

### City Council – Action Request Form

**Date:** December 11, 2006

**To:** The City Manager

**From:** Derwick L. Paige, Deputy City Manager

**Council Action Requested:**

Approve Request for Economic Development Assistance to Brookstown Development Partners, LLC and Sports Menagerie, LLC

**Summary of Information:**

This item is a request from Brookstown Development Partners, LLC (BDP) and Sports Menagerie, LLC (SM) for City financial assistance totaling up to \$29,292,252 towards the construction of a mixed-use development. Phase I is a 5,500 seat baseball stadium. Phase II includes a multiplex movie theater, office, retail and residential space. The total private investment in the project is anticipated to be at least \$189,000,000 over 15 years. While this action only approves the City's participation in Phase I, Phase II is anticipated to occur at a later date even though it is not guaranteed. As such, the City's participation in Phase II would be considered by Council, at the appropriate time, based upon the development occurring as described in the attached Exhibit A.

If approved, \$11.0 million in City upfront incentives would go towards Phase I public infrastructure improvements, site preparation costs and stadium construction. One million of this investment would come from the Economic Development Fund and ten million will be financed over 20 years for a total financing of \$20,280,000.

The City's additional financial assistance of up to \$8,012,252 would be provided over a period of up to 25 years. However, this assistance would not be provided until Phase II is developed. Additionally, the cumulative annual grants would never exceed 100% of the cumulative property taxes paid generated by Phase II. With the construction of Phase II, the City also would agree to purchase up to 1000 parking deck spaces from BDP and/or SM at a total cost not to exceed \$16,340,858. All parking deck spaces purchased by the City would have to be self-financing via new property tax revenues, ticket surcharges, parking fees, square footage surcharges or other associated fees. The City's actual participation for Phase II would be determined as this phase is better defined.

**Committee Action:**

<b>Committee</b>	_____	<b>Action</b>	_____
<b>For</b>	_____	<b>Against</b>	_____

**Remarks:**

Informal review by Finance (1/8/07) and CD/H/GG (1/9/07) Committees.

The following table depicts the City's participation:

Expenditure	Phase I		Phase II	Total
	Actual	Amortized	Actual	
Upfront Incentives (financed)	\$10,000,000	\$20,280,000		\$20,280,000
Upfront Incentives (Economic Development Fund)	1,000,000	1,000,000		1,000,000
Annual Incentive Payments			\$8,012,252	8,012,252
<b>Total</b>	<b>\$11,000,000</b>	<b>\$21,280,000</b>	<b>\$8,012,252</b>	<b>\$29,292,252</b>

Based on the developer's proposed build-out schedule, the \$189,000,000 development would generate more than \$18.89 million in new City property tax revenues over a 25 year period. Of this amount, Phase I would generate approximately \$2.3 million. Additional new revenues would come from guaranteed surcharges on baseball stadium tickets (Attachment C) and from the purchase of Ernie Shore Field by Wake Forest University. Based on these projected new revenues, the City's Phase I investment is completely covered by the revenues generated by this phase. Likewise, Phase II expenditures would have to be covered by revenues generated by that phase. As proposed, Phase II revenues could exceed \$8.57 million after annual incentive payments are made to BDP and/or SM. These revenues could be used to cover the City's debt service on the purchase of parking deck spaces from BDP and /or SM.

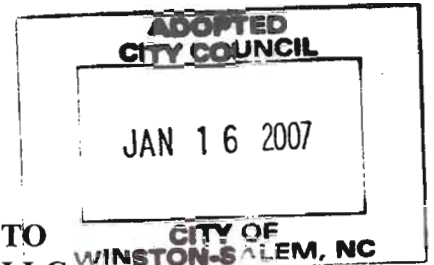
Revenue Type	Phase I	Phase II
Baseball Ticket Surcharge	\$10,325,000	
WFU Installment Purchase of Ernie Shore	8,711,600	
Property Tax Revenues (Phase I)	2,303,750	
Property Tax Revenues (Phase II)		\$16,587,000
<i>Projected Revenues</i>	<i>\$21,340,350</i>	<i>\$16,587,000</i>
-City Participation	21,280,000	8,012,252
<b>=Net Return on Investment</b>	<b>\$60,350</b>	<b>\$8,574,748</b>

Forsyth County also will be considering a request from BDP and/or SM for a total of up to \$14,038,120 in incentive payments to assist with the costs of public infrastructure improvements and/or site preparation associated with the stadium. Although the County's participation has not been determined, should Forsyth County decide to reduce its participation or not participate in the project, the City's participation is contingent upon total funding being available for the project.

At the end of the financing of the baseball stadium, the ownership of the stadium will be transferred to the joint ownership of the City and County on a pro-rata share, based on the amount of funds invested by each towards the cost of the stadium. Based on the City's participation in Phase II, the City also could own up to 1,000 parking deck spaces.

The attached resolution authorizes the City's participation in this project in conformance with the project described herein and further described in the attached Exhibit A. This resolution also authorizes the City Manager to enter into an agreement with BDP and/or SM, in accordance with the attached Exhibit A, upon review and approval of the City Attorney.

D-27220



**RESOLUTION AUTHORIZING ASSISTANCE TO  
BROOKSTOWN DEVELOPMENT PARTNERS, LLC  
AND SPORTS MENAGERIE, LLC**

**WHEREAS**, Brookstown Development Partners, LLC (BDP) and Sports Menagerie, LLC are considering the construction of the Brookstown Project, a \$189,000,000 mixed-use development including a 5,500 seat baseball stadium, multiplex movie theater, office, retail and residential space in Winston-Salem; and

**WHEREAS**, BDP and SM have requested City financial assistance (without which the development could not proceed) to help offset the project costs including public infrastructure improvements, site preparation and stadium construction costs associated with the development; and

**WHEREAS**, given the public benefit created by this project, the City of Winston-Salem is interested in assisting BDP and SM with its development of the Brookstown Project; and

**WHEREAS**, Forsyth County, the State of North Carolina, and the United States Department of Transportation also are considering assistance for this project.

**NOW, THEREFORE, BE IT RESOLVED**, by the Winston-Salem City Council, after a duly advertised public hearing, that the Council, in order to stimulate the local economy, promote business, create new full-time jobs, increase the property tax base and revenues, and increase business prospects, hereby approves, pursuant to G.S. 158-7.1(a), up to \$29,292,252 financial assistance to BDP and SM under the terms and conditions outlined in Exhibit A attached hereto and incorporated herein by reference to assist with construction of the Brookstown Project.

**BE IT FURTHER RESOLVED**, that the annual incentive payments to BDP and/or SM would begin after completion of Phase II, its listing for property tax purposes, and after the payment of one full year's taxes thereon; thereafter, the City incentive payments would be made annually on July 1, in accordance with Exhibit A.

**BE IT FURTHER RESOLVED** that funds for the \$1,000,000 economic development assistance will be appropriated from the Economic Development Project Fund.

**BE IT FURTHER RESOLVED** that the City's participation is contingent upon all other financing being in place and that the City Manager is hereby authorized to execute an agreement with BDP, in accordance with the attached Exhibit A, upon review and approval of the City Attorney.

**BE IT FURTHER RESOLVED** that at the end of the 25-year incentive payment period, the City agrees to purchase from the County its proportionate ownership share of the baseball stadium based upon the fair market value of the stadium, at that point.

LETTER OF CREDIT REQUIREMENTS  
Brookstown Development Project

A letter of credit in a form satisfactory to the City of Winston-Salem will be provided by Sports Menagerie as follows:

1. The letter of credit will be in place for the amount of \$350,000 for the period from the issuance of the City Debt on the stadium to the second year of the financing term in which the ticket surcharge payment is due to the City.
2. Thereafter, a letter of credit will be provided each year in an amount equal to \$350,000 minus the amount of ticket surcharge revenue collected from actual ticket sales in the previous year or \$210,000, whichever is greater.
3. The letter of credit requirement will remain in effect until such time as at least \$50,000,000 of new tax base has been created and placed on the Forsyth County tax rolls.
4. Should said \$50,000,000 in new tax base not be created by year eleven of the financing term, the letter of credit calculation shall change to an amount equal to \$437,500 minus the amount of actual ticket surcharge revenue collected in the previous year or \$287,500, whichever is greater.

## EXHIBIT A

### Brookstown Baseball Stadium Project

Brookstown Baseball Stadium Project (hereinafter the “Project”) is a public/private economic development project pursuant to N.C.G.S. §158.7.1 proposed by Brookstown Development Partners, LLC (hereinafter “BDP”) and Sports Menagerie, LLC (hereinafter “SM”), to involve the City of Winston-Salem (hereinafter, the “City”) and Forsyth County (hereinafter, the “County”). Phase I of the Project covers approximately 7.2 acres and is located north of Business 40, west of Peters Creek Parkway, east of Park Circle and south of First Street in downtown Winston-Salem. Phase II of the Project covers approximately 32.5 acres and surrounds the Phase I parcel, being north of Business 40, west of Broad Street, south of Brookstown Avenue/Second Street and including properties to the west of Westdale Avenue. Attachment A-1 shows the location of properties included in Phase I and Phase II. Phase I, which involves construction of a downtown baseball stadium that will be used by SM’s minor league baseball team, will be developed as outlined in this Exhibit. Phase II, which is envisioned as a mixed-use commercial development project, is anticipated to be developed in the future, but no specific development commitments have been made by BDP with respect to Phase II and the economic development assistance and other obligations of the City and County with respect to Phase II that are described in this Exhibit would be conditioned upon BDP’s satisfaction of the conditions described in this Exhibit related to the Phase II proposal. Based on current values, the estimated taxable value for the entire Project (assuming completion of all Phase I and Phase II development) would be \$189,000,000 and all development, except for a small park to be owned by the City as described below, is expected to be taxable property. All parcels involved in the Project are shown on Attachment A-1 hereto. The current tax values of the properties included in the Project are shown on Attachment A-2 hereto.



The parcels of property necessary for the Project are in various ownership, and it would be BDP's and SM's responsibility to acquire all of said parcels. Parcels to be purchased from the City by BDP or SM would be sold at their fair market. Only Phase I is guaranteed pursuant to this Exhibit. All Phase II development activities are within the discretion of BDP and all obligations of the City and County with respect to Phase II are conditioned upon the performance by BDP or its assigns of specific commitments, as stated herein. BDP may assign its rights and obligations in the Project to one or more third parties for execution. All proposed improvements for the entire Project are conceptually shown on Attachment B hereto.

**Phase I, Immediate and Guaranteed**

Phase I would be completed by SM within 28 months of the execution of the Project Agreement and consists of construction of a baseball stadium (5,500 seating capacity minimum) with a total capital investment of at least \$22.6 million. Additionally, Phase I will include the conveyance of a 0.54 acre parcel of land within the Project boundaries for a new City park. The park will be owned by the City and will not be taxable property.

To enable the development envisioned in the Project, BDP and SM request the City to amend its definition of Central Business District (CBD) to include the Phase I property and all Phase II property being east of the existing Peters Creek Parkway as designated on Attachment A-1. This will enable the City to contract for development in the Project pursuant to the provisions of N.C.G.S. §160A-458.3.

The City would provide up to \$11.0 million in Phase I as an upfront economic development incentive to assist in the construction of the baseball stadium, including land acquisition, infrastructure and site work. Of this amount, \$10.0 million would be financed by the City using Special Obligation Bonds and \$1.0 million would come from the Economic Development Project Fund (via previously approved COPS and 2000 G.O. Bonds). The City funds would be available after the execution of the Project Agreement and would be advanced in

twelve (12) equal monthly installments over the one-year construction period following issuance of all applicable building permits. The City's upfront incentives may be advanced to Winston-Salem Business, Inc. ("WSBI") or another similar not-for-profit entity that is not an agency or instrumentality of the City or the County to be advanced to SM to fund Phase I development. Revenues to pay the City's debt service for the upfront incentives would come from the following sources: (a) new property taxes on the baseball stadium developed in Phase I, (b) fixed annual surcharges on baseball stadium tickets (100% guaranteed by SM for 25 years as shown on Attachment C hereto) and (c) funds from the purchase of Ernie Shore Field by Wake Forest University. The City would not pay any additional incentives to SM based on the property taxes derived from the Phase I development. It is anticipated that the County would pay to SM (either directly or through WSBI or another non-profit) annual incentive payments commencing on July 1 first following payment of property taxes on the Phase I baseball stadium improvements and such payments would be made annually thereafter for a term of up to 25 years. The County's annual payments in each year would not exceed 100% of the incremental property taxes resulting from the Phase I development and paid during the preceding year. Such County incentive payments for Phase I are included in the amounts shown on Attachment D.

SM would provide \$6.6 million for baseball stadium land acquisition, infrastructure site work and construction in Phase I, which amount could be increased to \$8.6 million as described below. It is anticipated that SM will secure its funds through a commercial bank loan from one or more banks with a 25-year loan amortization schedule following completion of construction.

The Millennium Fund has committed to provide an additional \$1.0 million grant towards Phase I development costs.

An additional \$4.0 million of federal or state funding for site improvements, roads and other infrastructure will be sought for Phase I. Of this amount, \$2.0 million has previously been awarded to the City by the U.S. Department of Transportation under the SAFETEA\_LU program



and the City will use its reasonable best efforts to obtain the additional \$2.0 million of federal or state funding. If this funding cannot be secured, SM would increase the amount of its investment to \$8.6 million. To the extent that this additional \$2.0 million is not obtained, the City would have no responsibility to provide replacement funds. Further, if enlargement or cost overruns are encountered for the baseball stadium, funding for same shall be SM's responsibility and obligation.

Commencing on the completion of the construction of the baseball stadium and following the close of the first baseball season (which is currently expected to be in 2009), and in each year thereafter for a term of 25 years, SM will pay to the City the baseball ticket surcharges in the amounts shown on Attachment C. Payments will be made on or before October 1 in each year. SM will guarantee the full amount of the payments shown on Attachment C without regard to actual ticket sales or any shortfall in the surcharges collected, and SM shall be entitled to retain all revenue from ticket sales or surcharges in excess of the fixed amount to be paid to the City as shown on Attachment C.

SM would own the land on which the baseball stadium is constructed and the associated improvements. SM would agree to play all minor league home games of its franchised club therein for the term of the City's financing of its upfront incentive payments. SM would agree that should the team be relocated before the expiration of the City's financing term, SM would be required to repay the City a portion of the \$11.0 million upfront incentive based on the amount remaining outstanding at the time of the relocation. Upon such payment, SM would be released from its obligation to pay the baseball stadium ticket surcharges as shown on Attachment C and SM would convey the stadium improvements to the City as described below.

The annual purchase payments for Ernie Shore would be paid by WFU for a term of twenty years beginning after completion of the construction of the new baseball stadium and the conveyance of Ernie Shore to WFU.

## **Phase II, Conditional and Not Guaranteed**

BDP and SM would be unable to implement Phase II without the benefit of the economic development incentives set forth below. Phase II, if implemented, could support approximately 455,000 square feet of mixed-use commercial development, including commercial, office and residential properties. As currently envisioned, Phase II would involve one or more office buildings, a multi-screen movie theater complex and other development properties. Funding for all Phase II construction activities would be provided by BDP or other third parties (BDP's assigns under the Project), including commercial lending sources.

If implemented, the development activities in Phase II would support (1) annual incentive payments from the City and County as described below, and (2) the purchase of parking facilities by the City as described below.

### **General Development Activities**

As BDP completes construction of properties in Phase II, lists such properties for taxes, and pays property taxes thereupon, it would be eligible for annual incentive payments from the City and the County as shown on the Attachment D. Such payments may be advanced to WSBI or another similar not-for-profit entity and then advanced to SM. The first incentive payments from the County would be made on July 1 first following the payment of property taxes on Phase I development properties and would be made annually thereafter for a term to end simultaneously with the Phase II incentives as described below. The City and the County would make annual incentive payments on July 1 first following the payment of property taxes on Phase II development properties and upon an initial application by BDP and SM for such payments. Such payments would be made annually thereafter for a term of up to 25 years. These cumulative annual grants would never exceed 100% of the cumulative property taxes created by Phase II of the Project. BDP and SM acknowledge that Phase II development must have a taxable value of at least \$55 million to cover all incentives on Attachment D assuming a \$6.6

million construction loan, and the total Phase II development must have a taxable value of at least \$65 million to cover all incentives on Attachment D assuming an \$8.6 million construction loan.

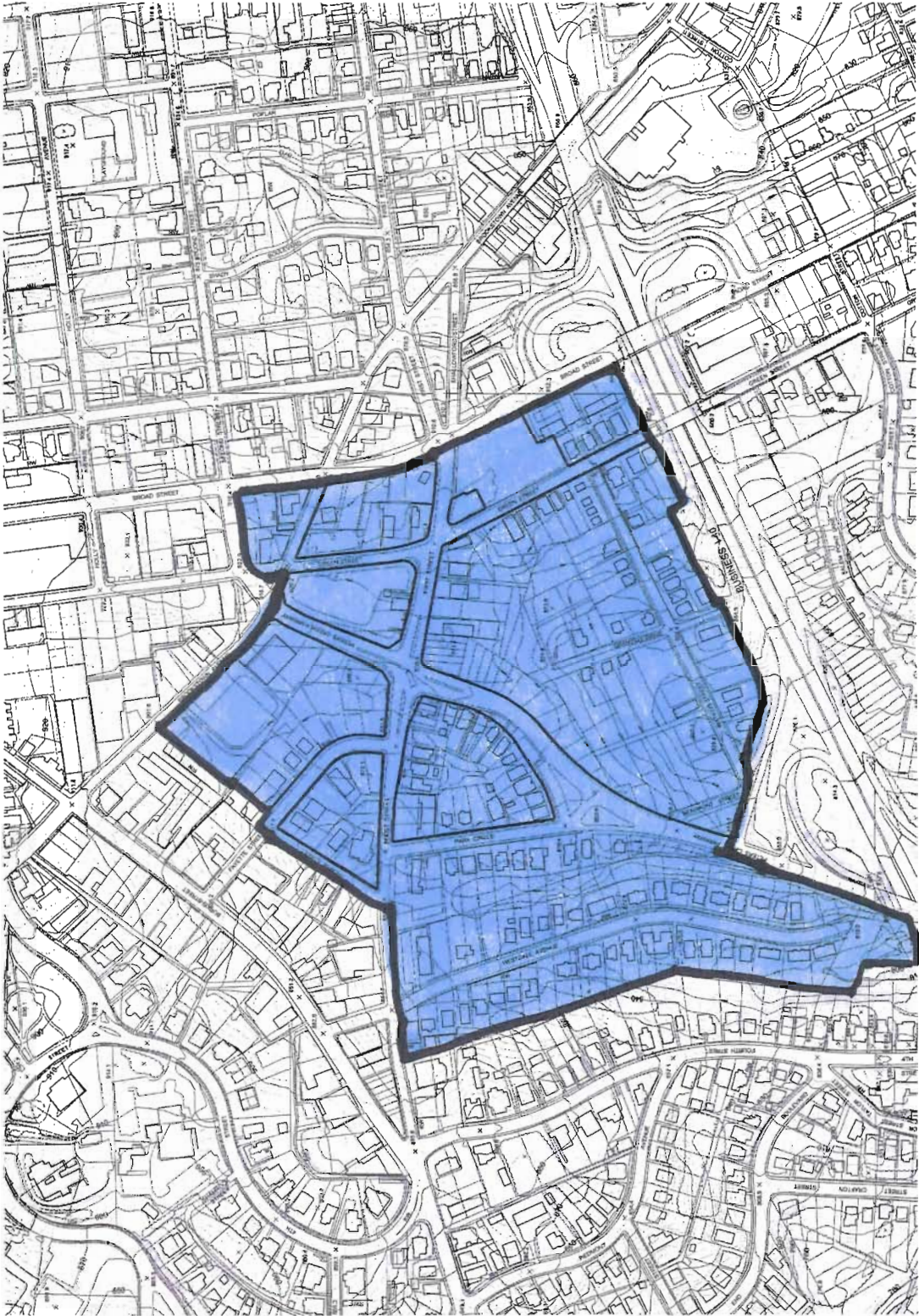
At the end of the 25-year incentive payment period, SM would convey title to the baseball stadium to the City and the County in shares proportionate, based upon the City's upfront \$11.0 million incentives plus City annual incentives paid to SM and the County annual incentives paid to SM. It is acknowledged that the County may elect not to take ownership of their pro rata share of the stadium and should that occur, SM would convey title to the baseball stadium solely to the City.

### **Parking Facilities**

In addition to providing annual incentive grants in Phase II, the City would commit to purchase up to 1,000 parking spaces in one or more parking facilities to be constructed as a part of Phase II at a cost not to exceed \$16.34 million or \$16,340 per parking space. All parking deck spaces purchased by the City must be self-funding. Self-funding may be demonstrated based on projected new property taxes from Phase II that are not otherwise allocated to Phase II incentives that are to be paid to SM and other guaranteed financial commitments made by BDP or third parties at the time that the City enters into an agreement with BDP or such third parties for the purchase of these spaces. Phase II revenues to cover the City's full debt service could take the form, among other things, of (i) parking fees or other charges; (ii) surcharges imposed on tickets sold at any movie theatre developed as a part of Phase II; (iii) surcharges or other fees imposed upon developers, owners or tenants of properties developed as a part of Phase II and based on square footage of properties or other agreed measures; or (iv) other similar financial commitments. However, the City's specific participation would be better defined and considered by Council, at the appropriate time, based upon the Project occurring as described herein.



ATTACHMENT A



Brookstown Development District

Brookstown | Winston-Salem, North Carolina



URBAN DESIGN ASSOCIATES

24 MARCH 2006

**Brookstown District Current Tax Value**

**Nov. 2006**

<b>Address</b>	<b>Block &amp; Lot</b>	<b>Acreage</b>	<b>Tax Value</b>
1142 First St W	0657 069	0.17	\$86,831
106 Westdale Ave	0657 068	0.19	\$66,646
110 Westdale Ave	0657 067	0.19	\$85,209
114 Westdale Ave	0657 066	0.18	\$60,256
120 Westdale Ave	0657 065	0.18	\$76,444
124 Westdale Ave	0657 064	0.18	\$53,220
130 Westdale Ave	0657 062	0.18	\$49,594
134 Westdale Ave	0657 061	0.18	\$7,322
138 Westdale Ave	0657 059B, 060	0.27	\$115,390
146 Westdale Ave	0657 058, 059A	0.28	\$49,720
150 Westdale Ave	0657 057	0.18	\$32,004
152 Westdale Ave	0657 056	0.18	\$41,088
154 Westdale Ave	0657 054,055	0.36	\$74,824
200 Westdale Ave	0660 053	0.16	Work in Progress
208 Westdale Ave	0660 052	0.16	\$25,664
212 Westdale Ave	0660 051	0.15	\$42,608
218 Westdale Ave	0660 050	0.15	\$42,577
220 Westdale Ave	0660 202	0.22	\$35,350
224 Westdale Ave	0660 201	0.21	\$37,380
228 Westdale Ave	0660 046	0.19	\$36,579
Westdale NCHC	0660 111	0.7	\$9,884
107 Westdale Ave	0656- 001 002 003 004A	0.64	Work in Progress
123 Westdale Ave	0656- 009,011	0.33	\$67,271
127 Westdale Ave	0656 011B	0.21	\$9,200
129 Westdale Ave	0656 015	0.18	\$55,109
131 Westdale Ave	0656 017	0.18	\$73,212
139 Westdale Ave	0656 019	0.18	\$53,832
143 Westdale Ave	0656 021	0.18	\$55,830
145 Westdale Ave	0656 023	0.18	\$58,463
151 Westdale Ave	0656 001R, 002R	0.37	\$116,685
157 Westdale Ave	0656 003R	0.31	\$60,640
163 Westdale Ave	0656 004R	0.17	\$67,532
169 Westdale Ave	0656 005R	0.27	\$49,771
201 Westdale Ave	0659 006R	0.16	\$50,506
205 Westdale Ave	0659 007R	0.22	\$50,506
209 Westdale Ave	0659 008R	0.17	\$49,362
215 Westdale Ave	0659 009R	0.22	\$49,362
221 Westdale Ave	0659 010R	0.14	\$43,253
229 Westdale Ave	0659 039	0.12	\$37,717
Westdale NCHC	0659 040	0.16	\$6,589
Westdale NCHC	0659 041	0.11	\$4,393
Westdale NCHC	0659 042	0.12	\$3,661

1100 First Street	0656 004B	0.66	\$246,780
181 Park Circle	0656 008	0.22	\$59,716
177 Park Circle	0656 010	0.21	\$79,847
173 Park Circle	0656 012	0.2	\$67,531
167 Park Circle	0656 014	0.18	Work in Progress
165 Park Circle	0656 016	0.18	\$73,488
161 Park Circle	0656 018,020	0.32	\$67,032
157 Park Circle	0656 022	0.14	\$73,709
153 Park Circle	0656 024	0.13	\$47,469
142 Park Circle	0656 026B,028B	0.2	\$42,381
Peters Creek Pky	0656 001J	0.04	\$2,563
Peters Creek Pky	0656 002J	0.03	\$1,602
Peters Creek Pky	0656 003J	0.04	\$1,602
Peters Creek Pky	0656 004J	0.04	\$1,602
Peters Creek Pky	0656 007J	0.06	\$641
1022 First St W	0638 026B	0.39	\$677,349
176 Park Circle	0638 029	0.14	\$43,756
174 Park Circle	0638 030	0.14	\$61,409
168 Park Circle	0638 032, 103, 031	0.27	\$86,251
144 Park Circle	0638 010	0.13	\$48,761
140 Park Circle	0638 104	0.12	\$77,350
134 Park Circle	0638 012	0.13	\$74,389
132 Park Circle	0638 013	0.13	\$8,280
130 Park Circle	0638 014	0.13	\$69,000
122 Park Circle	0638 015	0.13	\$92,794
120 Peters Creek Pky	0638 016	0.13	\$50,744
118 Peters Creek Pky	0638 017	0.11	\$74,477
112 Peters Creek Pky	0638 018	0.11	\$73,552
110 Peters Creek Pky	0638 019	0.12	\$82,211
100 Peters Creek Pky	0638 001B	0.18	\$123,455
First Street	0638 022B	0.12	\$32,343
1006 First Street	0638 023B	0.12	\$96,499
1008 First Street	0638 024B	0.13	\$87,272
1010 First Street	0638 025B	0.13	\$123,416
1025 First Street	0104 030,031,103,104,032A	0.52	\$348,498
Fayette Street	0104 018B	0.12	\$32,425
104 Fayette	0104 019	0.16	\$33,670
114 Fayette	0104 020	0.16	\$170,752
118 Fayette	0104 021	0.17	\$45,561
120 Fayette	0104 022	0.18	\$162,582
130 Fayette	0104 101	0.18	\$208,970
115 Tomas Street	0104 032B	0.14	\$114,729
First St	0103 115B	0.12	\$14,189
Green Street	0103 121	1.27	\$451,107
911 First Street	0103 117B	0.13	\$103,559

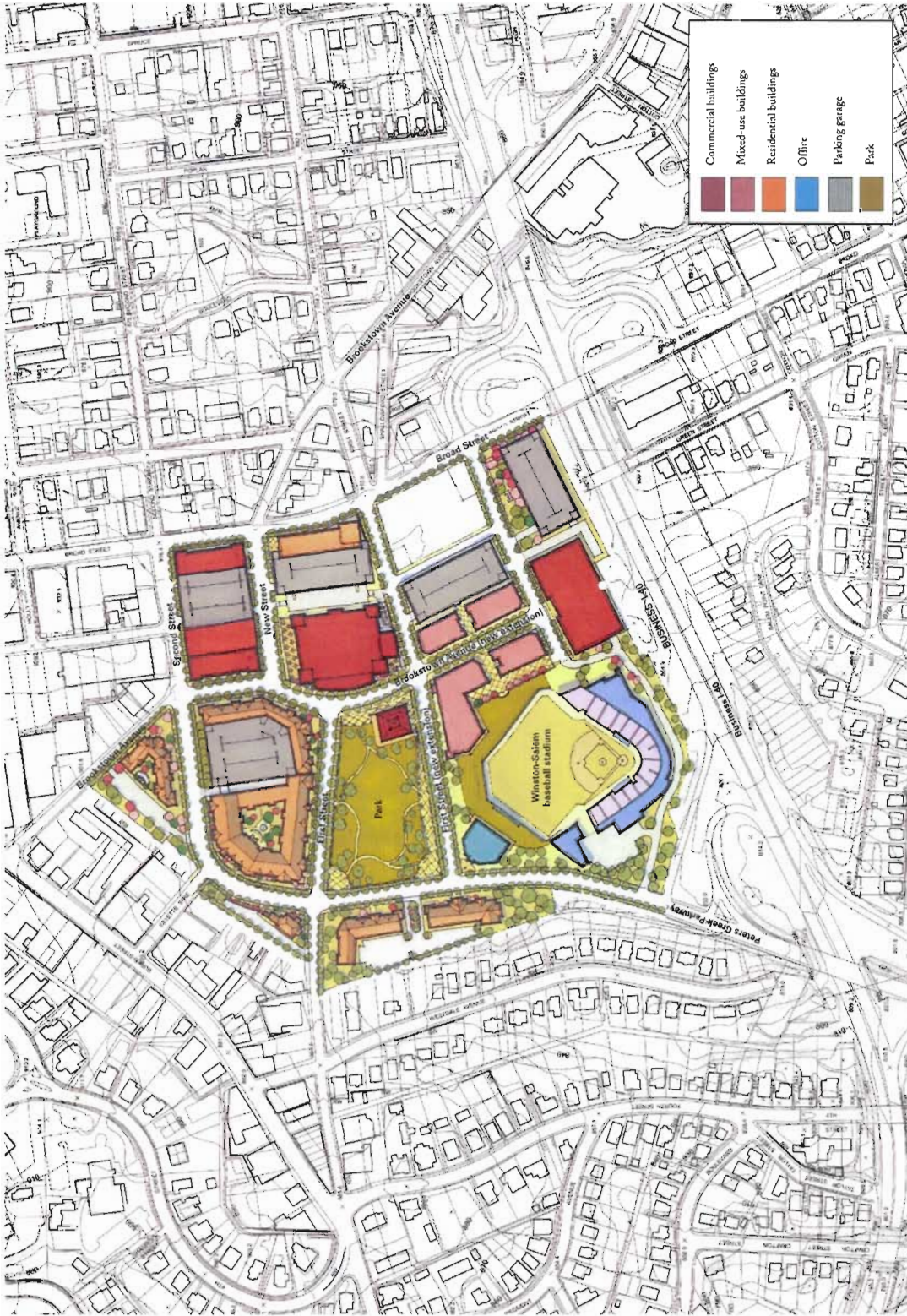


141 Green Street	0097 118B	0.31	\$470,144
Broad Street	0097 117C	0.1	\$36,486
Broad Street	0097 124A	0.13	\$49,212
128 Broad Street	0097 202	0.19	\$108,510
City of WS	0098 101C	0.25	\$84,097
Broad Street	0098 003A,101a,201,202A	0.23	\$75,366
109 Green	0098 202B	0.22	\$185,358
817 First Street	0098 108A	0.12	\$79,566
120 Broad	0098 001	0.44	\$251,631
114 Broad	0098 003B	0.1	\$40,668
100 Broad	0098 106	0.4	\$122,046
First Street	0635 114	0.15	\$48,421
110 Broad	0635 115	1.23	\$724,712
137 Green	0635 203	0.11	\$25,009
141 Green	0635 204	0.11	\$24,149
143 Green	0635 106	0.11	\$26,036
145 Green	0635 107	0.11	\$26,535
150 Broad	0635 104,102,103	0.46	\$274,702
140 Broad	0635 201	0.37	\$273,826
123 Fayette	0103 010	0.38	\$366,867
121 Fayette	0103 012	0.21	\$114,394
115 Fayette	0103 013	0.23	\$67,235
101 Fayette	0103 014, 015,112,113B,201B,202	0.96	\$292,741
930 Brookstown	0103 106,107	1.6	\$780,230
First Street	0637 001,002, 003, 004, 005, 006, 007, 008, 009, 010, 011, 01	0.67	\$164,572
Second St ?	0639 002,003,004,005	0.5	\$16,209
Second St ?	0639 006B	0.08	\$2,340
Second St ?	0639 007	0.06	\$2,681
Second St ?	0639 008B,113	0.28	\$7,800
Beaumont	0639 116A	0.05	\$4,144
Beaumont	0639 115	0.08	\$3,900
Watkins	0639 114	0.13	\$3,729
Beaumont	0659 109	0.07	\$4,457
Beaumont	0659 108	0.06	\$3,129
Beaumont	0659 111	0.09	\$5,526
Beaumont	0639 112	0.11	\$2,496
1047 Beaumont	0639 023A	0.25	\$5,265
1043 Beaumont	0639 023B	0.29	\$5,265
1039 Watkins	0639 110	0.14	\$3,949
1031 Watkins	0639 111	0.14	\$4,168
Watkins	0639 108	0.11	\$4,168
Watkins	0639 109	0.15	\$4,168
Watkins	0640 104B	0.04	\$244
1022 Watkins	0640 105B	0.14	\$24,490
1018 Watkins	0640 019	0.31	\$85,713
1012 Watkins	0640 008	0.17	\$4,388
Watkins	0640 007	0.17	\$4,388
Watkins	0640 006	0.17	\$4,388



<b>Address</b>	<b>Block &amp; Lot</b>	<b>Acreage</b>	<b>Tax Value</b>
1000 Granville	0640 005	0.17	\$45,660
Granville	0639 101	0.19	\$3,120
166 Granville	0639 104	0.27	\$31,571
170 Granville	0639 105	0.91	\$29,919
1015 Watkins	0639 118	0.07	\$57,007
Granville	0639 103	0.34	\$6,669
162 Granville	0639 102	0.13	\$2,072
916 First	0637 119	0.34	\$195,417
First St	0637 009P	0.14	\$1,097
144 Granville	0637 013W	0.14	\$9,600
318 Granville	0637 110A	0.41	\$5,363
163 Granville	0637 112	0.27	\$43,932
169 Granville	0637 000C	0.13	\$24,427
937 Watkins St	0637 106C	0.13	\$16,930
Granville	0637 113	0.05	\$921
931 Watkins	0637 106B	0.2	\$5,119
923 Watkins	0637 108	0.17	\$18,347
320 Granville	0637 110B	0.13	\$4,160
919 Watkins	0637 109	0.17	\$19,478
912 First St	0637 506B	0.28	\$26,667
908 First St	0637 505B	0.26	\$176,128
904 First St	0637 102	0.15	\$68,182
900 First St	0637 002B	0.15	\$123,393
Green St	0637 005S,114	0.66	\$21,770
915 Watkins St	0637 115	0.17	\$38,391
913 Watkins St	0637 116	0.17	\$4,875
110 Green St	0637 006S	0.15	\$15,921
112 Green St	0637 117	0.19	\$66,646
118 Green St	0637 010P	0.15	\$33,958
120 Green St	0637 011P	0.16	\$33,159
126 Green St	0637 105	0.11	\$20,468
130 Green St	0637 104	0.12	\$27,527
130 Green St	0637 002W	0.23	\$101,956
942 Watkins St	0636 007B	0.27	\$65,181
181 Granville	0636 007A	0.11	\$26,648
928 Watkins St	0636 106	0.33	\$21,819
916 Watkins St	0636 105	0.17	\$4,875
914 Watkins St	0636 102	0.06	\$38,083
138 Green St	0636 003	0.24	\$47,983
142 Green St	0636 004	0.29	\$38,823
152 Green St	0636 108	0.23	\$73,568
<b>Totals</b>		<b>39.73</b>	<b>\$12,943,145</b>

# ATTACHMENT B



## Illustrative Master Plan

Brookstown | Winston-Salem, North Carolina



URBAN DESIGN ASSOCIATES

0 100 200 500 FEET

27 MARCH 2006

**ATTACHMENT C**  
**SURCHARGE SCHEDULE**  
**(Baseball Tickets)**

<u>Year</u>	<u>Baseball ticket Surcharge</u>
1	
2	
3	\$350,000
4	350,000
5	350,000
6	350,000
7	350,000
8	350,000
9	350,000
10	437,500
11	437,500
12	437,500
13	437,500
14	437,500
15	437,500
16	437,500
17	437,500
18	437,500
19	437,500
20	437,500
21	437,500
22	437,500
23	437,500
24	437,500
25	437,500
26	437,500
27	437,500

Total \$10,325,000.00  
350,000 tickets  
\$1.00 years 3-9  
\$1.25 years 10-27

**Note:** If the number of tickets exceeds projections, SM would retain any additional surcharges beyond the minimal amount shown in this table.



# ATTACHMENT D

## INCENTIVE PAYMENTS SCHEDULE

Year	Assuming \$6.6 million Construction Loan (\$55 mill. investment)					Assuming \$8.6 million Construction Loan (\$65 mill. investment)									
	Annual City Assistance	City Cumulative	Annual County Assistance	County Cumulative	City Assistance	City Cumulative	Annual County Assistance	County Cumulative	City Assistance	City Cumulative					
1	2009														
2	2010			\$126,540	\$126,540		\$126,540					\$126,540		\$126,540	
3	2011			126,540	253,080		253,080					126,540		253,080	
4	2012			126,540	379,620		379,620					126,540		379,620	
5	2013	\$242,516	\$242,516	459,524	839,144		839,144	\$242,516	\$242,516	\$242,516	\$242,516	459,524	459,524	839,144	
6	2014	242,516	485,032	459,524	1,298,668		1,298,668	242,516	485,032	485,032	485,032	459,524	459,524	1,298,668	
7	2015	242,516	727,548	459,524	1,758,192		1,758,192	242,516	727,548	727,548	727,548	459,524	459,524	1,758,192	
8	2016	242,516	970,064	459,524	2,217,716		2,217,716	242,516	970,064	970,064	970,064	459,524	459,524	2,217,716	
9	2017	485,031	1,455,095	792,509	3,010,225		3,010,225	485,031	1,455,095	1,455,095	1,455,095	792,509	792,509	3,010,225	
10	2018	485,031	1,940,126	792,509	3,802,734		3,802,734	485,031	1,940,126	1,940,126	1,940,126	792,509	792,509	3,802,734	
11	2019	485,031	2,425,157	792,509	4,595,243		4,595,243	485,031	2,425,157	2,425,157	2,425,157	792,509	792,509	4,595,243	
12	2020	485,031	2,910,188	792,509	5,387,752		5,387,752	485,031	2,910,188	2,910,188	2,910,188	792,509	792,509	5,387,752	
13	2021	241,206	3,151,394	457,726	5,845,478		5,845,478	485,031	3,395,219	3,395,219	3,395,219	792,509	792,509	6,180,261	
14	2022	187,912	3,339,306	384,551	6,230,029		6,230,029	824,553	4,219,772	4,219,772	4,219,772	1,258,687	1,258,687	7,438,948	
15	2023	187,912	3,527,218	384,551	6,614,580		6,614,580	824,553	5,044,325	5,044,325	5,044,325	1,258,687	1,258,687	8,697,635	
16	2024	187,912	3,715,130	384,551	6,999,131		6,999,131	618,801	5,663,126	5,663,126	5,663,126	976,180	976,180	9,673,815	
17	2025	187,912	3,909,042	384,551	7,383,682		7,383,682	261,014	5,924,140	5,924,140	5,924,140	484,923	484,923	10,158,738	
18	2026	187,912	4,090,954	384,551	7,768,233		7,768,233	261,014	6,185,154	6,185,154	6,185,154	484,923	484,923	10,643,661	
19	2027	187,912	4,278,866	384,551	8,152,784		8,152,784	261,014	6,446,168	6,446,168	6,446,168	484,923	484,923	11,128,584	
20	2028	187,912	4,466,778	384,551	8,537,335		8,537,335	261,014	6,707,182	6,707,182	6,707,182	484,923	484,923	11,613,507	
21	2029	187,912	4,654,690	384,551	8,921,886		8,921,886	261,014	6,968,196	6,968,196	6,968,196	484,923	484,923	12,098,430	
22	2030	187,912	4,842,602	384,551	9,306,437		9,306,437	261,014	7,229,210	7,229,210	7,229,210	484,923	484,923	12,583,353	
23	2031	187,912	5,030,514	384,551	9,690,988		9,690,988	261,014	7,490,224	7,490,224	7,490,224	484,923	484,923	13,068,276	
24	2032	187,912	5,218,426	384,551	10,075,539		10,075,539	261,014	7,751,238	7,751,238	7,751,238	484,923	484,923	13,553,199	
25	2033	187,912	5,406,338	384,551	10,460,090		10,460,090	261,014	8,012,252	8,012,252	8,012,252	484,923	484,923	14,038,122	
26	2034														
27	2035														
28	2036														
		\$5,406,338		\$10,460,090				\$8,012,252						\$14,038,122	

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**OFFICE**

# MEMO

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To: Mayor Allen Joines and Members of the City Council  
From: Derwick Paige, Deputy City Manager  
Date: January 11, 2007  
Subject: Brookstown Development Project Questions & Concerns

The following summary is in response to questions raised by Council Members and citizens regarding the Brookstown Development Project.

- 1) **Inclusiveness-** The developer agrees to utilize the City's M/WBE program to identify minority contractors to assist with the construction of the stadium and to utilize minority participation wherever feasible.
- 2) **Boundaries of Central Business District-** Because the City will be utilizing the downtown development statutes to participate in this project, it is necessary that this area fall within the Central Business District (CBD). According to the City Code, the CBD is defined as that area identified as Growth Management Area 1 in the Legacy Plan. Under this proposal, the western boundary of GMA 1 will be moved westward from Broad Street to Peters Creek Parkway. However, this adjustment will not affect the zoning of the property and rezoning will still be necessary as a separate process.
- 3) **Ticket Surcharge Guarantee-** Under the proposal, the developer guarantees the annual surcharges to the City as shown in Exhibit A (Attachment C). These guarantees will be contractual and not just verbal commitments. Should the baseball ticket sales fail to meet the projections, on any given year, then the developer would be required to pay the difference between actual tickets sold and the amount of the surcharge due the City. As an example, if only 200,000 patrons attend baseball games in Year 3, but the developer has a payment obligation of \$350,000, then the developer would be responsible for covering the difference of \$150,000. Should Sports Menagerie (SM) fail to make this payment in any year, the City has the option of reducing its annual grant to SM by an equal amount or filing a claim against the entity as there will be a contractual obligation between the City and SM. Sports Menagerie owns the Warthog franchise which is valued at approximately \$12 million. There are no personal guarantees included in this deal; therefore, the City does not have personal financial statements for any of the partners in SM.
- 4) **Eminent Domain-** All properties are being acquired by the developer; therefore, the City is not using eminent domain to acquire any properties.

- 5) **Job Creation-** Unlike an economic development project, job creation typically is not considered as part of a downtown redevelopment project because other factors are considered for a downtown redevelopment project such as the elimination of blight. That being the case, Phase I, being the construction of the baseball stadium, has minimal new job creation. The job creation projections for Phase II, being the mixed-use development, are approximately 400-600 jobs, however, Phase II is not fully guaranteed as part of this agreement.
- 6) **Development of Phase II-** The developer has agreed to develop at least the first \$50 million of Phase II within 10 years of the execution of the Agreement.
- 7) **Recouping the Loss of Tax Revenue-** As the project is based on the net, new tax revenues; there is no loss of tax revenues to be recouped. Hence the project will in no way impact the City's tax rate.
- 8) **Letter of Credit/Bond/Personal Guarantee-** The developer's guarantee will be backed by Sports Menagerie, LLC which owns the Warthog franchise. While it was initially estimated that the franchise had a value of \$14 million, the actual franchise value is estimated to be \$12 million. In addition to the guarantee of Sports Menagerie, LLC, if necessary, the City would reduce its annual grant payment in Phase II by the amount of the shortfall, if any.
- 9) **Relocation-**Under the City's Local Relocation Option, the policy is structured that if an entity is displaced by *local government actions*, then the entity would be eligible for relocation assistance. While *local government actions* are broadly defined, it has been staff's position, heretofore, that since a private developer and not the City is acquiring the property; relocation assistance would not be initiated. However, based on direction provided by the Finance and Community Development/ Housing/General Government Committees, staff has drafted an amendment to the local policy to provide up to \$2,000 (\$1,000 from the developer and \$1,000 from the City) assistance to tenants within the Phase I properties and being those properties between Green Street and the east side of Peters Creek Parkway. Any City funds provided would come from the City's \$1.0 million General Obligation Bonds that were being used for the project; thus the City's overall participation would not increase. This proposed amendment to the local relocation policy, will be presented at the January 16, 2007 City Council meeting.
- 10) **"Green Stadium"- (e.g. Energy Efficient, Green Building, Encourage Less Driving-** This project is very consistent with the goals of the Legacy Plan in that the plan identifies this area as a potential high intensity development. The project also is a mixed use project that incorporates live/work/play components. The developer has already committed to considering several "Green" recommendations, and to incorporate those that are found to be economically feasible; and to include the following:
  - (a) Incorporate easy pedestrian, bike, transit, and handicapped access to the stadium complex through perimeter sidewalks, bike lanes and racks, and transit stop(s);
  - (b) Plant native shade trees in surface parking lots and waiting areas;

- (c) Incorporate parking and other outdoor light fixtures which limit off-premises and upward scatter; and
- (d) Incorporate easy patron access to recycling containers.

- 11) Operational Costs of Stadium-** The operational costs and maintenance will be paid by the developer for the 25 years that he owns it. He will also be required to adequately maintain the property.
- 12) County's Share of Stadium-** At the end of the financing period, the City would purchase the County's interests in the stadium. In order to pay for any financing needed, the City will have all of the tax revenues from the project and the lease payment on the stadium that the team will pay.
- 13) Conflicts in Transportation-** The peak afternoon rush hour for traffic on Business-40 is 4:00 p.m. until 5:30 p.m. The majority of the Warhogs' baseball games begin at 7:00 p.m. which is well after rush hour so no conflict is anticipated related to rush hour traffic.
- 14) Ernie Shore Field Debt Service-** The current proposal does not include paying off the City's existing debt on Ernie Shore Field. This debt is currently \$2,689,500 and it will continue to be paid by the Debt Service Fund with no additional budgeting required. The debt will be amortized through 2024 at a total cost of \$4,101,307.
- 15) Sufficiency of Peters Creek Parkway Bridge-** According to NCDOT, the bridge has a sufficiency rating of 47. This means the load carrying capacity is 47% of original design load, but because bridges of this vintage were over designed/built, the bridge is expected to be fine. The State is expecting to rehabilitate it as part of the Business 40 rehabilitation project. The Business 40 rehabilitation project is scheduled after the stadium's planned completion; however, NCDOT and City Transportation have spoken about the need to keep the stadium project and the Business 40 improvements coordinated. Staff feels confident that NCDOT will try to phase its construction to keep access to the stadium via alternative routes. In addition, City Transportation's preliminary traffic projections do not predict any problems with the bridge being able to handle the stadium traffic volume.
- 16) Ernie Shore Field Concessions-** The City contracts with Sports Menagerie to lease Ernie Shore Field. The lease rent is \$1/year. Concessions stands are included in that lease. Sports Menagerie provides to the City the appropriate insurances related to Ernie Shore Field, to include public liability, workers compensation, etc. The City holds Sports Menagerie responsible for all operations at Ernie Shore Field.

Sports Menagerie has the right to contract with any concessionaire it chooses, and for a number of years contracted with Aramark through the Complex contract. For the past several years, Sports Menagerie has contracted with an outside vendor. Product liability insurance would be handled between Sports Menagerie and its contracted concessionaire.



The City does receive a payment (approximately \$57,000) from Sports Menagerie in exchange for its rights to operate concessions in publicly owned facilities.

As for how concessions would work with a new baseball park, Sports Menagerie would be able to do whatever it wanted to for contracting concessions operations, but any arrangements would expire upon transfer of ownership to the City, and then any operational agreements in effect at that time for concessions in public facilities would become effective.

**17) Financial Statements of Sports Menagerie-** The City's agreement with Sports Menagerie does not call for the submission of financial statements and we have not ever requested or received any.

**18) Paid Attendance vs. Actual Attendance for 2006 Baseball Season-** Paid Attendance 149,755; Actual Attendance 90,726 (8 Rainouts)

**19) Who are the partners in BDP & Sports Menagerie?-** Billy Prim, Flip Filipowski, Arthur Samet

**20) Who will be running the concessions at the new stadium?–** This is yet to be determined however Sports Menagerie would be responsible for concessions operations during the stadium financing period.

**21) Who owns the players?-** The Chicago White Sox

**22) What salaries will be involved—i.e. coaches, trainers, etc? What is that salary and who pays it?-** The Chicago White Sox organization pays for the team, coaches and staff. Sports Menagerie pays for the back office support. The combined salaries are approximately \$700,000-\$800,000 annually.

I am available if you have questions regarding this information.

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Derwick L. Paige

pc: Lee Garrity, City Manager