

Rowlett

On the Water. On the Move.

Town Hall Meeting

August 8, 2019

The Rowlett Team



Overview - Purchase & Sale Agreements

- Parties:** City of Rowlett (“City”)
Sapphire Bay Land Holdings 1, LLC entity for land (“Developer”)
Sapphire Bay Marina, LLC entity for marina (“Marina Operator”)
- Property:** 110.14 acres to be owned by Developer
6.79 acres to be owned by Marina Operator
- Closing Date:** August 1, 2019
- Conditions:** Settlement Agreement items
- Crystal Lagoon Assignment & Assumption
 - Contracts & Obligations Assignment
 - Engineering Materials Assignment
 - Marina tract complies with Dallas ILA requirements
- Special Provisions:** Reimbursement to City for Locke Lord litigation expenses

Overview of Development Agreements

- Three separate agreements
 - Master & Hotel work in concert with each other
 - Marina is independent of other agreements
- Vision and critical project components as discussed
 - Master & Hotel agreements commit developer to specific improvements (Phase 1) and overall project vision
 - Hotel agreement commits City and developer to work collaboratively on funding for Hotel and Convention Center
 - Surf & Beach Club component included in Hotel agreement and tied to Hotel/Convention Center construction
 - Developer commits to \$1 Billion investment (1.4 million square feet of commercial uses and 1600 residential units).

Overview – Master Development Agreement

- Parties:** City of Rowlett (“City”)
Sapphire Bay Land Holdings 1, LLC (“Developer”)
- Property:** 110.14 acres to be owned by Developer
- Project (Phase 1):** Crystal Lagoons – 6.5 acres
Island Entertainment Feature
Enhanced shopping and dining promenade
Major Streets and Infrastructure
Community Parks and hike-and-bike trail system
- Completion Date:** Phase 1 - no later than December 31, 2023
- Project Vision :** Commitment to Overall Project Vision
- \$1 Billion financial investment
 - Commercial uses of 1.4 million square feet
 - Residential uses of 1600 units

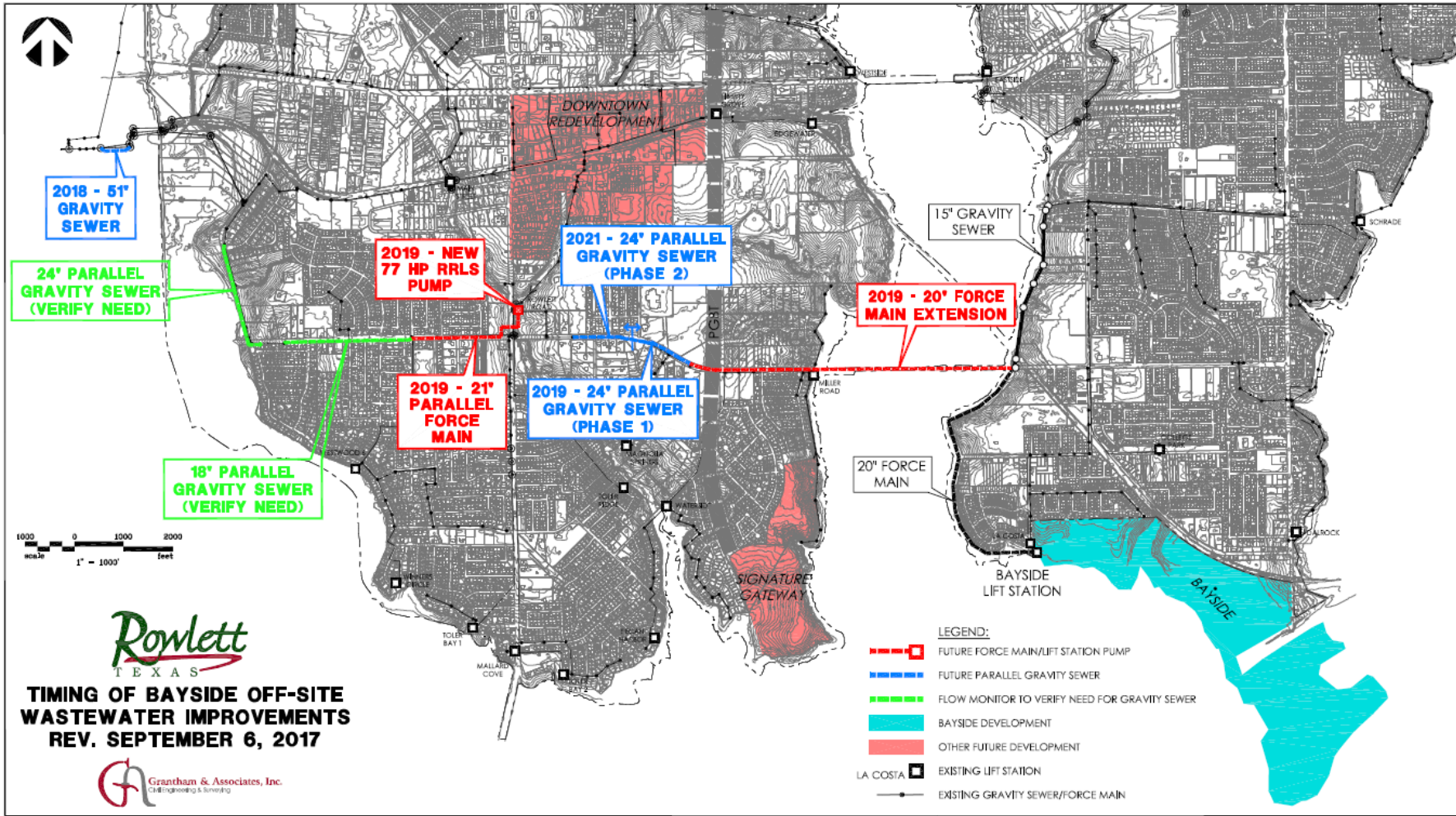
Overview – Master Development Agreement

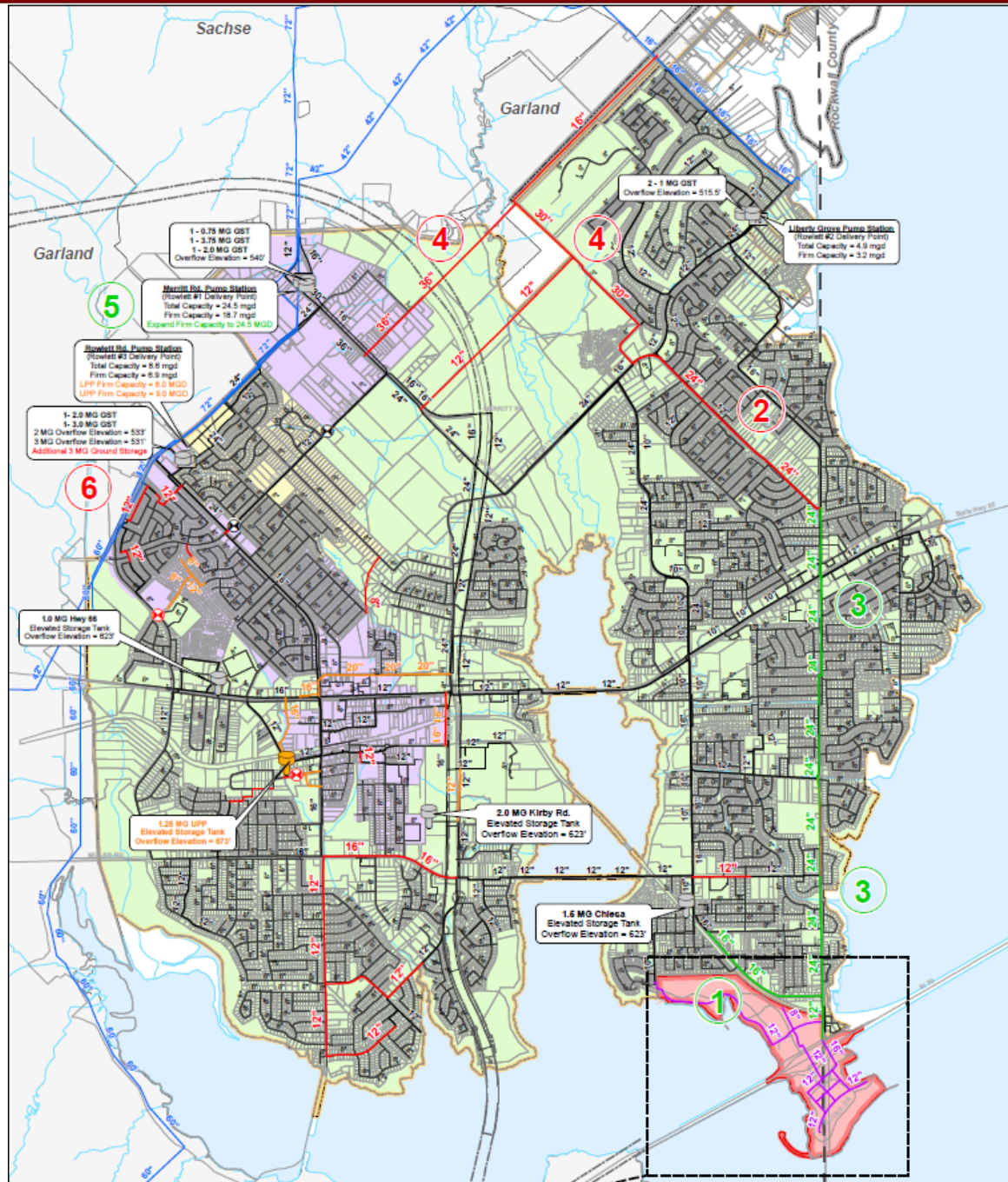
City Obligations:

- TIRZ South sub-account funding reimbursements
- PID South bond project funding reimbursements
- Off-Site Public Utilities commitment capped at \$13.4 million (\$3.4 million escrowed at Closing)
- Request Private Letter Ruling from State Comptroller regarding Convention Center

Developer Obligations:

- \$1 Billion financial investment in Project
- Completion of Phase 1 no later than December 31, 2023
- Provide Development Schedule no later than December 31, 2019
- Public Safety facility property reservation of one (1) acre
- Compliance with Interlocal Agreement obligations





Overview – Hotel Development Agreement

Parties: City of Rowlett (“City”)
Sapphire Bay Land Holdings 1, LLC (“Developer”)

Project (Phase 1): Hotel Resort – minimum 450 rooms
Convention Center – minimum 70K square feet
Surf & Beach Club

Completion Date: no later than December 31, 2023

Ownership Structure:

City owns Convention Center land
City owns of Convention Center facility
Ground Lease with Developer
Term TBD by City based on Private Letter Ruling

Developer Obligations:

Construction of Project (listed above and subject to mutually agreeable Convention Center Debt issuance)
Provide Guaranteed Maximum Price contract

Overview – Hotel Development Agreement

City Obligations:

- Pledge of State tax revenue pursuant to Rowlett legislation
- Approval of Ownership Structure
- Approval of Financing/Debt Structure
- **Financing Structure Convention Center:**
 - City issuance of Convention Center Debt in form of special revenue bonds for construction of the facility
 - Establishment of “Project Fund” to capture various project revenue
 - State HOT, State sale tax, State mixed beverage tax (term 10 years from opening)
 - TIRZ South sub-account increment (term 2036)
 - City HOT (6/7) (term 2036)
 - Repayment of Convention Center Debt through “Project Fund” revenue generated from above sources

Overview – Marina Development Agreement

Parties: City of Rowlett (“City”)
Sapphire Bay Marina, LLC (“Marina Operator”)

Property: 6.79 acres to be owned by Marina Operator

Development Schedule:
6 month obligations
6-36 month obligations

Project: Renovation and improvement of existing marina
One non-fee public access boat ramp
Boat ramp parking per an approved site plan
Restaurant, retail and hospitality facilities

Developer Obligations:
Compliance with Interlocal Agreement obligations
Compliance with Development Schedule obligations
Concession Fee to City 5% of gross revenue on water based slip rentals



CATALYST TEAM

ARCHITECTS OF ECONOMIC DEVELOPMENT SOLUTIONS™



Jason Claunch

FOUNDER

A passion for creating quality communities.



Mike Keffales

MERCHANDISING STRATEGIST

Ethos for linking land use strategies with first-class operators.



Reid Cleeter

DIRECTOR Of RESEARCH

Specialist in Data and Geospatial Analysis, Creative and Project Management



Michael Latham, PhD

SR ANALYST

Ability to simplify complex and dynamic environments.



Jeremy Stone, PhD

CONSULTANT

Strong understanding of location and operational requirements of a broad spectrum of industries

Analysis includes review of third party data and broker/developer interviews, Review was limited on information provided by third parties, The program and market conditions are subject to change and may alter assumptions. Additional supply in the market may affect absorption estimates.



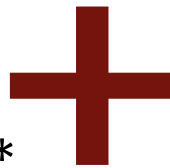
Overview –Market Demand



Current commercial demand is estimated at 1.2 million square feet. ~1.4 million planned thru build out.

Commercial Planned

~1.4 Million SF Planned*



Capacity at Buildout

1.2 Million SF

Source: Developer/Catalyst

**Commercial includes: retail, entertainment, restaurant, and office.
Does not factor induced demand and increased demand from additional population*

Overview –Market Demand



Rowlett can support over 1,000+ units of new housing per year.

Residential Planned

~ 359 Units Planned



Capacity at Buildout

400 Units Estimated

Source: Developer/Catalyst

Overview – Market Demand



Rowlett has demand for 500+ units of multi-family annually.

Multifamily Planned

~1,260 Planned



Capacity at Buildout

1,500 - 2,000 Estimated

Source: Developer/Catalyst

Overview – Private Investment



Sapphire Bay’s investment over \$1 Billion thru project build-out

Phase 1 Investment	\$305,000,000
Crystal Lagoons, Island Entertainment feature, Resort Hotel, Infrastructure, Surf & Beach Club and Public Amenities	
Future Phases Investment	\$828,000,000
Commercial (Entertainment, Retail, Restaurants, Office, Limited Service Hotels, etc.), Marina and Residential (Condominiums, Townhomes, and Urban Multifamily)	
Total Private Investment	\$1,133,000,000

Source: Developer

Overview – Fiscal Impact

Year	Goods and Services Taxes			City			City's Grant		State		
	Real Property Value for Jan. 1,	Sold in Year Ended Dec. 31,	Taxes Generally Received by Mid-	Real Property Tax	Business Personal Tax	Hotel Occupancy Tax	City Sales Tax from Entire Site	from State of Mixed Beverage Tax Receipts from Entire Site	Total: City Taxes and Grant Eamed from Entire Site	Hotel Occupancy Tax from Entire Site	State Sales Tax from Entire Site
	Jan. 1,	Dec. 31,	by Mid-	Tax	Tax	(7% Tax Rate)	(1% Tax Rate)	Entire Site	Entire Site	(6% Tax Rate)	(6.25% Tax Rate)
Base	2015	2015	2016	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1	2016	2016	2017	\$128,531	\$0	\$0	\$0	\$0	\$128,531	\$0	\$0
2	2017	2017	2018	\$114,639	\$0	\$0	\$0	\$0	\$114,639	\$0	\$0
3	2018	2018	2019	\$114,677	\$0	\$0	\$0	\$0	\$114,677	\$0	\$0
4	2019	2019	2020	\$116,397	\$0	\$0	\$0	\$0	\$116,397	\$0	\$0
5	2020	2020	2021	\$118,143	\$0	\$0	\$0	\$0	\$118,143	\$0	\$0
6	2021	2021	2022	\$119,915	\$0	\$0	\$0	\$0	\$119,915	\$0	\$0
7	2022	2022	2023	\$121,714	\$0	\$0	\$0	\$0	\$121,714	\$0	\$0
8	2023	2023	2024	\$2,554,577	\$115,808	\$879,758	\$817,920	\$149,450	\$4,517,513	\$754,078	\$5,112,000
9	2024	2024	2025	\$3,484,547	\$168,266	\$2,490,396	\$1,309,560	\$255,527	\$7,708,297	\$2,134,626	\$8,184,752
10	2025	2025	2026	\$5,738,969	\$186,812	\$3,496,431	\$1,472,173	\$271,465	\$11,165,850	\$2,996,941	\$9,201,082
11	2026	2026	2027	\$5,825,053	\$186,812	\$4,007,187	\$1,511,325	\$280,076	\$11,810,454	\$3,434,732	\$9,445,782
12	2027	2027	2028	\$7,051,436	\$268,208	\$4,230,727	\$1,878,858	\$330,559	\$13,759,788	\$3,626,338	\$11,742,864
13	2028	2028	2029	\$7,157,208	\$268,208	\$4,371,132	\$1,917,596	\$337,550	\$14,051,694	\$3,746,685	\$11,984,978
14	2029	2029	2030	\$7,264,566	\$268,208	\$4,469,918	\$1,955,948	\$344,301	\$14,302,942	\$3,831,358	\$12,224,677
15	2030	2030	2031	\$7,373,534	\$268,208	\$4,559,317	\$1,995,067	\$351,187	\$14,547,313	\$3,907,986	\$12,469,171
16	2031	2031	2032	\$7,484,137	\$268,208	\$4,650,503	\$2,034,969	\$358,211	\$14,796,028	\$3,986,145	\$12,718,554
17	2032	2032	2033	\$7,596,400	\$268,208	\$4,743,513	\$2,075,668	\$365,375	\$15,049,164	\$4,065,868	\$12,972,925
18	2033	2033	2034	\$7,710,346	\$268,208	\$4,838,383	\$2,117,181	\$299,590	\$15,233,708	\$4,147,186	\$13,232,384
19	2034	2034	2035	\$7,826,001	\$268,208	\$4,935,151	\$2,159,525	\$305,582	\$15,494,466	\$4,230,129	\$13,497,031
20	2035	2035	2036	\$7,943,391	\$268,208	\$5,033,854	\$2,202,716	\$311,694	\$15,759,862	\$4,314,732	\$13,766,972
Total for years 1-20				\$85,844,179	\$3,071,567	\$52,706,271	\$23,448,507	\$3,960,569	\$169,031,093	\$45,176,803	\$146,553,171

Source: Stein Planning



Total projected fiscal impact: ~ \$165 million

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