

Memorandum

City of Lawrence

City Manager's Office

TO: David L. Corliss, City of Lawrence, City Manager
Diane Stoddard, City of Lawrence, Assistant City Manager
Casey Toomay, City of Lawrence, Assistant City Manager
LaVerne Epp, BTBC, Executive Chairman
G.R Underwood, BTBC, President
Mike Smithyman, BTBC, Director of Operations
Adam Courtney, BTBC, Vice President of Finance
Sarah Plinsky, Douglas County, Assistant County Administrator
Craig Weinaug, Douglas County Administrator

CC: Teresa Ferguson, City of Lawrence, Finance Department

FROM: Britt Crum-Cano, Economic Development Coordinator

DATE: January 2, 2015

RE: **2015 Rent:** Annual notice/reminder of BTBC Expansion Facility rent and bond payments

This memo serves as a budget reminder of the payments due in 2015 for bond coverage for the BTBC Expansion Facility (BTBC West) and also amounts that should be budgeted in 2015 for this project.

According to the lease agreement for the BTBC Expansion Facility (dated January 1, 2010), the City is required each year to give notice to the BTBC (formerly LDCBA) of Basic Rent Payments due for that year and any applicable annual interest rates. In addition, as per the Cooperative Agreement between the City and County, the City is also required to give notice to the County of the amount due for their share of any anticipated payments or shortfall required to cover bond payments for the facility.

BTBC Basic Rent Payments:

Section 5.1 in the Lease Agreement, dated January 1, 2010 between The City, County, and BTBC (formerly LDCBA), outlines Basic Rents due from the BTBC. Starting in 2015, BTBC Basic Rent payments are due on February 1 and August 1 (Rent Payment Dates) each year and will include both an interest¹ and principal portion.

¹ On each Rent Payment Date after August 1, 2014, the interest portion of basic rent is calculated by A) multiplying the Cumulative Outstanding Principal Amount as shown on Schedule I of the agreement by the Annual Interest Rate and b) dividing such amount by two.

As per Section 5.1 of the lease agreement, interest will be calculated using an Annual Interest Rate² and notice of this rate will be provided by the City to the BTBC and County by January 15th of the year it is applicable.

Section 5.1 Basic Rent

*On each Rent Payment Date thereafter, the BTBC (LDCBA) shall pay as Basic Rent to the City and the County the Principal Portion of Basic Rent as shown on **Schedule I** hereto plus the Interest Portion of Basic Rent. The Interest Portion of Basic Rent on each Rent Payment Date shall be determined by (a) multiplying the Cumulative Outstanding Principal Amount as shown on **Schedule I** hereto on each rent Payment Date by the Annual Interest Rate, as determined from time to time, and (b) dividing such amount by two. The City shall give notice of the Annual Interest Rate to BTBC (LDCBA) and the County by January 15 of each year.*

The BTBC’s anticipated 2015 rent payments (principal and interest) will be:

2015: Estimated BTBC Rent Payments			
Payment	Principal	Bond Interest	Total Due
1-Feb	\$55,000.00	\$10,561.25	\$65,561.25
1-Aug	\$55,000.00	\$10,366.00	\$65,366.00
Total 2015:	\$110,000.00	\$20,927.25	\$130,927.25

In 2015, the Annual Interest Rate will for the BTBC will be: 0.71%

City and County Interest Payments

In addition to the above, the City and County will share equally in paying any shortfall of 2015 bond interest. For budgeting purposes, this is anticipated to total \$137,152.75 for 2015, with the City and County each paying half or \$68,576.38.³

Please feel free to contact me if you have any questions.

Britt Crum-Cano

² As per Section 1.1 of the lease agreement dated January 1, 2010, Annual Interest Rate means the lesser of (a) an interest rate equal to the City’s average annual investment rate for the City’s idle funds for the previous calendar year plus 50 basis points, or (b) 4.00%.

³ As per the City-County Cooperation Agreement dated January 1, 2010, Section 3.2, paragraph C: “To the extent that the Basic Rent paid by LDCBA (BTBC) pursuant to the Lease is insufficient to pay all of the debt service on the Bonds coming due, the County hereby agrees, subject to Section 3.4 hereof, to pay to the City one half of the amount of any shortfall (the “County Shortfall”).” Given a shortfall in revenue, the City will bill the County for its share of the payment. Statements for the amounts due from the County are processed and sent by Teresa Ferguson in the City’s Finance Department (785-832-3212).