fee		$ -	$ -	$ 590,781	$ 4,391,024	$ 799,506	$ 11,713,216
Land Market Value at end of Lease Term		$ -	$ -	$ -	$ -	$ 7,902,670	$ 29,478,746
Land Market Value - Deferred Payment Lease		$ -	$ -	$ 692,224	$ 4,900,396	$ 883,213	$ 11,500,518
GROSS TOWN REVENUES		**$ 2,655,718**	**$ 4,823,578**	**$ 5,155,463**	**$ 22,743,888**	**$ 13,778,906**	**$ 77,726,961**
TOWN SUPPLIED - INCENTIVES							
Land Value Writedown - Deferred Payment Lease		$ (429,196)	$ (651,464)	$ (429,196)	$ (651,464)	$ (429,196)	$ (651,464)
Town Participation in Parkway Construction (estimated)		$ (500,000)	$ (784,884)	$ (500,000)	$ (784,884)	$ (500,000)	$ (784,884)
GPLET Lease Property Tax Reduction		$ (24,304)	$ (46,610)	$ (29,847)	$ (69,645)	$ (29,847)	$ (69,645)
NET TOWN REVENUES		**$ 1,702,218**	**$ 3,340,620**	**$ 4,196,420**	**$ 21,237,895**	**$ 12,819,863**	**$ 76,220,968**
Other Jurisdictions Government Property Lease Excise Tax (GPLET)		$ 989,369	$ 1,716,120	$ 1,225,820	$ 3,187,079	$ 1,246,625	$ 3,799,979

Option Two assumes that the site is sold for $500,000

OPTION TWO - LAND SALE	Assumed Land Value: $ 500,000	15-Year NPV	15-Year Gross	35-Year NPV	35-Year Gross	55-Year NPV	55-Year Gross
TOWN REVENUES & VALUE							
Town All Direct Site General (2.0%)Sales Taxes		$ 1,519,849	$ 2,758,439	$ 2,217,924	$ 7,700,260	$ 2,396,346	$ 14,356,177
Town All Direct Hotel Tax (3.0%)		$ 1,018,269	$ 1,920,999	$ 1,530,048	$ 5,565,227	$ 1,672,079	$ 10,473,473
Planning & Building Fees		$ 88,785	$ 94,160	$ 88,785	$ 94,160	$ 88,785	$ 94,160
Town Property Tax		$ 53,102	$ 96,552	$ 76,738	$ 263,876	$ 83,260	$ 489,237
Land Sale Assumed Market Value		$ 500,000	$ 500,000	$ 500,000	$ 500,000	$ 500,000	$ 500,000
GROSS TOWN REVENUES		**$ 3,180,005**	**$ 5,370,150**	**$ 4,413,495**	**$ 14,123,523**	**$ 4,740,470**	**$ 25,913,047**
TOWN SUPPLIED - INCENTIVES							
Town Participation in Parkway Construction (estimated)		$ (500,000)	$ (784,884)	$ (500,000)	$ (784,884)	$ (500,000)	$ (784,884)
NET TOWN REVENUES		**$ 2,680,005**	**$ 4,585,266**	**$ 3,913,495**	**$ 13,338,639**	**$ 4,240,470**	**$ 25,128,163**
Other Jurisdictions Property Taxes		$ 1,820,872	$ 3,310,755	$ 2,631,344	$ 9,048,256	$ 2,854,959	$ 16,775,837

Option Three assumes that the site is sold to the Developer for $2,000,000

OPTION THREE - LAND SALE	Assumed Land Value: $ 2,000,000	15-Year NPV	15-Year Gross	35-Year NPV	35-Year Gross	55-Year NPV	55-Year Gross
TOWN REVENUES & VALUE							
Town All Direct Site General (2.0%)Sales Taxes		$ 1,519,849	$ 2,758,439	$ 2,217,924	$ 7,700,260	$ 2,396,346	$ 14,356,177
Town All Direct Hotel Tax (3.0%)		$ 1,018,269	$ 1,920,999	$ 1,530,048	$ 5,565,227	$ 1,672,079	$ 10,473,473
Planning & Building Fees		$ 88,785	$ 94,160	$ 88,785	$ 94,160	$ 88,785	$ 94,160
Town Property Tax		$ 62,582	$ 113,783	$ 90,437	$ 310,982	$ 98,123	$ 576,573
Land Sale Assumed Market Value		$ 2,000,000	$ 2,000,000	$ 2,000,000	$ 2,000,000	$ 2,000,000	$ 2,000,000
GROSS TOWN REVENUES		**$ 4,689,485**	**$ 6,887,381**	**$ 5,927,194**	**$ 15,670,629**	**$ 6,255,333**	**$ 27,500,383**
TOWN SUPPLIED - INCENTIVES							
Town Participation in Parkway Construction (estimated)		$ (500,000)	$ (784,884)	$ (500,000)	$ (784,884)	$ (500,000)	$ (784,884)
NET TOWN REVENUES		**$ 4,189,485**	**$ 6,102,497**	**$ 5,427,194**	**$ 14,885,744**	**$ 5,755,333**	**$ 26,715,499**
Other Jurisdictions Property Taxes		$ 2,145,924	$ 3,901,773	$ 3,101,077	$ 10,663,501	$ 3,364,610	$ 19,770,562

Carpenter, Fred

From: Dave Fackler [facklers1sw@cox.net]
Sent: Friday, June 23, 2006 11:04 AM
To: Carpenter, Fred
Cc: 'Steven Nielsen'
Subject: FW: FW: More Numbers

Sorry, the attachment is attached now

From: Dave Fackler [mailto:facklers1sw@cox.net]
Sent: Friday, June 23, 2006 11:02 AM
To: 'Carpenter, Fred'
Cc: 'Steven Nielsen'
Subject: RE: FW: More Numbers

Fred;
I'll follow Mr. Blair's numbering used in his email below.

1) I've not seen the appraisal; so I can't really tell you why. As I understand in talking with you and Bruce the appraiser who appraised the land performed a highest and best use appraisal which compared sales data from other commercial and residential sales in the Payson area and did not do a reuse appraisal specifically for the proposed Hotel and Conference Center reuse.

2) You will recall that in the previous proposal to develop the Hotel on the rodeo grounds Bruce had proposed that the Town sell him the hillside for residential. He proposed that he could pay upwards to $15,000 per unit for approximately 90 units of for-sale housing ($1,350,000) to be developed on the hillside.

3) Bruce has said the same thing to me; that it would take an increase in ADR of $20 to pay for the site. That does not mean that he can unilaterally raise the rates of the proposed hotel by $20. The hotel as proposed will require at least a 75% of value loan; the lending agency will want proof of the available ADR's by an independent market analysis, which Bruce has already had done by the Holt Advisory Group. The market feasibility study indicates that the available ADR's in Payson for the targeted 2008 opening would be $95.61 (inflated) or for finance purposes $90.75 (adjusted). These rate are projected to raise in the first five years of operation to $107.61 (inflated) and $107.50 (stabilized adjusted). Bruce has used these market study ADR's in his project proforma for the hillside development of the Hotel. Bruce' proforma, which is liberal, includes the use of a $500,000 prepaid 55-year lease of the property; $500,000 allowance for the extension of the Green Valley Parkway to service the hillside site and the use of the 100% rebate of the 2% development surcharge. Bruce's proforma (which I have reviewed) shows that the Hotel with a 25% equity investment has a cumulative cash flow deficit through the 6th year of operations and a 10-year internal rate of return of -3.4% and would not provide the required loan coverage. If, the additional $20 in ADR could be achieved, which would place the hotel at the top of the ADR's in Northern Arizona, the proforma would achieve a positive cash flow in year one and would have a 10-year IRR of 12.1%, still below investor and industry standards. If you keep the rates at the ADR+$20 level and increase the cost of the hillside site to $2 million, the number then drop back to a negative cash flow through year three and a 10-year IRR of 1.6%. Of course this assumes that you can achieve ADR's at or above those being achieved in best hotel/resorts Sedona.

4) I'm attaching the Economic Forecast comparisons that include Option 3 for a hillside hotel developed on land purchased from the Town for $2,000,000. The 55-Year Net Present Value comparison is as follows:
Option One: **55-Year NPV=$13,675,772**; Lease the site for 55 years, based on a $500,000 current value with a 15-year $0 deferred rate.
Option Two: **55-Year NPV=$4,240,470**; $500,000 sale of the site for the development of the Hotel
Option Three: 55-year NPV=$5,755,333; $2 Million sale of the site for the development of the Hotel

If you need additional work completed please advise.

THX.
Dave

From: Carpenter, Fred [mailto:FCarpenter@ci.payson.az.us]
Sent: Thursday, June 22, 2006 2:43 PM
To: facklers1sw@cox.net
Subject: FW: FW: More Numbers

Can you help with this information?

Fred
-----Original Message-----
From: Ed Blair External
Sent: Thursday, June 22, 2006 8:30 AM
To: Carpenter, Fred
Cc: Edwards, Bob
Subject: RE: FW: More Numbers

Fred,
thanks for trying.
1) So why did we get a $2.3 mill estimate for the land? Did not the estimator know about the planned hotel? Did he think it was for residences?

2) why does the previous information about the area mention 100 new family homes and even 200 new homes? Where are these?

3) back to rooms: I heard Bruce say he would need to raise the rates $20 per room. So???? this is proposed for conventions where the costs are usually paid by companies, right? Since it is not a "mom and pop" motel or motel 6, so why wouldn't they pay more???

Why can't Dave simply do the same 8x10 chart with the sale instead of lease? This meager "footnote" at the bottom of an email does not satisfy me. Is is extremely difficult to compare the two options. Ed

Please forward Dave's response and my above questions to all the Council as I don't have the patience to type in all the names.

To ensure compliance with the Open Meeting Law, recipients of this message should not forward it to other Payson Town Council members and Council members should not reply to this message.

-------- Original Message --------
Subject: FW: More Numbers
From: "Carpenter, Fred" <FCarpenter@ci.payson.az.us>

Date: Wed, June 21, 2006 1:28 pm
To: "Blair, Ed" <eblair@ci.payson.az.us>

I'm forwarding you some additional information the consultants provided. They do not feel the land can be sold for $2 + million and make a hotel "pencil out". Let me know if you would like more information.

Fred

[Carpenter, Fred] **-----Original Message-----**
From: Dave Fackler [mailto:facklers1sw@cox.net]
Sent: Wednesday, June 21, 2006 11:28 AM
To: Carpenter, Fred
Subject: RE: More Numbers

Fred;
The net present value of selling the land for $2,000,000 is $2,000,000; if it is sold for for-sale residential development, which would appear to be the only market at that land price.. The Town would not receive any additional direct on-site benefit from residential development other than some planning and building fees and the sales tax on the initial construction of the units. There would be no direct sales tax, bed tax, municipal service fee, development surcharge and no property tax from the residential development. It appears that your councilmembers would like to know what the long term benefit would be of selling the land for $2,000,000 and still having a Hotel & Conference facility built with all of its additional benefits. The problem with creating that type of model is that the Hotel and Conference Center can't be built on $2,000,000 land. The biggest draw back to making it work is that Average Daily Room Rates ($95-$105) just don't support that level of investment, especially when you factor in the increased costs associated with the hillside development of the Hotel.
I can create the model, but it would appear to be an unusable effort.
Let me know and I'll work on it this evening, if you want.
THX.
Dave

From: Carpenter, Fred [mailto:FCarpenter@ci.payson.az.us]
Sent: Wednesday, June 21, 2006 8:32 AM
To: facklers1sw@cox.net
Subject: RE: More Numbers
One of my councilmembers asked me for the "net" benefit to the Town over the 55 year term of selling the property for $2,000,000 versus leasing the property as we have been planning. He wants us to compare the different bond issue payoff costs of those two scenarios. I'm not sure all the questions are answered by this e-mail - call me if you want to discuss it further.
Fred
602 254-0481 ext 262

-----Original Message-----
From: Dave Fackler [mailto:facklers1sw@cox.net]
Sent: Tuesday, June 20, 2006 3:48 PM
To: Carpenter, Fred
Cc: 'Steven Nielsen'
Subject: More Numbers

Fred and Steve;
Here are the numbers as I understood you wanted them.
Assumptions:
Sale of Land: $2,000,000 Most likely for high density for-sale housing (90-120 units minimum)
Rodeo Costs: $2,900,000
Remaining debt: $ 900,000
Debt Service Assumptions:
Loan Amount $900,000 $900,000

Interest rate:	6.25%	$5.25% (assume internal loan)
Term:	30 year	55 year
Annual Payment:	$67,143	$50,263
Total Cost for Term:	$2,014,277	$2,764,479

THX.

Dave

SOURCES AND USES OF FUNDS

Payson Event Center
Certificates of Participation
Series 2007 (15 Year Term)
Scenario 1

Dated Date	01/01/2007
Delivery Date	01/01/2007

Sources:	
Bond Proceeds:	
Par Amount	3,705,000.00
	3,705,000.00
Uses:	
Project Fund Deposits:	
Construction Fund	2,900,000.00
Other Fund Deposits:	
Debt Service Reserve Fund*	370,500.00
Capitalized Interest Fund**	291,295.83
	661,795.83
Delivery Date Expenses:	
Cost of Issuance	50,000.00
Underwriter's Discount	92,625.00
	142,625.00
Other Uses of Funds:	
Additional Proceeds	579.17
	3,705,000.00

Notes:
* Equal to 10% of the par amount of Certificates - Funds held by Trustee Bank for benefit of Certificate holders. Liquidated at end of lease term to make final year's payment.
** Interest Funded on the COPs for 20 months. First payment due from Town on March 1, 2009.

BOND DEBT SERVICE

Payson Event Center
Certificates of Participation
Series 2007 (15 Year Term)
Scenario 1

Period Ending	Principal	Coupon (1)	Interest	Debt Service	Annual Debt Service
01/01/2007					
09/01/2007			116,518.33	116,518.33	116,518.33
03/01/2008			87,388.75	87,388.75	
09/01/2008			87,388.75	87,388.75	174,777.50
03/01/2009			87,388.75	87,388.75	
09/01/2009	215,000	4.100%	87,388.75	302,388.75	389,777.50
03/01/2010			82,981.25	82,981.25	
09/01/2010	225,000	4.200%	82,981.25	307,981.25	390,962.50
03/01/2011			78,256.25	78,256.25	
09/01/2011	235,000	4.300%	78,256.25	313,256.25	391,512.50
03/01/2012			73,203.75	73,203.75	
09/01/2012	245,000	4.500%	73,203.75	318,203.75	391,407.50
03/01/2013			67,691.25	67,691.25	
09/01/2013	255,000	4.600%	67,691.25	322,691.25	390,382.50
03/01/2014			61,826.25	61,826.25	
09/01/2014	265,000	4.700%	61,826.25	326,826.25	388,652.50
03/01/2015			55,598.75	55,598.75	
09/01/2015	280,000	4.750%	55,598.75	335,598.75	391,197.50
03/01/2016			48,948.75	48,948.75	
09/01/2016	295,000	4.800%	48,948.75	343,948.75	392,897.50
03/01/2017			41,868.75	41,868.75	
09/01/2017	305,000	4.850%	41,868.75	346,868.75	388,737.50
03/01/2018			34,472.50	34,472.50	
09/01/2018	320,000	4.900%	34,472.50	354,472.50	388,945.00
03/01/2019			26,632.50	26,632.50	
09/01/2019	340,000	4.950%	26,632.50	366,632.50	393,265.00
03/01/2020			18,217.50	18,217.50	
09/01/2020	355,000	5.000%	18,217.50	373,217.50	391,435.00
03/01/2021			9,342.50	9,342.50	
09/01/2021	370,000	5.050%	9,342.50	379,342.50	388,685.00
	3,705,000		1,664,153.33	5,369,153.33	5,369,153.33

Notes:
(1) Assumes Certificates of Participation are issued on a non-rated basis with an optional call date of September 1, 2011 (5-year call). Interest rates subject to change based on market conditions at the time of sale.

NET DEBT SERVICE

Payson Event Center
Certificates of Participation
Series 2007 (15 Year Term)
Scenario 1

Date	Principal	Interest	Total Debt Service	General Fund	Debt Service Reserve Fund*	Capitalized Interest Fund**	Net Debt Service	Annual Net D/S
09/01/2007		116,518.33	116,518.33	-9,880	9,880	116,518.33		
03/01/2008		87,388.75	87,388.75	-7,410	7,410	87,388.75		
09/01/2008		87,388.75	87,388.75	-7,410	7,410	87,388.75		
03/01/2009		87,388.75	87,388.75	24,700	7,410		55,278.75	
09/01/2009	215,000	87,388.75	302,388.75		7,410		294,978.75	350,257.50
03/01/2010		82,981.25	82,981.25		7,410		75,571.25	
09/01/2010	225,000	82,981.25	307,981.25		7,410		300,571.25	376,142.50
03/01/2011		78,256.25	78,256.25		7,410		70,846.25	
09/01/2011	235,000	78,256.25	313,256.25		7,410		305,846.25	376,692.50
03/01/2012		73,203.75	73,203.75		7,410		65,793.75	
09/01/2012	245,000	73,203.75	318,203.75		7,410		310,793.75	376,587.50
03/01/2013		67,691.25	67,691.25		7,410		60,281.25	
09/01/2013	255,000	67,691.25	322,691.25		7,410		315,281.25	375,562.50
03/01/2014		61,826.25	61,826.25		7,410		54,416.25	
09/01/2014	265,000	61,826.25	326,826.25		7,410		319,416.25	373,832.50
03/01/2015		55,598.75	55,598.75		7,410		48,188.75	
09/01/2015	280,000	55,598.75	335,598.75		7,410		328,188.75	376,377.50
03/01/2016		48,948.75	48,948.75		7,410		41,538.75	
09/01/2016	295,000	48,948.75	343,948.75		7,410		336,538.75	378,077.50
03/01/2017		41,868.75	41,868.75		7,410		34,458.75	
09/01/2017	305,000	41,868.75	346,868.75		7,410		339,458.75	373,917.50
03/01/2018		34,472.50	34,472.50		7,410		27,062.50	
09/01/2018	320,000	34,472.50	354,472.50		7,410		347,062.50	374,125.00
03/01/2019		26,632.50	26,632.50		7,410		19,222.50	
09/01/2019	340,000	26,632.50	366,632.50		7,410		359,222.50	378,445.00
03/01/2020		18,217.50	18,217.50		7,410		10,807.50	
09/01/2020	355,000	18,217.50	373,217.50		7,410		365,807.50	376,615.00
03/01/2021		9,342.50	9,342.50		7,410		1,932.50	
09/01/2021	370,000	9,342.50	379,342.50		377,910		1,432.50	3,365.00
	3,705,000	1,664,153.33	5,369,153.33	0	587,860	291,295.83	4,489,997.50	4,489,997.50

SOURCES AND USES OF FUNDS

Payson Event Center
Certificates of Participation
Series 2007 (15 Year Term)
Scenario 2

Dated Date	01/01/2007
Delivery Date	01/01/2007

Sources:	
Bond Proceeds:	
Par Amount	1,170,000.00
	1,170,000.00

Uses:	
Project Fund Deposits:	
Construction Fund	900,000.00
Other Fund Deposits:	
Debt Service Reserve Fund*	117,000.00
Capitalized Interest Fund**	91,975.00
	208,975.00
Delivery Date Expenses:	
Cost of Issuance	25,000.00
Underwriter's Discount	35,100.00
	60,100.00
Other Uses of Funds:	
Additional Proceeds	925.00
	1,170,000.00

Notes:
* Equal to 10% of the par amount of Certificates - Funds held by Trustee Bank for benefit of Certificate holders. Liquidated at end of lease term to make final year's payment.
** Interest Funded on the COPs for 20 months. First payment due from Town on March 1, 2009.

BOND DEBT SERVICE

Payson Event Center
Certificates of Participation
Series 2007 (15 Year Term)
Scenario 2

Period Ending	Principal	Coupon (1)	Interest	Debt Service	Annual Debt Service
01/01/2007					
09/01/2007			36,790.00	36,790.00	36,790.00
03/01/2008			27,592.50	27,592.50	
09/01/2008			27,592.50	27,592.50	55,185.00
03/01/2009			27,592.50	27,592.50	
09/01/2009	70,000	4.100%	27,592.50	97,592.50	125,185.00
03/01/2010			26,157.50	26,157.50	
09/01/2010	70,000	4.200%	26,157.50	96,157.50	122,315.00
03/01/2011			24,687.50	24,687.50	
09/01/2011	75,000	4.300%	24,687.50	99,687.50	124,375.00
03/01/2012			23,075.00	23,075.00	
09/01/2012	75,000	4.500%	23,075.00	98,075.00	121,150.00
03/01/2013			21,387.50	21,387.50	
09/01/2013	80,000	4.600%	21,387.50	101,387.50	122,775.00
03/01/2014			19,547.50	19,547.50	
09/01/2014	85,000	4.700%	19,547.50	104,547.50	124,095.00
03/01/2015			17,550.00	17,550.00	
09/01/2015	90,000	4.750%	17,550.00	107,550.00	125,100.00
03/01/2016			15,412.50	15,412.50	
09/01/2016	95,000	4.800%	15,412.50	110,412.50	125,825.00
03/01/2017			13,132.50	13,132.50	
09/01/2017	95,000	4.850%	13,132.50	108,132.50	121,265.00
03/01/2018			10,828.75	10,828.75	
09/01/2018	100,000	4.900%	10,828.75	110,828.75	121,657.50
03/01/2019			8,378.75	8,378.75	
09/01/2019	105,000	4.950%	8,378.75	113,378.75	121,757.50
03/01/2020			5,780.00	5,780.00	
09/01/2020	110,000	5.000%	5,780.00	115,780.00	121,560.00
03/01/2021			3,030.00	3,030.00	
09/01/2021	120,000	5.050%	3,030.00	123,030.00	126,060.00
	1,170,000		525,095.00	1,695,095.00	1,695,095.00

Notes:
(1) Assumes Certificates of Participation are issued on a non-rated basis with an optional call date of September 1, 2011 (5-year call). Interest rates subject to change based on market conditions at the time of sale.

NET DEBT SERVICE

Payson Event Center
Certificates of Participation
Series 2007 (15 Year Term)
Scenario 2

Date	Principal	Interest	Total Debt Service	General Fund	Debt Service Reserve Fund*	Capitalized Interest Fund**	Net Debt Service	Annual Net D/S
09/01/2007		36,790.00	36,790.00	-3,120	3,120	36,790.00		
03/01/2008		27,592.50	27,592.50	-2,340	2,340	27,592.50		
09/01/2008		27,592.50	27,592.50	-2,340	2,340	27,592.50		
03/01/2009		27,592.50	27,592.50	7,800	2,340		17,452.50	
09/01/2009	70,000	27,592.50	97,592.50		2,340		95,252.50	112,705.00
03/01/2010		26,157.50	26,157.50		2,340		23,817.50	
09/01/2010	70,000	26,157.50	96,157.50		2,340		93,817.50	117,635.00
03/01/2011		24,687.50	24,687.50		2,340		22,347.50	
09/01/2011	75,000	24,687.50	99,687.50		2,340		97,347.50	119,695.00
03/01/2012		23,075.00	23,075.00		2,340		20,735.00	
09/01/2012	75,000	23,075.00	98,075.00		2,340		95,735.00	116,470.00
03/01/2013		21,387.50	21,387.50		2,340		19,047.50	
09/01/2013	80,000	21,387.50	101,387.50		2,340		99,047.50	118,095.00
03/01/2014		19,547.50	19,547.50		2,340		17,207.50	
09/01/2014	85,000	19,547.50	104,547.50		2,340		102,207.50	119,415.00
03/01/2015		17,550.00	17,550.00		2,340		15,210.00	
09/01/2015	90,000	17,550.00	107,550.00		2,340		105,210.00	120,420.00
03/01/2016		15,412.50	15,412.50		2,340		13,072.50	
09/01/2016	95,000	15,412.50	110,412.50		2,340		108,072.50	121,145.00
03/01/2017		13,132.50	13,132.50		2,340		10,792.50	
09/01/2017	95,000	13,132.50	108,132.50		2,340		105,792.50	116,585.00
03/01/2018		10,828.75	10,828.75		2,340		8,488.75	
09/01/2018	100,000	10,828.75	110,828.75		2,340		108,488.75	116,977.50
03/01/2019		8,378.75	8,378.75		2,340		6,038.75	
09/01/2019	105,000	8,378.75	113,378.75		2,340		111,038.75	117,077.50
03/01/2020		5,780.00	5,780.00		2,340		3,440.00	
09/01/2020	110,000	5,780.00	115,780.00		2,340		113,440.00	116,880.00
03/01/2021		3,030.00	3,030.00		2,340		690.00	
09/01/2021	120,000	3,030.00	123,030.00		119,340		3,690.00	4,380.00
	1,170,000	525,095.00	1,695,095.00	0	185,640	91,975.00	1,417,480.00	1,417,480.00

EVENT CENTER RECONFIGURATION
ESTIMATE OF PROBABLE COST
MARCH 8, 2006
REVISED 7-18-06 TO INCLUDE PHASING

Item	Estimated Cost Phase 1	Phase 2
Onsite Utility Relocation (Water, Sewer, Elec)	$50,000.00	$0.00
Bleacher Relocation	$56,000.00	$0.00
Pens/Arena Fencing/Panel Relocation	$20,000.00	$0.00
Site Fencing	$50,000.00	$0.00
Relocate Arena Dirt	$10,000.00	$0.00
Relocate Parking Lot Base Material	$48,000.00	$0.00
Site Grading - Excluding Asphalt	$375,000.00	$0.00
Judges Stand	$20,000.00	$0.00
Ticket Booth	$25,000.00	$0.00
Landscaping	$0.00	$100,000.00
Light Practice Arena	$0.00	$35,000.00
Pave 500 Parking Stalls	$0.00	$250,000.00
Parking Lot Lights	$0.00	$30,000.00
Construct Offsite Detention	$150,000.00	$0.00
	$804,000.00	$415,000.00
25% Contingency	$201,000.00	$103,750.00
Estimated Construction Total	$1,005,000.00	$518,750.00
Event Center Cover (incl. Restrooms, lights, etc) Per Bill	$1,000,000.00	$0.00
Construction Total, Including Event Center Cover	$2,005,000.00	$518,750.00
Land Acquisition for Detention Basin	$250,000.00	$0.00
Grand Total	$2,255,000.00	$518,750.00

These estimates are based on the site plan received 3-6-06

Addendum to: JUL 2 0 2006 Sp. 2