

Bobbie Walthall

To: Britt Crum-Cano
Subject: RE: Eldridge Project

From: Stuart <stuartboley@hotmail.com>
Date: February 16, 2015 at 7:31:30 PM CST
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Cc: "clawhorn@ljworld.com" <clawhorn@ljworld.com>
Subject: Eldridge Project

Dear Mayor and Commissioners,

Last week you held a public hearing on the topic of incentives for expansion of the Eldridge Hotel. I met with the City Manager on Friday to express my concerns regarding the analysis done by the city staff on whether the project was feasible without incentives.

It's likely that combining the old building with a new building will result in greater cost savings than the computation shows, so that the project will make more money than predicted by city staff. Does the staff computation realistically reflect what the cash flow will be?

The value of the old building will be increased by adding the new building. Where does this increase in value appear in the staff computation?

We can expect that the new building will appreciate in value over the proposed 15 year incentive period. Where does this increase in value appear in the staff computation?

Many real estate developments involve loans secured by the properties. Does this project involve such a loan or loans? If so, are the loan payments included in the expenses used in projecting cash flow? What actual cash investment is the applicant making in the project? This is important because the applicant compared this project with a \$12.5 million investment in the stock market. If the actual investment is closer to \$2.5 to \$3.5 million, then a \$2 million operating return is a lot better deal than has been portrayed in the staff computation.

Please consider providing the public a more complete understanding of the actual investment returns from this project before you approve incentives.

Stuart Boley

Sent from Windows Mail

