

Tanger Center Project & Financing Update: May, 2015

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 \$65 million, to be funded from City contributions of \$30 million and private donations of \$35 million.

Project Status

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|-------------------------------|--|
| September 2013 | Purchase of downtown property for the Tanger Center authorized |
| March 2014 | Approved Memorandum of Understanding with Community Foundation |
| August 2014 | Awarded design services contracts |
| January 2015 | Approve Construction Manager at Risk contract |
| By May 2015 | Site demolition and Clearing |
| By October 2015 | Approve Construction Contract |
| Oct. 2015 – June/July 2017 | 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:

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|----------------|---|
| 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 | Requested approval of \$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 2015 – 2016). The property loan is being refinanced and consolidated into one loan amount of \$30M at this time for several reasons. First, there will ultimately be one loan of \$30M with one deed of trust on the project that the City is financing. Secondly, two portions of the property currently mortgaged will be 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 is to be 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. Bank fees/interest will be higher if the loan is closed in 2015. |

January 2017 The \$30M short-term construction loan was 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 \$51M 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 \$30M 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 June 2015

The Foundation will close its \$25M loan with Bank of North Carolina to fund facility costs 2016 – 2017 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