



Heather Cole &lt;heather.cole@como.gov&gt;

## Fwd: Regency Hotel TIF Fund balances

1 message

**Heather Cole** <heather.cole@como.gov>

Fri, Oct 27, 2017 at 10:27 PM

To: Andrew Beverley <andrew.beverley@columbiabancshares.com>, Andy Waters <awaters36@gmail.com>, Christine King <chking@cpsk12.org>, "Ernie Wren, III" <erniewren@gmail.com>, "Grimm, Mark (G&B)" <MGRIMM@gilmorebell.com>, Heather Cole <Heather.Cole@como.gov>, Helen Wade <hwade@cpsk12.org>, Jeremy Root <Jar281@nyu.edu>, "John G. Clark" <jgclark@mchsi.com>, June Pitchford <jpitchford@boonecountymmo.org>, Ken Pearson <Kmpearson11@gmail.com>, Lynn Cannon <LMCANNON@gocolumbiamo.com>, Maria Oropallo <maria.oropallo@gmail.com>, Martin Ghafoori <ghafoorim@stifel.com>, Melissa Carr <mcarr@dbrl.org>, Michael Kelly <michael.kelly@lssliving.org>, Nancy Thompson <Nancy.Thompson@como.gov>, Paul Cushing <pcushing@cpsk12.org>, "Tony St. Romaine" <Tony.St.Romaine@como.gov>, jgclark@socket.net, erniewren@centurytel.net

Good evening,

Please see the inquiry below from Mr. Root and the response above it from staff.

Thanks,  
Heather Cole

Begin forwarded message:

**From:** Lynn Cannon <lynn.cannon@como.gov>  
**Date:** October 27, 2017 at 7:01:51 PM CDT  
**To:** Heather Cole <Heather.Cole@como.gov>  
**Subject:** Fwd: Regency Hotel TIF Fund balances

My response to Mr. Root's inquiry is below.

The funds that are noted in the Trust Indenture are located at UMB, the Trustee, for the TIF. When the City receives the cash for the taxing entities for the EATS and PILOT they are deposited into the Agency fund here at the City. On the 15th day of the month, the City takes all cash received by the last of the previous month and transfers the funds to the Trustee.

The Trustee puts the funds into either the EATS or PILOT account accounting to the source of the cash. The Trustee takes payment for their fees and required transfer back to the City (for the restricted cash in the fund as required by the Agreement), then transfers any remaining balance to the Debt Service fund and then makes payment to the developer for interest and principal, as applicable.

The Project Fund was not used since the Developer used his own funds to pay for the eligible TIF cost up front and then submitted the invoices to the City for validation. Please see Section 404 of the Trust Indenture below. The Project Fund is basically a formality for this particular transaction and there were no actual moneys received or disbursed from the fund.

*Section 404. Project Fund. Upon (a) the TIF Recipient's submission of a Certificate of Reimbursable Redevelopment Project Costs in accordance with Section 4.2 of the Redevelopment Agreement and the City's acceptance thereof and (b) the endorsement of a Note pursuant to Section 203(c), the TIF Recipient shall be deemed to have advanced funds necessary to purchase such Note and the City shall be deemed to have deposited such funds in the Project Fund and shall be deemed to have reimbursed the Developer and the TIF Recipient in full for such costs from the amounts deemed to be on deposit in the Project Fund. The City shall promptly provide a copy of each Certificate of Reimbursable Redevelopment Project Costs and the Certificate of Substantial Completion (as defined in the Redevelopment Agreement) to the Trustee upon the City's approval thereof.*

On a typical debt issue the debt would be sold and the buyer would provide cash to the City to deposit into a project fund. Then as expenditures occur the moneys are disbursed from the capital project fund.

The Agency Fund reported in the City's CAFR is the fund used to track the receipts from the taxing entities and then disbursed from the City to the Trustee. These funds do not belong to the City, we are just the party managing the flow of funds to the Trustee for the TIF.

I am happy to meet with you after the meeting on Monday to discuss further or to answer any additional questions you may have.

Thanks,

Lynn Cannon

----- Forwarded message -----

From: **Jeremy Root** <[jar281@nyu.edu](mailto:jar281@nyu.edu)>

Date: Wed, Oct 25, 2017 at 11:38 AM

Subject: Regency Hotel TIF Fund balances

To: Lynn Cannon <[Lynn.Cannon@como.gov](mailto:Lynn.Cannon@como.gov)>, [mgrimm@gilmorebell.com](mailto:mgrimm@gilmorebell.com)

Cc: Heather Cole <[heather.cole@como.gov](mailto:heather.cole@como.gov)>, "Ernie Wren, III" <[erniewren@gmail.com](mailto:erniewren@gmail.com)>

Lynn, Mark:

The TIF application indicates that Broadway Lodging Two, LLC is an affiliate of Broadway Lodging LLC and it will be operated and managed in the same manner. As part of my due diligence on the application, I was reviewing the Trust Indenture for the Regency Hotel TIF Redevelopment Plan.

Section 401 of the Trust Indenture specifies the creation of a Revenue Fund, which shall contain a PILOTS and an EATS account, a debt service fund, and a project fund. It would help me understand the flow of revenues and project funds on the proposed projects to see a statement related to the credits and withdrawals from those TIF Trust accounts from their creation in 2012 to the present. In the City of Columbia's CAFR, these funds are rolled up together with other Agency Funds so there is no line item visibility on the flow of funds. This actual history with a comparable project will help me verify the assumptions that are being used in the cost-benefit analysis that Development Dynamics LLC shared with the TIF Commission.

UMB's trust department should be able to produce this type of fund account history relatively easily. I'd be happy to interface with them directly if you would prefer.

Thanks,  
Jeremy Root

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