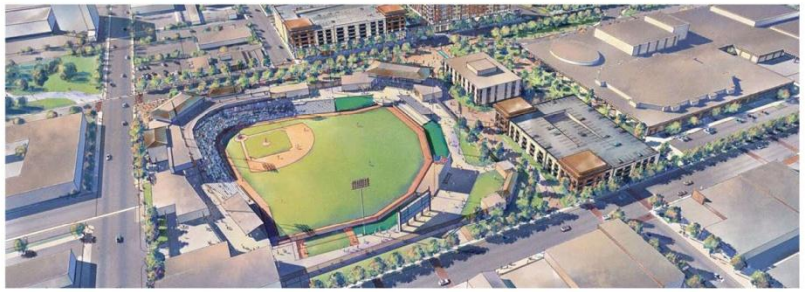


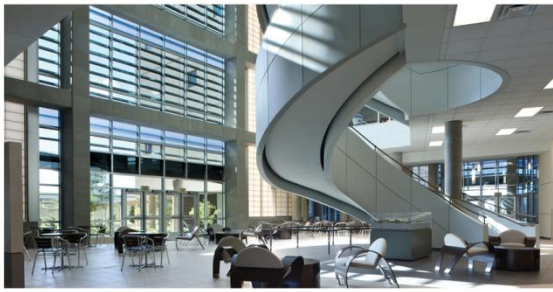
Joplin City Council Presentation DRAFT

The Path Forward

July 9, 2012







Wallace Bajjali Development Partners, LP

Discussion Overview

- Desired Outcome of Discussion
- Project Background
- Vision
- PPP & WB Background
- Key Anticipated Tools
- Conceptual Project Outlines
- Next Steps
- Requested Action of City Council

DESIRED OUTCOME OF DISCUSSION

Desired Outcome of Discussion

- City Council Action to
  - Direct Joplin Redevelopment Corporation (“JRC”) to act as the vehicle to acquire land
  - Authorize the JRC to utilize $8 million in CDBG funds to begin acquiring land in the Expedited Debris Removal area (“EDR”)
  - Authorize the JRC to secure $22 million in senior secured bonds
  - Approve submission of plan to HUD as presented for use of authorized $45.267 million in CDBG funds
  - Approve submission of proposed $40 million Grant Application to EDA as presented and pass required Resolution of Support
  - Approve Submission of Proposed Grant Application to FEMA and EPA as presented
  - Authorize City Attorney / City Manager / JRC to finalize Master Development Agreement for land procurement, land maintenance and land disposition process

PROJECT BACKGROUND

The Damage

- A catastrophic EF5 multiple-vortex tornado struck Joplin, Missouri in the late afternoon of Sunday, May 22, 2011
- Winds in excess of 200 miles per hour
- City estimated between 30% and 33% of City destroyed
- Over 3,500 homes destroyed or uninhabitable
- An additional 4,000 homes damaged
- Over 2,000 buildings were destroyed
- Over 15,000, vehicles of various sizes and weight including buses, tractor trailers and vans were tossed over 200 yards to several blocks, and some being crushed or rolled beyond recognition
- Over 1,000 injuries and 161 deaths
- 54% of deaths were people who died in their homes
- Estimated FEMA cost for recovery $2 - $3 billion

CHALLENGES & OPPORTUNITIES

- Where will people live?
- Where will people work?
- How can we rebuild our homes, institutions and businesses?
- How can we encourage future growth of the community?
- How can we create a framework for the rebirth of Joplin?
- How will the future Joplin work, look and feel?
- How do we remember and honor those lost?
- How can we make Joplin better than it was?
- How do we capture and incorporate community needs, wants and desires?
- How do we involve the community throughout the process in a very transparent manner?
- How do we contact the various land owners and involve them in this process?
- How do we compete for federal resource with so many other disasters?
- How can we attract private investment and coordinate development to build synergies and economies of scale?

REQUIRED RESEARCH

- Citizens Advisory Recovery Team (CART) Findings
- Citizen Surveys
- Public Meetings
- Private Meetings
- Design Charettes
- Weekly Due Diligence Visits
- Hundreds of Research Meetings
- Listening and Visioning Journeys
- Architectural and Land Use Planning
- Co-Development Partner Outreach
- Federal, State and Local Funding Tool Analysis
- Preliminary Project Scope Analysis
- Preliminary Project Cost Analysis
- Preliminary Market Assessments
- Preliminary Project Economic Models
- Preliminary Capital Structure

The Public Sector Need

PUBLIC SECTOR ASSETS

- Convention Center
- Multi-Purpose Event Center
- Library
- High School
- Middle School
- Elementary School
- Technical School
- Visual & Performing Arts Center
- Parks & Recreational Assets
- Aquatic Center / Splash Park
- Memorial Museum / Garden
- Parking Infrastructure
- Fire Station
- Jasper County Juvenile Detention Facility
- Jasper County Court's Office
- Police Substation
- Dog Parks
- Hike and Bike Trails



The Private Sector Need

PRIVATE SECTOR ASSETS

- Multi Family Residential
- Town Home / Condo Residential
- Loft Residential over Retail
- Convention Center Hotel
- Specialty Retail
- Single Family Residential
- Duplex / Fourplex Residential
- Specialty Medical Use
- Affordable Housing Residential
- Assisted Living
- Independent Living
- Memory Care
- Medical Office Buildings
- Class A Office Space
- Wellness Center
- Minor League Baseball



The Opportunity

- Utilize a “Master Developer” to build upon the organic redevelopment by coordinating the redevelopment of specific areas the community all the while addressing other needs as identified from public input for the betterment of the entire community.

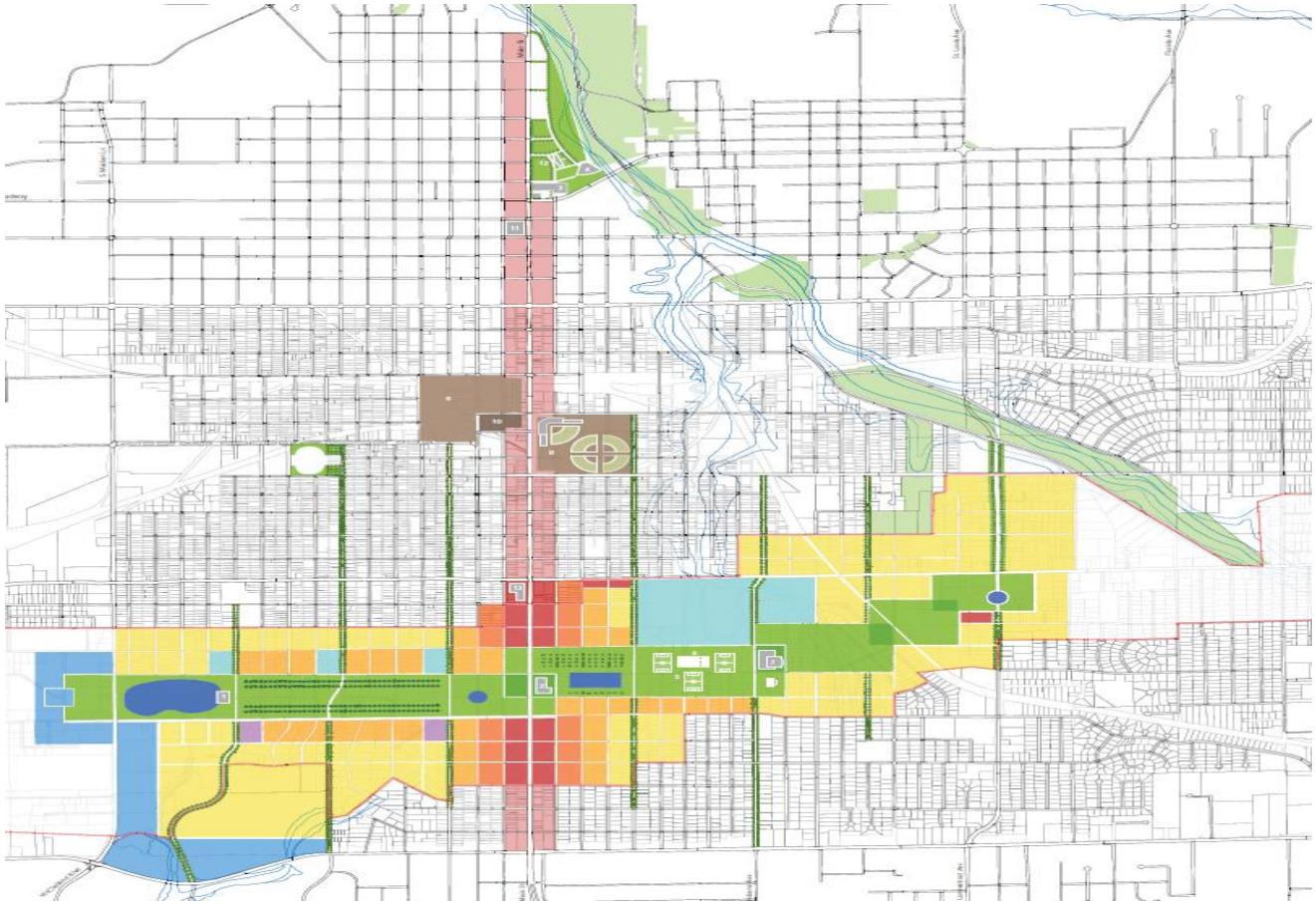


VISION AND GOALS

Vision

Utilize a public private partnership to redevelop areas impacted by the storm in such a manner as to honor the community loss while creating additional amenities and a catalyst for additional development and economic benefit to Joplin and the larger community.

Preliminary Land Use Conclusions



NOTE: Initial concept which is not attainable given development that has already occurred in EDR Area

Decision Factors on projects

- To recommend City proceeding with any project, we need to…
  - Demonstrate market viability;
  - Insure that the direct and indirect benefits to community MUST exceed the cost of City financial participation; and
  - Determine that each project is consistent with the goals for redevelopment.

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PPP & WB BACKGROUND

Private Investment

- Persons and companies seek business opportunities where they may make investments to receive a **“risk adjusted rate of return on their investment"** and to receive a **return of their investment**

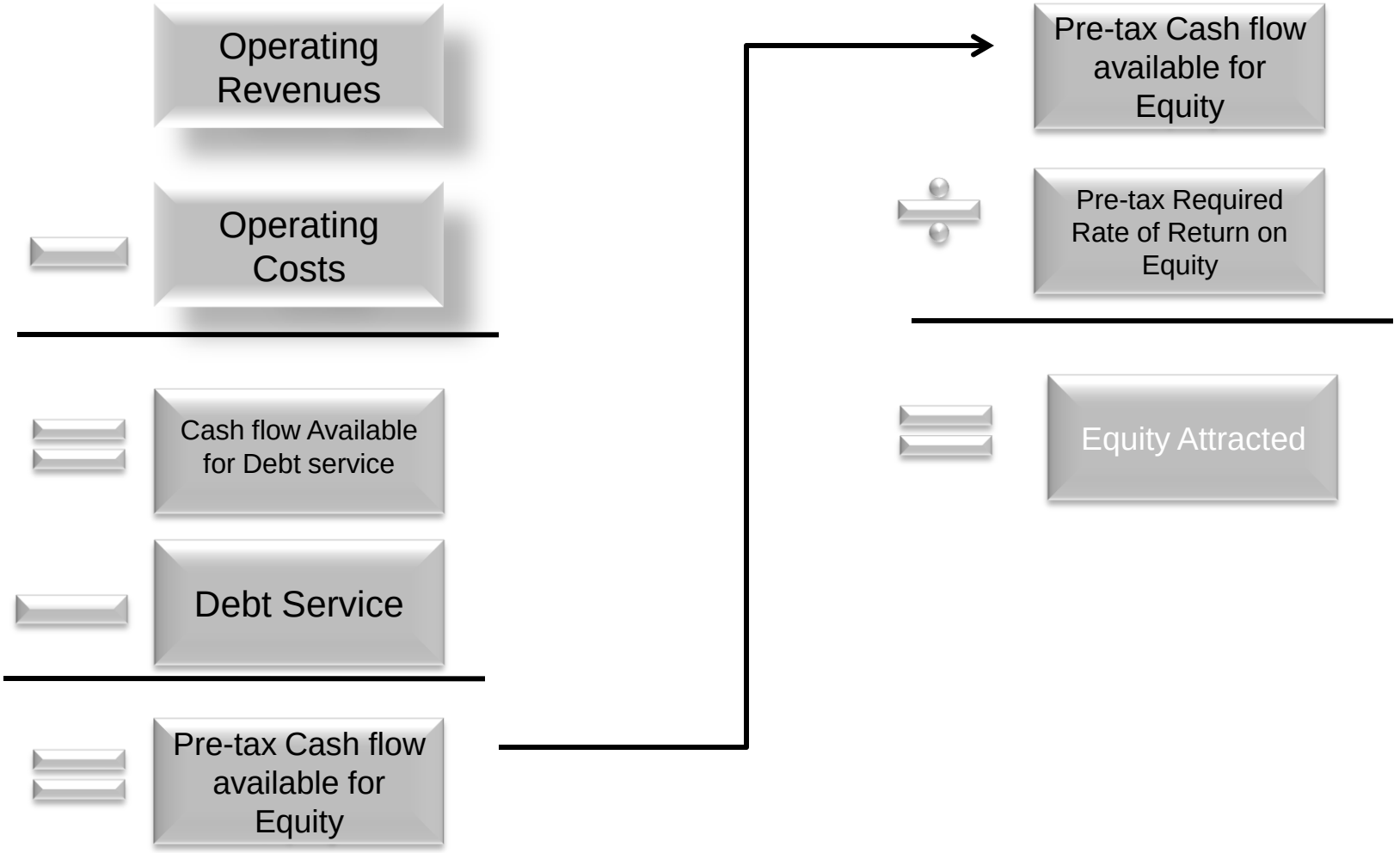
- In short, people invest to make money and receive their original investment back in the future

- If the private sector does not see that they receive a return on their investment at a rate equal to the risk then they won’t do the project

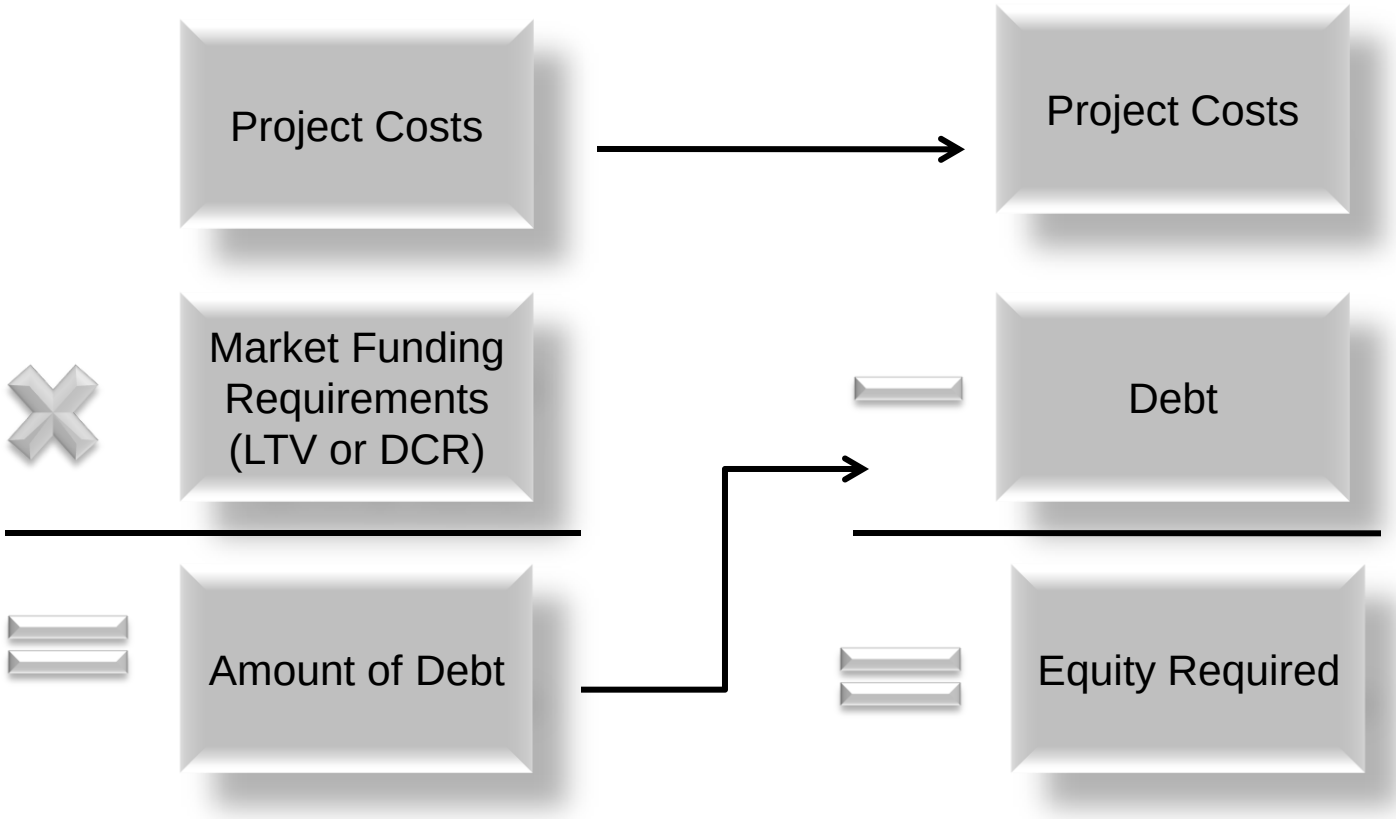
Private Finance

- Private Sector Enterprise Finance has two basic components:
  - Debt
    - Money borrowed, specified amount, repayment terms, interest rates
  - Equity
    - Money at risk in an ownership role based on an expected return on the money and of the money

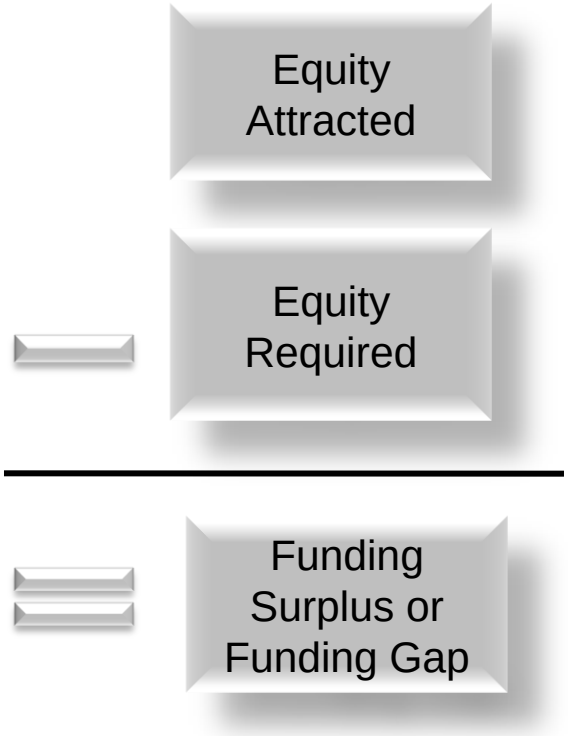
Equity Attracted



Equity Required



Funding Surplus/ Gap



PUBLIC PRIVATE PARTNERSHIPS

Current Real Estate Environment Report

- In the current economic climate, developers have been unable to access the banks. Many traditional developers have to cancel or postpone planned developments, as they cannot secure the debt and/or equity they need to fund their projects.
- Conversely, the public sector faces the challenge of downward pressure on the assessed values of commercial real estate, resulting in a reduction in ad valorem tax revenues. The public sector is negatively affected by lower sales-tax revenues as consumer spending contracts.
- Most private developers think of two traditional classes of capital—debt and equity, and often overlooked is the capital that can be secured through public-private partnerships.
- A “perfect storm” in the real estate and capital markets environment creates a great opportunity for public-private partnerships.

PPP Guiding Principles

- A Public Private Partnership is where Each Party:
  - has something they wish to accomplish
  - participates in the development and approval of the plans for redevelopment
  - will receive benefits for their participation
  - makes a commitment and investment consistent with objectives, needs, abilities and comfort
  - has input and approvals
  - has defined roles and responsibilities

Public Benefits

Direct Impacts

- Tangible
  - Sales Taxes
  - Property Taxes
  - Hotel Occupancy Tax
  - Fees
  - Jobs
  - Other (Venue Taxes, Rent,…)
- Intangible
  - Fills identified need in community

Indirect Impacts

- Community Amenity / Quality of Life Enhancement
- Activity Center
- Inducement to surrounding development
- Maintains Community's Competitive position in Market Place

Benefits of a Master Developer

- Decreased Risk and Greater Efficiency
  - Clarity of roles and responsibilities
  - One project with one point of project leadership rather than multiple projects with multiple points of project leadership
  - Third party surety of completion
- Less Cost
  - Economies of scale on fees from architects, engineering, contractors
  - Better material pricing on combined projects
- Enhanced Quality and Consistency of Development
  - City and private sector both have seat at table
  - Coordination of design and development across projects
  - Experienced team focused on details

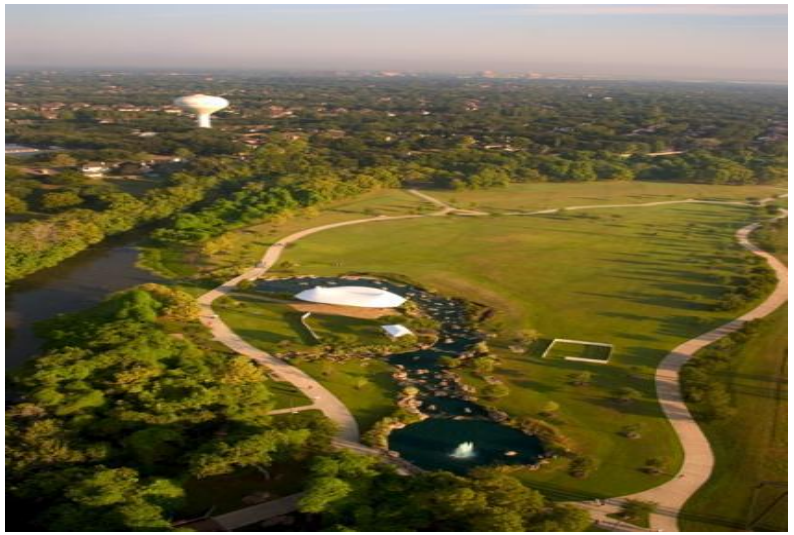
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Background & Experience – Public Sector

WALLACE BAJJALI SENIOR MANAGEMENT - > $3 BILLION IN PPP ACTIVITIES

Sugar Land, Texas









Sugar Land, Texas









Sugar Land, Texas









Sugar Land, Texas







Sugar Land, Texas









Sugar Land, Texas









Sugar Land, Texas









Sugar Land, Texas









Sugar Land, Texas









Background and Experience – Private Sector Experience

WALLACE BAJJALI – OVER $300 MM IN PPP ACTIVITIES

Private Sector PPP Experience









Private Sector PPP Experience









Private Sector PPP Experience









Private Sector PPP Experience









Private Sector PPP Experience









KEY ANTICIPATED TOOLS

Key Potential Tools - Private

- Investor Equity
- Conventional Debt
- Mezzanine Funding
- EB-5 Funding
- Tax Credit
  - Federal
    - Historic
    - Brownfield
    - New Market Tax Credits
    - Housing
  - State of Missouri

Key Potential Tools - Public

- Federal
  - HUD Community Development Block Grant Disaster Funding
  - Economic Development Administration Disaster Funding
  - FEMA
  - EPA
  - USDA
- State
  - State TIF
  - Neighborhood Improvement District
  - Missouri Development Finance Bonds
- Local
  - Local TIF
  - Local Hotel Occupancy Tax
  - Local Sales Tax for Economic Development
  - Revenue Bonds
  - Public Improvement District

CONCEPTUAL PROJECT OUTLINES

Listing of Project Concepts

• Land Acquisition	$ 30 MM
• Housing	$258 MM
• Senior Transitional Living	$ 35 MM
• Salvation Army Transitional Housing	$ 2 MM
• Mixed-Use Residential over Retail / Commercial	$ 56 MM
• Medical Office Buildings	$ 74 MM
• Neighborhood Revitalization and Infrastructure	$ 8 MM
• Library / Theater Complex	$ 20 MM
• Consolidated Government Office Facility	$ 45 MM
• SPARK—Performing and Visual Arts Center & Depot	$ 68 MM
• Downtown Education Complex	$ 73 MM
• Multi-Purpose Event Venue and Sports Complex	$ 55 MM
• Hotel and Convention Center	$ 70 MM
	$794 MM

Land Acquisition

OBJECTIVES: Serve as the vehicle to:

- acquire land to consolidate tracts for development and coordinate development;
- sell land at or below market rate or where appropriate contribute land to specific programs/projects which have been identified in the City's redevelopment efforts; and
- act as a revolving funding tool to facilitate the achievement of economic development initiatives.

SPECIFIC PROGRAMS:

- Commercial development projects, LMI housing, Market Rate Housing, Public Projects and Revolving Loan Fund

OWNERSHIP: Public ownership

POTENTIAL SOURCES OF CAPITAL:

- Community Development Block Grant Funds ($ 8 million);
- Missouri Development Finance Board Program ($ 22 million); and
- Numerous other financing sources will be applicable to one or more of the individual programs ("Specific Programs" above) which the Fund will support.

Housing - Market Rate



DEVELOPMENT COST:
Estimated to be $162,500,000 (1300 homes at an average of $125,000 each).

OPERATING BUDGET:
to be funded by Market Rate Single Family Residential co-development partner[s].

OWNERSHIP: Private.

POTENTIAL SOURCES OF CAPITAL:

•	Equity Capital [home buyers]	10%	$ 16,250,000
•	CDBG funding	5%	$ 8,125,000
•	Missouri Housing Development Commission	10%	$ 16,250,000
•	Conventional Senior debt with takeout	75%	$121,875,000
			$162,500,000
•	**Example for the home buyer at an average home price of $125,000**		
•	Equity Capital	10%	$ 12,500
•	CDBG funding	5%	$ 6,250
•	Missouri Housing Development Commission	10%	$ 12,500
•	Conventional Senior debt with takeout	75%	$ 93,750
			$ 125,000

Housing - Principal Reduction Plan (PRP)

DEVELOPMENT COST: Estimated to be $40,000,000 in single-family transactions (400 homes at an average construction cost of $100,000 (anticipate $115,000 in Fair Market Value), yet average "net" purchase price of roughly $70,000.

OPERATING BUDGET: to be funded by Single Family Residential co-development partner[s].

OWNERSHIP: Private.

POTENTIAL SOURCES OF CAPITAL:

- The funding of the $40,000,000 from the Capital Partners would be as follows:
  - Equity / Down Payment from Home owner ($ 2.0 million);
  - CDBG funding ($4.5 million);
  - Down Payment Assistance Program from MHDC ($ 4 million);
  - The Salvation Army principal reduction program ($ 3.5 million); and
  - Conventional Senior Debt ($ 26 million).

- **Example for the home buyer at an average home price of $100,000**

– Equity Capital	5.00%	$	5,000
– CDBG funding	11.25%	$	11,250
– Missouri Housing Development Commission	10.00%	$	10,000
– The Salvation Army	8.75%	$	8,750
– Conventional Senior debt with takeout	65.00%	$	65,000
		$	100,000



Housing – Multi Family

DEVELOPMENT COST:

- Affordable housing development costs estimated to be $18,781,000 (200 units at an average of $93,905 each) not including land acquisition, but including all soft costs and operating reserves.
- Market Rate housing development costs estimated to be $36,595,000 (300 units at an average of $122,000 each) including land, all soft costs and operating reserves.

OPERATING BUDGET: to be funded by Multi-Family Residential co-development partner[s].

OWNERSHIP: Private.

POTENTIAL SOURCES OF CAPITAL:

- **Affordable**
  - Equity Capital $ 2,073,000;
  - CDBG funding ($4,500,000); and
  - Conventional Senior debt with takeout $12,208,000.

- **Market Rate**
  - Equity Capital $ 7,500,000;
  - CDBG funding $ 4,500,000; and
  - Conventional Senior debt with takeout $24,595,000.



Senior Living – Independent Living

DEVELOPMENT COST:

Estimated to be $10,000,000 (100 units at an average of $100,000 per unit).

OPERATING BUDGET: to be funded by Senior Housing co-development partner[s].

OWNERSHIP: Private.

POTENTIAL SOURCES OF CAPITAL:

- Equity Capital ($ 2,000,000); and
- Conventional Senior debt with takeout ($ 8,000,000)



Senior Living – Assisted Living / Memory Care

DEVELOPMENT COST: Estimated to be $25,000,000 (200 units and/or beds at an average of $125,000 per unit).

OPERATING BUDGET: to be funded by Senior Housing co-development partner[s].

OWNERSHIP: Private.

POTENTIAL SOURCES OF CAPITAL:

- Equity Capital ($ 5,000,000); and
- Conventional Senior debt with takeout ($20,000,000)



Salvation Army

DEVELOPMENT COST: Estimated to be $1,500,000 (10 homes at average construction cost of $116,500 plus land acquisition and soft costs) with additional community amenities to support the mission of equipping and empowering homeless and other distressed families for independent, self-supporting lives. The JRC is envisioned to facilitate the land purchase of ten lots, equating to approximately $250,000 in land acquisition. It is contemplated that the JRC will enter into a simultaneous land sale contract with the building contractor to cover the cost of service (including all closing costs, environmental, title, legal, etc.) as well as the cost of interest carry for the JRC. Total cost could vary depending on total land purchased and amount of demolition, debris removal, and site preparation work to be funded by the Salvation Army.

OPERATING BUDGET: to be funded by the Salvation Army.

OWNERSHIP: Private [non-profit].

POTENTIAL SOURCES OF CAPITAL: JRC would commit $250,000 to purchase, hold and resell the 3.7 acres.



Mixed Use Residential Over Retail / Commercial

DEVELOPMENT COST: Estimated to be $56,250,000 (300 housing units and 125,000 square feet of commercial space at an overall average of $150 per square foot).

OPERATING BUDGET: to be funded by Mixed-Use co-development partner[s].

OWNERSHIP: Private.

POTENTIAL SOURCES OF CAPITAL:

- Equity Capital ($10,000,000); and
- Conventional Senior debt with takeout ($46,250,000)



Medical Office Buildings

DEVELOPMENT COST: Estimated for the entire development to be $73,800,000 (328,000 square feet at an average of $225 per square foot). This will vary depending on the scope of needs and allocation of space among the types of occupants (professional office/clinical, rehab/outpatient, retail/services).

OPERATING BUDGET: to be funded by co-development partner.

OWNERSHIP: Private.

POTENTIAL SOURCES OF CAPITAL for entire development:

- Equity Capital ($14,760,000); and
- Conventional Senior debt with takeout ($59,040,000).



Neighborhood Infrastructure

Summary

All of the Neighborhood Revitalization efforts that have been articulated in the CART Plan and the Joplin Comprehensive Plan have been incorporated into each individual project scope and budget. Consequently, as the various development assets are to be completed, they will include the various multi-modal, quality of life and streetscape elements to be consistent throughout the EDR and ultimately, the entire city of Joplin.



Projects identified for allocation of CDBG funds include:

- Sidewalks [additional amounts included in housing projects] $2.5 million
- Hike and Bike Trails $2.0 million
- Tree planting $2.0 million
- Single Family Rehabilitation $1.5 million

Additional amounts may be allocated for streets/curbs/gutters.

Library / Theater Complex

DEVELOPMENT COST:

Estimated project costs are $20.0 million based on 50,000 sq feet of space for the library at $120 / sq foot, 50,000 sq feet of theater space at $135 / sq foot, $2.5 million furniture, fixtures and equipment for the theater, $1.0 million furniture, fixtures and equipment for the library, $750 thousand for vertical transportation and acoustical work, and "soft" costs (architecture/engineering, development, capitalized interest, etc.) of $3.0 million. Land cost is not included in this number.

OPERATING BUDGET:

Projections for Year 1 admissions of 275,000 growing to 400,000 by Year 6 show the following [$ millions]:

	Year 1	Year 6
Total Revenues	$ 3.465	$ 5.040
Cash Flow from theater	$ 1.004	$ 1.711

OWNERSHIP: City, with long term lease/operating agreement for theater operator.



POTENTIAL SOURCES OF CAPITAL:

- Equity Capital ($2.0 million); and
- MDFB Revenue-backed bonds ($18.0 million)

Consolidated Government Office Facility

DEVELOPMENT COST: Estimated to be $45,000,000 (200,000 square feet at $200 / square foot plus $5 million in soft costs / fees).

OPERATING BUDGET: to be added

OWNERSHIP: Private with USPS, state agency, county and third party private company leases

POTENTIAL SOURCES OF CAPITAL:

- Equity Capital ($ 5 million);
- Government Lease Backed Revenue Bonds or Certificates of Participation ($ 35 million);
- New Market Tax Credits ($ 3 million); and
- Resale of USPS land / facilities replaced by consolidated facility ($ 2 million)



SPARK – Performing and Visual Arts Center, Depot Renovation

DEVELOPMENT COST:
Estimated at $68 million, not including depot restoration:

Construction costs	$ 56.7 million
Pre-opening operating expenses	$ 2.1 million
Creation of Endowment Fund	$ 3.0 million
Land, demo existing buildings	$ 6.2 million

OWNERSHIP: Public, with private operating agreement

POTENTIAL SOURCES OF CAPITAL:

Non-profit capital campaign and grants ($ 10 million)
Up front license / management agreement ($ 3 million);
EDA funds ($ 30 million);
New Market Tax Credits ($ 3 million);
Historic Tax Credits ($ 5 million);
Post Office facility Contribution offset ($ 2 million);
Brownfield Tax Credits ($ 1 million); and
Other Funding Sources being investigated ($14 million)



Downtown Education Complex

DEVELOPMENT COST: Estimated to be $72,500,000 (300,000 square feet at $225 / square foot plus $5 million in soft costs / fees).

OPERATING BUDGET: to be added

OWNERSHIP: Private with potential MSSU, Crowder Community College, Missouri State, KCUMB, and third party company leases

POTENTIAL SOURCES OF CAPITAL:

- Equity Capital ($ 9 million);
- Government Lease Backed Revenue Bonds or Certificates of Participation ($ 60 million); and
- New Market Tax Credits ($ 3.5 million).



Multi Purpose Event Venue & Sports Complex

Facility Description:

Multi Purpose Venue (MPV) as the home for a professional minor league baseball stadium and adjacent to tournament baseball / Softball fields to attract tournament play. Project budget estimated to be at $55 million.



Development Costs TBD based on independent market assessment of project concept

Ownership Public, with private operating lease

Potential Sources of Capital

- Ticket Fees;
- Sales Tax for Economic Development;
- Tax Credits;
- Revenue Bonds; and
- Other

Hotel & Convention Center

- **Objective** Assess market place for development of Full / Select Service Hotel adjacent to updated convention center to support the growth of the business base, attract events to the Joplin and support local opportunities. Project budget estimated to be roughly $70 million.



NEXT STEPS

Next Steps

- July 16 - Hold Public Hearing and approve submission of application and plan of work to EDA and HUD for respective projects
- July 23 – Submit application and plan of work to EDA and HUD
- Authorize Joplin 353 Corp to proceed
- Continue with project concept refinement & plan of finance
- Create programs and procedures for CDBG Program
- Implement Communications Strategy as follows:
  - Educate the local community on process and milestones
  - Engage with the public transparently, frequently and consistently
  - Incorporate CART Board leadership
  - Seek public feedback, questions, and suggestions
  - Create and grow relationship with community

REQUESTED ACTION OF CITY COUNCIL

Requested Action of City Council

- City Council Action to
  - Direct Joplin Redevelopment Corporation ("JRC") to act as the vehicle to acquire land
  - Authorize the JRC to utilize $8 million in CDBG funds to begin acquiring land in the Expedited Debris Removal area ("EDR")
  - Authorize the JRC to secure $22 million in senior secured bonds
  - Approve submission of plan to HUD as presented for use of authorized $45.267 million in CDBG funds as follows:
    - Infrastructure, i.e., Tree, Trail, Sidewalk, etc.: $ 6.500 MM
    - Housing – Market Rate, PRP, Down Payment Assist: $12.750 MM
    - Housing – Mixed Income MF Residential: $ 9.000 MM
    - Housing – Single Family Rehabilitation: $ 1.500 MM
    - JRC Land Assemblage: $ 8.000 MM
    - SPARK – Performing Arts / Depot Renovation: $ 5.390 MM
    - City of Joplin Administration: $ .453 MM
    - Grant Administration Consultation Cost: $ 1.674 MM

Requested Action of City Council

- City Council Action to
  - Approve submission of proposed $40 million Grant Application to EDA as presented and pass required Resolution of Support of SPARK and Joplin Schools Workforce Development Project for Franklin Technology Center
  - Approve Submission of Proposed $100,000 Grant Application to FEMA and EPA to conduct 20th Street market analysis; complete “green streets strategy;” and, audit zoning codes and development policies
  - Authorize City Attorney / City Manager / JRC to finalize Master Development Agreement for land procurement, land maintenance and land disposition process

Wallace Bajjali Development Partners, LP

COUNCIL DISCUSSION