

**STAR BOND PROJECT PLAN
HERITAGE AREA -- DODGE CITY, KANSAS**

**SUBMITTED PURSUANT TO
THE STAR BOND FINANCING ACT**

March 10, 2015

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PROJECT DEVELOPMENT TEAM

City of Dodge City, Kansas

CBC Real Estate Group, LLC

Slaggie Architects, Inc.

Stinson Leonard Street LLP

Canyon Research Southwest, Inc.

Gilmore & Bell, P.C.

BHC Rhodes, Inc.

I. INTRODUCTION

The Dodge City STAR Bond Project ("Dodge City Project") envisions the development of two separate non-contiguous areas totaling approximately 500 acres located within the STAR Bond Project District in Dodge City, Kansas (as defined in detail below). One area is located in the historic downtown area of Dodge City, Kansas (the "Heritage Area") and the other will be generally located between U.S. Highway 50 and 108th Road, south of Frontview Road (the "Entertainment Area") (collectively, the Heritage Area and the Entertainment Area may be referred to herein as the "STAR Bond Project Areas"). The development, known as the Dodge City Project, envisions approximately 489,000 square feet of entertainment, museum, hotel and retail uses. This Project Plan is for the Heritage Area portion of the Dodge City STAR Bond District, but not the Entertainment Area. It is anticipated that a separate and distinct Project Plan for the Entertainment Area will follow in the near future.

The Heritage Area contains approximately 166 acres in historic downtown Dodge City, Kansas. The Heritage Area is anchored by the Boot Hill Museum and Front Street located north of Wyatt Earp Boulevard, but also includes an existing Ford automotive dealership and exciting redevelopment opportunities south of Wyatt Earp Boulevard and west of 2nd Avenue in and around Wright Park. The Entertainment Area contains approximately 360 acres of that certain land which is mostly undeveloped at this time and generally located between U.S. 50 and 108th Road, south of Frontview Road.

The centerpiece of the Dodge City Project is a renovation and expansion of the Boot Hill Museum. The Boot Hill Museum has delighted visitors both nationally and internationally by depicting the "Wild West" in Dodge City-- an important place for commerce in the westward migration and expansion of the United States. Anchored by a replica of the original Front Street, circa 1872, the Boot Hill Museum highlights not only the importance of Dodge City as a trading post and transport hub, but identifies the luminaries and scoundrels that called it their home. Such compelling residents as Wyatt Earp, Doc Holiday and Bat Masterson not only made history, but contributed to the mystique of our western heritage and, in particular, the intrigue and lore of Dodge City. However, the Boot Hill Museum appears to be at a crossroads and requires reinvestment if it is to remain a national tourism attraction. The Dodge City Project would provide that much-needed reinvestment and revitalization of this iconic museum.

The development opportunities included in this STAR Bond Project Plan (the "Project Plan") for the Heritage Area include family-oriented, tourism attractions, including a themed, regional water park/aquatic center, a soccer field, a new, limited-service hotel, a new RV park and a new restaurant and banquet space which would be located in the historic Guymon Petro building, which is to-be-renovated. This Project Plan also contemplates the expansion and improvement of the existing Lewis Ford Automotive Dealership, new signage, an iconic entry feature and other upgrades and improvements to the visitor experience in historic downtown Dodge City (collectively, the "Heritage Area Project").

On March 19, 2012, the City, pursuant to the STAR Bond Financing Act, K.S.A. 12-17,160 *et seq.* (the "STAR Bond Financing Act"), approved a STAR Bond Project District (the "Original STAR Bond Project District") by passage of Ordinance No. 3527. Prior to its approval by the City, the City requested that the Kansas Secretary of Commerce (the "Secretary") designate the proposed Original STAR Bond Project District as eligible for STAR Bond financing. By letter dated

February 14, 2012, the Secretary so-designated the Original STAR Bond Project District. (See Ordinance No. 3527 attached hereto as **Exhibit C** and the letter from the Secretary attached hereto as **Exhibit D**).

On March 15, 2013, pursuant to Section 12-17,165 of the Act, the City submitted to the Secretary an Application for STAR Bond Project Financing and a Preliminary STAR Bond Project Plan for both the Heritage Area and the Entertainment Area. Among other things, this submittal requested an allocation of STAR Bond Project financing in an amount equal to \$78,595,077.

On October 23, 2014, the City, pursuant to K.S.A. 12-17,171 of the STAR Bond Financing Act, approved an amendment to the Original STAR Bond Project District, adding approximately twenty five (25) acres of real property to eastern boundaries of the Original STAR Bond Project District (as amended, the “District” or the “STAR Bond Project District”) by passage of Ordinance No. 3594. A map of the STAR Bond Project District is attached hereto as **Exhibit A**, and a legal description of the boundaries of the STAR Bond Project District is attached hereto as **Exhibit B**. Prior to the City's approval of the amendments to the Original STAR Bond Project District, the City requested that the Secretary designate the proposed STAR Bond Project District (as amended) as eligible for STAR Bond financing. By letter dated October 22, 2014, the Secretary designated the amended STAR Bond Project District as eligible for STAR Bond financing. (See Ordinance No. 3594 attached hereto as **Exhibit E** and the letter from the Secretary attached hereto as **Exhibit F**).

We are now pleased to provide a STAR Bond Project Plan for the Heritage Area, including an application for STAR Bond project financing for the Boot Hill museum renovation and the Heritage Area Project contemplated herein. The following will include detailed information about the Heritage Area Project and outline the elements that comprise the Project Plan for the Heritage Area Project.

II. STAR BOND PROJECT PLAN

Pursuant to the STAR Bond Financing Act, municipalities are authorized to utilize STAR Bond financing for specific development projects through (i) the creation of a STAR Bond Project District, subject to a finding by the Secretary that the STAR Bond Project District Plan is eligible for STAR Bond financing, and (ii) the adoption of a Project Plan that is subsequently approved by the Secretary.

As previously described, the STAR Bond Project District for the Dodge City Project has been created by the City and found to be eligible for STAR Bond financing by the Secretary. In connection with the approved STAR Bond Project District, the following information about the Heritage Area Project is hereby respectfully submitted:

- a description and map of the project area to be developed and redeveloped
- a reference to the district plan that identifies the project area that is set forth in the project plan that is being considered
- a detailed description of the buildings and facilities proposed to be constructed or improved in the project area

- a summary of the estimated project costs and revenue sources
- a summary of the feasibility study
- the relocation assistance plan
- a summary of the revenues available to pay debt service on STAR Bonds

A. DESCRIPTION AND MAP OF STAR BOND PROJECT AREAS

The approved STAR Bond Project District is comprised of two (2) separate, non-contiguous areas located within Dodge City: (i) the historic, downtown Heritage Area, which is comprised of approximately 166 acres anchored by the Boot Hill Museum and Front Street located north of Wyatt Earp Blvd., and (ii) the Entertainment Area, which is comprised of approximately 360 acres of primarily undeveloped ground generally located between U.S. Highway 50 and 108th Road, south of Frontview Road. A legal description of STAR Bond Project District is attached as **Exhibit B**. A legal description of the Heritage Area is attached hereto as **Exhibit G** and a map depicting the Heritage Area is attached hereto as **Exhibit A**. The Entertainment Area is legally described on **Exhibit H** and a map of the Entertainment Area is attached hereto as **Exhibit A**.

B. ESTABLISHED STAR BOND PROJECT DISTRICT

The two STAR Bond Project Areas are located entirely within the established STAR Bond Project District approved by the City of Dodge City on March 19, 2012, and amended by the City of Dodge City on October 22, 2014. The District Plan for the Dodge City STAR Bond District (the “STAR Bond Project District Plan”) generally provided for the following:

Heritage Area.

Within the Heritage Area the proposed Dodge City Project would provide for: (1) the renovation and expansion of the Boot Hill Museum, including modernizing the exhibits and attractions, (2) infrastructure and themed aesthetic improvements to Front Street and other portions of Dodge City south of Wyatt Earp, (3) a themed attraction, like a water park/aquatics facility, and (4) construction, renovation and expansion of regional, specialty-themed retail and restaurants to enhance this portion of the community as a super-regional draw.

Entertainment Area.

Within the Entertainment Area the proposed Dodge City Project would provide for: (1) the construction of a power center comprised primarily of big box and junior anchor stores in various separate buildings, (2) construction of an entertainment/lifestyle center including soft goods retail in one or more buildings; (3) up to nine out-parcels for restaurants and other pad site uses in multiple buildings, and (4) construction of one or more hotels.

The Secretary designated the STAR Bond Project District as an Eligible Area for STAR Bond Financing. The components of the Heritage Area Project and the City's application for STAR Bond project financing set forth herein is consistent with the STAR Bond Project District Plan.

C. STAR BOND PROJECT DESCRIPTION AND OVERVIEW

The Heritage Area Project, upon completion, will consist of a redeveloped and expanded Boot Hill Museum, a themed water park/aquatic center, a new soccer field, a new restaurant on the first floor of the newly renovated Guymon Petro building -- with event and banquet space on the second floor, a new limited service hotel, a new RV Park, expanded facilities for the Lewis Ford Automotive Dealership, as well as signage and other improvements to benefit historic downtown Dodge City. Collectively, the new amenities and enhancements to this part of Dodge City will constitute a "sense of place" in downtown Dodge City while focusing on a celebration of Kansas and its rich traditions in western heritage. Dodge City is an authentic surviving part of that heritage and it fully embraces the rural Kansas lifestyle while simultaneously remaining an important and relevant center of commerce with renowned art and history exhibits. Its architecture, prairie setting and amenities will be unique to western Kansas. An improved Heritage Area will reinforce Dodge City as a leading, destination-oriented community and offer local patrons, out-of-state visitors and even international visitors a wide variety of amenities and attractions along with a genuine glimpse of the Western lifestyle and hospitality.

The following will discuss each of the components in detail, including a description of the buildings and facilities to be constructed or renovated in each component of the Heritage Area Project, along with projected costs and the anticipated design and construction schedules for the various components.

THE BOOT HILL MUSEUM

The centerpiece of the Heritage Area portion of the Dodge City Project is the historic Boot Hill Museum. This museum has been the anchor of Dodge City's tourism industry for decades, but it appears to be at a crossroads and requires reinvestment if it is to remain a national tourism attraction. Dodge City is one of very few United States heritage towns still standing, and the Boot Hill Museum is a unique destination attraction in western Kansas that draws 68,000 to 80,000 visitors a year. A 2011 marketing analysis conducted by Ferree Burton Consulting found that 95% of the Boot Hill Museum's attendance comes from outside the Dodge City/Ford County area.

The proposed Heritage Area Project provides a reinvestment of up to \$6,125,000 to expand the museum. Depending on the potential STAR Bond revenue available from the evolving Entertainment Area projects, the Heritage Area Project may have the capability to enhance the plans to expand the Boot Hill Museum and reinvest additional capital into the museum. Also, in connection with these improvements, the Mariah Fund has agreed to provide additional funding of approximately \$500,000 for exhibits at the Boot Hill Museum and the City of Dodge City has pledged a portion of its transient guest taxes (two percent, up to \$150,000 annually) to help support ongoing operations at the Boot Hill Museum.

The Boot Hill Museum will be expanded by approximately 12,500 square feet. This expansion will include construction of a new, stand-alone building with exhibition space and additional improvements designed to host events and traveling exhibits, as well as introduction of interactive and multilingual exhibits. A copy of the proposed plans for the renovation and expansion is attached hereto as **Exhibit I**. Among other things, this expansion would allow the Boot Hill Museum to host traveling exhibits, which have previously been unavailable to the Boot Hill Museum due to its size and accessibility. This expansion will also allow the Boot Hill Museum to

display significant artifacts it currently has in its possession in a more dynamic, interactive manner, but it will also provide more space with which to properly support the artifacts and engage its patrons.

The improvements to Boot Hill will also include a new location for the Kansas Heritage Center, a non-profit social studies resource center operated through Unified School District 443 (the "Heritage Center"). The Heritage Center publishes and sells books, maps and other products relating to the Santa Fe Trail, Old West and pioneer life, as well as American Indian Heritage. The co-location of the Heritage Center within the Boot Hill Museum will provide synergy for both organizations/attractions and will provide visitors with an enhanced educational experience at this unique Kansas attraction.

These renovations will improve the accessibility of the Boot Hill Museum to a wider demographic of visitors, and therefore realize potential that is not available to the museum in its current format. It will also provide multilingual exhibits to accommodate international patrons and those who speak English as a second language. The renovations to the Boot Hill Museum can realistically be expected to increase the number of annual visitors to the museum from 68,000 to 80,000 annually to approximately 150,000 annually.

In addition to the proposed traveling exhibits, the contemplated expansion to the museum would provide space for permanent content and exhibits with new, high-impact graphics and communications as effective interactive displays. Many noteworthy artifacts in the possession of the Boot Hill Museum, but not currently able to be displayed, will be added and on continuous display with other artifacts rotating regularly to keep the Boot Hill Museum's experience fresh and exciting.

The Boot Hill Museum will continue to be owned and operated by Boot Hill Museum, Inc., a non-profit corporation.

THE WATERPARK

South of Wyatt Earp Boulevard, the Heritage Area will also provide for the development of the new, themed water park and aquatic center (the "Waterpark"). The Waterpark is anticipated to cost approximately \$10,000,000 and will be located just west of Fourth Avenue and immediately north of Wright Park. The Waterpark will not be constructed with STAR Bond revenues – the City is committing to build the Waterpark primarily with funds from its "Why Not Dodge?" tax. The Waterpark is to be operated by the City and will be open to the public and priced on a community-based pricing model – currently anticipated to be \$4.00 to \$6.00 for a daily admission and \$185.00 for a seasonal family pass. It is anticipated that the Waterpark will be completed and opened in time for the summer of 2016.

The Waterpark will feature commercial waterpark-class slides, a lazy river, shallow water-play features, western theming, and other amenities -- all combining to create a regional attraction. Presently, annual attendance at the City's existing community swimming pool is 18,000 visitors. Once reconstructed as a regional draw, the Canyon Study estimates that attendance at the new Waterpark would be between 60,000 and 70,000, drawing from within a 100 mile radius. The Waterpark creates a synergy with other amenities in the Heritage Area and throughout the City

and would provide additional tourism opportunities for families considering a visit to the Boot Hill Museum or planning to stay in the new Hotel or the RV Park amenities discussed below.

THE HOTEL

South of Wyatt Earp Boulevard, the City will enter into a development agreement with Leisure Development, LLC ("Leisure Development") to design, construct and open a first-class hotel at the corner of Fourth Avenue and West Trail Street (the "Hotel"). The Hotel will be required to be constructed as a "Holiday Inn Express" banner hotel containing a minimum of 90 rooms and including such amenities as are customarily required by Holiday Inn Express. The Hotel is estimated to cost approximately \$9,700,000 and will be completed approximately 16 months after the STAR Bond closing.

The Hotel should provide a highly desirable new lodging option for visitors to the Heritage Area, including those who are attracted to Dodge City because of the Boot Hill Museum, Dodge City Days or visitors who plan to spend a summer vacation in Dodge City. The Canyon Study articulates a demand for additional hotel rooms and projects an average occupancy rate of 75% and an average daily rate of \$160 for the Hotel after stabilization.

THE RESTAURANT

The City's development agreement with Leisure Development will also require the renovation of the historic Guymon Petro building on the northeast corner of Fourth Avenue and West Trail Street. The renovated 12,000 square foot building will provide a home for a new restaurant on the first floor, and event/banquet space on the second floor (collectively, the "Restaurant"). The Restaurant improvements are expected to cost approximately \$1,800,000 and should be completed less than one year after the STAR Bond closing.

The new Restaurant in the renovated historic Guymon Petro building would provide a new dining option in the Heritage Area and would have natural synergy with the Hotel, Waterpark and RV Park located south of the Restaurant. The banquet and event space on the second floor of the Restaurant serves an unmet demand in Dodge City and will provide a unique event space not just for the citizens of Dodge City, but also people who are planning weddings and other events in the region who are willing to travel for special events at the right event space.

THE TRAIL SYSTEM

The Heritage Area Project also contains multiple projects designed to significantly enhance walkability within the Heritage Area and provide high-quality pedestrian linkages between the various assets in downtown Dodge City. A new walkway and trail system would begin to the north at Boot Hill Museum and then run south to the new RV Park. Paved trail segments along with intersection modifications and walkway additions would combine with landscaping, statuary, and interpretive signage to create a pedestrian-friendly atmosphere that showcases western heritage and provides a sense of place and a sense of security as visitors transition throughout the Heritage Area.

With public "pause points" designed to receive outdoor artifacts, commissioned art, and passive observation, this should be a celebration of the culture and heritage unique to western Kansas. As

with Boot Hill Museum, the trail system will be designed to reinforce educational aspects of the heritage of Dodge City as well as western Kansas ecology and its associated environmental conservation and sensitivity.

The trail system and landscaping further create and enhance the sense of place to which the Heritage Area Project aspires. The unique opportunity to guide visitors through downtown Dodge City while exploring native plants, flowers, and trees, and experiencing western heritage enriches the overall visitor retail and entertainment experience, while simultaneously allowing visitors to comfortably take advantage of many of the attractive downtown Dodge City offerings in the Heritage Area, all within a unique walkable environment.

THE RV PARK

Leisure Development has also agreed, pursuant to the terms of its Development Agreement with the City, to construct and operate a first-class campground and recreational vehicle facility (the "RV Park") located immediately west of Wright Park and just south of the new soccer field that the City will construct to serve a dual purposes as a stormwater detention facility in the Heritage Area. The RV Park is to include approximately 100 stalls for recreational vehicles, complete with electrical services and restroom facilities. The RV Park is estimated to cost approximately \$500,000 and is required to be completed within one year of the STAR Bond Closing.

The RV Park should prove to be a tourism asset for Dodge City and the region because it will provide families who are vacationing in RVs with high quality accommodations located in an attractive location which is surrounded by other historical and entertainment attractions. According to the conservative projections in the Canyon Study, it is expected that annual visitation to the RV Park will be approximately 21,000 people.

THE EXPANDED AUTO DEALERSHIP

Pursuant to a Development Agreement with JTL Leasing, FLP ("Jim Lewis"), the owner of the existing Jim Lewis Ford Auto Dealership (the "Dealership") located at 200 East Wyatt Earp Boulevard, Jim Lewis will expand the existing operation and construct a new Dealership showroom and sales building consisting of approximately 7,800 square feet. The Dealership project will include new sidewalks, landscaping and retaining walls to make the Dealership more appealing from Wyatt Earp Blvd. The improvements to the Dealership are expected to cost approximately \$2,496,000.

The expanded Dealership should generate increased shopping activity and sales within the Heritage Area. It will also provide aesthetic upgrades to this site which is located at the front gateway to the Heritage Area.

RENOVATION OF DEPOT BUILDING

The historic Depot Building in Dodge City is a two story red brick building which occupies almost two blocks at the corner of Central Avenue and Wyatt Earp. The Depot Building was built in 1896 by the Atchison, Topeka and Santa Fe Railway and was placed on the National Historic Register in 2000. It is currently an active train station served by two daily Amtrak trains

and includes the El Vaquero/Harvey House dining room as well as the performance facilities for the Depot Theater Company, a live theater company.

In connection with the Heritage Area Project, the City will renovate and improve approximately 11,000 square feet of office space on the 2nd floor for the Dodge City Convention and Visitor's Bureau, as well as other office tenants. The estimated costs of this project, which would be paid for with City funds (and not STAR Bonds) is at least \$500,000.

OTHER INDIRECT IMPACTS OF THE HERITAGE AREA PROJECTS

The Heritage Area will also contain approximately 44,000 square feet of in-fill boutique and specialty themed retail to correspond with the established themes of the Heritage Area as well as opportunities for future junior anchor retail space. Though not specifically contracted for in the City's development agreements described above, the new amenities to the Heritage Area should draw new retail, restaurant and entertainment venues to the Heritage Area, complementing the Boot Hill Museum and other attractions previously described.

Office and residential space, although not specifically identified, will continue to be encouraged as part of the overall master plan for the Heritage Area with a framework to capture the momentum of this initiative to meet demand caused by market forces.

Transportation-related improvements including streets and new parking will provide access to and nearby parking for all of the Heritage Area attractions and amenities. These improvements, like the attractions themselves, will be interspersed and integrated collaboratively throughout the development.

D. SUMMARY OF PROJECT COSTS AND ANTICIPATED REVENUE SOURCES

1. Total Project Costs

The total estimated cost to complete the Heritage Area portion of the Dodge City Project, including site acquisition, soft costs and building construction is \$40,665,500, pursuant to estimates of the City and its development team. Attached hereto as **Exhibit J** is a breakdown of the estimated costs by category. (As indicated below, **Exhibit J** also includes an analysis of such costs.) A summary of the estimated costs is set forth below in **Table 1**.

Table 1

Estimated Total Cost of the Heritage Area Project

HERITAGE AREA
TOTAL INVESTMENT SUMMARY

SUMMARY:	HERITAGE STAR BOND Investment	NON- STAR BOND Investment	TOTAL Investment
Project Descriptions:			
Developer Uses: Leisure Hotel			
Hotel Development	\$ 595,000	\$ 9,170,000	\$ 9,765,000
Restaurant	\$ 125,000	\$ 1,675,000	\$ 1,800,000
RV Park	\$ 508,500	\$ -	\$ 508,500
Developer Contingency	\$ 171,500	\$ -	\$ 171,500
Developer Uses: Lewis Ford			
Site Improvements / Upgrades	\$ 750,004	\$ 1,745,733	\$ 2,495,737
City Uses: Heritage Project Plan			
Land Acquisition - Guymon, Pos-T-Vac, Coke, Vacant Lots	\$ 1,505,000	\$ 160,000	\$ 1,665,000
Offsite Construction - District Roads & Utility Infrastructure	\$ 1,174,000	\$ 1,383,000	\$ 2,557,000
Onsite - District Amenities - Signage, Detention, Relo, Lndscp	\$ 2,016,620	\$ 800,000	\$ 2,816,620
Boot Hill	\$ 6,125,000	\$ 500,000	\$ 6,625,000
Professional Services & Contingency	\$ 1,146,620	\$ -	\$ 1,146,620
Contingency	\$ 525,000	\$ -	\$ 525,000
	\$ 12,492,240	\$ 2,843,000	\$ 15,335,240
Other City District Investments			
Regional Aquatics Facility	\$ -	\$ 10,000,000	\$ 10,000,000
Sante Fe Depot Restoration/Renovation	\$ -	\$ 599,352	\$ 599,352
Trail Street Reconstruction	\$ -	\$ 1,680,047	\$ 1,680,047
Boot Hill Distillery	\$ -	\$ 500,000	\$ 500,000
Depot Build Out	\$ -	\$ 500,000	\$ 500,000
TOTAL USES:	\$ 14,642,244	\$ 28,713,131	\$ 43,355,376
	33.77%	66.23%	

2. Costs Eligible for Reimbursement and Requested Eligible Costs

The STAR Bond Financing Act describes the costs that are eligible for STAR Bond financing and reimbursement. Such costs are referred to as “Eligible Project Costs.” \$11,642,240 of the total costs shown in **Table 1** and on **Exhibit J** qualify as Eligible Project Costs. The Eligible Project Costs are set forth on **Exhibit J**.

Dodge City has previously submitted an application for financing under the STAR Bond Financing Act in an amount equal to \$78,595,077. However, this number includes both the Heritage Area portion and the Entertainment Area portion of the Dodge City Project. As indicated on **Exhibit J**, for the Heritage Area Project, Dodge City is asking for \$14,642,244 of STAR Bond net proceeds (subject to final underwriting) to fund approximately 33.77% of the total project costs in the Heritage Area. Approximately 41.83% of these STAR Bond net proceeds for the Heritage Area would be spent on the expansion and revitalization of the Boot Hill Museum. STAR Bond net proceeds are not limited to the amounts in the "STAR Bond Net Proceeds" column set forth on **Exhibit J** on an aggregate or per line item basis, but rather may be used to pay for or reimburse costs to the line item and aggregate costs set forth in the STAR Bond "Requested" column set forth on **Exhibit J**, subject to a maximum aggregate amount of STAR Bond net proceeds for the Heritage Area of \$14,642,244 (subject to final underwriting).

As indicated on **Exhibit J**, to calculate the Eligible Project Costs, costs have been allocated among the various components of the Dodge City Project based on the percentage of such costs attributable to the Boot Hill Museum, the Hotel, the Restaurant, the RV Park and the Dealership, and certain associated improvements. **Exhibit J** sets forth the allocation percentage applicable to each line item in the Dodge City Project budget. Each applicable percentage allocation was then applied to the applicable cost component to determine the amount of Eligible Project Costs.

A summary of the Requested Eligible Project Costs is set forth below in **Table 2**.

Table 2
Requested Eligible Project Costs

Requested Eligible Project Costs:	
Land Acquisition:	
Chaffin Building	\$ 400,000
Chaffin Vacant Lots	\$ 150,000
Pos-T-Vac	\$ 955,000
	\$ 1,505,000
Offsite Improvements - Design & Construction	
South Front Street Parking Lot(s)	\$ 924,000
Quiet Zone	\$ 250,000
	\$ 1,174,000
Onsite Improvements - Design & Construction	
Holding Pond - Detention / Soccer	\$ 1,175,000
West Site - Access Rd, Lighting, Fence	\$ 227,000
Pos-T-Vac	\$ 30,000
Hotel Site - Demo, Pad & Parking	\$ 334,620
Signage - Hotel, District	\$ 250,000
	\$ 2,016,620
Boot Hill - Building & Site Improvements	
Building Expansion	\$ 3,125,000
Site Improvements & Parking	\$ 1,500,000
Trail Street Improvements & Street Scope	\$ 1,500,000
	\$ 6,125,000
Professional Services	
City Fee's Paid to Date	\$ 500,000
Legal Fees	\$ 225,000
Planning Fees	\$ 50,000
Real Estate Advisory Fees	\$ 371,620
	\$ 1,146,620
Developer - Leisure Hotel	
Hotel - Site Utilities, Signage	\$ 595,000
Restaurant - Site Utilities, Paving	\$ 125,000
RV Park - Site Utilities, Paving, Landscaping	\$ 508,500
Soft Costs & Contingency	\$ 171,500
	\$ 1,400,000
Developer - Lewis Ford	
Site Work - General, Phase I & II	\$ 185,260
Paving, Curbs & Hardscape	\$ 411,898
Site Electrical	\$ 127,772
Soft Costs & Related GC Fees	\$ 138,824
Adjustment	\$ (113,754)
	\$ 750,000
Contingency	\$ 525,000
TOTAL REQUESTED PROJECT ELIGIBLE COSTS	\$ 14,642,240

3. Summary of Revenue Sources

The revenue sources for the Dodge City Project will be generated from the Eligible Project Costs and most of the remaining necessary funds will be provided from private debt and equity. However, there are likely to be additional capital investments from community partners, such as Black Hills Energy, Victory Electric, the Mariah Fund, the City of Dodge City and others.

E. SUMMARY OF THE FEASIBILITY STUDY

Pursuant to K.S.A. 12-17,166, the City of Dodge City has prepared a feasibility study containing the following information:

- Whether the Dodge City Project's revenue and tax increment revenue and other available revenue are expected to exceed or be sufficient to pay for the project costs;
- The effect, if any, the Dodge City Project will have on any outstanding special obligation bonds payable from the revenues described in the STAR Bond Financing Act;
- A statement of how the jobs and taxes obtained from the Dodge City Project will contribute significantly to the economic development of the state and region;
- Visitation expectations;
- The unique quality of the project;
- Economic impact study;
- Market study;
- Market impact study;
- Integration and collaboration with other resources or businesses;
- The quality of service, and experience provided, as measured against national consumer standards for the specific target market;
- Project accountability, measured according to best industry practices;
- The expected return on state and local investment that the Dodge City Project is anticipated to produce;
- A statement concerning whether a portion of the local sales and use taxes are pledged to other uses and are unavailable as revenue for the Dodge City Project; and
- An anticipated principal and interest payment schedule on the bond issue.

Canyon Research Southwest, Inc. (“Canyon”) prepared the “STAR Bond Feasibility Study – Dodge City STAR Bond District, Dodge City, Kansas” dated **January ____, 2015** (the “Canyon Study”). A copy of the Canyon Study is attached hereto as **Exhibit K**. The Canyon Study includes a Market Study and a Market Impact Study as summarized below. It is worth noting that the Canyon Study includes a number of references to a Phase 1 and Phase 2 of the Heritage Area Project, with Phase 1 including all of the elements of the Heritage Area Project which are described in detail in Section II.C above, and Phase 2 being contemplated to be redevelopment and 44,000 square feet of in-fill commercial space that will follow organically after the completion of Phase 1. Although Phase 2 of the Heritage Area Project creates additional capital investment (approximately \$6.6M), additional jobs (49 construction jobs and 73 full-time equivalent jobs after build-out) and additional STAR Bond revenues (\$20M), this Heritage Area Project plan does not rely on the development of Phase 2 at all. The core focus of all of the analysis below is on Phase 1 of the Heritage Area Project.

A summary of the Canyon Study is as follows.

1. Sufficiency of the Project’s Revenues Compared to the Project’s Costs.

a. Project Costs

The STAR Bond Financing Act requires an analysis to determine whether or not a project’s revenues are expected to be sufficient (or exceed) the amount necessary to pay for the project costs. This requires a determination of the Project Costs and Requested Eligible Project Costs and a comparison of such costs to the STAR Bond revenues expected to be generated within the STAR Bond Project Area. As indicated in Table 1 above, the total estimated Project Costs as of the date of this Project Plan are \$40,355,376. As indicated in Table 2 above, the estimated Requested Eligible Project Costs for the Heritage Area are \$14,642,244 of net STAR Bond proceeds (subject to final underwriting). As indicated below under “Estimated Tax Revenues”, the anticipated revenues from the Heritage Area portion of the Dodge City Project supports repayment of \$16,844,726 principal amount of STAR Bonds bearing interest at an assumed interest rate of 6.0% over 20 years, while maintaining an average 1.35 debt service coverage ratio.) The analysis of the sufficiency of STAR Bond revenues to pay the debt service on the STAR Bonds and the sufficiency of the revenue sources to pay all Estimated Project costs utilizes the estimated revenues set forth in the Canyon Study. See “Tax Revenues Subject to Capture” and “Estimated Tax Revenues” below and attached hereto as **Exhibit L**.

b. Tax Revenues Subject to Capture

The effective STAR Bond-eligible sales tax rate totals 7.015%, which includes the following:

- (i) City Sales Tax Revenues – the retail sales dollar amount generated within the STAR Bond Project Area multiplied by the City sales tax rate that is subject to capture, which based on the location of the Dodge City STAR Bond District is 0.5%.
- (ii) State Sales Tax Revenues – the retail sales dollar amount generated within the STAR Bond Project Area multiplied by State sales tax rate that is subject to capture, which is 6.15%.

(iii) County Sales Tax Revenues – the retail sales dollar amount generated within the STAR Bond Project Area multiplied by the City's share of the County sales tax rate that is distributed back to the City and not otherwise dedicated (which is 0.365%).

Hotel revenue is also subject to the STAR Bond-eligible sales tax rate of 8%.

Special Sales Taxes, including the Ford County Jail Sales Tax, Horse Thief Reservoir tax and the "Why Not Dodge" tax are not included the eligible tax rate set forth above.

c. *Estimated Tax Revenues*

The Canyon Study includes a forecast of STAR Bond revenue from retail sales over the 20-year life of the Dodge City STAR Bond District, which will commence upon the approval of this Heritage Area STAR Bond Project Plan by the Governing Body of the City of Dodge City, Kansas, which the Canyon Study assumed will occur on approximately January 1, 2016. The Canyon Study estimates that the incremental sales tax revenues associated with Phase 1 of the Heritage Area Project (the projects identified in this Heritage Area Project Plan) will be approximately \$17.7M in 2016 and \$21.9M at stabilization in 2017, with future sales to escalate at an average annual rate of 2% annually, all as set forth on **Exhibit L**. The Canyon Study also estimates that Phase 2 projects in the Heritage Area would generate an additional \$20M in STAR Bond revenue, but those projects and revenues are not included in this Heritage Area Project Plan, nor is the City requesting any allocation of STAR Bonds for Phase 2 of the Heritage Area at this time.

Exhibit K also sets forth the sufficiency of the anticipated revenues from the Dodge City Project, as described in the Canyon Study, to repay debt service on \$16,844,726 principal amount of STAR Bonds over the 20 years that the Act allows such bonds to be outstanding, at an assumed interest rate of 6.0%.

2 Job Creation and Generation of New Tax Revenue

The Canyon Study indicates that total capital investment for the Heritage Area is estimated at approximately \$40,355,376, as of the time the survey was conducted in October, 2014 as noted above. Site work and hard construction costs are estimated at approximately \$31,038,750. During the construction phase direct on-site employment is estimated at 117 full-time equivalent jobs. Indirect job creation is forecast at 192 jobs, bringing the total construction-phase work force for the new Heritage Area Project to 309 jobs. Total payroll originating from these construction-phase jobs is estimated at \$11.3M. State of Kansas personal income taxes resulting from construction-phase payroll are estimated at approximately \$344,500 (an average of \$1,116 per job).

The Canyon Study further indicates that at full build-out, direct employment generated from operation of the retail, office and lodging components developed within Phase 1 of the Heritage Area is forecast to total 105 full-time equivalent jobs. Total annual payroll for these direct jobs is estimated \$2.6M. The State of Kansas is estimated to collect approximately \$53,000 in annual state income tax revenues resulting from operational-phase payroll.

The Canyon Study further indicates that the Heritage Area is conservatively forecast to attract over 254,000 annual visitors, including 194,100 visitors from over 100 miles away. The total demand for overnight accommodations generated by these out-of-state visitors is estimated at

approximately 129,400 annual room nights. These lodging demand forecasts illustrate the significant impact the Heritage Area Project will have on the Dodge City area hotel market and the potential to support on-site hotel development.

3 Projected Visitation

The Heritage Area Project will improve on Dodge City's status as a regional tourism destination and should help to draw visitors from throughout Kansas as well as the five surrounding states of Nebraska, Texas, Oklahoma, Colorado and Missouri. The Canyon Study indicates that, at full build-out, Phase 1 of the Heritage Area Project is forecast to attract approximately 254,000 visitors per year. Local residents living within a 100-mile radius are forecast to account for about 35% of total visitation, or approximately 160,000 visitors. Regional visitors traveling more than 100 miles are forecast to account for the remaining 65% of total visitation. In total, out-of-state residents are forecast to account for approximately 61.8% percent of total visitation, or 280,680 visitors per year. These forecasts out-of-town visitation trends exceed the Secretary of Commerce's guidelines that 30% percent of visitors to a proposed STAR Bond Redevelopment District travel beyond 100 miles and 20% percent reside out-of-state.

See Canyon Study attached hereto as **Exhibit K**.

4 Impact On Outstanding Special Obligation Bonds

As required by the STAR Bond Financing Act, the Canyon Study includes an evaluation as to the effect, if any, the Heritage Area Project would have on any outstanding STAR Bonds payable from revenues authorized pursuant to the STAR Bond Financing Act. The STAR Bond Financing Act contemplates an analysis focused on the ongoing viability of any such outstanding special obligation bonds based on the terms and conditions of their issuance, not whether this Project or any other STAR Bond project would simply impact the overall sales tax generation used to support the issuance. In other words, the question posed is whether a proposed project would reasonably be anticipated to jeopardize the bargained-for investment made by current bondholders.

As the Canyon Study notes, the Secretary has approved STAR bond financing for three projects in Central Kansas, those being East Bank Redevelopment District and K-96 and Greenwich Project in Wichita and Downtown Manhattan Redevelopment District in Manhattan, Kansas.

The Canyon Study states that East Bank is over 150 miles away and is designed as an entertainment and employment destination. The K96 project is also over 150 miles away, but it is designed to create an athletic training center and recreation attraction. The East Bank Redevelopment District possesses a riverfront, downtown location and is designed as an entertainment and employment destination featuring 610,456 square feet of retail, office, hotel and residential space. The K-96 & Greenwich STAR Bond District Project Plan focuses on creating an athletic training center and recreation attraction complemented by a mix of retail, employment and lodging uses. The Heritage Area Project's major tourism attractions include the Boot Hill Museum, the Waterpark, the Hotel, the Restaurant and the RV Park. Given the distinctive market positioning of each project, the Dodge City Project is not anticipated to have a negative impact on tourism visitation and retail sales at either the East Bank Redevelopment District or K-96 and Greenwich Project.

The Downtown Manhattan Redevelopment District is located in downtown Manhattan, Kansas over 225 miles northeast of Dodge City. The Downtown Manhattan Redevelopment District and Heritage Area Project possess certain similarities, including a museum as the principal tourism destination, a historic downtown location and the inclusion of big-box retailers, restaurants, entertainment and lodging venues. However, each projects' tourism attraction caters to very different market segments. The visitors interested in Western Heritage are not the same segment of the population are not the same as those interested the Downtown Manhattan Redevelopment District. Therefore, the Heritage Area Project should have little or no impact on operations and financial sustainability of the Downtown Manhattan Redevelopment District.

Because each active STAR bond project supports distinctly different major tourism attractions and retail components, it has been concluded that development of the Heritage Area Project in Dodge City, Kansas will not have a measurable adverse impact on visitor volumes, retail sales volumes and STAR bond revenues generated by the East Bank Redevelopment District and K-96 and Greenwich Project in Wichita and Downtown Manhattan Redevelopment District in Manhattan, Kansas. Therefore, the operation of the Heritage Area Project is not anticipated to cause default in the payment of outstanding STAR bonds issued by the three active STAR Bond approved redevelopment projects in central Kansas. Based on the foregoing, it should be reasonably anticipated that the Heritage Area Project, as proposed, would not have any measurable effect on currently outstanding STAR Bonds authorized by the STAR Bond Financing Act.

5 Market Study

The Canyon Study includes a Market Study which evaluates the market potential of supporting future development of the retail, museum and hotel uses planned for the Heritage Area Project, which are described as the principal economic engines of the Heritage Area Project.

Boot Hill Museum

The Canyon Study notes that the redevelopment plan is designed to reposition the museum as a first class Western history museum with the goal of improving long-term sustainability by enhancing the exhibits and visitor experiences and improving facilities. The Boot Hill Museum's primary target market is made up of tourist travelers from national and international locations who want to visit Dodge City for its significant Western History and authentic Western lifestyle. A well-implemented redevelopment project, which enhances Dodge City's historic Western provenance and transitions the museum into a first-class national-caliber Western History museum, will succeed in growing attendance.

The Canyon Study concludes that the Boot Hill Museum redevelopment plan will greatly improve the quality of the museum, increase visitation and add greatly to economic development and tourism sustainability of the Dodge City area.

Hotel and Event Facilities

The Canyon Study notes that the Dodge City hotel market caters primarily to leisure and group travelers with the summer and early fall months from May through September serving as the peak season. Budget hotels (including Super 8 and Days Inn) account for nearly half of Dodge City's current inventory of hotel rooms, followed by limited-service hotels (including Hampton Inn and Suites) with over 31 percent of the room inventory.

The Canyon Study notes that the hotel market in Dodge City is strengthening, posting steady gains in room demand and total revenue. Another indication of a healthy hotel market is the opening of two new hotels in the past year with two other hotels proposed for construction. The improving hotel market has coincided with the opening of the Boot Hill Casino, United Wireless Arena and Conference Center and Western State Bank Expo Center. The opening of these entertainment and event facilities has improved Dodge City's status as a tourism and entertainment destination, generating increased out-of-town visitation and lodging demand. Dodge City's improving hotel market bodes well for the new 93-room Holiday Inn Express Hotel to be added to the Heritage Area to achieve stabilized occupancy within such hotel's third year of operation.

The Canyon Study concludes that the Heritage Area Project possesses the necessary location and site characteristics to support the new lodging assets, including the new Hotel and the RV Park. The Heritage Area Project benefits from a location within an established tourism market and a master planned mixed-use destination, access to lodging demand generators, adequate exposure, necessary infrastructure, adequate trade area demographics and modest direct competition.

Retail/Restaurant

According to the Canyon Study, Dodge City is experiencing population and visitation growth, the likes of which should be more than sufficient to absorb increased retail square footage in the Heritage Area. In fact, the Canyon Study provides that the Dodge City area is currently under-served from a retail and restaurant perspective.

Given this state of the retail and restaurant market in Dodge City, coupled with the local retail market's ability to support a high level of new sales, development of the Heritage Area Project's planned renovation of the Guymon Petro Building as a new restaurant is not anticipated to adversely impact Dodge City's existing retail or restaurant market. In fact, development of the Heritage Area Project is anticipated to heighten the status of Dodge City as a regional tourism destination by offering unique dining and entertainment attractions not currently available in the market.

The Canyon Study concludes that the Dodge City Project is a feasible development site for the new Restaurant, possessing access to a large tourism market, favorable competitive market conditions and the necessary access, visibility, exposure and critical mass. The Heritage Area's museums and historic attractions supporting large visitor volumes and the current retail trade in historic downtown Dodge City provide the opportunity to generate significant sales in the new Restaurant, with first year sales estimated at \$400 per square foot.

6 Market Impact Study

The Canyon Study states that annual retail sales leakage within a 50 mile radius of Dodge City is estimated at \$59.3 million annually. Retail categories experiencing the highest rate of retail sales leakage include general merchandise, eating and drinking establishments, electronics and appliances, clothing and accessories, home furnishings and sporting goods and hobbies. The market positioning of the Heritage Area Project's retail and restaurant component is well positioned to capture this under-served restaurant demand and retail sales leakage. Meanwhile, the Hotel and RV Park component is designed to accommodate new lodging demand generated by Boot Hill Museum, entertainment and conference center attractions.

Despite large out-of-town visitor counts Dodge City currently supports just eleven hotel properties totaling 912 guest rooms. Collectively, at an average occupancy rate of 75% these existing and proposed hotels can only accommodate approximately 225,000 visitors annually. However, at a stabilized occupancy rate of 75 percent, 1.8 guests per room and an average stay of 2 nights the Hotel located in the Heritage Area Project can accommodate an estimated 23,000 guests annually. The Canyon Study estimates that gross sales from lodging, food and beverage at the Hotel could exceed \$4,000,000 annually upon stabilization in 2018. Lodging demand generated by out-of-town visitors to the Heritage Area Project is expected to exceed the Hotel's capacity. Therefore, existing and planned lodging properties in the area will benefit by capturing overflow lodging demand generated by the Dodge City Project.

The Canyon Study concludes that the Hotel and RV Park in the Heritage Area Project is positioned to capture retail and lodging sales now eluding Dodge City and will further enhance the area's competitive positioning as a regional tourist and family destination. The high percentage of new lodging opportunities captured by the Hotel and RV Park in the Heritage Area Project and the potential of the Dodge City market to support additional lodging opportunities suggests minimal cannibalization of current hotel sales. Development of the Heritage Area Project, including new attractions like the Waterpark, will also benefit existing retail, entertainment and restaurant businesses in Dodge City by introducing new attractions and retail opportunities to the area and attracting additional out-of-town visitors and expenditures. The Heritage Area Project's attractions are expected to lure out-of-town visitors and generate increased lodging demand, not all of which will be satisfied by the Hotel. The Canyon Study concludes that development of the Heritage Area Project will not have an adverse impact on existing retail, entertainment, dining and lodging businesses in Dodge City.

F. Relocation Plan

A relocation plan for the Heritage Area will be approved by the City in connection with certain business interests that will be relocated from the Heritage Area in connection with the Heritage Area Project. In each case, the City has entered or will enter into an arms-length Option Agreement with each such business interest to purchase their property and/or provide for the relocation of such business's personal property. All payments made by the City to acquire these properties will exceed \$500.00 and will be paid to such businesses contemporaneous with the closing of the Heritage Area STAR Bonds.

G. Sources and Uses, Sufficiency of Revenues to Pay STAR Bond Debt Service

The sources and uses of funds are described above and in **Tables 1 and 2**. This Project Plan contemplates that the STAR Bonds will finance \$14,642,244 of the total estimated Project Costs and mostly private sources will finance the remaining \$28,713,131 of such estimated Project Costs. The anticipated amount of STAR Bonds represents approximately 34% of the total estimated Project Costs, as indicated in **Table 2**.

Reference is made to the proforma table attached hereto as **Exhibit L**, setting forth the sufficiency of the anticipated revenues from the Heritage Area Project, as described in the Canyon Study, to repay debt service on the anticipated principal amount of STAR Bonds.