



To: Matt Stiffler
From: Crawford Hoying
Date: September 4, 2020
Re: Block F Bonds

Matt,

The following is intended to summarize additional information as a follow up to the questions posed by Council and Staff following the memo dated August 21, 2020 and the ensuing Council Meeting on August 24, 2020.

Of note, the total size and debt service of the FBlock refinance referenced in prior discussions will not be impacted by Council's decision on the matter. The question at issue is whether the funding of a revenue shortfall to the ABlock bonds debt service which is a direct result of the impacts of Covid is allowable under the Development Agreement.

Background	
Why is Crawford Hoying asking Council for this use to be permitted under the development agreement?	Crawford Hoying is requesting that \$340,000 of bond proceeds from the refinance of the FBlock Bonds be permitted to fund a revenue escrow to cure a Covid-19 related short-term gap in revenues for the ABlock Bond Issuance. Without the funding of this escrow, an additional tax of 2.9 mils will be levied across Bridge Park and will be paid by the residents and commercial owners within the district.
Are there other relief programs that could be used to solve this problem?	<p>No. The shortfall of revenues is specifically related to the collection of percentage of sales revenues from the Event Center and the tax on revenues at the AC Hotel and the Home 2 Hotel. There are not programs that would be available to support those types of revenue streams.</p> <p>Both hotels did procure PPP funds to be used on allowable operating expenses allowing both to escrow to pay their full Real Estate Taxes. In the case of the AC Hotel, \$700,000 of Real Estate Taxes are directed to pay the debt service for the ABlock Public Improvements which allowed this shortfall to not be further expanded.</p>
How is Crawford Hoying helping to lessen the impact of Covid-19 on Bridge Park businesses?	Crawford Hoying has provided more than \$1.2MM in financial assistance for the tenants at Bridge Park that were most impacted by the pandemic.

<p>Are a portion of the FBlock funds being redirected to Crawford Hoying?</p>	<p>No. All funds from the FBlock refinance are being used toward allowable public expenditures under the Development Agreement which are meant to finance the public portions of the district (such as garages and public spaces, including the public market).</p> <p>The TIF Revenue from FBlock is being requested to replace a revenue shortfall to cover the debt service for the bonds that funded the public improvements at ABlock.</p> <p>The question before Council is whether to include the ABlock Bond Revenue Escrow Fund as an allowable public expenditure which is neither currently prohibited nor permitted in the agreement.</p> <p>Crawford Hoying is not the beneficiary of any TIF Revenues but rather facilitates their use for the construction of public improvements.</p>
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Results of the Vote	City Council Votes Yes: Allows Funding of ABlock Bond Revenue Escrow Fund	City Council Votes No: Does not allow Funding of ABlock Bond Revenue Escrow Fund
<p>Size of the FBlock Refinance</p>	<p>7,600,000</p>	<p>7,600,000</p>
<p>Will any taxpayer face an increase in taxes or governmental assessments?</p>	<p>No. There will be no change to the taxes or assessments applicable to any taxpayer.</p>	<p>Yes. Per the ABlock Bond Agreements, each parcel within the Bridge Park New Community Authority (“BP NCA”) will be assessed a 2.9 mills charge on the value of that property in addition to their current taxes in 2021 and a 1.7 mills charge in 2022. This will impact all residential condominium owners and commercial tenants within the BP NCA.</p>

<p>Will there be an impact on the viability of any other portion of Bridge Park based on Council’s decision?</p>	<p>No. Based on the savings associated with the current interest rates, additional usable bond proceeds are available from the revenues originally pledged to the FBlock Temporary Bonds. Those additional proceeds are being used for a variety of additional public improvements at Bridge Park which are allowable under the Development Agreement.</p> <p>The \$340,000 revenue escrow is being requested as an allowable use of these additional bond proceeds. If the revenue escrow is not approved, the additional bond proceeds will be used to increase the funds being allocated to the pre-development and sitework costs associated with the GBlock Garage. This garage is projected to be completed without alteration to prior plans.</p> <p>Crawford Hoying has previously ensured that the public spaces in Bridge Park are constructed with the utmost quality when bond proceeds were unavailable through the subsidy of private funds.</p> <p>For example, Crawford Hoying has expended more than two million dollars of private money toward allowable public costs in prior blocks where circumstances reduced the amount of available proceeds.</p>
<p>Will there be any impact to the city’s position in FBlock Waterfall?</p>	<p>No. Debt Service and Projected Cashflow to the City would be the same because the total amount of the bond issuance will not change regardless of Council’s decision.</p>
<p>How do the hotel bed tax charges work?</p>	<p>Hotel bed taxes are a primary source of funding for the debt service used to fund the public improvements at ABlock. None of the hotels of Bridge Park are the beneficiaries of bed tax dollars, however each assesses bed taxes to their patrons. Most of the bed tax dollars pledged to the Bridge Park public improvements are sourced from an NCA assessment that is in excess of the bed taxes charged to any other hotel in Dublin. The proposal in front of Council has no impact on the allocation of those proceeds under the Development Agreement.</p>

Does Council’s vote on this matter set a precedent for this type of funding as an allowable expenditure?	<p>No. The revenue shortfall is uniquely related to the near-term economic hardship resulting from a once-in-a-generation pandemic. The pandemic has resulted in a significant decline in hospitality revenues nationwide, and this decline has resulted in a corresponding impact on Percentage Rent from the Event Center and a decrease in Bed Tax and NCA Tax charge on revenues from the Dublin AC Marriott and the Home 2 Hotel. Absent the short and mid-term impacts of Covid-19, there would not be a public debt shortfall to address. Crawford Hoying is aware of no other issuances of public debt in the city of Dublin that are similarly impacted by the pandemic.</p>
Are there concerns about the health and success of Bridge Park as a whole in light of the current state of the economy?	<p>Bridge Park remains well positioned in the market both to persevere through the remainder of the pandemic and also to return stronger as current health and safety restrictions are lifted. Residential leasing has remained very strong and delinquency rates are in line with pre-Covid trends despite the economic hardship that many are facing. While the short-term economic impacts of this pandemic have been painful, both Crawford Hoying and Bridge Park remain strong financially which has allowed necessary support to be provided to the commercial tenants.</p>