



Presentation to

City of Bryan: Traditions Development

Board Meeting | April 26, 2016

- Summary of proceeds and expenditures/ financing outflows
- Reconciliation of total costs and outflows to project costs
- Detailed breakdown of costs and outflows
- Reconciliation to net project and financing related outflows
- Opportunity costs

Summary of proceeds and expenditures/other outflows



Description	Amount
Series 2000 Bonds proceeds	17,000,000
Lot reimbursement account	9,406,458
Water/Wastewater Bond Funds	7,099,702
Property tax revenue-City	5,765,624
Land Sales Proceeds to GF	4,808,178
Property tax revenue-County	3,653,051
Oil & gas fund proceeds	3,353,529
Cashion Land Note - bank debt	3,000,000
General fund proceeds	2,721,555
Special Projects (Atochem)	2,371,740
Interest income	2,263,586
Debt Service Fund	1,334,133
Transfer In from COB General Fund	951,204
Gain (Loss) Investments	86,218
Miscellaneous income	68,695
Total proceeds	63,883,672

Description	Amount
Construction expense	(9,114,105)
Purchase of land	(7,813,942)
Public & street improvements	(4,071,176)
Professional services	(3,545,645)
Street system improvements	(287,208)
Design Guidelines and Land Planning for TIRZ	(53,739)
Contractual Services (Legal)	(36,126)
Judgments & Claims	(29,397)
Publication of Legal Notices	(3,483)
Water/Wastewater bond	(7,099,702)
Transfer to Debt Serv(abandoned ROW)	(1,645,950)
Transfer to General (Spine Road ROW)	(1,194,050)
Administrative Reimb. to General Fund	(84,339)
Professional Services - Admin. Exp. Reimb. TAP	(407,849)
Project related costs	(35,386,710)

Description	Amount
Principal & Interest on CO's	(16,056,676)
Debt	(3,293,304)
Note on Cashion land (7 year)	(1,928,571)
Note on Cashion land	(1,673,711)
Bond Expense (sales & arbitrage)	(255,076)
Transfer to General Fund	(300,000)
Financing related outflows	(23,507,338)

Total project costs and financing outflows (58,894,048)

Net funds as of FY2015 - \$4,989,624

Reconciliation of total costs/ outflows to project costs

Year	Southerland	Actual	Difference	Total expenditures/ transfers	Principal and interest payments	Debt-fee expenditures
FY00	364	364	-	364	(113)	251
FY01	12,182,934	12,077,167	105,767	12,077,167	(1,571,291)	10,505,876
FY02	9,072,979	9,072,978	1	9,072,978	(1,185,841)	7,887,137
FY03	7,664,458	7,664,458	-	7,664,458	(1,873,702)	5,790,756
FY04	2,770,217	2,770,217	-	2,770,217	(1,844,758)	925,459
FY05	3,825,069	3,825,069	-	3,825,069	(1,827,430)	1,997,639
FY06	3,039,189	3,039,189	-	3,039,189	(1,806,192)	1,232,997
FY07	1,822,829	4,474,229	(2,651,400)	4,474,229	(1,713,046)	2,761,183
FY08	4,137,637	4,137,637	-	4,137,637	(1,382,004)	2,755,633
FY09	1,794,838	1,799,798	(4,960)	1,799,798	(1,525,308)	274,490
FY10	2,275,237	2,275,236	1	2,275,236	(1,522,155)	753,081
FY11	1,452,840	1,452,840	-	1,452,840	(1,391,527)	61,313
FY12	1,408,143	1,408,143	-	1,408,143	(1,390,171)	17,972
FY13	1,418,184	1,418,184	-	1,418,184	(1,390,984)	27,200
FY14	1,462,724	1,462,725	(1)	1,462,725	(1,392,002)	70,723
FY15	2,015,815	2,015,814	1	2,015,814	(1,690,814)	325,000
Total	56,343,457	58,894,048	(2,550,591)	58,894,048	23,507,338	35,386,710

This amount represents all expenditures related to the Traditions project. The amount was reconciled to the internal financial information (See total expenditures on Slide 3.) Additionally, this amount also includes expenditures for land as well as principal and interest payments.

Since Southerland's original cost figures included the wastewater bond we included these expenditures throughout the actual expenses detail. The inclusion of these expenses is the reason for the difference.

This amount includes both principal and interest expenditures associated with the bonds and initial debt.

Detail of costs and outflows



Description	Amount
Construction expense	(9,114,105)
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This represents a breakdown of the various components of the overall expenditures associated with the Traditions project between 2000 and 2015. The amounts shown in the tables to the left reconcile to the amounts used in the reconciliation on Slide 4. In addition, the purposes of this analysis is to delineate the costs associated directly with the construction of the project and financing activities. Additionally, we segmented those costs associated with internal transfers and allocated overhead.

Project related expenses:

1. Includes purchasing land used in the development
2. Includes the costs associated with the construction of the project
3. Includes approximately \$7.1in wastewater bond expense.
4. Also, includes approximately \$800,000 in overhead expenses,.
5. Additionally, there was approximately \$2.8 million in direct costs associated with the infrastructure of the project.

Financing related costs:

1. Includes interest on bonds and debt
2. Includes principal payments on debt and bonds issued

Reconciliation of net project and financing costs/outflows



Description	Amount
Construction expense	9,114,105
Purchase of land	7,813,942
Public & street improvements	4,071,176
Professional services	3,545,645
Street system improvements	287,208
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Bond Expense (sales & arbitrage)	255,076
Transfer to General Fund	300,000
Financing related outflows	23,507,338
Total project and financing expenses	58,894,048
<i>Less: land purchase</i>	<i>(7,813,942)</i>
<i>Less: principal on bonds</i>	<i>(9,034,272)</i>
<i>Less: principal on debt</i>	<i>(3,000,000)</i>
Net project and financing expenses	39,045,834
<i>Plus: land</i>	<i>7,813,942</i>
Total project cost	46,859,776
<i>Less: interest</i>	<i>(11,473,066)</i>
Project related expenses	35,386,710

The basis for this analysis is to reconcile to the direct costs associated with the project by eliminating payments associated with land purchases or financing activities. The resulting amount is the direct cost of construction and the financing expenses.

In order to reconcile the amounts back to the project related expenses we added back land purchase costs and removed interest expenses, which reconciled to the project related expenses.

Opportunity costs

Water usage: It is our understanding that the city provided the development with the usage of reclaimed water. Based on our understanding, the City had no other use for this water and it is used by the development in maintaining the golf course. The usage of the water in the development of the golf course assists in enhancing the value of the golf course. In other words, providing the usage of the water to the course maintenance results in enhancing the overall aesthetics of the golf course and ultimately increases the value of the property and overall property values, which potentially leads to increased tax dollars.

Lots provided to development: It is our understanding that the city provided the development certain plots of land as part of the overall agreement. The enhanced value of the properties is the result of the development of the golf course and the amenities associated with the development. Again providing the land to the development resulted in the necessary incentive to build out the project, which has resulted in a successful development and increased value of the property. This increased value will result in continued increase in property values as well as tax dollars generated by the City of Bryan.