New Cultural Center & Artists Flats
Summer 2020 Working Group
Working Group Meeting #1 - Development Costs and Financing

Agenda

• Introduction to Working Group & Purpose

• Overview of Development
  o Design
  o Cost Overview
  o Status of Development Approvals and Permitting / LIHTC Approvals & Timing

• New Cultural Center Cost Issues
  o NCC Development Budget
  o Bond Pricing and Payments

• Opportunity for Public Comments

• Future Meetings & Topics
Downtown Columbia Plan

Approved plan includes:

- 6,244 residential units (~1,200 completed)
- 4.3 million square feet of office
- 1.25 million square feet of retail
- 640 hotel rooms

Plan includes five public projects, with 417 affordable housing units in mixed-income buildings.

- New Cultural Center + Artists Flats
- New Central Library + Housing
- Housing on Current Library Site
- New Fire Station + Senior Housing
- New Transit Center + Housing

Affordable housing requirements are central to the Downtown Plan. Artists Flats is the first LIHTC project.
Overview of Development

New Cultural Center
New Cultural Center

Design Strategy and Goals

• Create a first class arts and cultural center
• Provide anchor for Downtown Columbia
• Spur economic development through arts and theater
• Provide flexible spaces to support wide range of visual and performing arts
• Construct a new modern facility for Toby’s Dinner Theater
• Provide a permanent home for Columbia Center for Theatrical Arts programs:
  o Children’s Theater
    (Broadway Prep, Kids on Broadway, Young Columbians)
  o After school and summer camps
  o Special needs theater classes
NCC Program - 134,000 SF
Basement, Floors 1 & 2, Floor 3 Plaza

Shared
• Two-story entrance lobby – rentable for events
• 3rd Floor Public Terrace - rentable for events
• Restrooms and back of house support spaces

Columbia Center for Theatrical Arts (“CCTA”)
• 350-seat dinner theatre with kitchen
• 300-seat black box theater with support spaces
• One dance studio
• Three (3) Performing Arts Rooms
• Cafe/bar
• Box Office, Sales, Coat Check, and Office Suite

Dept. of Recreation and Parks – Visual and Performing Arts Center
• 300-seat black box theater with support spaces
• Public Gallery for the visual arts – can be rented for events & corporate functions
• One dance studio
• Seventeen (17) Arts Rooms and Studios including Multi-purpose, Vocals, Kiln, Sensory Play, and Demonstration Cooking Classroom. Five (5) rooms have moveable partitions for flexibility
• Information Desk and Office Suite
NCC Program/Layout – Key Changes

Revisions Made in Consultation with Dept. of Recreation and Parks & CCTA

• Functional Redesign of Lobby/Entrance Areas
  o Relocate CCTA box office
  o Create Front Desk/Information Area for Recreation and Parks
  o Gift Shop eliminated
  o Create larger gallery, two studios merged together

• Include Modifications for Specific Arts Uses
  o Create Art Studio with a Kiln
  o Create Cooking Demonstration Classroom
  o Create soundproof rooms for vocal/music lesson space, and for video/audio production

• Modify Studio Spaces to Create Additional Rooms for More Users

• Include Flexibility in Rooms to Size up or Down
Phase 1A – Construction of CCTA Theater
- Current Toby’s Dinner Theater continues operation
- Moves into new facility when Phase 1A complete
Phase 1B – Construction of NCC and Parking Garage

- Construct Visual and Performing Arts center and balance of CCTA space
- Continue construction of parking garage
Phase 2 – Construction of Apartment Building (Artists Flats)

- Construct housing on top of completed NCC
- Complete construction of parking garage
NCC - Exterior

Front View - From Symphony Wood Road

NCC Entrance

Side/Rear View
NCC - Interior

Lobby

Outdoor Pavilion for Special Events

Gallery Entrance

Dinner Theater Entrance
NCC – Floor 1

GROUND LEVEL

Entry Plaza
CCTA Theater
Box Office
Garage
Kitchen
Cafe
Black Box Theaters
Backstage/Dressing Rooms
Lobby
Gallery
Dep Offices
Arts Rooms
Leasing Office
Artist Flats
Artists Flats Housing and Parking Program

Apartment Building – Part of Floor 1 and 2, Floors 3 to 7
• 174 Units – Some units in rear of building on Floor 2, most on Floors 3 to 7
• Mix of 1, 2, & 3 bedroom units
  o 87 affordable
  o 87 market rate
• Lobby & Leasing Office – Floor 1
• Fitness Center / Resident Lounge – Floor 3
• Veranda and Courtyard – Floor 3

Parking Garage – Basement to Level 8
• 740 Parking Spaces
  o 452 spaces on lower levels – New Cultural Center (61%)
  o 288 spaces on upper levels – Residential (39%)
New Cultural Center Cost Overview

Total Project Cost – $138 million

• New Cultural Center - $72.8 million
  (includes portion of parking garage for NCC use)

• Artists Flats – $65.2 million
  (includes portion of parking garage for housing use)
Public Meetings

List of public engagement, approval of public bodies

• Final Development Plan - Community Meeting - May 2016
• Final Development Plan - Design Advisory Panel Meeting - June 2016
• Final Development Plan - Planning Board Hearing - January 2017
• Site Development Plan - Community Meeting - February 2017
• Site Development Plan - Design Advisory Panel Meeting - February 2017
• Site Development Plan - Planning Board Meeting - March 2018
Process and Approvals – Current Status

• **Building Design:**
  - Building design and floorplans complete.
  - Must prepare permit submission and construction drawings.

• **County Approvals:**
  - Passed APFO (housing, schools, and roads) August 2016
  - Final Development Plan (FDP) approved April 2017
  - Environmental Concept Plan (ECP) approved February 2017
  - Public Water and Sewer Plans approved May 2018
  - Project deemed Technically Complete in January 2018
  - Site Development Plan approved by the Planning Board in March 2018
  - Traffic study approved as part of the SDP review

• **Additional Environmental Approvals:**
  - Maryland Department of the Environment (MDE) Approval - October 2017
  - FEMA Approval - April 2017
Process and Approvals – Next Steps

Next steps to begin once project funding is authorized

• **Final Construction Drawings**: Complete construction and permit plans, 3 month process.

• **Execute Developer Agreement with County**: Agreement is ready to sign.

• **Submit SDP and Plat Originals**: To be submitted after developer agreement is executed.

• **Permit Submission**: 2 to 3 month process for County review and approval.

**Housing Funding Deadlines:**
- LIHTC and State funds awarded 2019.
- LIHTC Completion Deadline: Project must be completed before end of 2024.
Construction Schedule

Assumes Approval of Funding in Early October 2020

- **Spring 2021** – Construction begins, CCTA Theater and parking garage
- **Fall 2022** – CCTA Theater complete, Toby’s closes and moves into new building
- **Late Fall 2022** – Construction begins on balance of New Cultural Center
- **Late Fall 2023** – Shell of New Cultural completed, construction of housing begins
- **Summer 2024** – Construction of New Cultural Center complete
- **Fall 2024** – Construction of housing complete. Project completed
- **End of 2024** – LIHTC Deadline met
New Cultural Center Costs
Development Budget and Bond Pricing
## New Cultural Center – Capital Budget

### Current Budget

<table>
<thead>
<tr>
<th></th>
<th>NCC</th>
<th>Garage</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Hard Costs</strong></td>
<td>$47,445,481</td>
<td>$12,994,664</td>
<td>$60,440,145</td>
</tr>
<tr>
<td><strong>Land</strong></td>
<td>$4,323,000</td>
<td>$0</td>
<td>$4,323,000</td>
</tr>
<tr>
<td><strong>FF&amp;E</strong></td>
<td>$1,164,250</td>
<td>$0</td>
<td>$1,164,250</td>
</tr>
<tr>
<td><strong>Soft Costs</strong></td>
<td>$5,876,293</td>
<td>$0</td>
<td>$5,876,293</td>
</tr>
<tr>
<td><strong>Financing Costs</strong></td>
<td>$957,372</td>
<td>$111,559</td>
<td>$1,068,931</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$59,766,396</strong></td>
<td><strong>$13,106,223</strong></td>
<td><strong>$72,872,619</strong></td>
</tr>
</tbody>
</table>

### Measures to Reduce Cost by $7 million

<table>
<thead>
<tr>
<th>Measures to Reduce Cost</th>
<th>NCC</th>
<th>Garage</th>
<th>Total</th>
<th>Cumulative Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arcadis / Whiting-Turner Repricing</td>
<td>$3,066,255</td>
<td>$0</td>
<td>$3,066,255</td>
<td>$3,066,255</td>
</tr>
<tr>
<td>Eliminate 120 Parking Spaces</td>
<td>$0</td>
<td>$2,677,875</td>
<td>$2,677,875</td>
<td>$5,744,130</td>
</tr>
<tr>
<td>FF&amp;E Paid through DRP Budget</td>
<td>$569,000</td>
<td>$0</td>
<td>$569,000</td>
<td>$6,313,130</td>
</tr>
<tr>
<td>Defer Portion of Developer Fee</td>
<td>$686,870</td>
<td>$0</td>
<td>$686,870</td>
<td>$7,000,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$4,322,125</td>
<td>$2,677,875</td>
<td>$7,000,000</td>
<td>$7,000,000</td>
</tr>
</tbody>
</table>
Capital Budget – Key Elements / Questions

• **Can lobby cost be reduced?** - Would require a significant redesign with minimal savings. Lobby is sized to accommodate flow of patrons for Theater and New Cultural Center events. It can also be rented for functions to generate revenue.

• **Who is paying for kitchen fit out?** – CCTA to pay for majority of fit out.

• **Who is paying for theater fit out?** – Shared between CCTA and Capital Budget.

• **What is CCTA contribution?** – CCTA to pay ~ $1 million for final fit out.

• **What are potential Covid impacts/adjustments?**
  Team is exploring measures including:
  o Higher number of air changes on mechanical systems to improve air quality
  o Higher grade filtration of air in HVAC systems
  o Use of antimicrobial finish materials in public areas
  o Ensuring physical spaces are flexible to accommodate de-densification of populations – i.e. flexible room arrangements to accommodate social distancing
New Cultural Center Financing Overview

Original Proposed Structure - Total Sources of $73.3 million

- Howard County GO Bonds: $62 million
  - $28 million supported through CCTA Lease / DRP revenue
  - $34 million supported through Downtown TIF revenue
- TIF Bonds for Parking Garage: $9.8 million
- State grant: $500,000
- Personal donation: $1 million

Revenue Projection from NCC

- Annual Revenue: $1,677,550 Total (Based on stabilized operations in 2027)
  - CCTA Lease: $808,550, rises by 3% annually ($785,000 rent in 2026 base year)
  - Recreation and Parks Revenue: $869,000, **no escalation in underwriting**

<table>
<thead>
<tr>
<th>GO Bonds</th>
<th>TIF Revenue</th>
<th>NCC Revenue</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan Amount</td>
<td>$34,000,000</td>
<td>$28,000,000</td>
<td>$62,000,000</td>
</tr>
<tr>
<td>Rate</td>
<td>4.50%</td>
<td>4.50%</td>
<td>4.50%</td>
</tr>
<tr>
<td>Term of Loan (months)</td>
<td>240</td>
<td>240</td>
<td>240</td>
</tr>
<tr>
<td>Annual Debt Service</td>
<td>$2,596,062</td>
<td>$2,137,933</td>
<td>$4,733,995</td>
</tr>
<tr>
<td>Annual Revenue</td>
<td>$2,596,062</td>
<td>$1,677,550</td>
<td>$4,258,759</td>
</tr>
</tbody>
</table>
Bond Financing Options – Reduce Interest Rate & Project Cost

Reduce Interest Rate Assumptions
• May 2020 County bond issuance averaged 2.42% interest rate.
• Rates have continued to fall and are near historic lows.

Reduce Project Costs and Bond Amount
• Project Cost may be reduced by up to $7 million.
• Reduce Lease Revenue portion of bonds from $28 to $21 million.
## Bond Financing Options – Reduce Interest Rate & Project Cost

<table>
<thead>
<tr>
<th></th>
<th>4.5% Interest Rate</th>
<th>3.0% Interest Rate</th>
<th>2.0% Interest Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TIF Revenue</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loan Amount</td>
<td>$34,000,000</td>
<td>$34,000,000</td>
<td>$34,000,000</td>
</tr>
<tr>
<td>Interest Rate</td>
<td>4.50%</td>
<td>3.00%</td>
<td>2.00%</td>
</tr>
<tr>
<td>Annual Payment</td>
<td>$2,596,062</td>
<td>$2,262,758</td>
<td>$2,064,004</td>
</tr>
<tr>
<td>Annual Revenue</td>
<td>$2,596,062</td>
<td>$2,596,062</td>
<td>$2,596,062</td>
</tr>
<tr>
<td>Balance (Revenue - Payment)</td>
<td>$0</td>
<td>$333,304</td>
<td>$532,058</td>
</tr>
<tr>
<td><strong>Lease Revenue</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loan Amount</td>
<td>$21,000,000</td>
<td>$21,000,000</td>
<td>$21,000,000</td>
</tr>
<tr>
<td>Interest Rate</td>
<td>4.50%</td>
<td>3.00%</td>
<td>2.00%</td>
</tr>
<tr>
<td>Annual Payment</td>
<td>$1,594,276</td>
<td>$1,397,586</td>
<td>$1,274,826</td>
</tr>
<tr>
<td>Annual Revenue</td>
<td>$1,677,550</td>
<td>$1,677,550</td>
<td>$1,677,550</td>
</tr>
<tr>
<td>Balance (Revenue - Payment)</td>
<td>$83,274</td>
<td>$279,964</td>
<td>$402,724</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Bonds</td>
<td>$55,000,000</td>
<td>$55,000,000</td>
<td>$55,000,000</td>
</tr>
<tr>
<td>Total Payment</td>
<td>$4,175,486</td>
<td>$3,660,344</td>
<td>$3,338,830</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>$4,273,612</td>
<td>$4,273,612</td>
<td>$4,273,612</td>
</tr>
<tr>
<td>Balance (Revenue - Payment)</td>
<td>$83,274</td>
<td>$613,268</td>
<td>$934,782</td>
</tr>
</tbody>
</table>
Bond Financing Options – Allocate More Bond Debt to TIF Revenue

Reduce Amount of Bonds Supported by NCC Revenue
- Underwrite using only CCTA lease revenue - $808,550 in 2027
- Dept. of Recreation and Parks Annual Revenue of $869,000 can be used for a project reserve account or to offset operating expenses
- Amount of debt to be supported by NCC revenue varies by interest rate

Increase Amount of Bonds Supported by TIF Revenue
- Increase amount of bonds supported by TIF revenue to compensate for reduction of bonds supported by NCC revenue
- Amount of additional TIF revenue required for debt service varies by interest rate and bond amount
# Bond Financing Options – Allocate More Bond Debt to TIF Revenue

<table>
<thead>
<tr>
<th></th>
<th>4.5% Interest Rate</th>
<th>3.0% Interest Rate</th>
<th>2.0% Interest Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TIF Revenue</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loan Amount</td>
<td>$45,000,000</td>
<td>$43,000,000</td>
<td>$42,000,000</td>
</tr>
<tr>
<td>Interest Rate</td>
<td>4.50%</td>
<td>3.00%</td>
<td>2.00%</td>
</tr>
<tr>
<td>Annual Payment</td>
<td>$3,416,307</td>
<td>$2,861,724</td>
<td>$2,549,652</td>
</tr>
<tr>
<td>Annual Revenue</td>
<td>$3,416,307</td>
<td>$2,861,724</td>
<td>$2,549,652</td>
</tr>
<tr>
<td>Additional TIF Revenue Needed</td>
<td>$820,245</td>
<td>$265,662</td>
<td>$(46,410)</td>
</tr>
<tr>
<td><strong>Lease Revenue</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loan Amount</td>
<td>$10,000,000</td>
<td>$12,000,000</td>
<td>$13,000,000</td>
</tr>
<tr>
<td>Interest Rate</td>
<td>4.50%</td>
<td>3.00%</td>
<td>2.00%</td>
</tr>
<tr>
<td>Annual Payment</td>
<td>$759,179</td>
<td>$798,621</td>
<td>$789,178</td>
</tr>
<tr>
<td>Annual Revenue</td>
<td>$808,550</td>
<td>$808,550</td>
<td>$808,550</td>
</tr>
<tr>
<td>Balance (Revenue - Payment)</td>
<td>$49,371</td>
<td>$9,929</td>
<td>$19,372</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Bonds</td>
<td>$55,000,000</td>
<td>$55,000,000</td>
<td>$55,000,000</td>
</tr>
<tr>
<td>Total Payment</td>
<td>$4,175,486</td>
<td>$3,660,344</td>
<td>$3,338,830</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>$4,224,857</td>
<td>$3,670,274</td>
<td>$3,358,202</td>
</tr>
<tr>
<td>Balance (Revenue - Payment)</td>
<td>$49,371</td>
<td>$9,929</td>
<td>$19,372</td>
</tr>
</tbody>
</table>
Bond Financing Options – Impact of Using Additional TIF Revenue

• Amount of additional TIF Revenue that would be needed is dependent on interest rates:
  • 4.5% - Requires $820,245 additional revenue per year
  • 3.0% - Requires $265,662 additional revenue per year
  • 2.0% - Requires no additional revenue per year

• Committing additional TIF Revenue to NCC will reduce amount available for future Downtown projects

• Projected Impact of Using Additional TIF Revenue at 3.0% Interest Rate:
  o Library construction delayed 1 year to 2026 or Banneker Fire Station construction delayed 1 year to 2029
  o Schedule is not impacted for other projects
New Cultural Center

Opportunity for Public Comment
Future Working Group Meetings and Topics

• Meeting #2 – NCC Programming & Operations
  July 30 – 3 to 5 pm

• Meeting #3 – Housing Issues, Compliance Issues, and General Oversight
  August 11 – 3 to 5 pm

• Housing Affordability Public Forum
  September – Date and Time TBD
New Cultural Center & Artists Flats Conclude July 16, 2020 Working Group