



## **I. Executive Summary**

The City of Manhattan, Kansas is pleased to present this STAR Bond application to the State of Kansas and the Department of Commerce for the Flint Hills Discovery Center and South Redevelopment Entertainment Area (South Area). The Discovery Center and the South Area will improve the tourism in Manhattan and in the State of Kansas. It will also add to the experience of those already visiting Manhattan for events surrounding Kansas State University, Fort Riley, and many other attractions in Manhattan. Celebrating the history, culture, heritage and natural surroundings of the Flint Hills and the Tall Grass Prairie will be the focus of the Discovery Center, attracting visitor's throughout the country to visit, experience and participate in Manhattan and Northeast Kansas.

This application is a request from the City of Manhattan to the Secretary of Commerce to approve \$41 million in STAR bonds for the proposed Flint Hills Discovery Center.

The Flint Hills Discovery Center is an \$18 million destination facility. The Discovery Center is being built as part of a South Redevelopment Entertainment Area. The South Area consists of a 120 room hotel, a 30,000 square foot conference center, a 400 car parking garage, 40,000 square foot theater, restaurants, commercial and residential mixed-use building, and a one acre public park. The entire South Area and Discovery Center project is budgeted at \$90 million.

The proposed financial structure includes approximately \$41 million of STAR bond financing, which reflects 46% of the total \$90 million in project costs. Additional funds will be raised through a capital campaign involving the City of Manhattan, local citizens, foundations, state grants, federal grants and corporations. The reader should note that the percentages of fund sources should remain approximately the same, however, the actual dollar amounts will likely change slightly as the project progresses.

The City of Manhattan has prepared the following application highlighting the eligibility requirements for STAR bonds. Representatives from Manhattan have met with the Secretary of Commerce and the Department of Commerce staff on several occasions to discuss this project, to gain general feedback and to make sure this project meets all the requirements as defined in K.A.R. 110-9.

The Flint Hills Discovery Center would serve as a regional centerpiece for travel and tourism. The Center will be a place where a local resident or visitor can learn more about the settlement of Manhattan, Sunset Zoo, the Konza Prairie, Tuttle Creek Lake, Kansas State University, and other local attractions. It would also facilitate information about the history and culture of the Prairie, the Kansas River, Fort Riley, the Oz Museum, and other destinations in Northeast / East central Kansas.



It is important to note that the City of Manhattan and Dial Realty Corporation, of Omaha, Nebraska have partnered to redevelop the Downtown Area. The Downtown Area has been split up into two phases consisting of a North Area and a South Area. Although they are split in terms of phases, they are both within the same Tax Increment Finance (TIF) District established in November of 2005. The North Area Redevelopment consists of 250,000 square feet of commercial and retail space, and 235,000 square feet of residential or approximately 200 new living units. The North Area will generate significant State sales tax for the South Area. The North Area is currently under construction, with Dial poised to invest \$50 million in construction, and \$25 million in Special Revenue Bonds have already been authorized for land and public infrastructure for this project area.

The third party Feasibility Study conducted by Canyon Research found that the Flint Hills Discovery Center STAR Bond Taxing District will generate more than enough sales tax revenue over the life of the bonds to support the proposed \$41,000,000 STAR bond issue.

Throughout the statutory 20-year STAR bond maturity period the tax revenues generated the Downtown Manhattan Redevelopment District are estimated at approximately \$167 million. The forecast tax revenue streams are sufficient to fully satisfy approximately \$61 million in bond debt amortized over a 20-year term at a 6.5 percent interest rate. This bond debt is comprised of both the North Area (approximately \$20 million), and the \$41 million debt associated with the STAR bond project in the South Area. Therefore, the *Feasibility Analysis* concluded that the Downtown Manhattan Redevelopment District is forecast to generate sufficient tax revenues to cover the anticipated debt service obligations for the requested STAR bond financing.

The Downtown Manhattan Redevelopment District is designed to serve as central Kansas' premier tourism attraction, anchored by cultural and educational facilities and complemented by a mix of entertainment, dining, and specialty shopping venues. No other commercial district in the region compares. Given the unique market positioning, association with the Flint Hills Discovery Center and the impact of the visitor and tourist markets, the Downtown Manhattan Redevelopment District will serve as a regional and multi-state destination.