

RESOLUTION

A RESOLUTION APPROVING REVISED KEY TERMS WITH BIG SPORTS PROPERTIES, LLC FOR THE PROPOSED REDEVELOPMENT OF ST. LOUIS OUTLET MALL

WHEREAS, Big Sports Properties, LLC ("BSP") is considering purchasing St. Louis Outlet Mall and redeveloping the approximately 138-acre site into a multi-use indoor/outdoor sports and recreation center, with hotels, restaurants, event space and other entertainment venues (the "Project"), subject to and upon receipt of appropriate approvals by the City; and

WHEREAS, Resolution 1814 approved the Key Terms of the Project and authorized City staff, the City Attorney and Gilmore & Bell, P.C. to work with BSP, its counsel and others to prepare for submission to and final action by the City Council the Project Documentation and all other documents necessary or desirable to effect the Project and any public financing incentives related thereto; and

WHEREAS, through subsequent negotiations, the Key Terms of the Project have been revised; and

WHEREAS, it is in the best interest of the City to pursue the Project and approve the revised Key Terms;

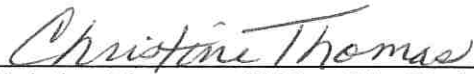
NOW THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF HAZELWOOD, MISSOURI, AS FOLLOWS:


SECTION 1. The revised Key Terms attached hereto as **Exhibit A** and incorporated herein by reference are hereby approved.

SECTION 2. This Resolution shall be in full force and effect from and after its passage by the City Council.

PASSED by the City Council of the City of Hazelwood, Missouri, this 19th day of June, 2019.

ATTEST


Christine Thomas, CMC – City Clerk
City of Hazelwood, Missouri


Matthew G. Robinson – Mayor
City of Hazelwood, Missouri

APPROVED AS TO FORM:


Robert Jones – Associate City Attorney
City of Hazelwood, Missouri

EXHIBIT A KEY TERMS

Company: Big Sports Properties, LLC and/or related entities (“BSP”)

Project: Redevelopment of the existing St. Louis Outlet Mall in Hazelwood, Missouri and surrounding outlots, into a multi-use indoor/outdoor sports and recreation center, with hotels, restaurants, event space and other entertainment venues (the “Project”). BSP anticipates the Project will serve more than 300,000 student-athletes each year, and a total of 2.5 million visitors per year. Currently, BSP anticipates the breakdown of uses within the Project as more particularly described on Schedule 1 attached hereto.

**Total Anticipated
Initial Investment:**

Acquisition/TDD Settlement Costs = \$15,500,000
Initial Build-Out Budget = \$33,325,313
Construction period operating costs and initial reserves = \$9,710,048
Project Soft Costs and Professional Fees = \$5,450,667

Definitions: “*Available Sales Tax Revenues*” means, subject to annual appropriation as required by law, sales tax revenues from the CID and TDD, newly-created tax increment financing (“TIF”), and pledged City Hotel/Motel and Parks/Stormwater taxes, as follows:

100% of the following taxes (in addition to the CID¹ and TDD sales tax):

- Parks and Stormwater Sales Tax (0.50%)²
- Hotel/Motel Tax (5.0%)

50% of the following taxes (by virtue of TIF):

- General Sales Tax (1.00%)
- Local Option Sales Tax (0.25%)
- Capital Improvements Sales Tax (0.50%)
- Fire Protection Sales Tax (0.25%)
- County Transportation Sales Tax (0.50%)
- County Public Safety Sales Tax (0.50%)
- Metroparks and Trails Sales Tax (0.10%)

“*CID/TDD Sales Tax Revenues*” means the revenues generated by the Project from a 1% community improvement district sales tax and a 1% transportation development district sales tax, less reasonable costs of operating such districts.

“*City Project Contribution*” means \$600,000, which will be used by BSP to fund a portion of the costs of constructing the “A-Block” fields.

¹ A portion of the CID sales tax may also be used to fund the TDD Settlement.

² Does not include amount generated from Cabela’s, which is already committed to repayment of incentive provided in connection with original development of Cabela’s. During TIF period, EATs generated from Cabela’s will be declared as surplus.

“CVC Funding” means funding from the CVC for \$6,000,000 of Project costs, which funding could come in the form of installments for up to 10 years based on the CVC’s preliminary approval.

“ED Loan” means a \$5,000,000 forgivable, no interest 20-year loan made by the City to BSP, as further described herein, which will be used by BSP to fund construction of the Project and a capital expenditure reserve fund.

“New Bonds” means certain bonds to be underwritten by Stern Bros., the net proceeds of which shall fund the TDD Settlement.

“Private Financing” means financing obtained by the Developer from Illinois National Bank or other sources.

“TDD Property” means all real property acquired by the TDD pursuant to foreclosure or deed in lieu of foreclosure in connection with past due TDD special assessments.

“TDD Settlement” means the purchase, buyout or cancellation of all existing debt of the TDD secured by TDD special assessments, the termination of all future TDD special assessments and the satisfaction or other disposal of all past due TDD special assessments and the clearance of all liens related thereto.

Funding Sources:

Private Financing
Private Equity
Tax Increment Financing
Available Sales Tax Revenues
CID Special Assessment
CID/TDD Sales Tax Revenues
ED Loan
PACE Financing
CVC Funding
Contribution from Cardinals/MLB
St. Louis County Transportation Funds (if approved by County)
City Project Contribution

See Sources and Uses attached hereto as Schedule 2

Incentives/Public Participation:

TDD Settlement. The TDD Settlement will require BSP to pay \$10,500,000 to those existing bondholders (the “Covered Bondholders”) that will be a party to any global settlement agreement related to the purchase, buyout or cancellation of 98% of the senior debt of the TDD (the “TDD Settlement Payment”). Such payment will be funded through issuance of the New Bonds secured by a new CID Special Assessment, which are expected to generate \$10,500,000 of net proceeds. BSP shall be responsible for funding any difference between the TDD Settlement Payment and the net proceeds from the New Bonds. The City shall be responsible for funding up to \$1,000,000 for the purchase, buyout or cancellation of all existing debt of the TDD held by parties other than the Covered Bondholders, which includes approximately 2% of the senior TDD bondholders and the subordinate TDD noteholders (collectively, the “Non-Covered Settlement

Payment”). In consideration of the City’s funding of the Non-Covered Settlement Payment, BSP will reimburse the City a total of 5% of net proceeds from the first \$10,000,000 of outlot sales (payable as such sales transactions close). Additionally, the City will contribute \$1,000,000 to fund a debt reserve for the New Bonds. BSP and the City will negotiate the exact terms on which such reserve shall be released and returned to the City.

Transfer of TDD Property. In conjunction with the TDD Settlement, the City and BSP will cooperate to cause the TDD to transfer the TDD Property to BSP. BSP will develop and/or market for development the TDD Property for use by complimentary businesses, including restaurants and hotels, that will enhance the overall sports tourism aspect of the Project and generate significant tax revenues for the City. Subject only to City ownership as part of the Chapter 100 transaction described below and other permitted encumbrances acceptable to BSP, the TDD Property shall be clear of all reversionary rights and liens (including those related to any unpaid past due TDD special assessments) so as to allow BSP to own, finance, control, operate and potentially dispose of the TDD Property and to facilitate future development.

CID and TDD. BSP will pursue the repurposing of the existing transportation development district and community improvement district or the creation of new districts. Each district will impose a 1% sales tax which will generate the CID/TDD Sales Tax Revenues and the community improvement district will impose a fixed special assessment to secure the New Bonds. The CID/TDD Sales Tax Revenues not required to secure New Bonds may be used by BSP for purposes permitted by the CID Act and TDD Act (including, without limitation, reimbursement of other Project Costs, additional security, etc.), subject to applicable district board approvals and appropriations. The City agrees to cooperate in good faith with BSP’s efforts regarding the repurposing and/or creation of the districts and will consider and approve, subject to legislative approvals, all reasonably necessary City actions related thereto. The City shall have at least one representative on each of the CID and TDD Boards of Directors.

Tax Increment Financing and Pledge of Available Sales Tax Revenues. The City agrees to cooperate in good faith with BSP to consider approval of TIF for the Project, with an effective date of January 2020. Additionally, the City will consider approving the pledge (subject to annual appropriation) of those Available Sales Tax Revenues not “captured” by TIF (i.e. City Parks and Stormwater Sales Tax and Hotel/Motel Tax) toward eligible Project costs for the term of any TIF. The City will not guarantee any minimum level of Available Sales Tax Revenues (i.e., the amount of Available Sales Tax Revenues appropriated by the City may be less than current projections if taxable sales do not meet projections), and notwithstanding anything to the contrary, any pledge of the City’s Hotel/Motel Tax shall be limited to \$400,000 annually. It is expected that final TIF approvals may be received after August 30, 2019. Notwithstanding anything to the contrary contained herein, the pledge of the City’s Hotel/Motel Tax shall be payable from Hotel/Motel Tax revenues generated from the Project, including tax revenues from both hotel room sales at hotels constructed as part of the Project and hotel room sales elsewhere in the City that occur as part of BSP’s documented event bookings.

PACE Financing. BSP expects to utilize property assessment clean energy (PACE) financing to fund a portion of the Project costs. The City agrees to cooperate with BSP to help facilitate such PACE financing and undertake all reasonable efforts to effectuate the same. BSP and the City agree that the PACE financing documents and Chapter 100 documents may include cross-default language or other provisions as may be necessary to ensure that the City is not responsible for any PACE assessment payment not paid by BSP. It is expected that PACE Financing will close after August 30, 2019.

Economic Development Loan. The City will make the ED Loan to BSP, assuming the City is able to obtain financing for the ED Loan upon terms reasonably agreeable to BSP (which the City agrees to diligently pursue³) (i.e., the City will need to obtain financing secured by its economic development sales tax revenues and use the proceeds of such financing to make the ED Loan).

The specific terms of the ED Loan, to be set forth in the Development Agreement and related documents, will permit the City to advance up to \$500,000 of the ED Loan to BSP prior to closing and will require that BSP provide mutually agreeable security for the ED Loan (including any such advances), such as a letter of credit. Advances from the ED Loan will only be permitted after the City is satisfied that all financing commitments are in place and the advance may only be used for actual hard construction costs approved by the City (advances will be held by the City and disbursed upon the City's approval of construction invoices). No advances from the ED Loan can be used for earnest money, reserves or operating costs.

Chapter 100 Real Property Tax Abatement. The City and BSP will participate in an industrial revenue bond transaction pursuant to Chapter 100, RSMo. to provide 20 years of ad valorem real property tax abatement for the Project. As part of the Chapter 100 transaction, the City will acquire the real property portion of the Project and then lease such property to BSP for rent payments equal to the debt service on the Chapter 100 bonds. The Chapter 100 bonds are expected to be purchased by BSP, in which case rent and payments of principal and interest on the bonds will be set off.

BSP will make certain annual payments during the Chapter 100 tax abatement period including:

- (1) "Fixed Fee" annual payments to the City (in the amounts shown on the schedule below);
- (2) "Variable Fee" annual payments to the City based on the equation of $5\% * (X - Y) = \text{Variable Fee}$, where (X) is the annual BSP after tax net income and (Y) is the annual BSP debt service on the Private Financing (not including any portion of such debt service payable from Available Sales Tax Revenues, CID/TDD Sales Tax Revenues

³ Economic development sales tax revenues are the intended source of repayment for the City's financing of the ED Loan. Nothing in this term sheet is intended to require the City to pledge additional sources of revenues in an effort to obtain financing for the ED Loan.

or economic development sales tax revenues) up to a maximum Variable Fee of \$100,000 in years 1-20.

Years	Tax Abatement Percentage	Fixed Fee	Approx. BSP Income Variable Fee	NOTES
1	100%	0	n/a	2019 Construction Period
2 & 3	100%	\$250,000	\$30,000	Est. \$600,000 BSP Income
4 – 10	100%	\$275,000	\$55,000	Est. \$1.1 million BSP Income
11-15	100%	\$300,000	\$75,000	Est. \$1.5 million BSP Income
16-20	100%	\$325,000	\$100,000 max.	Est. \$2.0 million BSP Income

The Fixed Fee and the Variable Fee may be used by the City for any purpose permitted by law, including, without limitation, paying the costs of providing public services to the Project.

Similar to other Chapter 100 transactions that the City has participated in, BSP must record a covenant against the land in the Project area requiring property owners to pay the amount that the City would otherwise need to pay the Robertson Fire Protection District to provide fire protection service in the Project area.

At the end of the 20-year Chapter 100 tax abatement term, the City will convey all real property owned by the City for the purpose of facilitating tax abatement under Chapter 100 to BSP for nominal consideration.

BSP and the City recognize that extension of any tax abatement to property owners not controlled by BSP will entail cooperation from such property owners and significant transaction costs. Neither the City nor BSP has committed to pay those transaction costs and, as such, any extension of tax abatement to third-party property owners will be subject to cooperation and payment of transactional costs from such property owners.

The Chapter 100 transaction is expected to close after August 30 (potentially to be timed to occur after the PACE Financing closing).

CVC Funding. The City and BSP will cooperate to cause the CVC Funding to be applied to the cost of constructing the “Hazelwood Fields” described below.

St. Louis County Transportation Funding. BSP will work to secure \$2,000,000 of funding from St. Louis County for transportation-related improvements, including roads, parking lots, roads and sidewalks.

City Project Contribution and Reserve Funding. The City will make a contribution of \$600,000 to fund a portion of the costs of constructing the

"Hazelwood Fields" described below. Additionally, the City will contribute \$1,000,000 to fund a construction reserve for the Hazelwood Fields. BSP will be required to cause the release of 1/3 of such reserve back to the City annually over the first 3 years of the Project, so that the full amount of such reserve funds is returned to the City within 3 years.

Public Use of Project: BSP will construct at least three turfed ballfields on property adjacent to the former mall building (the "Hazelwood Fields") to provide field capacity to host major national and regional Tournaments.

As consideration for the incentives described above, BSP will lease the Hazelwood Fields to the City for \$1 per year over a 10-year term (the "Hazelwood Fields Public Lease"). The Hazelwood Fields Public Lease shall provide exclusive public use of the Hazelwood Fields Monday through Thursday from 5pm-11pm, April 1st through July 15th each year. Weekends and other periods of the year will be reserved for BSP for revenue-generating regional tournaments, but BSP will cooperate with the City to provide additional public use based on availability. BSP shall also use reasonable efforts to negotiate a mutually acceptable agreement with the Hazelwood School District regarding School District use at certain times that will not interfere with BSP usage. The City can elect to renew the Hazelwood Fields Public Lease for an additional 10 years, which will require an additional capital commitment of 50% of the replacement turf costs (but not to exceed \$250,000). All costs of field operations, lighting, energy bills, turf maintenance and facility upkeep will be the responsibility of BSP. BSP shall operate and keep all revenues from concessions during all events, leagues, and tournaments held on the Hazelwood Fields and throughout the campus.

Notwithstanding the foregoing, the City and BSP agree that, to facilitate the Chapter 100 tax abatement described above, the City will acquire title to the Hazelwood Fields during the 20-year tax abatement period and lease the Hazelwood Fields to BSP. At the end of the tax abatement term, the City will transfer title to the Hazelwood Fields to BSP for nominal consideration. During the tax abatement term, the Hazelwood Fields Public Lease will be a sublease of BSP's interest in the Chapter 100 lease, but will have the same substantive terms as described above.

BSP may, from time to time, seek to lease or develop additional fields to enhance the Project's ability to host major national and regional tournaments. No commitment regarding the location or usage of such additional fields will be made at this time. However, the City agrees to cooperate in good faith with BSP in connection with any endeavor to develop additional fields within the City, including, without limitation, on property adjacent to the Project.

Conditions Precedent to Performance:

The City and BSP will cooperate in the procurement of the Private Financing, the negotiation of the TDD Settlement and other terms contained herein, and the City and BSP will enter into a Development Agreement consistent with this term sheet. The Development Agreement will further provide that performance of the transactions contemplated by this term sheet, including, without limitation, the City's provision of the Additional Sales Tax Revenues, the ED Loan, the Chapter

100 tax abatement and the City Project Contribution, will be expressly contingent upon the satisfaction of the following requirements:

- (1) the cost and terms of the TDD Settlement are acceptable to the City, BSP and the Private Financing lenders;
- (2) Private Financing is obtained and sufficient funds from the Private Financing and other sources are escrowed with a disbursement agent to fund the initial investment in the Project, as shown on the Sources and Uses schedule attached hereto as Schedule 2;
- (3) BSP agrees in the Development Agreement that until such time as occupancy permits are issued for 250 hotel rooms within the portion of the Project located in the City, BSP will pay the City an annual amount equal to \$500 for each room under 250 rooms, up to \$125,000 annually (for example, if occupancy permits are issued for 200 rooms, there would be a 50 room differential multiplied by \$500 per room for a total fee of \$25,000); and
- (4) BSP has executed construction contracts (with guaranteed maximum prices) for the portions of the Project to be constructed by BSP (as identified on Schedule 1 and Schedule 2 hereto).

Financing

Fees/Expenses:

BSP will be responsible for the following fees in connection with (a) securing and closing on the Private Financing, (b) issuance of the New Bonds and (c) implementing the above-described incentives:

- (1) all loan fees, financing fees and costs of closing related to the Private Financing and the New Bonds (including lender's legal fees, as applicable)⁴;
- (2) all bond counsel, City attorney, trustee, standard City issuance fee and other customary fees associated with the Chapter 100 transaction; and
- (3) all BSP counsel and consultant fees;
- (4) planning consultant fees associated with any blight studies, redevelopment plans and cost-benefit analyses associated with the TIF and CID.

Approval Schedule:

The City and BSP will cooperate in good faith to complete negotiation of the Development Agreement prior to the August 21 City Council meeting so long as BSP provides a current detailed term sheet or financial commitment for the Private Financing signed by the lender prior to July 1, 2019. Both parties will further cooperate to secure the Private Financing, the New Bonds and all incentives in an efficient and orderly manner, with a target closing date on or before August 30, 2019.

**Consideration of
Additional**

⁴ The City will be responsible for its legal and consulting fees (a) incurred to date with respect to the Project and (b) to be incurred with respect to implementation of the Development Agreement, TIF and CID. Bond Counsel fees associated with the issuance of the New Bonds will be paid from proceeds of the New Bonds.

Investments:

The City agrees to cooperate in good faith with BSP's efforts to secure additional investment by the State of Missouri and other potential investors. The City, subject to necessary legislative approvals, will execute all documentation necessary or appropriate to effectuate such additional investment (including, but not limited to, submission of applications); provided, however, that the City's agreement to cooperate as provided in this paragraph shall not, directly, indirectly or contingently, obligate the City to any financial participation in the same (unless the City otherwise agrees). All additional proceeds secured from public or private sources and not contemplated by this term sheet will be retained by BSP or passed-through to BSP to cover campus enhancements, construction costs, site work, parking and road improvements unless otherwise agreed to in writing.

BSP acknowledges that the City is working with another entity to develop an industrial park located north of the Project and the existing Park 370 industrial project. Development of this new industrial park requires road access to roadways near the Project. The City and the industrial park developer are exploring various road access alternatives and are working in good faith to minimize any traffic that might be added to St. Louis Mills Circle and St. Louis Mills Boulevard; however, it may not be possible to eliminate such additional traffic completely (at least until certain County roads, such as Aubuchon Road, are improved). The Development Agreement will contain mutually-acceptable terms relating to road access for the new industrial park.



BSP will grant or permit the grant of utility easements at the Project site, such as the requested easement from Spire, so long as such easements will not interfere with BSP's business operations at the Project site.

* * *

SCHEDULE 1

ANTICIPATED PROJECT USE SUMMARY



-  **ZONE 2** EXISTING ROADS, PARKING LOT, EXTERIOR FACADE, SIDEWALK REPAIRS
-  **ZONE 3** COMMON AREAS / CORRIDORS / TECHNOLOGY / DEFERRED MAINTENANCE

SCHEDULE 2

SOURCES AND USES

<u>(Anticipated Corresponding Source)</u>	<u>USES OF FUNDS</u>	Total
BSP Financing Proceeds	Acquisition of Mall and Cabela's	\$5,000,000
New CID Bonds Net Proceeds	TDD Settlement Payment	\$10,500,000
BSP Financing Proceeds	Project Soft Costs and Professional Fees	\$5,450,667
	Architect/Legal/Professional Fees	\$1,050,000
	Engineering	\$475,000
	Environmental	\$285,000
	Construction Insurance (.8% of Hard Costs)	\$307,326
	Construction Permits (.7% of Hard Costs)	\$247,274
	Developer Fee & Contingency (6% of Hard Costs)	\$1,999,519
	General Contractor Fee (4% of Hard Costs)	\$1,086,548
	Reserves	\$6,411,700
City Bond Debt Reserve Allocation	New Bonds Debt Service Reserve	\$1,000,000
Hazelwood Construction Reserve Allocation	Hazelwood Construction Reserve	\$1,000,000
ED Loan	BSP Construction Reserve	\$2,335,000
Construction Period Lot Sale Proceeds	BSP Property Sale-Debt Reserve	\$2,076,700
Construction Period Fixed Income	Construction Period Operating Costs	\$3,298,348
BSP Investor Equity & Financing	Staffing	\$707,848
	Facility Mgmt.	\$302,000
	Utilities (electric, gas, wifi, etc.)	\$370,500
	Security	\$210,000
	Property Insurance	\$139,000
	Software/IT/Web Development	\$140,000
	Marketing/Advertising	\$154,000
	Interest Debt Service	\$825,000
	Contingency	\$100,000
	Initial Retail/Concession Inventory	\$350,000
(see below for breakdowns by Zone)	Zone Construction Costs	\$33,325,313
BSP Financing Proceeds	Zone 1 New Entry/Monument Signage With LED Features	\$267,627
\$1m Ed Loan	Zone 2 Existing Roads, Parking Lot, Exterior Façade, sidewalk	\$3,012,237
BSP Financing Proceeds	Zone 3 Common Areas/Corridors /Technology/Deferred	\$3,898,744
BSP Financing Proceeds	Zone 4 Basketball/Volleyball	\$4,705,187
BSP Financing Proceeds	Zone 5 Sand Volleyball & Pickle-Ball Beach	\$3,819,594
BSP Financing Proceeds	Zone 6 New Dome And 'A' Field Block	\$7,735,167
ED Loan \$764k; BSP Financing Proceeds	Zone 7 Tenant Improvements	\$830,000
\$6m CVC Funds; \$600k City Grant	Zone 8 Stadium, 4 Plax & West Parking Lots	\$8,155,409
\$500k Cardinals; \$1.55M BSP Financing	Zone 10A Party Rooms	\$351,348
Ed Loan	Zone 10B Batting Cages	\$250,000
Ed Loan	Zone 10C Fitness Room	\$300,000
	TOTAL USES	\$63,986,028
<u>(Anticipated Corresponding Use)</u>	<u>SOURCES OF FUNDS</u>	
Initial Construction Reserves and Operating Costs	BSP Predevelopment Equity	\$2,499,519
Various (see above)	Private Financing	\$22,606,264
Zone 8	Cardinals Field Contribution	\$500,000
TDD Settlement Reserve	City Participation	\$7,600,000
Construction Reserve	New Bonds Reserve Allocation	\$1,000,000
Zone 8	Hazelwood Fields Construction Reserve Allocation	\$1,000,000
Operating Reserves and Zone 2, 7, 10A, 10B, 10C	Hazelwood Fields Construction Grant	\$600,000
	ED Loan	\$5,000,000
TDD Settlement	New Bonds Net Proceeds	\$10,500,000
Various (see above)	PACE financing	\$6,665,063
Construction Period Operating Costs	Construction Period Fixed Income	\$3,461,783
Reserves and Operating Costs	Construction Period Lot Sale Proceeds	\$4,153,400
	Culvers Outlet Sale	\$663,400
	M3 Theater Sale	\$3,500,000
Zone 8	St. Louis Convention and Visitors Commission (CVC) Funds	\$6,000,000
	TOTAL SOURCES	\$63,986,028