

**MANHATTAN MUSEUM OF ART & LIGHT**

**PROJECT PLAN AMENDMENT TO SOUTH PROJECT AREA REDEVELOPMENT PROJECT  
PLAN AND SPECIAL BOND PROJECT PLAN**

SUBMITTED TO THE GOVERNING BODY OF THE CITY OF MANHATTAN, KANSAS  
PURSUANT TO K.S.A. § 12-17,160 *et seq.*

March 15, 2022

TABLE OF CONTENTS

I. Introduction..... 1

II. STAR Bond Project Expansion ..... 1

    A. Description and Overview ..... 2

    B. Subject Property..... 3

    C. Established STAR Bond Project District..... 3

    D. Summary of Feasibility Study ..... 4

        1. Sufficiency of the Project’s Revenues Compared to the Project’s Costs ..... 5

            a. Estimated Project Costs ..... 5

            b. Estimated Costs Eligible for Reimbursement..... 5

            c. Tax Revenues Subject to Capture..... 6

            d. Estimated STAR Bond Revenues ..... 6

            e. Summary of the STAR Bond Revenues and Project Costs ..... 6

        2. Significant Contribution to Economic Development of the State and Region ..... 6

        2. Net Return on Investment Analysis..... 7

        4. Projected Visitation..... 7

        5. Visitation Tracking and Reporting..... 7

        6. Impact on Outstanding Special Obligation Bonds..... 7

        7. Market Study/Market Feasibility Study..... 8

        8. Summary of Community Involvement, Participation, and Support..... 8

        9. Incentives That Apply to Project ..... 8

        10. Meetings and Minutes..... 8

    E. Relocation Plan ..... 8

    F. Sources and Uses ..... 9

    G. Names of the Owners, Officers, or Principals of Project Developer ..... 7

III. Conclusion ..... 8

## LIST OF EXHIBITS

- Exhibit A – Depiction of the District
- Exhibit B – Legal Description of the District
- Exhibit C – Depiction of the Phase II Project
- Exhibit D – STAR Bond Proforma
- Exhibit E – Meeting Minutes
- Exhibit F – Feasibility Study

## **I. Introduction**

The Museum of Art and Light Land, Inc. (the “**Developer**”) respectfully submits this Project Plan Amendment to South Project Area Redevelopment Project Plan and Special Bond Project Plan (the “**Amendment**”) to the City of Manhattan, Kansas (the “**City**”) for consideration by the City’s governing body pursuant to the Kansas STAR Bond Financing Act, K.S.A. § 12-17,160 *et seq.*, as amended (the “**Act**”).

On November 15, 2005, the City adopted Ordinance No. 6512 that created the Manhattan Downtown Redevelopment District (the “**Original District**”). Ordinance No. 6512 created three project areas within the Original District, including the “**South Project Area**,” a redevelopment project area generally bounded by Pierre St. on the north, 4<sup>th</sup> St. on the west, and Fort Riley Blvd. on the south and east; and the “**North Project Area**,” located south of Bluemont, east of 4th Street, west of Tuttle Creek Boulevard, and north of Leavenworth Street. By letter dated December 28, 2006, the Secretary of the Kansas Department of Commerce (the “**Secretary**”) approved the Original District’s South Project Area as a “special bond project” within the meaning of K.S.A. 12-1770.

On March 15, 2007, the City approved Ordinance No. 6612, which approved the redevelopment project plan (the “**Original Project Plan**”) for the South Project Area. The Original Project Plan anticipated the construction of 30,000 square foot museum attraction, a 131-room hotel and 30,000 sq. ft. conference center, 70,000 square feet of commercial space, and approximately 24,000 square feet of residential space (collectively, “**Phase I**” or the “**Phase I Project**”).

The anchor of the Phase I Project was the Flint Hills Discovery Center, a 35,000 square foot museum containing interactive exhibits and temporary exhibitions detailing the experience in the Flint Hills and Tall Grass Prairie. In November 2011, the Hilton Garden Inn and Manhattan Conference Center opened, followed by completion of the 35,000 square foot Flint Hills Discover Center and Blue Earth Plaza in 2012. During 2018, the Flint Hills Discovery Center hosted 84,893 visitors from 48 states and 36 countries. The 84-room Candlewood Suites opened in 2013 and the 78-room Holiday Inn Express & Suites and a 4-story residential building were completed in 2015.

The total expenditures associated with the Phase I Project at full build-out were projected to be approximately \$120,000,000 in the South Project Area, and \$92,758,000 in the North Project Area, for a combined District total of \$212,758,000. Building on the success of the Phase I Project to date, the governing body of the City has found that a substantial change and amendment of the Original Project Plan would be beneficial to the City and the State. It was against this background of success and anticipating that the Phase I Project will continue to grow in popularity that the Developer began exploring additional tourist attractions to bring into the District to complement the Flint Hills Discovery Center.

This Amendment amends and supplements the Original Project Plan. Capitalized terms not otherwise described in this Amendment shall have meanings set forth in the Original Project Plan.

## **II. STAR Bond Project Expansion**

Pursuant to the Act, a “city that created a redevelopment district in an eligible area that was approved for STAR bonds prior to the effective date of [the Act] for the city of Manhattan Discovery Center on December 28, 2006....may by ordinance elect to have the provisions of [the Act] applicable to such redevelopment district.” K.S.A. § 12-17,179(a).

On November 15, 2005, the City approved Ordinance No. 6512 that created the Original District. By letter dated November 27, 2006, the Secretary deemed the Original District as an “eligible area” within

the meaning of subsection (g) of K.S.A. 12-1770a, and by letter dated December 28, 2006, the Secretary designated the Original District as a “special bond project” eligible for the use of STAR Bond financing.”). By letter dated January 11, 2022, the Secretary deemed approximately 1.21 acres of real property located north of, and contiguous to, the Original District boundaries (the “**Additional Property**”) an “eligible area” as defined under the Act. On March 15, 2022, the City adopted Ordinance No. \_\_\_\_\_ that expanded the Original District to include the Additional Property (the “**Expanded District**”, or, as expanded, the “**District**”). Based thereon, the following Amendment is submitted for consideration by the City and, ultimately, the Secretary:

Based thereon, the Amendment sets forth the following, submitted for consideration by the City and, ultimately, the Secretary:

- A description and map of the project area to be redeveloped;
- A reference to the STAR Bond Project District Plan that identifies the project area that is set forth in the project plan that is being considered;
- A detailed description of the buildings and facilities proposed to be constructed or improved;
- A summary of the feasibility study done as defined in the Act, and amendments thereto;
- The relocation assistance plan;
- Documentation indicating that the projects in the district will result in a capital investment in excess of \$75,000,000 and will generate gross annual sales revenue in excess of \$75,000,000;
- A market impact study establishing that (i) the project will not have a substantial negative impact on other businesses in the project market area and (ii) the project will not cause a default in the payment of any outstanding special obligation bonds authorized pursuant to the Act; and
- The names of the owners, partners, officers, or principals of any developer of the project and of any associated business partners of any developer of the project that is involved in the STAR Bond Project.
- Information establishing that the project will sufficiently promote, stimulate and develop the general and economic welfare of the State, as determined by the Secretary.

**A. Description and Overview**

The success of the existing Flint Hills Discovery Center and the surrounding retail dining, conference, and lodging venues demonstrated and created demand for an additional commercial attraction in the District. Developer plans to build on the past success of the Phase I Project and develop the Museum of Art & Light, an approximately 50,000 square foot state-of-the-art museum featuring immersive exhibits and interactive displays, creating a one-of-a-kind, hands-on, art and cultural attraction unmatched in the United States (collectively, the “**Phase II Project**”).

The Phase II Project will be situated on the Additional Property, and will be complemented by the surrounding mix of retail, dining, conference, and lodging venues. The Phase II Project’s concept and market positioning will complement the Flint Hills Discovery Center and together the synergy created will enhance the draw and attraction of both projects. The Phase II Project is positioned as a unique cultural and educational destination attraction supporting a local, regional, and national draw. Together with the existing

uses within the surrounding area, the Phase II Project's concept and positioning are designed to create a unique attraction capable of drawing out-of-town travelers, and enhancing Manhattan's status as a regional cultural, recreation, entertainment, and retail destination.

The Developer's market analysis indicates that the Phase II Project will attract a broad and desirable visitor demographic, consisting of art enthusiasts, primary and secondary school students, families, group travelers, business travelers, and leisure travelers, which will help draw additional traffic to the Discovery Center and surrounding retail, dining, conference, and lodging venues within the district. At full build-out, the total capital investment for the Phase II Project is estimated at \$48,850,000, the annual sales for the Phase II Project are projected at approximately \$2,006,250, and annual visitation for the Phase II Project is estimated at 75,000 visitors (with approximately 20,250 visitors coming from outside the State). This Amendment proposes that the Secretary approve the issuance of \$24,000,000 in net STAR Bond proceeds to be disbursed to the Developer for uses contemplated hereunder. In addition to the foregoing, Developer has provided to the City a third-party revenue study performed by PGAV Planners LLC, demonstrating that the revenues generated by the Phase II Project, plus the aggregate amount of the endowment pledged to operations of the Phase II Project (the "**Operations Endowment**"), is sufficient to sustain long-term operation of the Phase II Project.

**B. Subject Property**

The Phase II Project will be located on the Additional Property. A depiction of the District is attached hereto as Exhibit A, and a legal description of the District is attached hereto as Exhibit B. A depiction generally showing the location of the Phase II Project (the "**Phase II Project Area**") is attached hereto as Exhibit C. ”.

**C. Established STAR Bond Project District**

The Phase II Project Area is wholly within the District. The District Plan for the District (the "**District Plan**") is as follows:

The District Plan provides for multiple redevelopment projects within three redevelopment project areas. The buildings and facilities to be constructed or improved in the redevelopment project areas are described in a general manner as follows:

***North Project Area.*** The North Project Area, located south of Bluemont, east of 4th Street, west of Tuttle Creek Boulevard, and north of Leavenworth Street, consists of a mixed-use development with residential, retail, office and restaurant space with parking. As highlighted on the Conceptual Master Plan, the north area includes a residential mix of 255,000 square feet in an assortment of town homes, condominiums, and apartments. The commercial space of approximately 240,000 square feet will consist of retail stores and restaurants. The commercial space may also include up to 15,000 square feet of office space.

***Central Project Area.*** The Central Project Area generally consists of the rights-of-way of 3rd and 4th Street between Leavenworth Street on the north, and Pierre Street on the south. This project will consist of improving the existing streets, streetscape and landscaping.

***South Project Area.*** The South Project Area, located south of Pierre Street, east of 4th Street, west and north of Fort Riley Boulevard, also highlighted in the Conceptual Master Plan, consists of a mixed-use development with residential,

retail, office, restaurant, hotel, conference center, parking garage and civic space. The south area is comprised of approximately 50,000 square feet of retail space including several restaurants, limited office space, three hotels with 285 rooms, a 45,000 square foot conference center, parking garage consisting of 430 parking spaces, and a 30,000 square foot Prairie Discovery and Visitor's Center.

***Art Museum Area.*** The Art Museum Area is located north of and adjacent to the existing South Project Area and generally consists of the contiguous block of property bounded by 3rd Street, Pierre Street, 4th Street, and Houston Street, together with all City right-of-way adjacent thereto and any vacated streets, vacated alleys, vacated market squares and abandoned railroad right of way accruing to the subject lots. This area will consist of an approximately 50,000 square foot state of the art museum facility featuring immersive exhibits and interactive displays, streets, parking lots, and related public infrastructure.

In addition, the District Plan provides for construction of public infrastructure improvements appurtenant to the foregoing building and facility improvements.

As noted above, the Secretary designated the District as an Eligible Area for STAR Bond financing. This Amendment to the Original Project Plan is consistent with the District Plan.

#### **D. Summary of Feasibility Study**

The Act requires that a feasibility study be prepared setting forth the following information: : (i) whether a STAR bond project's revenue and tax increment revenues and other available revenues are expected to exceed or be sufficient to pay for the project costs; (ii) the effect, if any, a STAR bond project will have on any outstanding special obligation bonds payable from certain revenues as described in the Act; (iii) a statement of how the jobs and taxes obtained from the STAR bond project will contribute significantly to the economic development of the state and region; (iv) visitation expectations and a plan describing how the visitors to the STAR bond district will be tracked and reported to the secretary on an annual basis; (v) the unique quality of the project; (vi) economic impact study; (vii) market study; (viii) market impact study; (ix) integration and collaboration with other resources or businesses; (x) the quality of service and experience provided, as measured against national consumer standards for the specific target market; (xi) project accountability, measured according to best industry practices; (xii) the expected return on state and local investment that the project is anticipated to produce; (xiii) a net return on investment analysis; and (xiv) a statement concerning whether a portion of the local sales and use taxes is pledged to other uses and is unavailable as revenue for the STAR bond project; (xv) an anticipated principal and interest payment schedule on the bond issue; (xvi) a summary of community involvement, participation, and support for the STAR bond project; and (xvii) a full disclosure and description of all state, federal and local tax incentives that apply to or, pursuant to the project plan, are anticipated to apply within the STAR bond district or apply to any business located in or, pursuant to the project plan, that will located in the district.

Canyon Research Southwest, Inc. ("**Canyon**"), a qualified third-party consultant that has evaluated numerous public financing projects across the State of Kansas, prepared the *STAR Bond Feasibility Study – Manhattan Museum of Art & Light*, dated February 2022 (the "**Feasibility Study**"), a copy of which is attached hereto as Exhibit F. This study analyzed the impact of the Phase II Project as it relates to the Original Project Plan. The findings of the Feasibility Study with respect to the Phase I Project, as expanded to include the Phase II Project, are described below.

**1. Sufficiency of the Project’s Revenues Compared to the Project’s Costs**

The Act requires an analysis of whether a project’s revenues are expected to exceed or be sufficient to pay for the costs of the Phase II Project (the “**Phase II Project Costs**”). This requires determining the Phase II Project costs eligible for reimbursement with STAR Bond Proceeds (the “**Eligible II Project Costs**”), and comparing them to the STAR Bond Proceeds expected to be generated within the STAR Bond Project Area.

**a. Estimated Project Costs**

The total estimated cost to complete the Phase II Project, including site improvements, construction, and associated infrastructure is \$48,850,000 As determined from contract prices, engineering estimates, and estimates made by the Developer, a breakdown of the estimated costs by category is set forth below.

	<b><u>TOTAL</u></b>
<u>Land Cost</u>	\$5,250,000
<u>Construction</u>	
Hard Costs	\$17,800,000
Soft Costs	\$1,800,000
<u>Fixtures and Integrated Building Equipment</u>	\$3,000,000
<u>Furniture, Personal Property</u>	\$1,000,000
<u>Artwork</u>	\$5,000,000
<u>Operations Endowment</u>	\$15,000,000
<b>TOTAL PHASE II COSTS</b>	<b>\$48,850,000</b>

**b. Estimated Costs Eligible for Reimbursement**

Of the total costs listed above, approximately \$27,850,000 qualifies under the Act as “Eligible Project Costs,” meaning that only those costs may be financed using STAR Bond Proceeds. These Eligible Phase II Project Costs are set forth by category and amount below. The figure of \$27,850,000 is comprised of the following components:

	<b><u>TOTAL</u></b>
<u>Land Cost</u>	\$5,250,000
<u>Construction</u>	
Hard Costs	\$17,800,000
Soft Costs	\$1,800,000
<u>Fixtures and Integrated Building Equipment</u>	\$3,000,000
<b>TOTAL PHASE II COSTS</b>	<b>\$27,850,000</b>

**c. Tax Revenues Subject to Capture**

For the purposes of revenue projections in the Original Project Plan, as amended hereby, the Developer has utilized the current 6.50% State sales tax figure, the 1% Manhattan citywide sales tax, plus the City's portion of the Riley County sales tax at a rate of .3%, for a total of 7.8%.

**d. Estimated STAR Bond Revenues**

The Developer estimates, after consultation with City staff, consideration of the Feasibility Study and other economic projections in the area, and its own knowledge and experience, that at full build-out, the Phase II Project will produce an annual retail sales volume of approximately \$2,006,250 growing annually by 2.0%. Thus, assuming a 7.8% sales tax capture rate, the Phase II Project will create annual STAR Bond revenue of \$156,488 at stabilization. Total gross revenues produced over the remaining term of the District are estimated at \$37,872,733, which are subject to underwriting standards to make the STAR Bonds commercially marketable. The Developer assumed bond underwriting standards of a 5.0% net present value rate, 125% coverage ratio, 2% bond issuance costs, and reserves of 5%. A bond proforma is attached hereto as Exhibit D.

**e. Summary of the STAR Bond Revenues and Project Costs**

STAR Bonds will be issued in the net amount of \$24,000,000 to finance the Phase II Project. Total STAR Bond revenues at stabilization are estimated to support a \$4,927,322 annual debt service payment. For the new Phase II Bonds, through February 2027, the Phase II Project will be able to use excess revenues from the District as a whole. For the new Phase II Bonds, through February 2027, the Phase II Project will be able to use excess revenues from the District as a whole. Using the same underwriting standards noted above, the gross STAR Bond revenues of \$37,872,733 would support full repayment of \$24,000,000 in net STAR Bond proceeds for the Phase II Bonds.

Based on the (1) estimated Phase II Project Costs, (2) the estimated STAR Bond proceeds, and (3) required private debt and equity, the STAR Bond Proceeds are expected to pay for the Phase II Project Costs, as contemplated under the Act, when supplemented by private debt and equity.

Phase II Project:

- Estimated STAR Bond Project Costs – \$48,850,000
- Net STAR Bond Proceeds – \$24,000,000
- Required Private Debt/Equity – \$24,850,000

**2. Significant Contribution to Economic Development of the State and Region**

The economic impact on the surrounding economy will be substantial, and the addition of the Phase II Project to the Phase I Project will provide significant economic development, tourism, and new jobs for both the City and the State of Kansas. Build-out of the Phase II Project would result in an estimated construction phase economic output totaling approximately \$30,800,000, direct and indirect job creation of 182 full-time equivalent and indirect jobs, and payroll of \$10,077,303. The State is projected to collect approximately \$424,000 in income tax revenues during the construction phase resulting from direct and indirect employment. Operation of the Phase II project is estimated to generate direct and indirect employment of 37 full-time equivalent jobs, an annual payroll of \$1,285,269, State personal income tax collections of \$43,000 per year, annual sales of \$1,325,000, and a total economic output of \$1,855,000 annually.

At build-out, attendance to the Phase II Project is estimated at approximately 75,000 annual visitors, including 30,000 visitors from over 100 miles away (40 percent of total visitation). Out-of-state residents are estimated to account for nearly 27 percent of total visitation to the District, or approximately 20,250 visitors per year. These out-of-town visitation estimates meet the State of Kansas Secretary of Commerce guidelines that 30 percent of visitors to a proposed STAR Bond Redevelopment District travel beyond 100 miles and 20 percent reside out-of-state.

### **3. Net Return on Investment Analysis**

The expected return on State and local investment that the Project is anticipated to produce includes (i) the creation of approximately 182 jobs paying gross wages of approximately \$30,800,000 during the construction phase, (ii) the creation of approximately 37 jobs paying gross wages of approximately \$1,285,269 during the operations phase (ii) more than approximately \$467,000 in income tax revenues to the State, and (iii) the creation of out-of-state expenditures for the Wichita MSA of approximately \$1,030,000 million and (iv) a total economic output of approximately \$1,855,000.

### **4. Projected Visitation**

The Phase II Project will serve as a major attraction for a wide range of patrons. The Feasibility Study projected the following visitation statistics for the Phase II Project:

- Total of 75,000 annual visitors at full build-out
- 20,250 of the visitors will come from outside of the State of Kansas (27%)
- 30,000 of the visitors will come from outside of 100 miles of the Phase II Project (40%)

### **5. Visitation Tracking and Reporting**

Admission tickets to the Project's museum will be sold both online with payment via a credit card. Tickets will also be sold at the door with credit cards the preferred method of payment. The credit card transactions will provide purchaser's city and zip code of residence which can be used to track total visitation to the museum and out-of-state visitation counts. The information will be provided to the Kansas Secretary of State on an annual basis as required per KSA 12-17, 166(b) (4).

### **6. Impact on Outstanding Special Obligation Bonds**

The Canyon Study analyzed what effect, if any, the Phase II Project would have on any outstanding STAR Bonds. The Kansas Secretary of Commerce has approved four other STAR bond projects that include museum attractions (Manhattan, Overland Park, Dodge City, and Atchison), through their content and programming vary widely from the Phase II Project.

The Phase II is located within the Downtown Manhattan Redevelopment District and within ¼ miles of the Flint Hills Discovery Center. These two museums are complimentary cultural attractions, and their proximity will benefit both through collaborative advertising and promotions, leading to an aggregate increase in visitation and expenditures.

The Canyon Study concluded that continued development of the District with the planned Phase II Project will not have a measurable adverse impact on visitor volumes, retail sales volumes and STAR bond revenues on those STAR Bond Districts with outstanding bond debt. Therefore, the operation of additional development within the District is not anticipated to cause default in the payment of outstanding STAR bonds.

## **7. Market Study/Market Feasibility Study**

The Canyon Study determined that there will be a significant positive impact on the local market, area, and State of Kansas as a result of the Phase II Project being added to the Phase I Project. Capital investment in the South Project Area is estimated at \$120,000,000, capital investment in the North Project Area is estimated at \$92,758,000, and capital investment in the Art Museum area is estimated at \$48,850,000 for a total capital investment in the District of \$261,608,000. The addition of the Phase II Project is anticipated to create substantial employment and other related economic benefits that will serve the City for many years to come.

## **8. Summary of Community Involvement, Participation, and Support**

The Developer and the City of Manhattan have collaborated to foster the growth and continued development of the STAR Bond District. The City's involvement, participation, and support of the STAR Bond District has been a key catalyst in promoting tourism and retail spending in Manhattan. The City's website promotes the STAR Bond District by providing links to the Flint Hills Discovery Center, community events calendar, Chamber of Commerce, and Convention and Visitors Bureau as well as news on the progress of development at the District and the Museum of Art & Light.

## **9. Incentives That Apply to Project**

The Developer has applied for a federal ED-900 Grant from the Economic Development Administration (EDA). As of the date of this Project Plan, Developer's ED-900 application is under review and has not yet been approved or denied. The Developer is not aware of any additional federal, state, or local tax incentives that currently apply to, or are anticipated to apply to, the planned STAR Bond District or any business located in the STAR Bond District.

## **10. Meetings and Minutes**

Upon approval of this Amendment by the City and prior to transmittal to the Secretary, the City Clerk will attach the minutes of all City meetings where the Phase II Project was discussed as Exhibit E.

### **E. Relocation Plan**

The Developer is the contract purchaser of a portion of the Museum Project Area, and other entities own other portions of the Museum Project Area, and as such, it is not anticipated that the acquisition of real property by the Developer in carrying out the provisions of the STAR Bond Act will result in the relocation or displacement of any persons, families or businesses. Any relocation required by this Amendment will be coordinated and funded by private arms-length transactions. In the event that the City does acquire any real property within the District in carrying out the provisions of the STAR Bond Act, and, as a result, any persons, families and businesses move from real property located in the District, or move personal property from real property located in the District, the Developer shall make a \$500 payment to such persons, families and businesses. No persons or families residing in the District shall be displaced unless and until there is a suitable housing unit available and ready for occupancy by such displaced person or family at rents within their ability to pay. Such housing units shall be suitable to the needs of such displaced persons or families and must be decent, safe, sanitary and otherwise standard dwelling. Developer shall provide for

payment of any damages sustained by a retailer, as defined in K.S.A. 79-3702, by reason of liquidation of inventories necessitated by relocation from the District.

**F. Sources and Uses**

As discussed in greater detail above, the sources and uses for the Phase II Project are as follows:

- Estimated STAR Bond Project Costs – \$48,850,000
- Net STAR Bond Proceeds – \$24,000,000
- Required Private Debt/Equity – \$24,850,000

**G. Names of the Owners, Partners, Officers, or Principals of Project Developers**

As of the date of this Project Plan, the names of the owners, partners, officers, or principals of any developer of the project and of any associated business partners of any developer of the project that is involved in the STAR Bond Project, are as follows:

- Robert DeBruyn, Museum of Art and Light Land, Inc.
- Tracey DeBruyn, Museum of Art and Light Land, Inc.

**III. Conclusion**

As amended hereby, the South Project Area Redevelopment Project Plan and Special Bond Project Plan provides for a one-of-a-kind, art and cultural attraction unmatched in the United States that will create significant commercial activity, tourism, employment, and new revenues for the City and the State. The STAR Bond Financing Project Plan, as amended hereby, will include capital investment in excess of \$120,000,000 in the District's South Project Area, \$92,758,000 in the North Project Area, and \$48,850,000 in the Museum Project Area, for a total capital investment in the District of \$261,608,000, and will generate gross annual sales revenue in excess of \$6,159,152 at stabilization. Additionally, the additional aggregate net bond proceeds amount of \$24,000,000 for the Phase II Project in STAR Bond proceeds requested do not exceed 50% of the aggregate Phase I Project and Phase II Project costs.

**LIST OF EXHIBITS**

- Exhibit A – District Depiction
- Exhibit B – Legal Description of the District
- Exhibit C – Map Depiction of the Phase II Project
- Exhibit D – STAR Bond Proforma
- Exhibit E – Meeting Minutes
- Exhibit F – Canyon Study

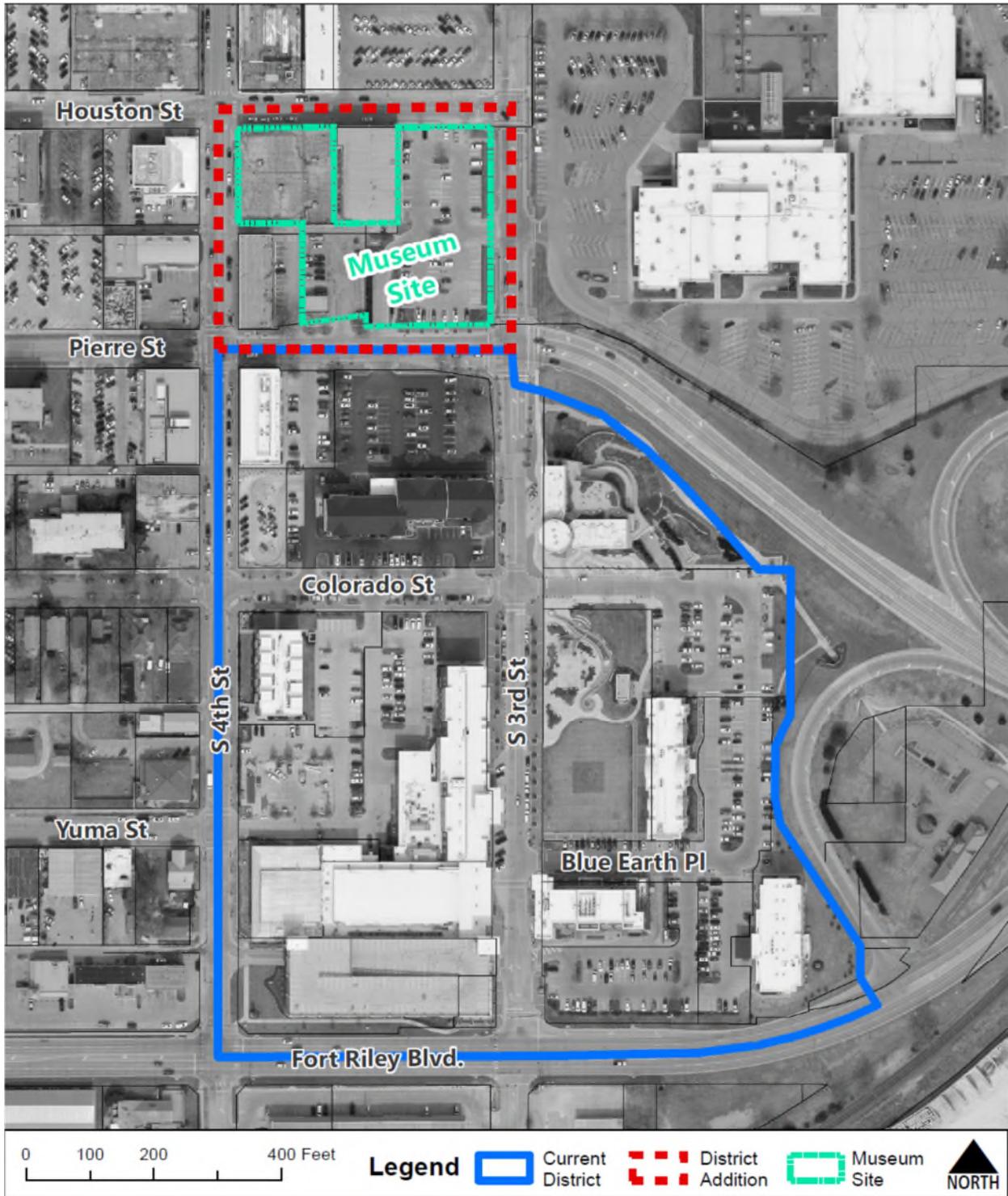
**EXHIBIT A**

Depiction of the District

*MAP OF REDEVELOPMENT DISTRICT*



# Additional Property



**EXHIBIT B**

**Legal Description of the Original District**

***LEGAL DESCRIPTION OF REDEVELOPMENT DISTRICT***

Property description for TIF district:

Lots 48, 48A, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 60A, 61, 62, 63, 64, 64A, 65, 66, 67, 68, 69, 69A, 70, 71, 72, 72A, 73, 74, 75, 76, 76A, 77, 78, 78A, 78B, 79, 80, 80A, 81, 82, 82A, 83, 84, 85, 86, 87, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, all in Ward 2, in the City of Manhattan, Riley County, Kansas;

That part of Lot 1, Gateway Subdivision No. 1 which was formerly known as Lots 93, 94 and 95, Ward 2, in the City of Manhattan, Riley County, Kansas;

Lot 164, Ward 1, in the City of Manhattan, Riley County, Kansas, less that tract of land conveyed to The Secretary of Transportation of the State of Kansas, as described in Book 658, Page 265, in the office of the Register of Deeds of Riley County, Kansas; and

Lots 55, 56, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, all in Ward 1, in the City of Manhattan, Riley County, Kansas;

Together with the rights of way on both 3<sup>rd</sup> and 4<sup>th</sup> Streets extending from Fort Riley Boulevard to Bluemont Avenue, in the City of Manhattan, Riley County, Kansas;

Together with all the publicly dedicated right of way, including streets and alley ways, within the area bounded by Bluemont Avenue on the north, Tuttle Creek Boulevard on the east, Leavenworth Street on the south, and 4<sup>th</sup> Street on the west, in the City of Manhattan, Riley County, Kansas.

Together with all the publicly dedicated right of way, including streets and alley ways, within the area bounded by Pierre Street on the north, 4<sup>th</sup> Street on the west, Fort Riley Boulevard on the south and east in the City of Manhattan, Riley County, Kansas.

Together with any vacated streets, vacated alleys, vacated market squares and abandoned railroad right of way accruing to the subject lots.

### **Legal Description of the Additional Property**

Tracts Located in the Southeast Quarter of Section 18, Township 10 South, Range 8 East, Riley County, Kansas, subject to public roads, easements and other conditions, if any, now being of record. being more particularly described as follows:

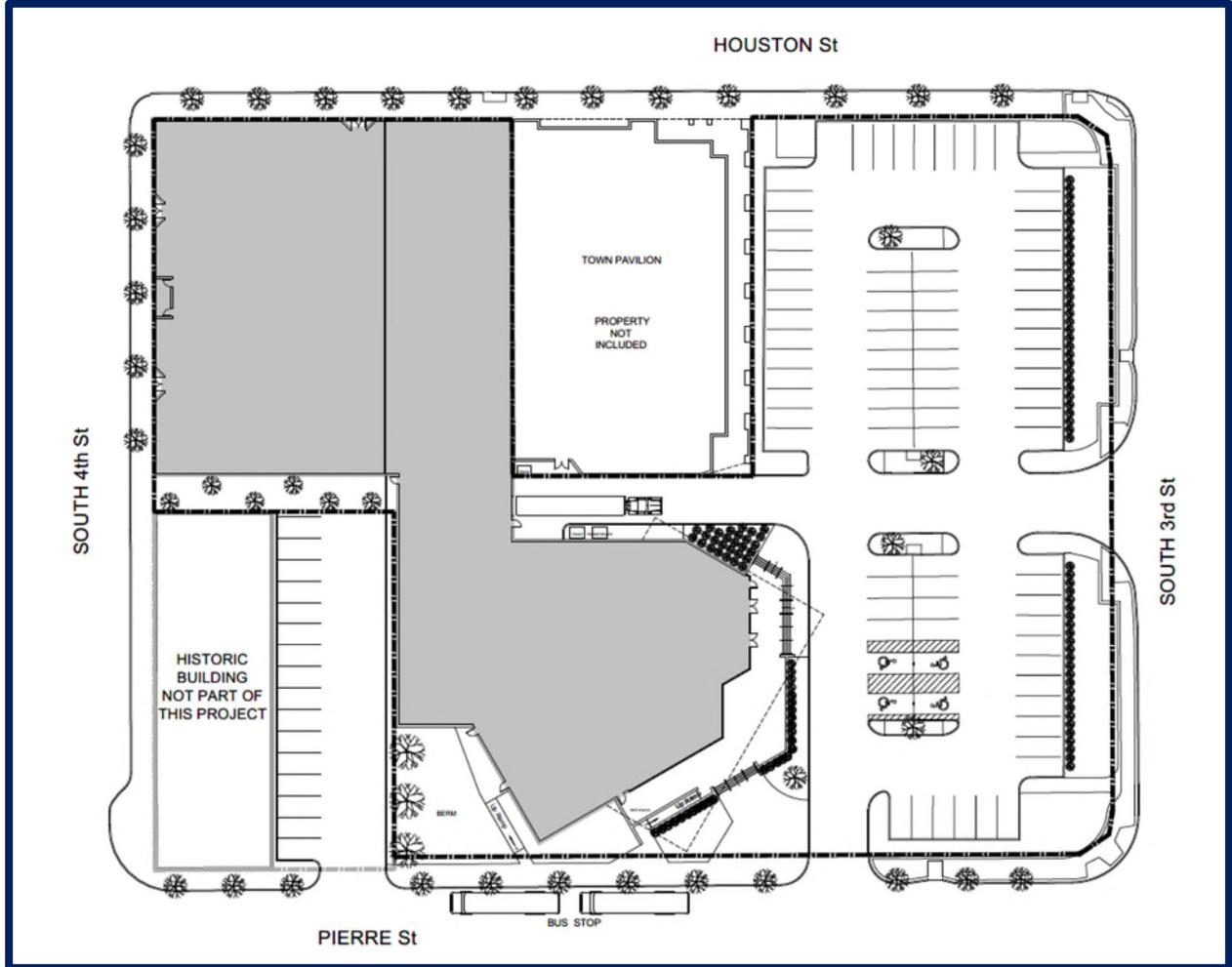
Lots 333-336, Ward 1, LESS Parts taken for roadway purposes and Lots 340-344, Ward 1 and the North half of the vacated alley adjacent to Lot 340 and Part of Lot E, Manhattan Town Center 5, Described as Follow:

Beginning at the Northeast corner of Lot 340, Ward 1, Thence  $S00^{\circ}03'57''W$ , along the East line of said Lot 340 and the West line of Lot E, Manhattan Town Center 5, a distance of 165.20 feet; Thence  $S89^{\circ}51'00''W$ , along the West line of said Lot E, a distance of 50.00 feet; Thence  $S00^{\circ}02'14''E$ , along the West line of said Lot E, a distance of 139.86 feet; Thence  $N89^{\circ}44'48''E$ , along the North ROW line of Pierre Street, a distance of 200.57 feet; thence  $N00^{\circ}15'12''W$ , a distance of 7.34 feet; Thence  $N08^{\circ}00'54''E$ , a distance of 5.74 feet; Thence  $N00^{\circ}14'01''W$ , a distance of 272.36 feet; Thence  $N08^{\circ}10'53''W$ , a distance of 11.32 feet; Thence  $N55^{\circ}57'22''W$ , a distance of 14.66 feet; Thence  $S89^{\circ}47'43''W$ , along the South ROW line of Houston Street, a distance of 136.37 feet to the point of beginning; Containing an area of 52,885.46 square feet.

Together with all City right-of-way adjacent to the above-described property and any vacated streets, vacated alleys, vacated market squares and abandoned railroad right of way accruing to the subject lots.

**EXHIBIT C**

**Depiction of the Location of Museum Project**



**EXHIBIT D**

**STAR Bond Proforma**

**MANHATTAN DOWNTOWN REDEVELOPMENT DISTRICT - PHASE II PROJECT**

**Supportable STAR Bond Debt Estimates - Manhattan Downtown Redevelopment District - Phase II Project**

Year	Total Phase II Sales	Phase II STAR Bond Revenue	Capture of Excess District Revenue	Gross STAR Bond Revenue	Debt Service Coverage (1.25)
2021	\$ -	\$ -	\$ 5,656,445	\$ 5,656,445	\$ 4,525,156
2022	\$ -	\$ -	\$ 5,769,574	\$ 5,769,574	\$ 4,615,659
2023	\$ 1,003,125	\$ 78,244	\$ 5,884,965	\$ 5,963,209	\$ 4,770,567
2024	\$ 2,006,250	\$ 156,488	\$ 6,002,665	\$ 6,159,152	\$ 4,927,322
2025	\$ 2,046,375	\$ 159,617	\$ 6,122,718	\$ 6,282,335	\$ 5,025,868
2026	\$ 2,087,303	\$ 162,810	\$ 6,245,172	\$ 6,407,982	\$ 5,126,386
2027	\$ 532,262	\$ 41,516	\$ 1,592,519	\$ 1,634,035	\$ 1,307,228
<b>Total</b>				<b>\$ 37,872,733</b>	<b>\$ 30,298,186</b>
<b>Net Present Value</b>					<b>\$ 26,631,398</b>
Less Debt Service Reserve					\$ (1,331,570)
Less Capitalized Interest					\$ -
Less: Costs of Issuance					\$ (532,628)
<b>Net Bond Proceeds</b>					<b>\$ 24,767,200</b>

**ASSUMPTIONS**

Effective STAR Bond Sales Tax Rate	7.80%
Projected Annual Sales Increase (After Stabilization):	2.00%
Phase II Assumed Sales at Stabilization	\$ 2,006,250
Assumed Phase II Sales Online 2021-2022	0.00%
Assumed Phase II Sales Online 2023	50.00%
Assumed Phase II Sales Online 2024	100.00%
Net Present Value:	5.00%
Debt Service Coverage:	1.25
Bond Issuance Costs:	2.00%
Capitalized Interest	0.00%
Debt Service Reserve	5.00%

**EXHIBIT E**

**Meeting Minutes**

To be included after approval of this Amendment

**EXHIBIT F**

**Canyon Study**



# STAR BOND FEASIBILITY STUDY

Manhattan Museum of Art & Light  
South 4th Street and Houston Street  
Manhattan, Kansas

February 2022

---

# **CANYON RESEARCH SOUTHWEST, INC.**

---

**COMMERCIAL REAL ESTATE RESEARCH AND ANALYSIS**

**STAR BOND FEASIBILITY STUDY  
MANHATTAN MUSEUM OF ART & LIGHT  
FOURTH AND HOUSTON STREETS  
MANHATTAN, KANSAS**

February 2022

Prepared for:

National Realty Advisors  
7400 West 130<sup>th</sup> Street, Suite 305  
Overland Park, KS 66213

Prepared by:

Canyon Research Southwest, Inc.  
505 Ellicott Street, Suite 16A  
Buffalo, NY 14203

PR# 2022.01.02

---

# CANYON RESEARCH SOUTHWEST, INC.

---

COMMERCIAL REAL ESTATE RESEARCH AND ANALYSIS

February 16, 2022

Rick Worner  
Managing Director  
National Realty Advisors  
7400 West 130<sup>th</sup> Street, Suite 305  
Overland Park, KS 66213

RE: STAR Bond Feasibility Study  
Museum of Art & Light; Manhattan, Kansas

Mr. Worner:

Sales Tax Revenue (“STAR”) bond financing is being sought to assist in funding a portion of the Manhattan Museum of Art & Light located at Fourth and Houston Streets in downtown Manhattan, Kansas. The Project consists of a 50,000 square foot state-of-the-art museum featuring exhibits and interactive displays, creating a one-of-a-kind cultural attraction unmatched in Kansas and the Midwest. The Project seeks to be incorporated into the adjacent Downtown Manhattan Redevelopment Project STAR Bond District.

Pursuant to the STAR Bond Financing Act, Canyon Research Southwest, Inc. has prepared the attached *STAR Bond Feasibility Study* for the proposed Manhattan Museum of Art & Light. The study assesses the market viability of the proposed Project as well as forecasts the impact on the Kansas economy, out-of-state visitation, and STAR bond revenues and evaluates the impact on existing area businesses and active STAR bond projects.

Upon review of the report, should any questions arise, or additional information requested, contact me directly at (716) 327-5576.

Respectfully submitted,

**CANYON RESEARCH SOUTHWEST, INC.**

Eric S. Lander, Principal

# TABLE OF CONTENTS

	<u>Page #</u>
<b>SUMMARY OF MAJOR FINDINGS</b> .....	ii
<b>INTRODUCTION</b> .....	1
Study Objective and Organization .....	1
Project Plan .....	4
Downtown Manhattan Redevelopment District .....	6
<b>MARKET STUDY</b> .....	8
Cultural Facilities Market Analysis .....	8
• Tourism Market Trends .....	8
• National Art Museum Industry .....	14
• Kansas Museums .....	16
• Assessment of Potential Markets .....	18
• Site Evaluation .....	19
• Conclusions .....	21
<b>MARKET IMPACT STUDY</b> .....	22
Project Positioning and Unique Quality .....	22
Synergy with Area Businesses and Attractions .....	23
Impact on Comparable Market Area Businesses .....	24
Estimated Customer/Visitor Counts .....	24
Estimated Visitor Expenditures.....	28
Impact on Active Kansas STAR Bond Projects .....	30
<b>ECONOMIC IMPACT STUDY</b> .....	44
Construction-Phase .....	45
Operational-Phase .....	46
Conclusions .....	48
<b>STAR BOND REVENUE PROJECTIONS</b> .....	49
STAR Bond Revenues .....	49
Supportable Bond Debt Estimate .....	51
<b>ADDENDA</b> .....	52
Exhibit A: Canyon Research Southwest, Inc. Client Roster .....	53
Exhibit B: Canyon Research Southwest, Inc. ....	56
List of Public Financing Projects	
Exhibit C: Resume of Eric S. Lander, Principal .....	58
Canyon Research Southwest, Inc.	

# SUMMARY OF MAJOR FINDINGS

Sales Tax Revenue (“STAR”) bond financing is being sought to assist in funding a portion of the Manhattan Museum of Art & Light (“Project”) located at Fourth and Houston Streets in downtown Manhattan, Kansas. The Project includes a 50,000 square foot state-of-the-art museum featuring exhibits and interactive displays, creating a one-of-a-kind cultural attraction unmatched in Kansas and the Midwest. The Project seeks to be incorporated into the adjacent Downtown Manhattan Redevelopment Project STAR Bond District.

As part of the STAR bond application process Canyon Research Southwest, Inc. has prepared the enclosed *STAR Bond Feasibility Study*. The study evaluates the feasibility of the Manhattan Project by addressing each of the evaluation criteria outlined in Kansas statutes. The report’s major findings are summarized in the text below.

## **Market Study Conclusions**

The *Market Study* section of the report evaluated the ability of the proposed Project to support feasible development of an art museum. The Project is designed to make Riley County and Manhattan more competitive as a visitor destination and capture an increased share of out-of-town visitation and spending by providing a unique and complimentary destination attraction currently not available in north-central Kansas.

The Project is located within Kansas’ North Central region. From 2015 through 2019, the North Central Region experienced steady gains in visitor expenditures. By 2019, visitor expenditures within the North Central region reached \$666.53 million, equating to 9.1 percent of the statewide total. Saline County (Salina) and Riley County (Manhattan) supported most of visitor expenditures with market shares of 34.4 percent and 24.8 percent, respectively.

Tourism expenditures in Riley County were reported at \$165.31 million in 2019, equating to a 24.8 percent market share for the North Central region. Tourism expenditures in Riley County have grown from \$140.9 million in 2015 to \$165.3 million by 2019. The volume of visitor expenditures during 2019 in Riley County equates to an estimated 1.4 million visitors. Manhattan serves as Riley County’s principal visitor destination.

According to the “Art Museums by the Numbers” report is released by the Association of Art Museums Directors (“AAMD”), during 2018 attendance to U.S. museums totaled over 67.6 million visitors. Museums with operating budgets of less than \$5 million hosted an average attendance of 62,000 visitors in 2018. By comparison, museums with annual operating budgets exceeding \$45 million support attendance averaging 1.29 million visitors.

Two major art and cultural attractions operate in Manhattan, Kansas, including the Flint Hills Discovery Center and Marianna Kistler Beach Museum of Art. The content and market positioning of these two museums would allow for synergy and collaborative marketing with the planned Project.

Sources of attendance demand for the Project include: 1) area residents; 2) out-of-town visitors; and 3) regional market.

The Project is expected to cater to the local, state, and regional populations and school educational programs. The U.S. Census estimated the Riley County population at 75,056, of which 14,237 are school age between 10 and 19 years old. The 20-county North Central region of Kansas supports a population of 294,064 residents.

The population within a 100-mile radius of the Project is estimated at approximately 1.47 million, of which 12.8 percent are school age between 5 and 14 years old. The 100-mile radius includes Topeka and portions of Wichita and the Kansas City MSA. In addition, Manhattan hosts an estimated 1.4 million visitors annually.

The Project's regional market consisting of the surrounding states of Colorado, Missouri, Nebraska, and Oklahoma supports a population of approximately 23.6 million residents. School age children include approximately 1.54 million between the ages of 5 and 9 years old, 1.56 million between 10 and 14 years, and 1.56 million between 15 and 19 years.

This report concludes that the Project is a feasible site for the proposed art museum, possessing a location adjacent to a major tourism destination featuring complementary uses, access to a large regional population and tourism market, and the necessary site access, visibility, and exposure. The site will complement existing area cultural venues and benefit from a synergistic affect and the potential to tap into the established visitation at these venues.

Manhattan's status as a tourism destination and synergy with the existing uses within the adjacent Downtown Manhattan Redevelopment District provides the opportunity for the Project to attract the necessary visitation and revenues to support feasible development. The critical mass of cultural and educational attractions unique to the Kansas market has created a regional and national destination catering to both residents and out-of-town visitors.

## **Market Impact Study Findings**

The *Market Impact Study* focused on these issues as they relate to the Manhattan Project:

1. Project positioning and unique quality
2. Project's synergy with area attractions
3. Impact on comparable market area businesses
4. Expected draw of tourists from out-of-state and from more than 100 miles away
5. Estimate the project's retail sales at build-out
6. Impact on active STAR bond projects

## **Project Positioning and Unique Quality**

The Project proposed in downtown Manhattan, Kansas is designed as a state-of-the-art museum featuring exhibits and interactive displays, creating a one-of-a-kind hands-on, teaching and learning art and cultural attraction unmatched in Kansas and the Midwest.

Exhibitions will include original pieces by artists from the Renaissance Period to the 21<sup>st</sup> Century, and an interactive digital display that will immerse the visitor in the sights and sounds of pieces from world-renowned artists. The digital exhibits will compare to those at the Atelier des Lumieres museum in Paris. The interactive digital displays will be only the second such museum in the world, and the first in the United States. No museum in the United States combine all the interactive and immersive elements planned for the Project.

The original paintings and other traditional pieces will attract customers that are already frequent museums. The interactive digital display will attract a wider range of visitors and will open the world of art to elementary, secondary, and college students that are already being raised on interactive digital media and all others that are not attracted to traditional mediums of paintings and sculptures. The Project will also feature profiles of the artists, the times in which they lived, how they lived, and friends and influences that impacted their work. Given the Project's unique programming it will cater to a regional and national market.

The Project is situated in downtown Manhattan adjacent to the Downtown Manhattan Redevelopment District which serves as regional tourism attraction, anchored by the Flint Hills Discovery Center, and complemented by a mix of retail, dining, conference, and lodging venues. The Project's concept and market positioning will complement the Downtown Manhattan Redevelopment District and together the synergy created will enhance the draw and attraction of both projects.

To conclude, the Project is positioned as a unique cultural and educational destination attraction supporting a local, regional, national draw. Together with the existing uses within the neighboring Downtown Manhattan Redevelopment District, the Project's concept and positioning are designed to create a unique attraction capable of drawing out-of-town travelers, and enhancing the Manhattan's status as a regional sports, recreation, entertainment, and retail destination.

### **Synergy with Area Attractions**

Much like business clusters, the clustering of destination attractions creates the critical mass necessary to generate and sustain increased visitation and expenditures. Most tourism clusters also have strong linkages to other closely related and supporting industries such as transportation, lodging, retail, and food and beverage. Therefore, the larger cluster of attractions a tourist destination supports the greater the direct and indirect economic benefits.

With the presence of Kansas State University and large selection of recreational, cultural, sports, entertainment, and retail attractions, central Kansas supports a large visitor market that draws visitors from outside of the state. Manhattan, Kansas serves as a major commerce and tourism center for central Kansas.

Within a 50-mile radius of Manhattan are an abundance of parks, lakes, agri-tourism sites, arts and cultural venues, and science and nature amenities. State parks offering camping, fishing, and hiking include Tuttle Creek Lake (Kansas' second largest lake with nine state parks), Geary County State Lake, and Milford State Park. Several other lakes are also located in the region. Examples of agri-tourism sites include Britt's Farm, Alpacas in Wildcat Hollow, Wildcat Equestrian, and Wyldewood Cellars Winery. Science centers and museums include the Kansas State University Insect Zoo, Sunset Zoological Park, Konza Prairie Biological Station, Kansas Canyon Research Southwest, Inc.

Landscape Arboretum, Kansas State University Gardens, Flint Hills Discovery Center, Marianna Kistler Beach Museum of Art, and Fort Riley Museum.

According to visitor expenditures reported by the Travel & Tourism Division of the Kansas Department of Commerce, the Manhattan area serves as a major tourism destination hosting an estimated 1.4 million visitors annually. Destination attractions include the Flint Hills Discovery Center, Custer House at Fort Riley, U.S. Cavalry Museum at Fort Riley, Sunset Zoological Park, and Tuttle Creek State Park. Kansas State University's business activities, athletic events, and cultural venues serve as major generators of out-of-town visitation to Manhattan.

By virtue of differing content and market positioning, the Project will compliment and have a synergistic effect on the central Kansas and Manhattan tourism industry and the heightened out-of-town visitation is expected to translate to increased attendance and expenditures at existing cultural, recreation, entertainment, family, and retail attractions. Those existing attractions expected to benefit the most from the presence of the Project include the Flint Hills Discovery Center and Marianna Kistler Beach Museum of Art. The synergy of these three cultural attractions is expected to result in increased visitation and revenues for each venue.

To conclude, by increasing the critical mass and scope of destination attractions, the Project will improve the competitive position of central Kansas and Manhattan as tourism destinations as well as complement the existing attractions by creating a unique cultural and educational destination. Furthermore, the Project when combined with the neighboring Downtown Manhattan Redevelopment District will further strengthen the draw and economic impact of Manhattan as a tourism destination.

### **Impact on Comparable Area Businesses**

Future development as part of the Project will provide Manhattan and central Kansas with a unique cultural and educational asset. This section of the study examined the impact of the museum upon similar cultural venues in Manhattan and central Kansas (i.e., that the project will increase total the surrounding area, not diminish sales from existing retailers in the surrounding area).

The principal cultural and educational museums operating in Manhattan include the Flint Hills Discovery Center and Marianna Kistler Beach Museum of Art. The Flint Hills Discovery Center, situated approximately ¼ mile southeast of Project site, is a cultural and science museum providing interactive exhibits and theater experience highlighting the wonder and beauty of the Flint Hills. During 2018, attendance to the Flint Hills Discover Center totaled 84,893 visitors. The Marianna Kistler Beach Museum of Art is a 26,000 square foot art museum on the campus of Kansas State University. The collection of nearly 10,000 pieces continues to focus on art of the region. Annual attendance to the museum exceeds 30,000 visitors.

By increasing the critical mass and scope of destination cultural attractions, the Project will improve Manhattan's status as a visitor destination with the potential of increasing the exposure and visitation of the both the Flint Hills Discovery Center and Marianna Kistler Beach Museum of Art. The Project will also benefit other tourism-related businesses such as retail, dining, entertainment, and lodging by attractive increased visitation and expenditures to Manhattan and central Kansas.

Therefore, this report concludes that proposed Project is not expected to adversely impact the sales of Manhattan’s existing cultural and educational museum, and that existing tourism-related businesses will benefit from the increased visitation and expenditures.

### **Forecast Customer/Visitor Counts**

Project attendance is estimated at 75,000 visitors per year. Visitors living within a 100-mile radius are forecast to account for 60 percent of total visitation, 5 percent of which will reside out-of-state. Regional visitors traveling more than 100 miles are forecast to account for the remaining 40 percent of total visitation, 60 percent of which will be out-of-state and international visitors.

In total, out-of-state residents are estimated to account for approximately 27 percent of total visitation, or approximately 20,250 visitors per year. These out-of-town visitation trend estimates meets the State of Kansas Secretary of Commerce guidelines that 30 percent of visitors to a prospective STAR Bond District travel beyond 100 miles and 20 percent reside out-of-state.

#### **Museum of Art & Light Estimated Visitation Patterns**

<b>Visitor Origination</b>	<b>Total Visitors</b>	<b>Out-of-State Visitors</b>	<b>Market Share</b>
Within a 100-Mile Radius	45,000	2,250	5.0%
Outside of a 100-Mile Radius	30,000	18,000	60.0%
<b>Totals</b>	<b>75,000</b>	<b>20,250</b>	<b>27.0%</b>

Source: Canyon Research Southwest, Inc.

Admission tickets to the Project’s museum will be sold both online with payment via a credit card. Tickets will also be sold at the door with credit cards the preferred method of payment. The credit card transactions will provide purchaser’s city and zip code of residence which can be used to track total visitation to the museum and out-of-state visitation counts. The information will be provided to the Kansas Secretary of State on an annual basis as required per KSA 12-17, 166(b) (4).

### **Estimated Visitor Expenditures**

Off-site visitor expenditures to the Project will take the form of trip-related expenditures on transportation, lodging, food and beverage, entertainment, and shopping. According to the *Economic Impact of Travel in Kansas 2019*, spending per visitor to Kansas averaged \$200, with day travelers spending \$78 and overnight visitors spending \$378 per trip. The composition of visitor expenditures was reported at 28.4 percent on transportation, 24.6 percent on food and beverages, 15.9 percent on lodging, 16.3 percent on recreation/entertainment, and 14.8 percent on retail.

Annual attendance to the Project is estimated at 75,000 visitors. Approximately 40 percent of all visitors are anticipated to be from outside of a 100-mile radius and considered overnight visitors, with daytrips accounting for the remaining 60 percent.

The Project is estimated to generate off-site visitor expenditures of \$15.85 million per year.

## **Impact on Active STAR Bond Projects**

According to the *STAR Bond 2020 Annual Report*, fourteen STAR Bond Districts in Kansas possess outstanding bond debt that at year-end 2020 totaled approximately \$468 million. STAR Bond Districts Manhattan, Overland Park, Dodge City, and Atchison include museum attractions, though their content and programming vary widely from the planned Project.

The planned Project is located within the Downtown Manhattan Redevelopment District, approximately ¼ miles northwest of the Flint Hills Discovery Center. These two museums are complimentary cultural attractions, and their proximity will benefit both through collaborative advertising and promotions, leading to increased visitation and expenditures.

The study concluded that continued development of the planned Project will not have a measurable adverse impact on visitor volumes, retail sales volumes and STAR bond revenues on those STAR Bond Districts with outstanding bond debt. Therefore, the operation of additional development within the Project is not anticipated to cause default in the payment of outstanding STAR bonds.

## **Economic Impact Study Findings**

The construction and operation of the planned Project will contribute significantly to the local and state economy by attracting out-of-town visitors and generating jobs, visitor expenditures, lodging demand, and tax revenues.

Construction of the planned Project would generate non-recurring construction impacts. Total project costs are estimated at approximately \$34.0 million with hard construction costs estimated at \$22.0 million. The construction-phase for the planned Project is estimated to generate total economic output of approximately \$30.8 million, 182 full-time equivalent direct and indirect jobs, payroll of approximately \$10.0 million, and \$424,000 in State income tax collections.

Throughout the operations phase the Project is estimated to generate annual economic benefits to the region and state amounting to \$1,325,000 in on-site sales, total economic output of \$1,855,000, 37 full-time equivalent direct and indirect jobs, direct and indirect payroll of \$1,285,269, and state income tax revenues of approximately \$43,000.

In addition, the Project's 75,000 annual visitors are estimated to generate annual expenditures on retail, restaurants, entertainment, travel, and lodging of approximately \$15.85 million. These visitor expenditures are estimated to generate sales tax revenue of approximately \$1.03 million for the State of Kansas, \$229,285 for the City of Manhattan, and \$158,500 for Riley County.

# STAR Bond Revenue Projections

The Downtown Manhattan Redevelopment District’s original Series 2009-1 Bonds amounting to \$16,855,000 were paid in full on December 1, 2018. The Series 2009-2 Bonds totaling \$33,145,000 were paid in full during 2021.

Because the Downtown Manhattan Redevelopment District’s original bond debt has been paid in full, the Manhattan Museum of Art & Light Project will be able to use excess revenues generated by the District through bond maturity in February 2027.

Throughout the statutory STAR bond maturity period the gross Sales Tax Special Obligation Bond revenues generated by the Downtown Manhattan Redevelopment District are estimated at approximately \$37.1 million, yielding net present value proceeds of \$26.3 million. Accounting for bond issuance costs and reserve fund allocation, net proceeds of approximately \$24.5 million are available to service bond debt.

## **Supportable STAR Bond Debt Estimates Downtown Manhattan Redevelopment District**

<b>Year</b>	<b>Gross STAR Bond Revenue</b>	<b>Less: Debt Coverage 1.25</b>	<b>Net STAR Bond Revenue</b>	<b>Present Value 5.0%</b>	<b>Net STAR Bond Proceeds</b>
2021	\$5,656,445	\$1,131,289	\$4,525,156	1.000000	<b>\$4,525,156</b>
2022	\$5,769,574	\$1,153,915	\$4,615,659	0.952381	<b>\$4,395,866</b>
2023	\$5,884,965	\$1,176,993	\$4,707,972	0.907029	<b>\$4,270,267</b>
2024	\$6,080,177	\$1,020,824	\$5,059,354	0.863838	<b>\$4,370,462</b>
2025	\$6,226,068	\$1,245,214	\$4,980,854	0.822702	<b>\$4,097,759</b>
2026	\$6,350,589	\$1,270,118	\$5,080,471	0.783526	<b>\$3,980,681</b>
2027	\$1,105,982	\$221,196	\$884,786	0.746215	<b>\$660,240</b>
<b>NPV STAR Bond Proceeds</b>					<b>\$26,300,432</b>
<b>Less: Debt Service Reserve (5%)</b>					<b>-\$1,315,022</b>
<b>Less: Bond Issuance Costs (2%)</b>					<b>-\$526,009</b>
<b>STAR Bond Proceeds Available for Debt Service</b>					<b>\$24,459,402</b>

Source: Canyon Research Southwest, Inc.; February 2022.

As of the date of this Feasibility Study, the Project developer is not aware of any additional federal, state, or local tax incentives that apply to the planned STAR Bond District or any business located in the STAR Bond District.

**STAR BOND FEASIBILITY STUDY  
MANHATTAN MUSEUM OF ART & LIGHT  
FOURTH AND HOUSTON STREETS  
MANHATTAN, KANSAS**

February 2022

# INTRODUCTION

## **Study Objective and Organization**

Sales Tax Revenue (“STAR”) bonds as authorized by the STAR Bond Financing Act, K.S.A. 12-17,160, et seq. are being sought to assist in funding a portion of the Manhattan Project (“Project”) located at Fourth and Houston Streets in downtown Manhattan, Kansas. The Project includes a 50,000 square foot state-of-the-art museum featuring exhibits and interactive displays, creating a one-of-a-kind cultural attraction unmatched in Kansas and the Midwest. The Project seeks to be incorporated into the adjacent Downtown Manhattan Redevelopment Project STAR Bond District. An aerial photo of the Project is displayed on the following page.

STAR bonds provide Kansas municipalities the opportunity to issue bonds to finance the development of major commercial entertainment and tourism areas and use revenues received by the city and county from any transient guest taxes, local sales taxes and use taxes generated by the development to pay off the bonds. STAR bonds possess a 20-year term. To be considered a major commercial entertainment and tourism area, a proposed project must be capable of being characterized as a statewide and regional destination and include a high-quality innovative entertainment and tourism attraction, containing unique features which will increase tourism, generate significant positive and diverse economic and fiscal impacts and be capable of sustainable development over time.

The STAR bond program in Kansas was scheduled to expire on July 1, 2017. In June 2017, Gov. Brownback signed a bill reauthorizing the STAR Bond program for three more years, with a sunset date of July 1, 2020. During the 2020 Kansas Legislative Session, the STAR Bond program was extended until July 1, 2021. House Sub. for SB 124 supplements, amends, and reauthorizes the STAR Bonds program until July 1, 2026.

The Kansas Secretary of Commerce ultimately approves the use of STAR bond proceeds within a STAR Bond Project District once the District is established by a governing body.

## Proposed Manhattan Art Museum Aerial Photo



Pursuant to the STAR Bond Financing Act, STAR Bond Project Plans must be accompanied by a *Feasibility Study*. According to K.S.A. 12-17,116(b) the *Feasibility Study* should contain the following:

- Whether a STAR bond project’s revenue and tax increment revenue and other available revenues are expected to exceed or be enough to pay for the project costs.
- The effect, if any, a STAR bond project will have on any outstanding special obligation bonds payable from the revenues described in K.S.A. 12-17,169.
- A statement of how the jobs and taxes obtained from the STAR bond project will contribute significantly to the economic development of the state and region.
- Visitation expectations; the unique quality of the project; economic impact study; and integration and collaboration with other resources or businesses.
- The quality of service, and experience provided, as measured against national consumer standards for the specific target market.
- Project accountability measured according to best industry practices.
- The expected return on state and local investment that the project is anticipated to produce.
- A statement concerning whether a portion of the local sales and use taxes are pledged to other uses and are unavailable as revenue for the project and, if the revenues are so committed, a detailed explanation of the commitment and the effect.
- An anticipated principal and interest payment schedule on the bond issue.

The *Market Study* component of the *Feasibility Study* determines the ability of the STAR bond project to gain market share locally, regionally, and nationally and the ability of the project to gain enough market share to: 1) remain profitable past the term of repayment; and 2) maintain status as a significant factor for travel decisions.

The *Marketing Impact Study* component of the *Feasibility Study* examines the impact of the special bond project upon similar businesses in the project’s market area (i.e., that the project will increase total visitation and sales in the surrounding area, not diminish sales from existing businesses).

According to House Sub. for SB 124 which reauthorizes the STAR Bonds program until July 1, 2026, additional requirements that must be fulfilled prior to approval of a project include:

- The “visitation expectations” element of the proposal is required to contain a plan detailing how the number of visitors to the project will be tracked and reported to the Secretary.
- The bill requires a net return on investment analysis; a summary of community involvement, participation, and support for the project; and a full disclosure of all federal, state, and local tax incentives applicable to the STAR Bond district and any business located in the district.

## **Project Plan**

The \$43.6 million (plus land costs) Museum of Art & Light proposed in downtown Manhattan, Kansas is designed as a 50,000 square foot state-of-the-art museum featuring exhibits and interactive displays, creating a one-of-a-kind hands-on, teaching and learning art and cultural attraction unmatched in Kansas and the Midwest. The museum is scheduled to open by mid-2023. The art museum design is depicted on the following page.

Exhibitions will include original pieces by artists from the Renaissance Period through the 21<sup>st</sup> century, and an interactive digital display that will immerse the visitor in the sights and sounds of pieces from world renowned artists. The digital exhibits will compare to those at the Atelier des Lumieres museum in Paris. The interactive digital displays will be only the second such museum in the world, and the first in the United States. No museum in the United States combine all the interactive and immersive elements planned for the Project.

The original paintings and other traditional pieces will attract customers that are already frequent museums. The interactive digital display will attract a wider range of visitors and will open the world of art to elementary, secondary, and college students that are already being raised on interactive digital media and all others that are not attracted to traditional mediums of paintings and sculptures. The Project will also feature profiles of the artists, the times in which they lived, how they lived, and friends and influences that impacted their work. Given the Project's unique programming it will cater to a regional and national market.

## Proposed Manhattan Art Museum Elevation



# **Downtown Manhattan Redevelopment District**

On November 15, 2005, the City Commission adopted Ordinance No. 6512, creating a Sales Tax Revenue (“STAR”) redevelopment district within the city. On March 15, 2007, the City Commission adopted Ordinance No. 6612, which defined the Tax Increment Finance (“TIF”) and STAR District Redevelopment Plan. On November 27, 2006, the Kansas Secretary of Commerce determined that the District constitutes a major commercial entertainment and tourism area and approved and designated the Downtown Redevelopment Project as a “special bond project”.

The Downtown Manhattan Redevelopment District (“District”) is designed to serve as central Kansas’ premier tourism attraction, anchored by the Flint Hills Discovery Center and complemented by a mix of retail, dining, conference, and lodging venues. 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 serves as a regional destination.

Manhattan received \$41 million State and Tax and Revenue (“STAR”) bonds from the State of Kansas and the Department of Commerce in 2006. The total amount of the STAR bonds reached \$50 million by 2009 due to updated estimates and costs. Those bonds were used to pay for the construction of the Flint Hills Discovery Center and assist in land acquisition, public infrastructure, streetscape, landscape, and public park improvements in the South End.

The Downtown Manhattan Redevelopment District is split into two project areas consisting of a North Area and a South Area. The Project Plan is illustrated on the following page.

The North Area Project Plan calls for 250,000 square feet of commercial and retail space, and approximately 200 residential units. The City of Manhattan and Dial Realty entered into a development agreement for development of the North Area. The shopping center opened in 2006.

The South Area Project Plan consists of the Flint Hills Discovery Center, three hotels, a conference center, approximately 70,000 square feet of commercial space, 400-stall parking garage, 24 new living units, and a publicly owned one-acre park. In November 2011, the Hilton Garden Inn and Manhattan Conference Center opened, followed by completion of the 35,000 square foot Flint Hills Discover Center and Blue Earth Plaza in 2012. During 2018, the Flint Hills Discovery Center hosted 84,893 visitors. The 84-room Candlewood Suites opened in 2013 and the 78-room Holiday Inn Express & Suites and 4-story residential buildings were completed in 2015.

According to the *STAR Bond Annual Report 2020*, the Downtown Manhattan Redevelopment District’s original Series 2009-1 Bonds amounting to \$16,855,000 were paid in full on December 1, 2018 and by year-end 2020 the Series 2009-2 had an outstanding balance of \$6,105,000. During 2021, the Series 2009-2 Bonds were paid in full.

The Developer and the City of Manhattan have collaborated to foster the growth and continued development of the STAR Bond District. The City’s involvement, participation, and support of the STAR Bond District has been a key catalyst in promoting tourism and retail spending in Manhattan. The City’s website promotes the STAR Bond District by providing links to the Flint Hills Discovery Center, community events calendar, Chamber of Commerce, and Convention and Visitors Bureau as well as news on the progress of development at the District and the Museum of Art & Light.



# MARKET STUDY

The *Market Study* portion of the report evaluates the ability of the Project to gain market share locally, regionally, and nationally and the ability to gain enough market share to:

- Remain profitable past the term of repayment, and
- Maintain status as a significant factor for travel decisions.

The *Market Study* portion of the report evaluates the suitability of the Project to facilitate development and continued operation as an art museum. In doing so, the *Market Study* examined Kansas' tourism market and incorporated findings from a feasibility study prepared in April 2018 by Dr. Stacy Kovar with the College of Business Administration at Kansas State University.

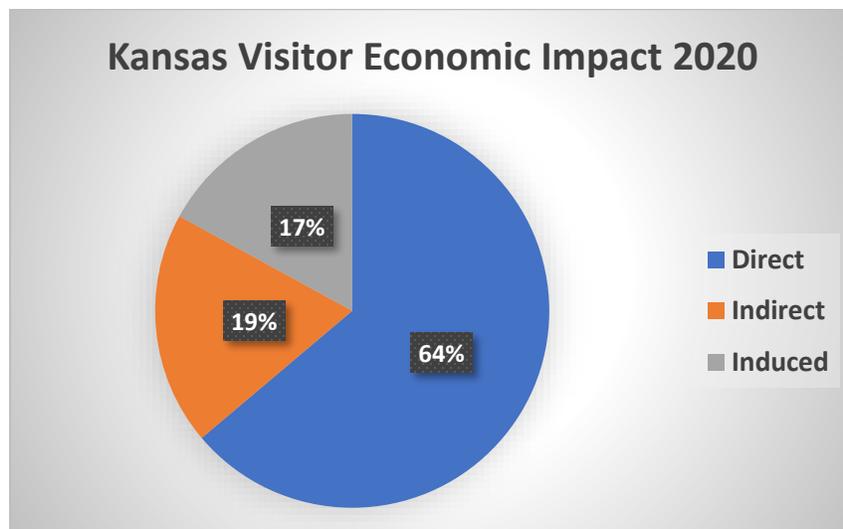
Based on the findings of the Market Study the report determined the suitability of the Project as a prospective location for future development and continued operation as an art museum.

## Cultural Facilities Market Analysis

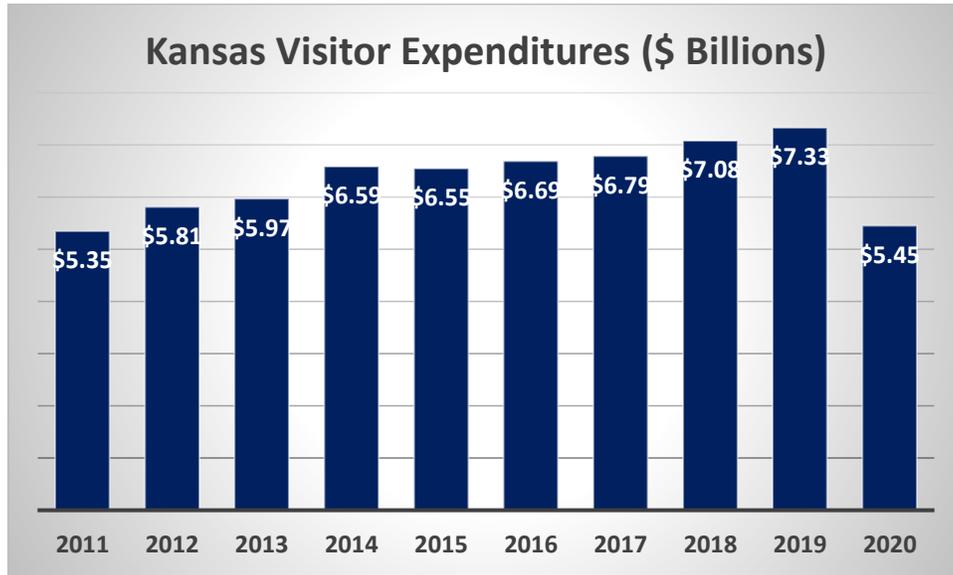
### Tourism Market Trends

According to the *Economic Impact of Tourism in Kansas 2020* prepared by Tourism Economics, the state's tourism industry supported 53,442 jobs. Given the adverse impact the pandemic had on travel, tourism-related employment declined by 19 percent from 2019.

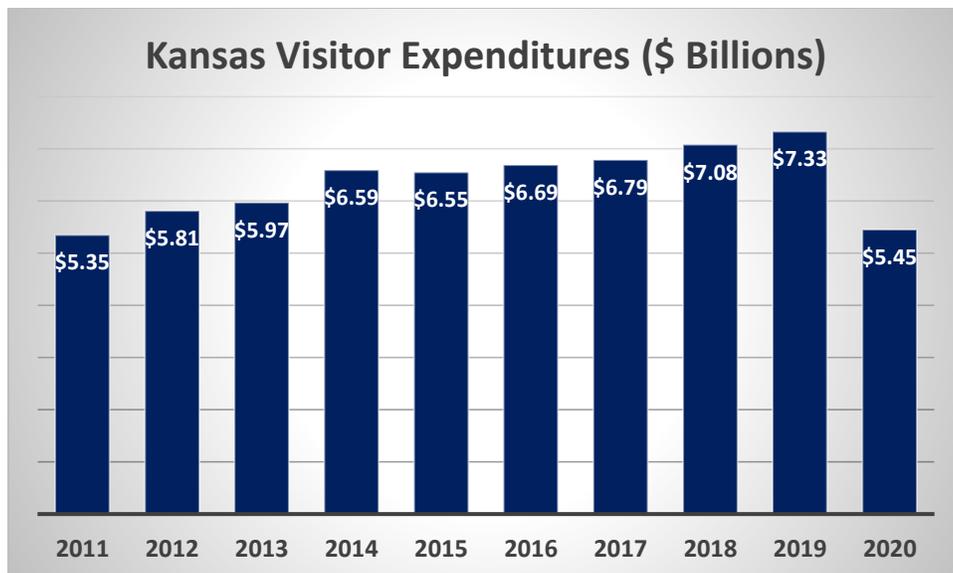
Tourism's direct economic impact on the State of Kansas was estimated at \$6.0 billion in 2020, down from \$8.1 billion for 2019. Including indirect and induced spending, the total statewide economic impact of tourism totaled \$9.4 billion in 2020, down from \$11.75 billion in 2019. The food and beverage industry garnered the largest share of direct economic activity created by visitors to Kansas, followed by retail, lodging, and recreation and entertainment.



From 2011 through 2019, annual visitation to Kansas increased by 4.4 million visitors. During 2019, visitation to Kansas grew by 2.5 percent to 36.5 million visitors, including 21.6 million day-travelers and 14.9 million overnight visitors. A 2.3 percent increase in room demand helped support the growth in overnight visitation, while lower gas prices and a healthy economy pushed day visitation higher. Resulting from the adverse impact of the pandemic on the tourism industry, during 2020 total visitation to Kansas declined by 14.1 percent to 31.4 million visitors.



Visitor spending in Kansas has grown from \$5.35 billion in 2011 to \$7.33 billion in 2019, an increase of 36.4 percent. Visitor spending increased 4.6 percent in 2018 and 3.1 percent in 2019. Overnight visitors comprised about 40 percent of all visitors but account for 77 percent of all visitor expenditures. During 2020, visitor expenditures declined by 25.7 percent to \$5.4 billion as the pandemic placed constraints on travel and tourism.



During 2020, leisure travelers accounted for 67 percent of all visitor expenditures in Kansas, or \$3.65 billion. Business travelers accounted for 33 percent of all visitor expenditures, or \$1.8 billion.

During 2020, spending per visitor to Kansas averaged \$200 with day travelers spending \$78 and overnight visitors spending \$378. While overnight travelers represented only 40.8 percent of all visitors to Kansas in 2019, they accounted for 77 percent of all visitor spending, or \$5.63 billion. Day trippers accounted for 23 percent of total visitor expenditures in 2019, equating to \$1.7 billion.

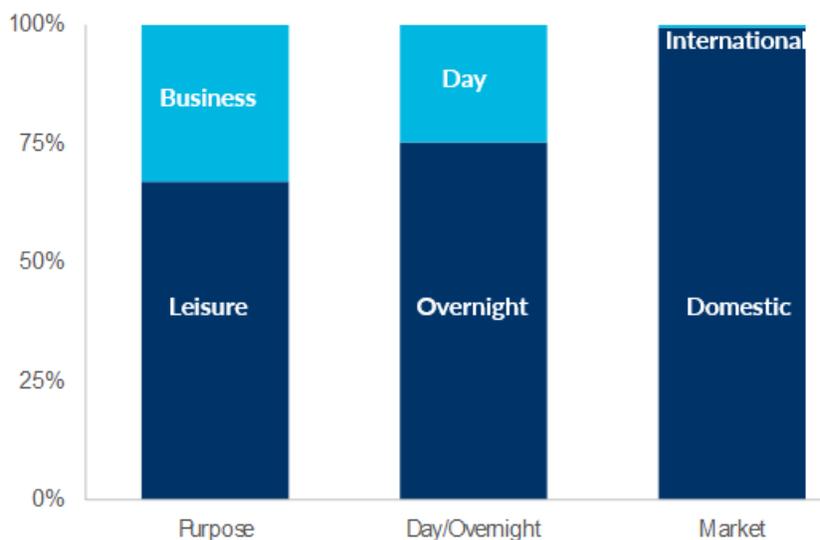
During 2019, spending per visitor to Kansas averaged \$173 with day travelers spending \$70 and overnight visitors spending \$340. While overnight travelers represented only 38 percent of all visitors to Kansas in 2020, they accounted for over 75 percent of all tourism spending, or \$4.09 billion.

During 2017, the Northeast Region (includes Kansas City MSA) and South Central (includes Wichita MSA) captured the State’s highest levels of tourism expenditures, accounting for market shares of 46.7 percent and 29.8 percent, respectively.

Domestic travelers to Kansas accounted for 99 percent of all visitor expenditures, or \$5.4 billion. Foreign travelers accounted for just 1 percent of statewide visitor expenditures, or \$39 million.

### Spending share by market, 2020

Expressed as a percentage of total expenditure per market



During 2020, tourism expenditures in Kansas amounted to \$5.45 billion with local transportation accounting for the largest share (28.4%). Collectively, food and beverage, retail, and lodging represented 54.2 percent of total visitor expenditures. During 2020, those sectors reporting the largest declines in total revenues included lodging at -43.3 percent, recreation at -29.4 percent, and food and beverage at -21.6 percent.

The bar chart below illustrates annual tourism expenditure patterns in Kansas by sector from 2016 through 2020. Air transportation (2.7 percentage points) and food and beverage (1.4 percentage points) expenditures experienced gains in market share. Those tourism expenditure sectors experiencing the largest declines in market share were lodging and retail, declining by 3.8 and 1.9 percentage points, respectively.

## Kansas visitor spending (shares)



From 2015 to 2019, tourism expenditures in Kansas rose by 11.9 percent. Recreation accounted for the largest increase in expenditures totaling 18.8 percent, followed by retail at 16.0 percent and transportation at 10.6 percent. In terms of absolute growth in sales, food and beverage rose by \$249 million, transportation by \$199 million and recreation by \$189 million.

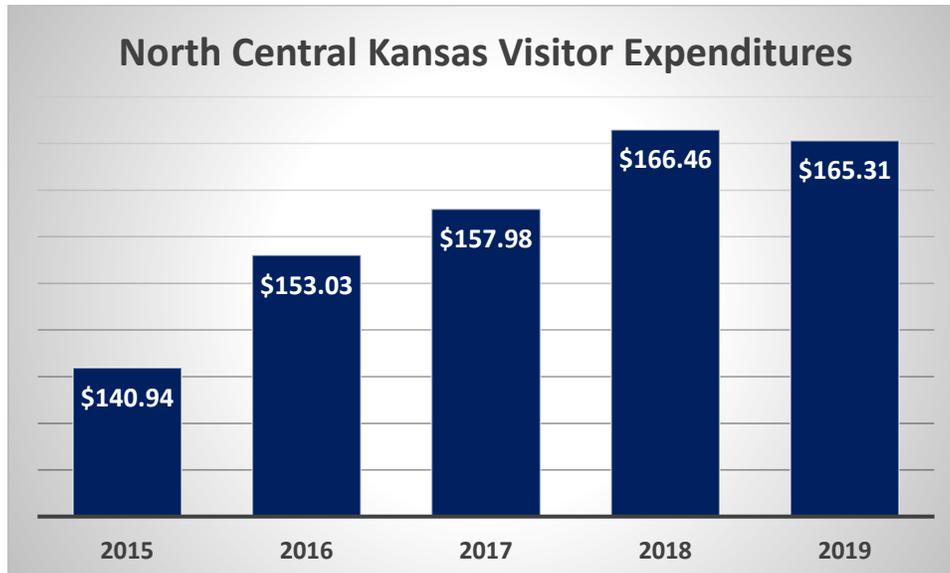
During 2020, visitor expenditures declined by 25.7 percent to \$5.4 billion as the pandemic placed constraints on travel and tourism. Those tourism sectors experiencing the largest declines in expenditures during 2020 included lodging (-\$505 million), transportation (-\$431 million), and food and beverage (-\$389 million).

## Kansas Trends in Tourism Expenditures by Category

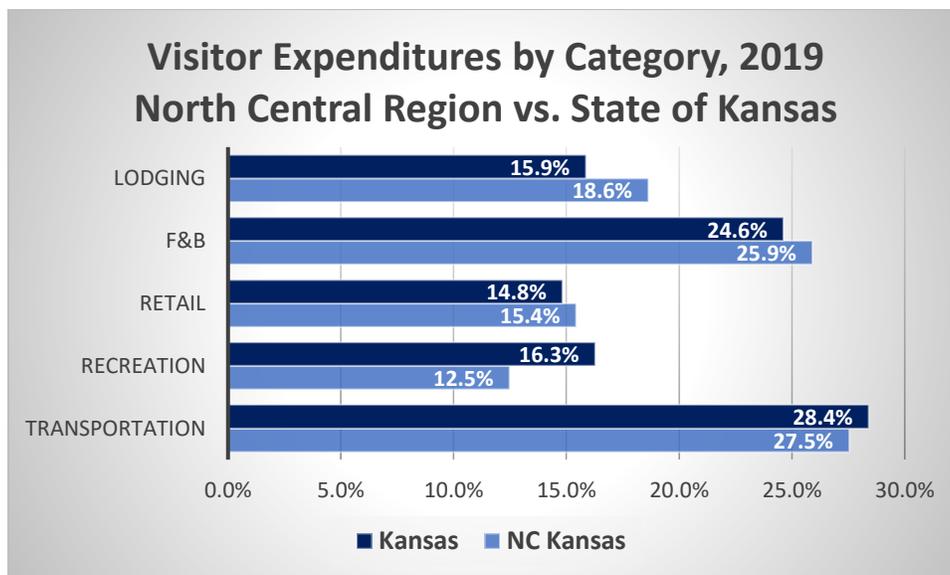
	Expenditures (\$ Billions)						% Change
	2015	2016	2017	2018	2019	2020	
Lodging	\$1,061	\$1,090	\$1,100	\$1,122	\$1,163	\$658	-38.0%
Food & Beverage	\$1,555	\$1,606	\$1,657	\$1,723	\$1,804	\$1,415	-9.0%
Retail	\$1,049	\$1,062	\$1,028	\$1,076	\$1,086	\$880	-16.1%
Recreation	\$1,003	\$1,035	\$1,079	\$1,135	\$1,192	\$842	-16.1%
Transportation	\$1,883	\$1,898	\$1,924	\$2,022	\$2,082	\$1,651	-12.3%
<b>Totals</b>	<b>\$6,550</b>	<b>\$6,691</b>	<b>\$6,788</b>	<b>\$7,077</b>	<b>\$7,327</b>	<b>\$5,446</b>	<b>-16.9%</b>
<b>Percentage Change</b>	<b>4.1%</b>	<b>2.1%</b>	<b>1.4%</b>	<b>4.3%</b>	<b>3.5%</b>	<b>-25.7%</b>	

Source: Tourism Economics.

The Project is located within Kansas' North Central region. From 2015 through 2019, the North Central Region experienced steady gains in visitor expenditures. By 2019, visitor expenditures within the North Central region reached \$666.53 million, equating to 9.1 percent of the statewide total. Saline County (Salina) and Riley County (Manhattan) supported most of visitor expenditures with market shares of 34.4 percent and 24.8 percent, respectively.

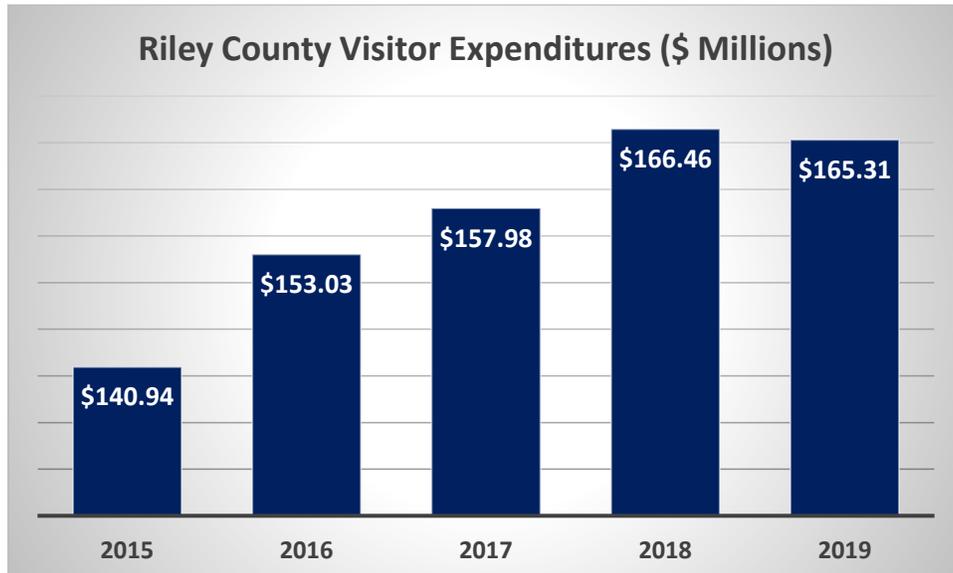


During 2019, tourism expenditures within this 20-county region were led by transportation at \$183.6 million, food and beverage at \$172.7 million, and lodging at \$124.2 million. When compared to statewide norms the North Central region supported above average visitor expenditures on lodging, food and beverage, and retail. Tourism expenditures on recreation and transportation and lodging in the North Central region fall below the statewide norms.

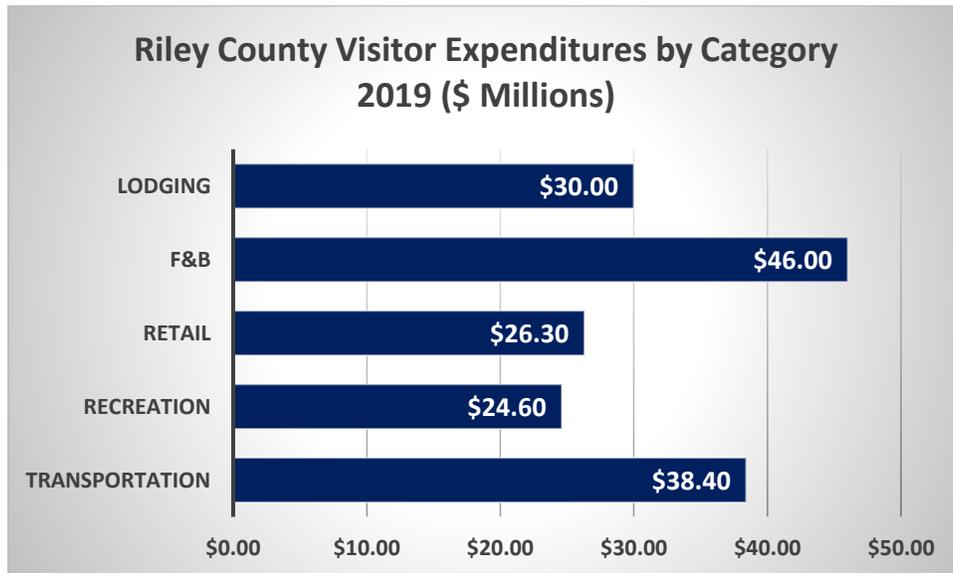


The Project is located within Riley County. Tourism expenditures in Riley County were reported at \$165.31 million in 2019, equating to a 24.8 percent market share for the North Central region. Tourism expenditures in Riley County have grown from \$140.9 million in 2015 to \$165.3 million

by 2019. The volume of visitor expenditures during 2019 in Riley County equates to an estimated 1.4 million visitors. Manhattan serves as Riley County’s principal visitor destination.



During 2019, tourism expenditures in Riley County were led by food & beverage at \$46.0 million, transportation at \$38.4 million, and lodging at \$30.0 million.



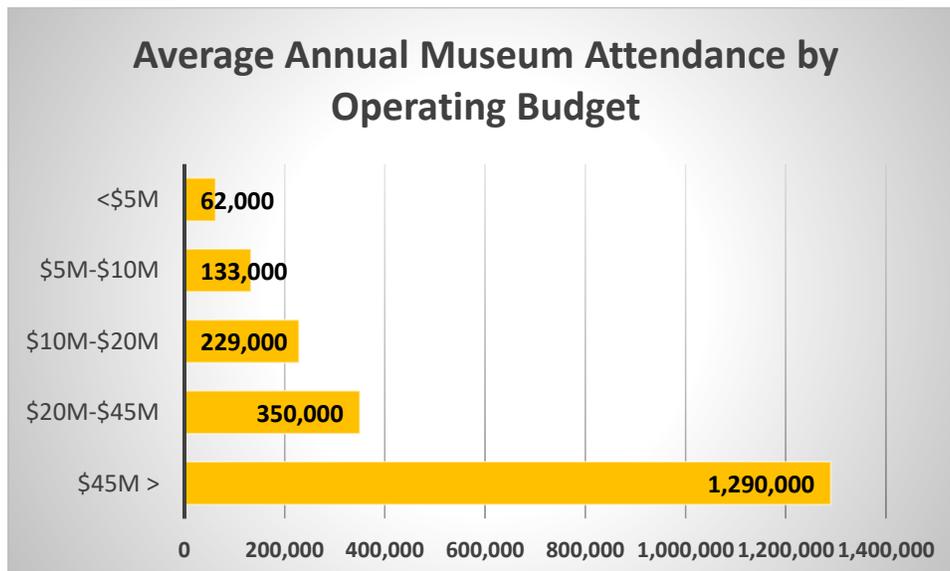
The Project is designed to make Riley County and Manhattan more competitive as a visitor destination and capture an increased share of out-of-town visitation and spending by providing a unique and complimentary destination attraction currently not available in north-central Kansas.

## National Art Museum Trends

Museums are educational assets that improve a community’s quality of life. In determining America’s Best Cities, Bloomberg Business Week placed the greatest weight on “leisure amenities [including density of museums], followed by educational metrics and economic metrics. In addition, museums have a profound economic impact on communities, including:

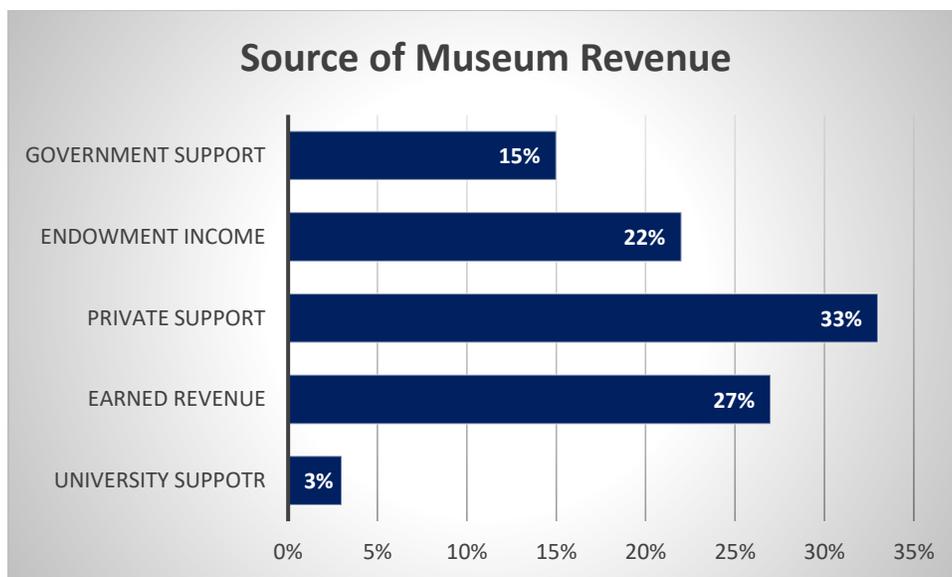
- More people visited an art museum, science center, historic house or site, zoo, or aquarium in 2018 than attended a professional sporting event.
- Museums support more than 726,000 American jobs.
- Museums contribute \$50 billion to the U.S. economy each year.
- Seventy-six percent of all U.S. leisure travelers participate in cultural or heritage activities such as visiting museums. These travelers spend 60 percent more on average than other leisure travelers.
- The economic activity of museums generates more than \$12 billion in tax revenue, one-third of it going to state and local governments. Each job created by the museum sector results in \$16,495 in additional tax revenue.
- For every direct job at a museum, an additional job is supported elsewhere in the economy.
- Museums and other nonprofit cultural organizations return more than \$5 in tax revenues for every \$1 they receive in funding from all levels of government.

According to the “Art Museums by the Numbers” report is released by the Association of Art Museums Directors (“AAMD”), during 2018 attendance to U.S. museums totaled over 67.6 million visitors. Museums with operating budgets of less than \$5 million hosted an average attendance of 62,000 visitors in 2018. By comparison, museums with annual operating budgets exceeding \$45 million support attendance averaging 1.29 million visitors.



AAMD museums served 43,471 K-12 schools nationwide during 2018. A reported 61 percent of museums charge a set admission fee, 7 percent ask for a suggested donation, and 32 percent offer free admission. Of the museums that offer free admission, over two-thirds also waive fees for special exhibitions. Art museums invest more per visitor than they charge for admissions and amenities, reflecting their commitment to serving the community. On average, museums operate at revenue per visitor of \$8 and a cost of \$55 per visitor.

Museums maintain a diversified portfolio of financial support and revenue streams. According to AAMD, on average, private support through memberships, donations, and corporate contributions account for one-third of a museum’s average revenue stream. Earned income in the form of admissions, exhibition fees, museum store, food and beverage, and facility rentals account for 27 percent of total museum revenue. Endowment income accounts for on average 22 percent of a museum’s revenue.



During 2017, earned revenue accounted for 27 percent of average museum revenue, down from 33 percent in 2003. As the table below illustrates, since 2003 admissions as a percentage of earned revenue have increased, while revenue from museum stores has declined. By 2017, on average the museum store and admissions were the leading source of earned revenue.

### Trends in Museum Earned Income by Category

Revenue Source	2003	2008	2013	2017
Admissions	15%	21%	24%	27%
Exhibition Fees	5%	4%	4%	4%
Educational Events			5%	3%
Restaurants & Catering	9%	11%	12%	10%
Facility Rental	3%	5%	4%	5%
Museum Store	52%	45%	33%	28%
Other	16%	15%	18%	22%

Source: AAMD.

## **Kansas Museums**

Two major art and cultural attractions operate in Manhattan, Kansas, including the Flint Hills Discovery Center and Marianna Kistler Beach Museum of Art.

### **Flint Hills Discovery Center**

The Flint Hills Discovery Center opened in April 2012 in downtown Manhattan, Kansas. This 35,000 square foot cultural and science museum immerses visitors within the wonder and beauty of the Flint Hills. Guests of all ages will enjoy exploring over 10,000 square feet of interactive exhibits and exciting temporary exhibitions, as well as an one-of-a-kind theater experience and prairie-inspired outdoor plazas. During 2018, attendance to the Flint Hills Discover Center totaled 84,893 visitors. Admission is \$10 for adults, \$5 for youths, and \$8 for college students, seniors, educators, and military. The Flint Hills Discovery Center is located approximately ¼ miles southeast of proposed Project, providing the opportunity for collaborative marketing and visitor patronage.

### **Marianna Kistler Beach Museum of Art**

The Marianna Kistler Beach Museum of Art opened in October 1996 on the campus of Kansas State University, due largely to a \$3 million gift from Ross and Marianna Beach, Hays residents who graduated from the university. Construction of the 26,000-square-foot art museum was part of the Essential Edge campaign led by K-State First Lady Ruth Ann Wefald in 1990. Prior to its completion, the Kansas State University art collection adorned the walls of various campus buildings and offices. Eight years later the Mary and Morgan Jarvis wing of the museum opened, creating space for three more exhibition galleries, three new art storage areas and more office and workspace.

The museum's permanent art collection has grown from less than 1,500 pieces when it opened in 1996 to nearly 10,000 objects. The collection continues to focus on art of the region. In addition to free gallery displays and special exhibitions, the museum presents public programs and educational programs for audiences of all ages. Free to the public, annual attendance to the Marianna Kistler Beach Museum of Art exceeds 30,000 visitors.

Several notable art museums operate throughout Kansas. A description of Kansas art museums is provided in the text to follow.

### **Wichita Art Museum**

The Wichita Art Museum was founded in 1935 by Louise Caldwell Murdock and subsequent establishment of the Roland P. Murdock Collection formed the initial impetus for the museum. Following several building expansions, the 115,000 square foot facility now houses a collection of 10,000 art pieces that emphasizes American art and is nationally recognized for its distinction. Today, with a board, staff, and corps of 100+ volunteers, Edward Larrabee Barnes facility, Muse Café, and growing audience, the museum is a public/private partnership, owned by the City of Wichita and managed by Wichita Art Museum, Inc. Admission is \$10 for adults, \$5 for seniors, and \$3 for children 5 to 17 years of age.

## **Spencer Museum of Art**

The Spencer Museum of Art is located on the University of Kansas campus in Lawrence, Kansas and is the only comprehensive art museum in Kansas and hosts more than 100,000 visitors annually. The museum collection currently numbers more than 45,000 artworks and artifacts in all media. The collection spans the history of European and American art from ancient to contemporary and includes broad holdings of East Asian art. Areas of special significance include medieval art; European and American paintings, sculpture, and prints; photography; Japanese Edo period painting and prints; 20th-century Chinese painting; and KU's ethnographic collection, which includes about 10,000 Native American, African, Latin American, and Australian works.

The Spencer facilitates arts engagement and research through exhibitions, artist commissions and residencies, conferences, film screenings, musical and dramatic performances, artist- and scholar-led lectures, children's art activities, and community arts and culture festivals.

The Spencer Museum of Art is accredited by the American Alliance of Museums and participates in the Association of Art Museum Directors.

## **Ulrich Museum of Art**

The Ulrich Museum of Art was established in 1974 on the campus of Wichita State University. The museum was named in honor of Edwin A. Ulrich, a Hyde Park, New York, businessman who donated his collection of more than 300 works by the early 20th-century painter Frederick Judd Waugh and set up an endowment to support the new institution. The founding of the Ulrich coincided with the construction of a new facility for the museum and the WSU School of Art and Design and Creative Industries, the McKnight Art Center. A 1995 renovation created additional gallery and office space as well as a terraced sculpture court at the entrance.

Located in McKnight Art Center, the museum holds a permanent collection of more than 6,700 works by such modern and contemporary artists as Benny Andrews, Diane Arbus, Helen Frankenthaler, Zhang Huan, Jacob Lawrence, Joan Mitchell, Robert Motherwell, Rodney McMillian, Gordon Parks, W. Eugene Smith, Kara Walker and Andy Warhol.

## **Coutts Museum of Art**

The Coutts Museum of Art is in downtown El Dorado, Kansas. The museum's artistic focus is to collect, preserve, and exhibit fine art. The collection boasts more than 1,500 pieces of art, including pieces from the Makk family, reproductions of all Frederic Remington's sculpture, prints by Birger Sandzén and Prairie Printmakers as well as many local artists such as Bill Walton, Jim Clements, and Phil Epp.

## **Mulvane Art Museum**

Accredited by the American Association of Museums in 1988, the Mulvane Art Museum is located on the Washburn University campus and houses a collection of approximately 5,500 objects from around the world including paintings, prints, drawings, sculptures, photographs, and decorative art. While international in scope, the Museum's collection focuses on the works of artists from Kansas and the Mountain Plains region of the United States. In addition to exhibiting works from

the collection the Museum also presents changing exhibitions featuring artists from around the world.

The Museum's visual art education program provides extensive community outreach to children at after school sites, public and private school classrooms and preschool centers throughout the region. In-house art classes, public lectures, family events and community educational experiences for people of all ages and abilities are also offered. Over 50,000 people visit the Museum and take part in our exhibit and education programs each year. Admission to the museum is \$6 for a day, or \$10 for the weekend.

### **Nerman Museum of Contemporary Art**

The Nerman Museum of Contemporary Art is located on the campus of Johnson County Community College in Overland Park, Kansas. JCCC is one of the region's major providers for the visual and performing arts (Carlsen Center). Since opening in 2007, the museum has received national and international acclaim for its architecture, exhibitions, educational programming, and collection, including both the JCCC Collection and the Oppenheimer Collection. With more than 100,000 visitors annually, the museum is regarded as one of the Kansas City area's most significant cultural destinations.

The elegant, minimalist building was designed by architect Kyu Sung Woo and is clad in Kansas limestone. Throughout the museum's two levels are 11 expansive galleries for temporary exhibitions and the permanent collection. Additionally, the museum houses the 200-seat Hudson Auditorium, Café Tempo, two classrooms, and art storage and preparation spaces. Admission to the museum is free.

## **Assessment of Potential Markets**

Sources of attendance demand for the Project include: 1) area residents; 2) out-of-town visitors; and 3) regional market.

### **Resident Market**

The Project is expected to draw residents from north-central Kansas. The U.S. Census estimated the Riley County population at 75,056, of which 14,237 are school age between 10 and 19 years old. The 20-county North Central region of Kansas supports a population of 294,064 residents, providing a substantial potential resident market for the Project.

### **Tourist Market**

The Project is located within Kansas' North Central region. From 2015 through 2019, the North Central Region experienced steady gains in visitor expenditures. By 2019, visitor expenditures within the North Central region reached \$666.53 million, equating to 9.1 percent of the statewide total. Riley County captured 24.8 percent of visitor expenditures within the North Central region. This large regional tourism industry represents a potential market for the Project.

## **Regional Market**

Given the scope of programming the Project is expected to cater to a regional market. The presence of Kansas State University assists in generating regional and national visitation to Manhattan. Kansas and the surrounding states of Colorado, Missouri, Nebraska, and Oklahoma support a population of approximately 23.6 million residents. School age children include approximately 1.54 million between the ages of 5 and 9 years old, 1.56 million between 10 and 14 years, and 1.56 million between 15 and 19 years. This large regional youth population represent a potential market for the Project.

### **Regional Market Area Population by Age**

State	2019	Ages		
	Population	5-9 Years	10-14 Years	15-19 Years
Kansas	2,913,341	201,400	200,793	200,544
Colorado	5,531,141	355,399	359,334	354,630
Iowa	3,155,070	204,026	206,158	214,740
Missouri	6,137,428	381,583	392,635	396,819
Nebraska	1,934,408	132,290	131,959	129,350
Oklahoma	3,956,971	267,805	269,193	262,995
<b>Totals</b>	<b>23,628,359</b>	<b>1,542,503</b>	<b>1,560,072</b>	<b>1,559,078</b>

Source: U.S. Census.

To conclude, the local and regional population as well as the North Central Kansas tourism market provides potential markets for the Project to attract visitors and expenditures. The one-of-a-kind attraction of the Project will create an expanded regional trade area and the ability to draw out-of-state visitors.

## **Site Evaluation**

The local area and proposed site were evaluated to determine the potential of supporting the Project. Factors include:

1. Market Area Population Demographics
2. Area Tourism Expenditures
3. Site Access and Visibility
4. Surrounding Development
5. Synergy with Existing Area Attractions

## **Trade Area Demographics**

School age children and high-income households represent strong markets for art museums. According to the U.S. Census Bureau, Kansas and the surrounding five states support a population of approximately 23.6 million residents, of which approximately 1.54 million are between the ages

of 5 and 9 years old, 1.56 million between 10 and 14 years, and 1.56 million between 15 and 19 years. High-income households in the 6-state region with annual incomes of \$75,000 or more total approximately 3.5 million households.

### **Regional Market Area High-Income Households**

State	Number of Households			
	\$75,000 - \$99,999	\$100,000 - \$149,999	\$150,000 - \$199,999	\$200,000 or More
Kansas	147,236	159,129	58,781	54,627
Colorado	288,416	358,101	159,913	166,282
Iowa	178,695	187,270	61,585	53,210
Missouri	300,226	310,792	111,519	104,710
Nebraska	103,433	113,583	36,623	33,671
Oklahoma	179,466	179,436	62,455	59,235
<b>Totals</b>	<b>1,197,472</b>	<b>1,308,311</b>	<b>490,876</b>	<b>471,735</b>

Source: U.S. Census.

The population demographics and high-income households of Kansas and surrounding five states are suitable for providing the Project with a large enough potential market from which to draw visitors.

### **Area Tourism Expenditures**

The Project will attract out-of-town visitors. Therefore, high visitation and expenditure levels to the area are important factors in the feasibility of the planned attraction.

The Project is located within Riley County. Tourism expenditures in Riley County were reported at \$165.31 million in 2019, equating to a 24.8 percent market share for the North Central region. Manhattan serves as Riley County’s principal visitor destination. Tourism expenditures in Riley County have grown from \$140.9 million in 2015 to \$165.3 million by 2019. During 2019, tourism expenditures in Riley County were led by food & beverage at \$46.0 million, transportation at \$38.4 million, and lodging at \$30.0 million. These visitation expenditure patterns are favorable for the development of the Project.

### **Site Access and Visibility**

Most visitors to the Project District are expected to arrive by automobile; therefore, the local and regional road system is important in providing convenient and efficient access. Interstates 35 and 135 provides direct access to the metropolitan areas of Wichita and Oklahoma City to the southwest. Interstate 70 provides access to the Denver area to the west and Kansas City to the east.

## **Surrounding Development**

The Project site is located within the Downtown Manhattan Redevelopment District, a STAR Bond District designed as a major tourism attraction anchored by the Flint Hills Discovery Center and complemented by three hotels, a conference center, retail space, parking garage, and public park. The presence of this established visitor destination will enhance exposure, visitation, and revenue of the proposed Project.

## **Synergy with Area Attractions**

Existing cultural attractions in the Manhattan area include the Flint Hills Discover Center, Marianna Kistler Beach Museum of Art, Manhattan Art Center, McCain Auditorium, and Fort Riley Museum. Other area attractions include the Sunset Zoo, Tuttle Creek, and Konza Prairie.

The Art Museum will complement these existing attractions and further enhance Manhattan and North Central Kansas as a cultural and educational destination.

## **Conclusions**

This report concludes that the Project is a feasible site for the proposed art museum, possessing a location adjacent to a major tourism destination featuring complementary uses, access to a large regional population and tourism market, and the necessary site access, visibility, and exposure. The site will complement existing area cultural venues and benefit from a synergistic affect and the potential to tap into the established visitation at these venues.

Manhattan's status as a tourism destination and synergy with the existing uses within the adjacent Downtown Manhattan Redevelopment District provides the opportunity for the Project to attract the necessary visitation and revenues to support feasible development. The critical mass of cultural and educational attractions unique to the Kansas market has created a regional and national destination catering to both residents and out-of-town visitors.

# MARKET IMPACT STUDY

The *Market Impact Study* examined the impact the Project will have on the local economy and tourism industry. Specific issues examined include:

1. Project positioning and unique quality.
2. Project's synergy with area attractions.
3. Impact on comparable market area businesses.
4. Expected draw of tourists from out-of-state and from more than 100 miles away.
5. Estimate the project's retail sales at build-out.
6. Impact on active STAR bond projects in Kansas City area.

## **Project Positioning and Unique Quality**

The Project proposed in downtown Manhattan, Kansas is designed as a state-of-the-art museum featuring exhibits and interactive displays, creating a one-of-a-kind hands-on, teaching and learning art and cultural attraction unmatched in Kansas and the Midwest.

Exhibitions will include original pieces by artists from the Renaissance Period through the 21<sup>st</sup> Century, and an interactive digital display that will immerse the visitor in the sights and sounds of pieces from world renowned artists. The digital exhibits will compare to those at the Atelier des Lumieres museum in Paris. The interactive digital displays will be the first in the United States. No museum in the United States combine all the interactive and immersive elements planned for the Project.

The original paintings and other traditional pieces will attract customers that are already frequent museums. The interactive digital display will attract a wider range of visitors and will open the world of art to elementary school children that are already being raised on interactive digital media and all others that are not attracted to traditional mediums of paintings and sculptures. Given the Project's unique programming it will cater to a regional and national market.

The Project is situated in downtown Manhattan within the Downtown Manhattan Redevelopment District which serves as regional tourism attraction, anchored by the Flint Hills Discovery Center, and complemented by a mix of retail, dining, conference, and lodging venues. The Project's concept and market positioning will complement the Downtown Manhattan Redevelopment District and together the synergy created will enhance the draw and attraction of both projects.

To conclude, the Project is positioned as a unique cultural and educational destination attraction supporting a local, regional, national draw. Together with the existing uses within the neighboring Downtown Manhattan Redevelopment District, the Project's concept and positioning are designed to create a unique attraction capable of drawing out-of-town travelers, and enhancing the Manhattan's status as a regional sports, recreation, entertainment, and retail destination.

## **Synergy with other Area Attractions**

According to the World Tourism Organization (WTO) travel and tourism is the world's largest industry and it is predicted to be one of a few industries that will continue to generate job growth in the future. Hence it is an important vehicle for regional and national economic development. Attractions are an extremely important part of the tourism industry and serve as a primary driver of tourism activity. According to Swarbrooke (1995, p. 3) tourist attractions are the most important component in the tourism industry. Without attractions there would be no need for other tourism services. Many tourist attractions possess strong entertainment connections, including sports venues, theatres, and museums.

Much like business clusters, the clustering of destination attractions creates the critical mass necessary to generate and sustain increased visitation and expenditures. Most tourism clusters also have strong linkages to other closely related and supporting industries such as transportation, lodging, retail, and food and beverage. Therefore, the larger cluster of attractions a tourist destination supports the greater the direct and indirect economic benefits.

With the presence of Kansas State University and large selection of recreational, cultural, sports, entertainment, and retail attractions, central Kansas supports a large visitor market that draws visitors from outside of the state. Manhattan, Kansas serves as a major commerce and tourism center for central Kansas.

Within a 50-mile radius of Manhattan are an abundance of parks, lakes, agri-tourism sites, arts and cultural venues, and science and nature amenities. State parks offering camping, fishing, and hiking include Tuttle Creek Lake (Kansas' second largest lake with nine state parks), Geary County State Lake, and Milford State Park. Several other lakes are also located in the region. Examples of agri-tourism sites include Britt's Farm, Alpacas in Wildcat Hollow, Wildcat Equestrian, and Wyldewood Cellars Winery. Science centers and museums include the Kansas State University Insect Zoo, Sunset Zoological Park, Konza Prairie Biological Station, Kansas Landscape Arboretum, Kansas State University Gardens, Flint Hills Discovery Center, Marianna Kistler Beach Museum of Art, and Fort Riley Museum.

According to reported visitor expenditures published by the Travel & Tourism Division of the Kansas Department of Commerce, the Manhattan area serves as a major tourism destination hosting an estimated 1.4 million visitors annually. Destination attractions include the Flint Hills Discovery Center, Custer House at Fort Riley, U.S. Cavalry Museum at Fort Riley, Sunset Zoological Park, and Tuttle Creek State Park. Kansas State University's business activities, athletic events, and cultural venues serve as major generators of out-of-town visitation to Manhattan.

By virtue of differing content and market positioning, the Project will compliment and have a synergistic effect on the central Kansas and Manhattan tourism industry and the heightened out-of-town visitation is expected to translate to increased attendance and expenditures at existing cultural, recreation, entertainment, family, and retail attractions. Those existing attractions expected to benefit the most from the presence of the Project include the Flint Hills Discovery Center and Marianna Kistler Beach Museum of Art. The synergy of these three cultural attractions is expected to result in increased visitation and revenues for each venue.

To conclude, by increasing the critical mass and scope of destination attractions the Project will improve the competitive position of central Kansas and Manhattan as tourism destinations as well as complement the existing attractions by creating a unique cultural and educational destination. Furthermore, the Project when combined with existing development within the Downtown Manhattan Redevelopment District will further strengthen the draw and economic impact of Manhattan as a tourism destination.

## **Impact on Comparable Market Area Businesses**

Future development as part of the Project will provide Manhattan and central Kansas with a unique cultural and educational asset. This section of the study examined the impact of the museum upon similar cultural venues in Manhattan and central Kansas (i.e., that the project will increase total the surrounding area, not diminish sales from existing retailers in the surrounding area).

The principal cultural and educational museums operating in Manhattan include the Flint Hills Discovery Center and Marianna Kistler Beach Museum of Art. The Flint Hills Discovery Center, located approximately ¼ miles southeast of the Project site, is a cultural and science museum providing interactive exhibits and theater experience highlighting the wonder and beauty of the Flint Hills. During 2018, attendance to the Flint Hills Discover Center totaled 84,893 visitors. The Marianna Kistler Beach Museum of Art is a 26,000 square foot art museum on the campus of Kansas State University. The collection of nearly 10,000 pieces continues to focus on art of the region. Annual attendance to the museum exceeds 30,000 visitors.

By increasing the critical mass and scope of destination cultural attractions, the Project will improve Manhattan's status as a visitor destination with the potential of increasing the exposure and visitation of the both the Flint Hills Discovery Center and Marianna Kistler Beach Museum of Art. The Project will also benefit other tourism-related businesses such as retail, dining, entertainment, and lodging by attractive increased visitation and expenditures to Manhattan and central Kansas.

Therefore, this report concludes that proposed Project is not expected to adversely impact the sales of Manhattan's existing cultural and educational museum, and that existing tourism-related businesses will benefit from the increased visitation and expenditures.

## **Estimated Customer/Visitor Counts**

STAR bond financing is being sought to assist in the development of the Project in Manhattan, Kansas. To assist in evaluating STAR bond applications the Kansas Secretary of Commerce has published guidelines regarding a proposed project's economic impact. The following criteria were evaluated when considering the tourism potential of a project applying for STAR bond financing:

- Out-of-state visitation from multiple states should have a target of 20 percent of total annual visitation to be considered a major, unique, destination attraction.

- A target of 30 percent of total annual visitation should be drawn from greater than 100 miles distance from the attraction community.
- Total annual visitation should compare very favorably to existing attractions in Kansas.

The proposed Project together with the neighboring Downtown Manhattan Redevelopment District will collectively serve as a major visitor destination for Manhattan and central Kansas, drawing from a regional and national geographic area. Annual visitation estimates for the Project were drawn from industry standards and visitation to other comparable cultural and educational museums.

The Project is designed as a state-of-the-art museum featuring exhibits and interactive displays, creating a one-of-a-kind hands-on, teaching and learning art and cultural attraction. Exhibitions will include original pieces by artists from the Renaissance Period through the 21<sup>st</sup> Century, and an interactive digital display that will immerse the visitor in the sights and sounds of pieces from world renowned artists. The museum will cater to art enthusiasts and educational programs with area K-12 schools.

Collectively, 65 percent of the attendance to the Marianna Kistler Beach Museum of Art, Riley County Museum, and Fort Riley Museum are out-of-town visitors.

Based on the content and marketing positioning of the proposed Project, attendance is estimated to be 60 percent local and 40 percent out-of-town visitors. These groups are generally described below.

**Local market: 60%** • General population residing within a 100-mile radius. The museum would be a popular field-trip destination among primary and secondary schools in the region, with strong learning opportunities to actively engage students.

**Visitor Market: 40%** • Manhattan is a strong visitor market. Potential sources of out-of-town visitors to the museum include families vacationing in the area, individuals visiting Kansas State University, group travelers attending meetings and conferences, business travelers, and leisure travelers attending special events or visiting other museums and cultural attractions in the area.

Two complimentary museums currently operate in Manhattan. The Marianna Kistler Beach Museum of Art opened in 1996 and houses KSU's permanent collection of Kansas and regional artists. A wing was added in 2006 and annual attendance now exceeds 30,000 visitors. The Flint Hills Discovery Center is a cultural and science museum that hosted 84,893 visitors, including general admission attendance of 63,464 visitors, education and programs totaling 11,429 visitors, and rental attendance of 10,000 visitors.

The Spencer Museum of Art on the University of Kansas campus in Lawrence, Kansas and is the only comprehensive art museum in Kansas and hosts more than 100,000 visitors annually.

The Mulvane Art Museum is located on the Washburn University campus and houses a collection of approximately 5,500 objects from around the world including paintings, prints, drawings,

sculptures, photographs, and decorative art. Annual attendance to the museum was reported at over 50,000 visitors.

The Nerman Museum of Contemporary Art is located on the campus of Johnson County Community College in Overland Park, Kansas. Since opening in 2007, the museum has received national and international acclaim for its architecture, exhibitions, educational programming, and collection. With more than 100,000 visitors annually, the museum is regarded as one of the Kansas City area's most significant cultural destinations.

The Museum at Prairiefire in Overland Park, Kansas is dedicated to the fields of science, culture, art, and natural history. Attendance in 2019 totaled 370,105 visitors. Since opening in 2014, visitors from more than 2,150 zip codes and 15 foreign countries have visited the museum.

The Amelia Earhart Hanger Museum in Atchison, Kansas is being funded using STAR Bonds. The museum is still under development but is open for tours by appointment only. Tours include a viewing of *Muriel* and the designs for future exhibits. When completed the museum will feature a 1935 Lockheed Electra L-10E, "Muriel" as well as a flight simulator and interactive education exhibits. Annual attendance to the museum is forecast at 78,000 visitors.

According to the National Endowment for the Arts' Survey of Public Participation in the Arts. In 2017, 24 percent of the U.S. adult population had visited a museum or art gallery in the previous year, an increase of almost three percentage points from 2012.

Annual visitation to the Project is estimated at 75,000 visitors. Based on the unique concept and programming, much of the visitation is expected to be new visitors to Manhattan, Kansas.

Visitation estimates for the Project are segmented into three sources, including: 1) residents residing within a 100-mile radius; 2) regional visitors residing outside of a 100-mile radius and 3) out-of-state visitors.

### **Residents within a 100-Mile Radius**

The Project is expected to cater to the local population and school educational programs. The U.S. Census estimated the Riley County population at 75,056, of which 14,237 are school age between 10 and 19 years old. The 20-county North Central region of Kansas supports a population of 294,064 residents. Esri Business Analysis estimated the population within a 100-mile radius at approximately 1.47 million residents, of which 12.8 percent are school age between 5 and 14 years old. Therefore, the Project has a substantial potential resident and student market from which to draw visitors.

Residents within a 100-mile radius are estimated to account for approximately 60 percent of the visitation to the Project, or approximately 45,000 annual visitors.

### **Regional Visitors Residing Outside of a 100-Mile Radius**

Regional visitors traveling more than 100 miles are estimated to account for approximately 40 percent of total visitation, or approximately 30,000 annual visitors.

## **Out-of-State Visitors**

During 2018, the Flint Hills Discovery Center hosted 84,893 visitors from 48 states and 36 countries, illustrating the Project's potential to attract out-of-state visitors.

The population within a 100-mile radius is estimated to account for approximately 45,000 annual visitors to the Project. According to Esri Business Analyst the current population within a 50-mile radius of the Project is estimated at 353,363 residents, increasing to approximately 1.47 million within a 100-mile radius as Topeka and portions of Wichita and the Kansas City MSA come into play. The northern portion of the 100-mile radius extends into the state of Nebraska. The population residing in Nebraska is estimated at 5.9 percent of the total 100-mile radius population. This study estimated the share of out-of-state visitation within a 100-mile radius at 5 percent, or approximately 2,250 annual visitors.

Regional visitors traveling more than 100 miles are estimated to account for approximately 30,000 annual visitors to the Project. The metropolitan areas of Kansas City (Missouri), Lincoln and Omaha (Nebraska) are located just outside of the Project's 100-mile radius. Cultural attractions in central Kansas possess the ability to draw out-of-state visitors. As an example, during 2019, the Cosmosphere Science Center and Space Museum in Hutchinson, Kansas reported visitors from all 50 states and 42 international countries.

Tourism is a major industry in Kansas. During 2019, over 36.5 million visitors to Kansas spent over \$7.3 billion. Overnight visitors to Kansas accounted for over 75 percent of total visitor expenditures. Leisure travelers to Kansas accounted for 63 percent of all visitor expenditures. Out-of-state and international visitors accounted for approximately 72 percent of total tourist expenditures. Based on Manhattan's established tourism market and the Project's unique content, this study estimated the share of out-of-state visitation outside a 100-mile radius at 60 percent, or approximately 18,000 annual visitors.

In summary, given the regional and national market areas supported by Project, out-of-state residents are conservatively forecast to account for approximately 27 percent of total visitation, or approximately 20,250 visitors annually.

## **Summary**

Project attendance is estimated at 75,000 visitors per year. Visitors living within a 100-mile radius are forecast to account for 60 percent of total visitation, 5 percent of which will reside out-of-state. Regional visitors traveling more than 100 miles are forecast to account for the remaining 40 percent of total visitation, 60 percent of which will be out-of-state and international visitors.

In total, out-of-state residents are estimated to account for approximately 27 percent of total visitation, or approximately 20,250 visitors per year. These out-of-town visitation trend estimates meets the State of Kansas Secretary of Commerce guidelines that 30 percent of visitors to a prospective STAR Bond District travel beyond 100 miles and 20 percent reside out-of-state.

## Museum of Art & Light Estimated Visitation Patterns

Visitor Origination	Total Visitors	Out-of-State Visitors	Market Share
Within a 100-Mile Radius	45,000	2,250	5.0%
Outside of a 100-Mile Radius	30,000	18,000	60.0%
<b>Totals</b>	<b>75,000</b>	<b>20,250</b>	<b>27.0%</b>

Source: Canyon Research Southwest, Inc.

Admission tickets to the Project's museum will be sold both online with payment via a credit card. Tickets will also be sold at the door with credit cards the preferred method of payment. The credit card transactions will provide purchaser's city and zip code of residence which can be used to track total visitation to the museum and out-of-state visitation counts. The information will be provided to the Kansas Secretary of State on an annual basis as required per KSA 12-17, 166(b) (4).

## Estimated Visitor Expenditures

Visitor expenditures generated by the Project will take the form of both on-site and off-site expenditures. Annual visitor expenditures to the Project were estimated based on these sources:

1. Tourism spending characteristics published by the Travel Industry Association of America;
2. *Economic Impact of Travel in Kansas 2019* prepared by Tourism Economics; and
3. Trade area demographics and retail sales gap analysis provided by the U.S. Census Bureau, Esri Business Analyst, and Kansas Department of Revenue.

## Estimated On-Site Expenditures

According to the Association of Art Museum Directors, funding sources for U.S. museums include private giving (33%), earned income (27%), investment income/endowment (22%), and government support (15%). Earned income includes admission fees, membership dues, educational programs, gift shop and restaurant sales, and facility rental. Admission, along with café and retail sales, are typically the key revenue sources for museums.

Based on annual attendance of 75,000 visitors, annual earned income for the Project is estimated at approximately \$1,325,000.

Taxable sales by source include \$600,000 for museum admission fees, \$285,000 for education programs, \$30,000 for the gift shop, \$150,000 for the restaurant and catered events, \$60,000 for facility rentals, and \$200,000 in memberships.

**Museum of Art & Light  
Annual Earned Income Estimates**

Income Source	Annual Income
Admission	\$600,000
Education Programs	\$285,000
Gift Shop	\$30,000
Food & Beverage	\$150,000
Facility Rental	\$60,000
Memberships	\$200,000
<b>Total Annual Income</b>	<b>\$1,325,000</b>

**Estimated Visitor Expenditures**

Off-site visitor expenditures to the Project will take the form of trip-related expenditures on transportation, lodging, food and beverage, entertainment, and shopping. According to the *Economic Impact of Travel in Kansas 2019*, spending per visitor to Kansas averaged \$200, with day travelers spending \$78 and overnight visitors spending \$378 per trip. The composition of visitor expenditures was reported at 28.4 percent on transportation, 24.6 percent on food and beverages, 15.9 percent on lodging, 16.3 percent on recreation/entertainment, and 14.8 percent on retail.

Annual attendance to the Project is estimated at 75,000 visitors. Approximately 40 percent of all visitors are anticipated to be from outside of a 100-mile radius and considered overnight visitors, with daytrips accounting for the remaining 60 percent.

**Museum of Art & Light  
Annual Visitor Expenditure Estimates**

<b>Overnight Visitors</b>	
Number of Visitors	30,000
Expenditures Per Trip	\$378
Total Expenditures	\$11,340,000
<b>Day Trippers</b>	
Number of Visitors	45,000
Expenditures Per Trip	\$78
Total Expenditures	\$3,510,000
<b>Grand Total Annual Visitor Expenditures</b>	<b>\$14,850,000</b>

The Project is estimated to generate off-site visitor expenditures of \$15.85 million per year.

## **Impact on Active STAR Bond Projects**

As an economic development incentive, the State of Kansas adopted STAR bond legislation that affords bond financing for eligible development projects. STAR bonds are a municipal financing program intended to create tourism and entertainment attractions, drawing visitors from across the region and out of state. The new sales taxes generated by the tourist or entertainment attraction go toward paying down bonds that were issued to help finance the project.

STAR bonds provide Kansas municipalities the opportunity to issue bonds to finance the development of major commercial entertainment and tourism areas and use sales tax revenue generated by the development to pay off the bonds. The *STAR Bond Annual Report 2020* reported 19 projects throughout Kansas that were in various stages of completion and repayment.

To be considered a major commercial entertainment and tourism area, a proposed project must be capable of being characterized as a statewide and regional destination and include a high-quality innovative entertainment and tourism attraction, containing unique features which will increase tourism, generate significant positive and diverse economic and fiscal impacts and be capable of sustainable development over time.

STAR Bond financing must constitute less than 50 percent of total project costs. Additionally, retail tenants of projects financed by STAR Bonds must comply with all Kansas laws, including the Kansas “affiliate nexus” law, and collect sales tax on remote sales to Kansas residents.

STAR bond financing allows eligible projects to capture local and county portion of sales taxes generated within the established district for use in reimbursing such project costs as land acquisition, infrastructure improvements and certain soft costs. The state may also agree to contribute its portion of the sales tax revenue generated within the district.

STAR Bond Project Districts in Kansas that have issued STAR bonds with outstanding balances remaining are summarized in the table on the following page. The amount of bonds issued and outstanding balance for each STAR bond project were reported in the *STAR Bond Annual Report 2020*.

The planned Project’s principal tourism attraction as a state-of-the-art museum featuring exhibits and interactive displays, creating a one-of-a-kind hands-on, teaching and learning art and cultural attraction unmatched in Kansas and the Midwest. To determine if the further development of the Project will have a measurable adverse impact on visitor volumes, retail sales volumes and STAR bond revenues on the STAR Bond Districts with outstanding bond debt, a comparison was made of each project’s major attraction(s), market positioning and target market. The possible synergy of these projects was also considered.

## STAR Bond Projects with Outstanding Bond Debt

STAR Bond District / Major Attraction	Location	Year Bonds Issued	2020 Revenues	Bonds Issued	Bonds Outstanding
U.S. Soccer Training Center	Kansas City	2015	\$461,183	\$65,229,560	\$87,605,230
Pinnacle National Development Center					
Schlitterbahn	Kansas City	2013	\$6,198,385	\$85,160,000	\$74,805,000
Kansas Speedway	Kansas City	1999	\$2,266,970	\$24,300,413	\$15,635,000
Prairiefire	Overland Park				
Museum of Prairiefire		2012	\$2,266,602	\$64,990,000	\$64,860,000
Heartland Park	Topeka	2017	\$260,741	\$10,405,000	\$4,160,000
River District	Wichita	2018	\$696,867	\$42,140,000	\$42,140,000
Lawrence Dupont Stadium					
K-96 Greenwich	Wichita	2017	\$9,093,988	\$71,305,500	\$52,695,000
Wichita Sports Forum					
Stryker Soccer Complex					
City of Derby	Derby				
Field Station: Dinosaurs		2017	\$5,852,263	\$20,465,000	\$8,345,000
Sports Zone (June 2020)		2020		\$14,375,000	\$14,375,000
Olympic Park Project	Goddard	2019	\$3,656,200	\$25,880,000	\$22,300,000
City of Atchison	Atchison	2018	\$255,257	\$2,370,000	\$2,055,000
Amelia Earhart Aviation Museum					
City of Manhattan	Manhattan	2009	\$5,171,167	\$50,000,000	\$6,105,000
City of Salina	Salina	2018	\$763,223	\$18,250,000	\$18,080,000
Salina Fieldhouse					
City of Dodge City	Dodge City				
Boot Hill Museum		2015	\$1,154,672	\$13,150,000	\$10,850,000
Long Branch Lagoon Water Park		2018	\$812,417	\$15,960,000	\$15,545,000
City of Garden City	Garden City	2019	\$3,101,728	\$29,540,000	\$28,520,000
<b>Totals</b>			<b>\$42,011,663</b>	<b>\$553,520,473</b>	<b>\$468,075,230</b>

Source: STAR Bond Annual Report 2020.

## **U.S. Soccer Training Center/Village East Project Area 4**

In January 2018, the \$75 million Compass Minerals National Performance Center home of the U.S. Soccer program opened in Village East Project Area 4 at the southeast corner of 98<sup>th</sup> Street and Parallel Parkway in Kansas City, Kansas just three miles from Children’s Mercy Park, home to the Sporting KC. The facility has five full-size soccer fields and the 81,100-square-foot building houses professional training facilities, U.S. Soccer National Coaching Education Center, and Children’s Mercy Sports Medicine and Rehabilitation Center. U.S. Soccer signed a 20-year lease to be the primary tenant of the training center with Sporting KC using it as a training home.

The Compass Minerals National Performance Center serves as the premier destination in the United States for players, coaches, and referees to train, develop and educate on a year-round basis. The facility is designed to host national and local coaching courses, USSF staff meetings, player, and referee focused events, NSCAA courses and U.S. National Team camps and practices. The facility also offers a top-of-the-line training facility and centralized home base for premier international soccer clubs touring the United States. During 2019, attendance to the Compass Minerals National Performance Center was reported more than 1.3 million visitors.

In June 2017, Sporting KC opened the Wyandotte Sporting Fields on 90<sup>th</sup> Street north of State Avenue. The 52-acre complex features eight full-sized turf fields and four grass fields. Sporting KC is running the fields with Heartland Soccer hosting soccer tournaments. Together, the NTCDC and Wyandotte Sporting Field elevate Kansas City as a hotbed for soccer.

During 2015, STAR Bond in the amount of \$65.2 million were issued to assist in financing construction of the U.S. Soccer Training Center. During 2020, the District generated revenues of \$461,183. By year-end 2020, \$87.6 million in bond debt remained outstanding.

The U.S. Soccer Training Center is geared specifically for soccer. Therefore, the planned Manhattan Museum of Art & Light in Manhattan, Kansas will not have a measurable adverse impact on the U.S. Soccer Training Center visitor volumes, retail sales volumes and STAR bond revenues.

## **Schlitterbahn/Village East Project Areas 1 and 2A**

In September 2015, \$85.2 million in STAR Bonds were issued for Village East Project Areas 1 and 2A that assisted in the financing of the river system and additional infrastructure and improvements for the Schlitterbahn Waterpark and the Legends Auto Plaza. The Schlitterbahn Waterpark closed in 2019.

In 2013, bonds amounting to \$85,160,000 were issued to assist funding for Project Areas 1 and 2A. During 2020, the District collected \$6,198,385 in sales tax revenues and made a principal and interest payment of \$6,356,575, leaving an outstanding balance of \$74,805,000.

Existing development within Project Areas 1 and 2A includes four automobile dealerships, Go Car Wash, and Speed Stop/Phillips 66. The Schlitterbahn Waterpark property will be redeveloped into Homefield and Homefield Outdoor. Homefield and Homefield Outdoor are planned sports venues and will not pose as direct competition to the planned Manhattan Museum of Art & Light in Manhattan, Kansas.

## **Kansas Speedway/Village West**

Village West is a 400-acre mixed-use development at the intersection of Interstates 70 and 435 in Kansas City, Kansas located immediately west of the Project District. Village West is designed as a sports, entertainment, and retail destination with principal entertainment attractions including the Kansas Speedway, Children's Mercy Park, Community America Ballpark, and Hollywood Casino. These destination attractions have a significant influence on retail sales at Village West by generating high attendance volumes and providing regional and national recognition.

Opened in August 2001, the \$250 million Kansas Speedway features a 1.5-mile tri-oval NASCAR track and an 80,000-seat grandstand. The Kansas Speedway operates a four-race season, including two NASCAR races, drawing over 150,000 fans during 2019. In January 1999, the Kansas Speedway issued \$24.3 million in STAR Bonds and as of year-end 2020 the remaining balance amounted to \$15.6 million. During 2020, the Kansas Speedway collected \$2,266,970 in sales tax revenues and a principal payment was made of \$1,200,000.

Opened in May 2003, Community America Ballpark is an open-air stadium with a capacity of just under 7,200 that includes suites, fixed seats, picnic and grass seating, and standing areas. The stadium was home to the Kansas City T-Bones minor league baseball team through the 2019 season. The stadium has been renamed Legends Field and is now home to the Monarchs of the American Association of Professional Baseball and Kansas City NWSL of the National Women's Soccer League.

Hollywood Casino at Kansas Speedway opened in early 2012 and featuring a 100,000 square foot casino floor, a lounge, and several dining and entertainment concepts.

The Children's Mercy Park, an 18,467-seat soccer stadium, opened at Village West in June 2011. The facility is home to Sporting KC, a franchise of Major League Soccer ("MLS"). The seating capacity can be increased to 25,000 for concerts. The stadium hosts more than 100 annual events including high school soccer and lacrosse tournaments, music festivals, charitable events, training, and retreats. During 2019, attendance for Children's Mercy Park totaled approximately 450,000. According to the *STAR Bond Annual Report* published by the Department of Commerce, bonds totaling \$150.3 million were issued to construct Children's Mercy Park and as of year-end 2019 the bonds had been paid in full.

The experience with Village West demonstrates the value of STAR bonds as a development tool to attract unique, regional shopping and entertainment attractions to Kansas. The one-of-kind entertainment concepts and exceptional regional transportation access allows Village West to penetrate a trade area within a 4-hour drive time and host approximately 12 million visitors annually. Village West's expanded regional draw has attracted such major retail entities as Nebraska Furniture Mart, Cabela's, and Legends at Village West outlet center. The following retail projects are currently operating in Village West:

- Cabela's is sporting goods retailer specializing in hunting, fishing, camping and related outdoor merchandise. Cabela's was the first tenant to operate within Village West opening an 188,000 square foot large-format destination retail store in August 2002. The Village West store is Cabela's only store in Kansas or Missouri and services a 250-mile trade area.

- Nebraska Furniture Mart Store, a retailer of furniture, floor coverings, appliances, and electronics products, opened in August 2003. The Village West store is Nebraska Furniture Mart's first full-product-line extension location and services a trade area encompassing a 300-mile radius. Built on 80 acres, the 2-story superstore features over 1.0 million square feet of retail and distribution space.
- The Legends Outlets Kansas City is a 970,035 square foot destination outlet center. The Legends 14 Theatres opened in November 2005. Grand opening for the balance of the destination development occurred on April 22, 2006. The property has since been repositioned as an outlet center boasting a wide mix of national retailers. Major retailers now open for business include Target, JC Penney, HomeGoods, Dave & Busters, TJ Maxx, Off Broadway Shoes, and Old Navy. To date, 80 national and regional retailers are open for business in the shopping center.
- Twenty-eight restaurants now operate at Village West, including Applebee's, Arthur Bryant's Barbecue, Bob Evans, Chili's, Granite City, Hooters, Stix, and Yard House.

Cerner occupies two eight-story buildings totaling 660,000 square feet on the 58-acre Village West campus at the southwest corner of Interstate 435 and State Avenue. The first tower opened in August 2013 with the second tower occupied in early 2014. The complex houses approximately 4,000 employees.

Prompted by the regional draw, special events and high visitor volumes ten hotels totaling 1,111 guest rooms now operate within the Village West Tourism District include the Great Wolf Lodge, Chateau Avalon, Best Western, Candlewood Suites, Comfort Inn, Country Inn & Suites, Hampton Inn, Holiday Inn Express, Residence Inn by Marriott, and Homewood Suites.

Village West continues to be the number one tourist attraction in Kansas with more than 12 million annual visitors from throughout the Midwest region and beyond. Village West serves as one of the Midwest's most highly visited sports, entertainment, and shopping destinations. Given the distance and differing content and market positioning, the planned Manhattan Museum of Art & Light will not have a measurable adverse impact on Village West visitor volumes, retail sales volumes, and STAR bond revenues.

## **Prairiefire at LionsGate**

Prairiefire at LionsGate is located at 135th Street and Nall Avenue in Overland Park, Kansas. What sets Prairiefire at LionsGate apart from existing lifestyle and entertainment centers operating in the Kansas City area is the inclusion of a cultural and educational facility as the destination attraction. The Museum at Prairiefire is a 35,000 square foot museum dedicated to learning and engagement with science, culture, art, and natural history.

The Museum at Prairiefire opened in 2014 based on a content partnership whereby the American Museum of Natural History ("AMNH") agreed to provide 20 traveling exhibits over a 10-year period. That agreement has since concluded. The Museum includes a Discovery Room, which is an exciting gateway to science and natural history for children aged 3 and older, as well as engaging permanent halls and experiences, education programs and science videos, among others.

Attendance in 2019 for the Museum at Prairiefire was reported at 370,105 visitors. Since opening in 2014, visitors from more than 2,150 zip codes and 15 foreign countries have visited the museum.

Prairiefire at LionsGate Project Plan features a mix of retail, entertainment, museum, office, hotel, and residential uses. The master plan features a cluster of buildings designed to create a “Main Street” urban setting. The retail component is designed as a destination lifestyle and entertainment center targeting high-end boutique shops, fine dining, and entertainment venues.

Construction of Prairiefire began in early January 2013 and included the first retail spaces on the east and west sides of the development. REI opened in October 2013 and the remainder of retail and entertainment uses opened in May 2014. Additional retailers open for business include Home Goods, AMC Cine-in Theatres, Pinstripes Bistro/ Bowling/Bocce, Rock & Brews, Maru Sushi & Grill, and Grimaldi’s Coal Brick Oven Pizza. Also open are The Residences at Prairiefire and the West End Flats at Prairiefire apartment communities and The Prairiefire Villas.

STAR bonds up to \$81 million have been authorized for Prairiefire at LionsGate. During 2012, \$64.99 million in STAR Bonds were issued. During 2020, the District collected \$2,266,602 in sales tax revenues and made a bond interest payment of \$3,499,962. As of year-end 2020, the outstanding balance of the bonds amounted to \$64.86 million.

The Museum at Prairiefire and the planned Manhattan Museum of Art & Light are complimentary uses and if located in closer proximity could benefit from the synergy and cross marketing and promotions. Given the distance, the Manhattan Museum of Art & Light will not have a measurable adverse impact on the Prairiefire at LionsGate visitor volumes, retail sales volumes, and STAR bond revenues.

## **Heartland Park**

Heartland Park in Topeka, Kansas is a world-class multi-purpose motor sports track and entertainment venue. Since it opened in 1989, it has provided in-state and out-of-state visitors with fun, exciting opportunities. The redevelopment for Heartland Park includes asphalt replacement for drag and road course tracks, repair and resurfacing of all paddock/pit areas, a consolidated timing and scoring building, garages, maintenance and technical inspection buildings, tire buildings, and pavilions. Today’s facility features a NHRA-sanctioned ¼-mile drag strip, a 2.5-mile road course with four different configurations, a 3/8-mile banked clay oval, a 22-acre asphalt pad for autocross and drift events, and a dirt motocross track.

In June 2019, Heartland Park hosted the Kicker Country Stampede, one of the largest country music festival in the country with more than 150,000 visitors in attendance. Heartland Park will be the permanent site for the Stampede going forward. During 2019, total attendance to Heartland Park was reported at 338,000 visitors.

Since issuing the bonds, Heartland Park was sold to a new operator, and neither the City of Topeka nor the initial developer retain any ownership of the facility.

In 2017, STAR Bond financing totaling \$10.4 million were issued for the redevelopment of Heartland Park. By year-end 2020, the outstanding bond debt amounted to \$4,160,000.

Given the distinctly different market positioning and destination attractions, development of the Manhattan Museum of Art & Light is not anticipated to have an adverse impact on Heartland Park.

## **River District**

The Wichita River District Phase 1 included three projects, including the Keeper of the Plains sculpture, plaza and pedestrian bridge, the East Riverbank Redevelopment project and the WaterWalk fountain and public plaza area.

Phase 2 included improvements to the west bank of the Arkansas River, north of the Douglas Street Bridge and adjacent to the private development site of the River Vista Apartments project. The West Bank Apartments complex includes boat and bike rental facilities and storage for rowing shells, as well as improvements to Delano Park.

Amended project plans included the city's Advanced Learning Library, which opened in 2018 and provided funding to redevelop Lawrence Dumont Stadium into a multi-sport stadium and to attract a major league-affiliated baseball team to Wichita. Lawrence-Dumont Stadium was demolished in late 2018 to make way for construction of a new \$90 million baseball stadium to be named Riverfront Stadium. The stadium will be home to the Wichita Wind Surge, the AA affiliate of the Minnesota Twins. The new stadium's inaugural game will be held on April 10, 2021.

Today the Wichita River District supports a wide range of attractions, including:

- The Keeper of the Plains Plaza and Pedestrian Bridges (dedicated in May 2007)
- Water Walk Place building and public parking garage
- The Water Walk Garden (opened in July 2010)
- Fountain at Water Walk (completed in October 2012)
- Marriott Fairfield Inn and Suites (hotel opened in June 2011)
- Wichita Boathouse remodel
- Floating stage
- Broadview Hotel (renovations complete and hotel reopened in August 2011)

Complimenting the public improvements, to date an estimated \$72 million in private investment has been reported. Major private investment projects include:

- WaterWalk Main Place and Gander Mountain - \$29 million
- Marriott Fairfield Hotel - \$12.35 million
- Drury Broadview Hotel remodel and renovation - \$29 million
- Wichita Area Association of Realtors office building - \$1.6 million
- Wichita Boathouse renovation - \$650,000

During 2015, STAR Bonds in the amount of \$4.84 million were issued and have been paid in full. In 2018, \$42.14 million in STAR Bonds were issued and by year-end 2020 the outstanding balance was reported at \$42.14 million.

Given the distance and distinctly different market positioning and destination attractions, development of the Manhattan Museum of Art & Light is not anticipated to have an adverse impact on the Wichita River District.

## **K-96 Greenwich District**

In June 2013, the Kansas Secretary of Commerce approved the K-96 & Greenwich STAR Bond District located on a 423-acre site at the intersection of K-96 Highway and Greenwich Road in Wichita, Kansas. The District's Project Plan focuses on creating an athletic and recreation attraction complemented by a mix of retail, employment, and lodging uses. The Project Plan designates the site for 1.4 million square feet of commercial development anchored by a major state-of-the-art indoor multisport athletic complex. Additional project components include a mix of big-box retailers, destination restaurants, lodging, and medical office space. Today the District supports approximately 838,710 square feet of existing commercial space.

The initial phase of development located south of K-96 includes a variety of big-box retailers, restaurants, and hotels. In spring 2012, Cabela's, a premier retailer of hunting, fishing, and outdoor gear, opened an 80,000 square foot store. Additional retailers within the District include Super Target, World Market, Hobby Lobby with Chili's, McDonalds, Subway and Kanza Bank occupying out parcels. A 71,680 square foot Academy Sports store opened in 2015. Existing hotels include Hampton Inn & Suites, Holiday Inn Express & Suites, and Staybridge Suites.

In December 2015, the \$14 million Wichita Sports Forum and Aviate Extreme opened on the 106 acres located north of K-96. The indoor multisport facility and extreme air sports trampoline park occupies a 148,534 square foot building. The athletic complex features basketball, baseball, softball, soccer, volleyball, and fitness/training facilities. Also developing on the north 106 acres is Greenwich Place, a power center anchored by World Market, Home Goods, Ross, Mardel, DSW, Bed Bath & Beyond, and Steinmart. A La Quinta Inn & Suites is also open.

The City of Wichita expanded the District to include the 10-field Stryker Soccer Complex on the west side of Greenwich Road at 29<sup>th</sup> Street North. A \$19.1 million upgrade included new artificial turf fields, improved lighting, locker rooms, and construction of one regulation-sized indoor turf field that opened in late spring 2019.

In December 2013, STAR bonds were issued in the amount of \$36,325,000 and have been paid in full. In August 2017, an additional \$71,305,000 in STAR Bonds was issued that combined the original bond issue. During 2020, the K-96 Greenwich District collected \$9,093,988 in sales tax revenues and made a principal and interest payment of \$9,045,096, leaving an outstanding balance of \$52,695,000. As of December 31, 2020, the project fund balance totaled \$9.67 million.

Given the distance and distinctly different market positioning and destination attractions, development of the Manhattan Museum of Art & Light is not anticipated to have an adverse impact on the K-96 Greenwich Project District.

## **City of Derby District**

The Derby STAR Bond District incorporates approximately 300 acres surrounding the intersection of East Patriot Avenue/East 63<sup>rd</sup> Street South and Rock Road in Derby, Kansas. The District is comprised of the North Tract and South Tract designed to support the development of a mixed-use project featuring amusement, sports, entertainment, commercial, and lodging.

The North Tract is designed for a family attraction, a medical complex, and mixed-use development. Field Station Dinosaurs, an outdoor family attraction geared to children 3-11 years old, opened in May 2018, and the first building at Rock Regional Hospital opened in February 2019. In January 2020, the project was amended to add a second attraction, Derby Sports Zone, a 16,000 square foot multisport venue featuring indoor and outdoor hard courts, outdoor sand courts, an outdoor games area, and a full-service, sit-down restaurant. Construction has not yet commenced, but design and planning are underway. The balance of Phase 2 will consist of an estimated twelve national retailers totaling 208,500 square feet, four restaurants occupying 7,500 square feet, and 148,000 square feet of office/commercial space.

The Derby STAR Bond Project District Phase 3 is designed as a sports and recreation attraction featuring an indoor rock wall, BMX bike park, training area, fitness center, wellness center, yoga and fitness classes, co-workspace, a café, and locker rooms. The facility will house an Olympic-caliber rock wall designed to host USA Climbing competitions. RoKC will be the operator of the rock-climbing gym. The company currently operates three rock-climbing gyms in the Kansas City area, including RoKC Olathe, RoKC North, and the Underground.

The South Tract is designed as a major shopping destination. Existing development includes the Derby Marketplace located at the northeast corner of Rock Road and Meadowlark Boulevard. Phase 1 opened in 2014 anchored by a 123,000 square foot Target store and 122,000 square foot Dillons Marketplace. Junior anchors include Ross, TJ Maxx, Hobby Lobby, Petco, Ulta Beauty, and Famous Footwear. Out parcels are occupied by several chain restaurants including Buffalo Wild Wings, Chick-fil-A, IHOP, Olive Garden, Panda Express Panera Bread, and Starbucks.

In 2017, bonds amounting to \$20,465,000 were issued to assist funding for the North Tract. During 2020, the Derby District collected \$5,852,263 in sales tax revenues and a principal payment of \$4,885,000 was made, leaving an outstanding balance of \$8,345,000. In June 2020, an additional \$14.375 million of STAR bonds was issued for the Derby District to assist funding of the Sports Zone.

Given the distinctly different destination attractions, development of the Manhattan Museum of Art & Light is not anticipated to have an adverse impact on the City of Derby Project District.

## **Olympic Park District**

In May 2014, the Kansas Commerce Secretary approved the Olympic Park STAR Bond Project Plan and the issuance of up to \$25.4 million in net STAR Bond financing. The City of Goddard committed to contribute \$4.75 million for infrastructure improvements and private investments will reach \$44 million. Total project costs are estimated at \$155 million. The project aims at creating a mixed-use athletic, lodging, and retail destination.

The Olympic Park Project District occupies a 280-acre site located at North Goddard Road and West Kellogg Drive in Goddard, Kansas. The original approved Project Plan designated the site for mixed-use development with the Goddard Aquatic Center & Sports Complex (“GAC”) serving as the principal “destination attraction”. The GAC was originally designed with four pools, including a long course pool, a short course pool, a 25-meter training pool, a 25-meter dive pool, a therapy pool, and training rooms. The goal was for the GAC to operate as a year-round training,

educational and event center with facilities capable of hosting regional and national swimming, diving, baseball, and softball tournaments.

The original Project Plan also included a 150-room all-suites hotel and conference center, four tournament quality baseball and softball fields, and 353,500 square feet of retail space to accompany the GAC. Approximately 60 acres of land was designated for future development. Development of the Project commenced with the January 11, 2013 opening of a Walmart Supercenter located at the southwest corner of 183<sup>rd</sup> Street and West Kellogg Drive.

The original Project Plan has been slightly modified. The principal adjustments to the Project Plan involve reducing the number of hotel rooms from 150 rooms to 100 rooms, reducing the pool in the aquatic center from 50 meters to 25 yards, and adding a waterpark, a 250-seat Old Chicago pizza restaurant, and upgrades to the baseball complex. The waterpark design is comparable to the Parrot Cove Indoor Waterpark located in Garden City, Kansas. The modified Project Plan also includes 137,298 square feet of retail space and 40,000 square feet of out parcel space.

In February 2020, the Genesis Sports Complex opened within the Olympic Park Project District featuring five (5) synthetic turf baseball fields designed to host league and tournament play. The turf fields eliminate rain outs and extends league play. Additional complex features include replay cameras, shaded bleachers, adjustable outfield fences, LED lighting, and air-conditioned concessions with an upper deck. The health club and aquatic center opened 2021. A 133-room Hampton Inn & Suites and water park are scheduled to open in May 2022.

The Olympic Park Phase 2 Project Plan calls for development of five (5) additional turf baseball fields and a Sand Sports Complex featuring three (3) outdoor sand soccer fields. This expansion of the Genesis Sports Complex will be located immediately west of the existing facility. The addition of five turf baseball fields, along with the health club and hotel now under construction, will greatly improve the ability of the Genesis Sports Complex to host regional baseball and softball tournaments.

The 5-field expansion will feature a pinwheel design like that of the existing Genesis Sports Complex (see field design on following page). All five fields will be fully turfed for year-round, all-weather play. The fields will all have 210-feet down the foul line and 230-feet to the center field fence. Each of the five fields will have spectator seating, team dugouts and bullpens, and LED lighting allowing for evening games.

STAR Bond financing in the amount of \$25.88 million was issued in 2019 to assist in construction of the Olympic Park Project Area. During 2020, the District collected \$3,656,200 in sales tax revenues and a principal payment of \$3,580,000 was made, leaving an outstanding balance of \$22,300,000.

Given the distance and distinctly different market positioning and destination attractions, development of the Manhattan Museum of Art & Light is not anticipated to have an adverse impact on the Olympic Park Project District.

## **City of Atchison**

The Atchison STAR Bond District was established to assist in funding the Amelia Earhart Hanger Museum and Farmers Market pavilions. Construction of the Farmers Market pavilions in downtown Atchison was completed in May 2019. The Amelia Earhart Hanger Museum is still under development but is open for tours by appointment only. Tours include a viewing of *Muriel* and the designs for future exhibits. When completed the museum will feature a 1935 Lockheed Electra L-10E, “Muriel” as well as a flight simulator and interactive education exhibits. The aircraft is identical to the aircraft flown by Amelia Earhart and is believed to be the only one of its kind. Annual attendance to the museum is forecast at 78,000 visitors.

STAR Bond financing in the amount of \$2.37 million was issued in May 2018 to assist in construction of the Amelia Earhart Hanger Museum and Farmers Market pavilions. During 2020, the Atchison District collected \$255,257 in sales tax revenues and a principal payment of \$135,000 was made, leaving an outstanding balance of \$2,055,000.

The Amelia Earhart Hanger Museum and the planned Project are complimentary cultural uses and if located in closer proximity could benefit from the synergy and cross marketing and promotions. Given the distance, the Manhattan Museum of Art & Light will not have a measurable adverse impact on the City of Atchison Project District visitor volumes, retail sales volumes, and STAR bond revenues.

## **City of Manhattan District**

The Downtown Manhattan Redevelopment District is designed to serve as central Kansas’ premier tourism attraction, anchored by the Flint Hills Discovery Center and complemented by a mix of retail, dining, conference, and lodging venues. 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 serves as a regional destination.

Manhattan received \$41 million in STAR bonds from the State of Kansas and the Department of Commerce in 2006. The total amount of the STAR bonds reached \$50 million by 2009 due to updated estimates and costs. Those bonds were used to pay for the construction of the Flint Hills Discovery Center and assist in land acquisition, public infrastructure, streetscape, landscape, and public park improvements in the South End.

The Downtown Manhattan Redevelopment District split up into two project areas consisting of a North Area and a South Area.

The North Area Project Plan calls for 250,000 square feet of commercial and retail space, and approximately 200 residential units. The City of Manhattan and Dial Realty entered into a development agreement for development of the North Area. The shopping center opened in 2006.

The South Area Project Plan consists of the Flint Hills Discovery Center, three hotels, a conference center, approximately 70,000 square feet of commercial space, 400-stall parking garage, 24 new living units, and a publicly owned one-acre park. In November 2011, the Hilton Garden Inn and Manhattan Conference Center opened, followed by completion of the 35,000 square foot Flint Hills Discover Center and Blue Earth Plaza in 2012. During 2018, the Flint Hills Discovery Center

hosted 84,893 visitors from 48 states and 36 countries. The 84-room Candlewood Suites opened in 2013 and the 78-room Holiday Inn Express & Suites and 4-story residential buildings were completed in 2015.

The Downtown Manhattan Redevelopment District's original Series 2009-1 Bonds amounting to \$16,855,000 were paid in full on December 1, 2018 and by year-end 2020 the Series 2009-2 had an outstanding balance of \$6,105,000. During 2020, the District collected \$5,171,167 in sales tax revenues and a principal and interest payment of \$5,478,903 was made.

The planned Manhattan Museum of Art & Light will be located within the Downtown Manhattan Redevelopment District, home to the Flint Hills Discovery Center. These two museums are complimentary cultural attractions, and their proximity will benefit both through cooperative advertising and promotions, leading to increased visitation and expenditures. Therefore, the planned Project will not have a measurable adverse impact on the Downtown Manhattan Redevelopment District visitor volumes, retail sales volumes, and STAR bond revenues.

## **City of Salina**

The 68,500 square foot Salina Fieldhouse was completed in late 2017 and serves as the centerpiece of the STAR Bond district in downtown Salina. Attractions include the Fieldhouse, The Alley (entertainment center), Old Chicago, YaYa's Euro Bistro, Homewood Suites and Barolo Grille. The Salina Educational Automobile Museum of America ("The Garage") has begun construction and is scheduled to open in early 2022.

The Salina Fieldhouse features multi-purpose hardwood and synthetic courts, as well as turf fields. Three hardwood and three synthetic basketball courts can convert into eight volleyball courts or six futsal courts. While turf fields accommodate soccer, football, kickball, baseball, softball and field hockey, hardwood and synthetic courts accommodate volleyball, futsal, dodgeball, cheer, dance, and other activities. The facility also contains specialized equipment such as drop-down batting cages and pitching tunnels. The Salina Fieldhouse has hosted basketball, volleyball, and other court sports-related tournaments, drawing participants from across the region.

In 2018, STAR Bond financing totaling \$18.25 million was issued to assist in construction of the various attractions. During 2020, the District collected \$763,223 in sales tax revenues and made a principal and interest payment of \$1,078,675, leaving an outstanding balance of \$18,080,000.

Given the distinctly different market positioning and destination attractions, development of the Manhattan Museum of Art & Light is not anticipated to have an adverse impact on the City of Salina Project District.

## **City of Dodge City**

The City of Dodge City STAR Bond District includes the Heritage and Power Center Areas. The Heritage Area includes a variety of museums, entertainment venues, hotel, and retail spaces. It also includes the expansion and renovation of the world-renowned Boot Hill Museum, themed and aesthetic improvements to Front Street and Wyatt Erp, a themed water park/aquatic facility, and regional specialty-themed retail and restaurant concepts. The Power Center Area is designed for a major home improvement store, junior anchor stores, a variety of small, local shops and

additional development sites for restaurants. Sales tax revenues have exceeded expectations, and bond repayment is ahead of schedule.

The Western-themed Long Branch Lagoon Water Park within the Heritage Area has attracted more than 200,000 visitors since opening. The Guymon Petro Bar and Grill located in the historic Guymon Petro building is opened, as are the Boot Hill Distillery, Holiday Inn Express and other retail, and restaurant attractions.

In 2015, STAR Bond financing in the amount of \$13.15 million was issued to assist in construction of the attractions within the Heritage Project Area. During 2020, the Heritage Project Area collected \$1,154,672 in sales tax revenues and a principal payment of \$570,000 was made, leaving an outstanding balance of \$10,280,000.

In 2018, an additional \$15.96 million in STAR bonds were issued for the Power Center Project Area. During 2020, STAR Bond revenue collections for the Power Center Project Area were reported of \$812,417 and a principal payment of \$345,000 made. By year-end 2020, the remaining balance on the bonds was \$15.2 million.

The Boot Hill Museum and the planned Project are complimentary cultural uses and if located in closer proximity could benefit from the synergy and cross marketing and promotions. Given the distance, the planned Manhattan Museum of Art & Light will not have a measurable adverse impact on the City of Dodge City Project District visitor volumes, retail sales volumes, and STAR bond revenues.

## **City of Garden City**

Existing development within the Garden City STAR Bond district includes Heritage Inn & Suites, Parrot Cove Water Park, and Schulman Crossing anchored by Menards, Hobby Lobby, Dick's Sporting Goods, TJ Maxx, Ross, and Petco. The next phase is underway and will include a multi-sport facility known as Sports of the World. The project will include indoor and outdoor soccer fields, basketball courts, baseball cages and a trampoline park, as well as outdoor sand volleyball courts, pickle ball courts and cornhole courts. This phase will also include necessary public infrastructure such as parking facilities, internal drives, and detention facilities.

In 2019, STAR Bond financing in the amount of \$29.54 million was issued to assist in construction of the attractions within the City of Garden City Project District. During 2020, STAR Bond revenue collections were reported of \$3,101,728 and a principal payment of \$1,020,000 made. By year-end 2020, the remaining balance on the bonds was \$28.52 million.

Given the distance and distinctly different destination attractions, development of the Manhattan Museum of Art & Light is not anticipated to have an adverse impact on the City of Garden City Project District.

## **Conclusions**

Fourteen STAR Bond Districts in Kansas have issued a total of nearly \$554 million in STAR bonds. During 2020, these active STAR bond projects generated total sales tax revenues of \$42 million and by year-end possessed outstanding bond debt totaling \$468 million. STAR Bond

Districts in Manhattan, Salina, Overland Park, Dodge City, and Atchison include museum attractions, though their content and programming vary widely from the planned Manhattan Museum of Art & Light.

The planned Manhattan Museum of Art & Light Project is located within the Downtown Manhattan Redevelopment District, approximately ¼ miles northwest of the Flint Hills Discovery Center. These two museums are complimentary cultural attractions, and their proximity will benefit both through collaborative advertising and promotions, leading to increased visitation and expenditures.

The study concluded that continued development of the planned Project will not have a measurable adverse impact on visitor volumes, retail sales volumes and STAR bond revenues on those STAR Bond Districts with outstanding bond debt. Therefore, the operation of additional development within the Downtown Manhattan Redevelopment District is not anticipated to cause default in the payment of outstanding STAR bonds.

# ECONOMIC IMPACT STUDY

The following economic impacts are forecast when considering the tourism potential of a project applying for STAR bond financing:

- Direct expenditures: Visitor spending that directly supports the jobs and incomes of people and firms that deal directly with visitors.
- Indirect expenditures: Changes in sales, income or jobs in regional sectors that supply goods and services in support of direct expenditure entities.
- Direct job creation: The total number of jobs (distinguished as full-time or part-time) supported by the target attraction.
- Creation of overnight hotel stays.

The *Economic Impact Assessment* examines the economic implications of the planned Project in terms of the direct and indirect growth in employment, income, and consumption. The project's economic impact has been measured in terms of both construction-phase and operational-phase.

Direct impacts measure the spending and job creation that occurs as a direct result of the operations and activities that occur as part of the Project. Indirect impacts consist of re-spending of the initial or direct expenditures, or the supply of goods or services resulting from the initial direct spending as part of the Project.

Economic impacts measure the effects of economic stimuli or new demand for goods and services in the local economy. New demand in this case is created by the new retailers to the market and hotel, and the additional spending they will support. The secondary impacts of supplier expenditures by these businesses, employee spending and visitor spending are called multiplier effects. Multiplier effects are a way of representing the larger effects on the local economy of an initial increase in demand. Multipliers translate a known (or assumed) direct effect into an estimated total impact equal to the direct effect plus an indirect effect. For example, 100 jobs in a new manufacturing plant (the direct effect) might lead indirectly to 60 more jobs in the local service sector (the indirect effect). In this case, the total impact would be 160 jobs, and the employment multiplier would be 1.6.

The indirect effects may result from several different kinds of linkages. Some examples would be new sales to the manufacturing plant, sales to the new workers, additional sales to the sellers, and even expanded sales to an expanded government made necessary by the expanded economy. The indirect effects also may include investment and the migration of workers.

Wages for both the construction and operations phases were determined by consulting the *Occupational Employment and Wage Estimates May 2019* for Kansas published by the U.S. Department of Labor.

## **Construction-Phase**

Construction of the planned Project would generate non-recurring construction impacts. Total development costs are estimated at approximately \$43.6 million (plus land costs) with hard construction costs estimated at \$22 million.

Construction-phase employment estimates for the Project were generated by the *Development Impact Assessment Handbook & Software* with total payroll estimated by consulting *Occupational Employment and Wage Estimates for Kansas May 2019*, published by the U.S. Department of Labor.

The construction-phase for the planned Project would result in an estimated total economic output of approximately \$30.8 million, creation of 182 full-time equivalent direct and indirect jobs, and payroll of approximately \$10.0 million. Construction-phase economic impacts are summarized in the table below.

### **Construction-Phase Economic Impact Estimates Museum of Art & Light**

	Totals
Direct Project Expenditures	\$22,000,000
Total Economic Impact	\$30,800,000
Job Creation	
Direct	133
Indirect	49
Total	182
Payroll	
Direct	\$7,177,949
Indirect	\$2,899,354
Total	\$10,077,303

During 2017 the State of Kansas imposed a three-bracket structure for individual state income taxes (2.9%, 4.9% and 5.2%, respectively for 2017). For tax year 2018 the tax rates increased to 3.1 percent for the bottom bracket for income of less than \$15,000 for singles and \$30,000 for married couples filing jointly. The middle bracket includes incomes of \$15,000 to \$30,000 for singles and \$30,000 to \$60,000 for married couples filing jointly with taxes calculated for singles at \$465 plus 5.25 percent for income over \$15,000 for singles and \$930 plus 5.25 percent for income over \$30,000 for married couples filing jointly. The top bracket at 5.7 percent for income over \$30,000 for singles and \$60,000 for married couples with taxes calculated for singles at \$1,252.50 plus 5.7 percent for income over \$30,000 for singles and \$2,340 plus 5.7 percent for income over \$60,000 for married couples filing jointly. The Kansas withholding tax brackets remained unchanged for tax seasons 2019 through 2021.

Kansas allows itemized deductions and taxpayers can claim the same itemized deductions reported on the Federal return. Standard deductions under the Tax Reform Law are increased to \$5,500 for singles or married filing separately and \$7,500 for married couples filing jointly. This analysis applied a blended standard deduction for single and married couples of \$6,500. Kansas has no personal exemption.

Based on a direct and indirect construction payroll of approximately \$10.0 million, State withholding taxes generated during the construction phase are estimated at approximately \$424,000.

## **Operations-Phase**

Operation of the Project will require full-time positions such as a director, curator, registrar, educators, docents, exhibit preparers, public relations, security, museum store clerks, and restaurant food preparers. Part-time or contract labor for special events will require a staff of cooks, food preparation, wait staff, and bartenders.

Based on annual attendance of 75,000 visitors, annual earned income for the Project is estimated at approximately \$1,325,000.

The Flint Hills Discovery Center general admission, education, and programs attendance of approximately 75,000 visitors in 2018 supports a FY 2020 operating budget of nearly \$1.12 million and 28 full-time, part-time, and seasonal employees with an annual payroll of \$625,800.

According to the Association of Art Museum Director Salary Survey, 35 percent of museums support a staff of 21 to 50 full-time employees with 42 percent of museums payroll ranging from 41 percent to 50 percent of total budget. Museums also are staffed with volunteers. For museums with annual budgets of \$1.0 million to \$2.5 million, payroll accounted to 50 percent of the total budget.

According to the Association of Art Museum Director, the annual salary for an art museum director averages \$58,387. Full-time equivalent jobs stemming from the operations phase payroll was estimated based on annual mean incomes pertinent occupations in Kansas published by the U.S. Department of Labor's *Occupational Employment and Wage Estimates May 2019*. A sample of annual mean incomes include \$54,230 for curators; \$36,210 for museum technicians; \$50,620 for educational instructors; \$44,490 for office and administrative; \$44,550 for event planners, \$21,990 for cashiers; \$24,980 for food preparers; \$20,920 for wait staff; and \$21,630 for bartenders.

At 50 percent of museum revenues, annual payroll for the planned Project is estimated at approximately \$662,500. Full-time equivalent employment for the planned Project is estimated at 22 direct jobs and 15 indirect jobs, yielding total annual wages of approximately \$1.3 million. Annual sales of \$1,325,000 will produce a total economic output of \$1.86 million annually. State personal income tax collections are estimated at \$43,000 per year. Operations-phase economic impacts are summarized in the table on the following page.

In addition, the planned Project is estimated to attract approximately 75,000 annual visitors, generating total annual expenditures of approximately \$15.85 million.

## Operations Phase Economic Impact Estimates Manhattan Museum of Art & Light

Totals	
<b>Total Economic Impact of Operations</b>	
Stabilized Annual Sales	\$1,325,000
Total Output	\$1,855,000
<b>FTE Job Creation</b>	
Direct	22
Indirect	15
Total	37
<b>Annual Payroll</b>	
Direct	\$662,500
Indirect	\$622,769
Total	\$1,285,269

Annual attendance to the Project is estimated at 75,000 visitors. Approximately 40 percent of all visitors are anticipated to be from outside of a 100-mile radius and considered overnight visitors. Assuming 65 percent of the overnight visitors stay in a hotel, an average stay of two nights and 1.8 guests per room, total demand for overnight accommodations is estimated at 21,667 annual room nights. At an average annual occupancy rate of 70 percent, the forecast room night demand is sufficient to support 85 hotel rooms. These lodging demand forecasts illustrate the significant impact the Project will have on the Manhattan area hotel market.

## Annual Hotel Room Demand Estimates Manhattan Museum of Art & Light

Lodging Demand	
Out of Town Overnight Visitors	30,000
Hotel Guests @ 65% of Visitors	19,500
Occupied Rooms @ 1.8 Guests Per Room	10,833
Total Room Nights @ 2 Night Stay	21,667
Supportable Rooms @ 70% Occupancy	85

## **Conclusions**

The construction and operation of the planned Project will contribute significantly to the local and state economy by attracting out-of-town visitors and generating jobs, visitor expenditures, lodging demand, and tax revenues.

During the construction-phase the Project is estimated to generate total economic output of \$30.8 million, 182 full-time equivalent direct and indirect jobs, payroll of \$10.0 million, and state income tax revenues of approximately \$424,000.

Throughout the operations-phase the Project is estimated to generate annual economic benefits to the region and state amounting to \$1,325,000 in on-site sales, total economic output of \$1,855,000, 37 full-time equivalent direct and indirect jobs, direct and indirect payroll of \$1,285,269, and state income tax revenues of approximately \$43,000.

In addition, the Project's 75,000 annual visitors are estimated to generate annual expenditures on retail, restaurants, entertainment, travel, and lodging of approximately \$15.85 million. These visitor expenditures are estimated to generate sales tax revenue of approximately \$1.03 million for the State of Kansas, \$229,285 for the City of Manhattan, and \$158,500 for Riley County.

# STAR BOND REVENUE PROJECTIONS

The STAR bond program provides Kansas municipalities the opportunity to issue bonds to finance the development of major commercial entertainment and tourism areas and use sales tax revenue generated by the development to pay off the bonds. STAR bonds possess a 20-year term. An eligible area for the STAR bond program includes a historic theater, major tourism area, major motorsports complex, auto racetrack facility, river walk canal facility, major multi-sport athletic complex or a major commercial entertainment and tourism area.

A new STAR Bond issuance for the planned Project will be supportable through certain sales taxes realized from museum operations. Therefore, this section of the study quantifies the supportable bond debt by preparing an amortization schedule using estimated STAR bond sales tax revenue streams available through maturity of the 20-year term.

## **STAR Bond Revenues**

The STAR Bond Act allows for the pledge of 100 percent of the tax increment revenue received by the city from any local sales and use taxes, including the city’s share of any county sales tax, which are collected within the STAR bond project district. The STAR bond financing being sought for the Project will be repaid by certain incremental retail sales and lodging taxes.

Taxable retail sales generated by businesses operating in the Project District are subject to a sales tax rate of 8.95 percent consisting of 6.5 percent for the State of Kansas, 1.30 percent for the City of Manhattan, 0.25 percent for City Recreation and Trails (through 2027) 0.20 percent for City Street Maintenance (through 2026), and 1.00 percent for Riley County. The City portion of Riley County’s 1.0 percent sales tax rate is 0.30 percent. The effective STAR Bond eligible sales tax rate is 7.80 percent.

### **STAR Bond Effective Sales Tax Rate Manhattan Museum of Art & Light**

Taxing Jurisdiction	Tax Rate	% Allocation	STAR Bond Dedicated
State of Kansas	6.50%	100.0%	6.50%
City of Manhattan	1.00%	100.0%	1.00%
City Street Maintenance	0.20%	0.0%	0.00%
City Recreation & Trails	0.25%	0.0%	0.00%
Riley County	1.00%	30.0%	0.30%
<b>Total Tax Rate</b>	<b>8.95%</b>		<b>7.80%</b>

The Downtown Manhattan Redevelopment District’s original Series 2009-1 Bonds amounting to \$16,855,000 were paid in full on December 1, 2018, and by year-end 2020 the Series 2009-2 had an outstanding balance of \$6,105,000. From 2016 through 2020, the Downtown Manhattan Redevelopment District generated \$28,562,501 million in sales tax revenues, averaging \$5.7 million annually. Sales tax revenues equaled \$5,586,118 in 2019 and despite the negative impact of the COVID-19 pandemic on the retail and tourism industries revenues in 2020 totaled \$5,171,137.

The City of Manhattan confirmed that the Series 2009-2 Bonds totaling \$33,145,000 were paid in full, and approximately \$102,181 of City Sales Tax Revenues are being held in the escrow fund by the trustee and approximately \$5,300,000 of State Sales Tax Revenues in the city bond finance fund held by the State Treasurer for repayment of STAR Bonds. Both escrow funds generated by the District will be available for use by the Manhattan Museum of Art & Light Project.

Because the Downtown Manhattan Redevelopment District’s original bond debt has been paid in full, the Manhattan Museum of Art & Light Project will be able to use excess revenues generated by the District through bond maturity in February 2027.

The Manhattan Museum of Art & Light Project is scheduled to open by the first quarter 2024. Stabilized year taxable retail sales for the Project are estimated at \$1,325,000. For 2021, funds in escrow generated by the Downtown Manhattan Redevelopment District amounted to \$5,656,445, consisting of \$5,521,426 in dedicated state sales/use taxes and \$135,009 in local sales/use taxes. During 2022, the District is forecast to generate taxable retail sales of \$5.77 million. Through maturity of the STAR bonds the retail sales volumes are escalated at an annual rate of 2.0 percent.

Through February 2027, the Manhattan Museum of Art & Light Project and the Downtown Manhattan Redevelopment District are forecast to generate gross STAR bond revenue totaling approximately \$37.1 million.

**STAR Bond Revenue Estimates  
Downtown Manhattan Redevelopment District**

<b>Year</b>	<b>Museum Project</b>	<b>STAR Bond Revenue 7.80%</b>	<b>Capture of Excess District Sales</b>	<b>Total STAR Bond Revenue</b>
2021	\$0	\$0	\$5,656,445	\$5,656,445
2022	\$0	\$0	\$5,769,574	\$5,769,574
2023	\$0	\$0	\$5,884,965	\$5,884,965
2024	\$993,750	\$77,513	\$6,002,665	\$6,080,177
2025	\$1,325,000	\$103,350	\$6,122,718	\$6,226,068
2026	\$1,351,500	\$105,417	\$6,245,172	\$6,350,589
2027	\$229,755	\$17,921	\$1,088,061	\$1,105,982
<b>Totals</b>	<b>\$3,900,005</b>	<b>\$304,200</b>	<b>\$36,769,600</b>	<b>\$37,073,801</b>

Source: Canyon Research Southwest, Inc.; February 2022.

## Supportable Bond Debt Estimates

The STAR Bond funding capacity of the Project was quantified through calculating the net present value of the annual Sales Tax Special Obligation Bond (“STAR”) revenues throughout the maturity of the project plans for the Downtown Manhattan Redevelopment District North and South Project Areas. This report assumed that all STAR bond revenue would be used to pay bond debt. The net present value was calculated using an annual sales growth rate of 2.0 percent, debt service reserve and bond issuance costs of 2.0 percent, debt coverage ratio of 1.25, debt service reserve of 5.0 percent, and a discount (“yield”) rate of 5.0 percent.

As outlined by the table below, throughout the statutory STAR bond maturity period the gross Sales Tax Special Obligation Bond revenues generated by the Downtown Manhattan Redevelopment District are estimated at approximately \$37.1 million, yielding net present value proceeds of \$26.3 million. Accounting for bond issuance costs and reserve fund allocation, net proceeds of approximately \$24.5 million are available to service bond debt.

### **Supportable STAR Bond Debt Estimates Downtown Manhattan Redevelopment District**

<b>Year</b>	<b>Gross STAR Bond Revenue</b>	<b>Less: Debt Coverage 1.25</b>	<b>Net STAR Bond Revenue</b>	<b>Present Value 5.0%</b>	<b>Net STAR Bond Proceeds</b>
2021	\$5,656,445	\$1,131,289	\$4,525,156	1.000000	<b>\$4,525,156</b>
2022	\$5,769,574	\$1,153,915	\$4,615,659	0.952381	<b>\$4,395,866</b>
2023	\$5,884,965	\$1,176,993	\$4,707,972	0.907029	<b>\$4,270,267</b>
2024	\$6,080,177	\$1,020,824	\$5,059,354	0.863838	<b>\$4,370,462</b>
2025	\$6,226,068	\$1,245,214	\$4,980,854	0.822702	<b>\$4,097,759</b>
2026	\$6,350,589	\$1,270,118	\$5,080,471	0.783526	<b>\$3,980,681</b>
2027	\$1,105,982	\$221,196	\$884,786	0.746215	<b>\$660,240</b>
<b>NPV STAR Bond Proceeds</b>					<b>\$26,300,432</b>
<b>Less: Debt Service Reserve (5%)</b>					<b>-\$1,315,022</b>
<b>Less: Bond Issuance Costs (2%)</b>					<b>-\$526,009</b>
<b>STAR Bond Proceeds Available for Debt Service</b>					<b>\$24,459,402</b>

Source: Canyon Research Southwest, Inc.; February 2022.

Because the District is overperforming in terms of annual proceeds and the original bond debt has been paid in full, the Manhattan Museum of Art & Light Project is anticipated to have the funding capacity necessary to cover the STAR bond debt associated with the Project costs.

# **ADDENDA**

# **EXHIBIT A**

Canyon Research Southwest, Inc., Client Roster

## **Canyon Research Southwest, Inc. Client List**

Canyon Research Southwest, Inc. has provided real estate consulting services for several leading organizations including:

American Furniture Warehouse (Englewood, CO)  
Arizona State Land Department  
Bain & Company, Inc. (Boston, Massachusetts)  
Bashas' Markets  
Bayer Properties (Birmingham, Alabama)  
Belz-Burrow (Jonesboro, Arkansas)  
Bridgeview Bank Group  
Browning-Ferris Industries  
Burch & Cracchiolo PA  
Cameron Group (Syracuse, New York)  
Carrow Real Estate Services (Albany, New York)  
Cass County, Missouri  
Cavan Real Estate Investments  
D.J. Christie, Inc. (Overland Park, Kansas)  
Church of Jesus Christ of Latter-Day Saints  
City of Belton, Missouri  
City of Dodge, Kansas  
City of Fenton, Missouri  
City of Glendale Economic Development Department  
City of Independence, Missouri  
City of Lee's Summit, Missouri  
City of Liberty, Missouri  
City of Osage Beach, Missouri  
City of Mesa Economic Development Department  
City of Mesa Real Estate Services  
City of Norman, Oklahoma  
City of Overland Park, Kansas  
City of Phoenix Economic Development Department  
City of Phoenix Real Estate Department  
City of St. Charles, Missouri  
City of Tucson Community Services Department  
City of Warsaw, Missouri  
City of Wichita, Kansas  
DeRito Partners Development, Inc.  
Dial Realty (Omaha, Nebraska and Overland Park, Kansas)  
DMB Associates  
DMJM Arizona Inc.  
EDAW, Inc. (Denver, Colorado)  
W.M. Grace Development  
Greystone Group (Newport Beach, California)  
Hanford/Healy Advisory Company  
Heritage Bank (Louisville, Colorado)  
Highwoods Properties (Kansas City, MO)  
Holiday Hospitality Corporation (Atlanta, Georgia)  
**Canyon Research Southwest, Inc.**

Jorden & Bischoff, PLC  
JPI Development  
Kaiser Permanente (Oakland, California)  
Kessinger Hunter (Overland Park, Kansas)  
Landmark Organization (Austin, Texas)  
Lawrence Group (St. Louis, MO)  
Lee's Summit Economic Development Council (Lee's Summit, Missouri)  
Lewis and Roca  
Lowe's Companies, Inc. (West Bloomfield, MI)  
Lund Cadillac  
Marriott International, Inc. (Washington, D.C.)  
MCO Properties  
Meritage Homes  
Metropolitan Housing Corporation (Tucson, Arizona)  
Monterey Homes  
Mountain Funding (Charlotte, North Carolina)  
Navajo Nation Division of Economic Development  
Opus Northwest Corporation  
Opus West Corporation  
Pederson Group, Inc.  
Phelps Dodge Corporation  
Piper Jaffray (Kansas City, Missouri)  
Pivotal Group  
Pulte Home Corporation  
Pulte Homes of Greater Kansas City  
Pyramid Development (St. Louis, Missouri)  
Ralph J. Brekan & Company  
RED Development (Kansas City, Missouri)  
R.H. Johnson & Company (Kansas City, Missouri)  
Richmond American Homes  
River Run Development (Boise, Idaho)  
Royal Properties (Champaign, Illinois)  
Salt River Project  
Steiner + Associates, Inc. (Columbus, Ohio)  
Summit Development Group (St. Louis, Missouri)  
SWD Holdings (San Francisco, California)  
The Innova Group Tucson (Tucson, Arizona)  
The University of Arizona Department of Economic Development (Tucson, Arizona)  
The University of Arizona Medical Center (Tucson, Arizona)  
Trammell Crow Residential  
Union Homes (Salt Lake City, Utah)  
Unified Government of Wyandotte County and City of Kansas City, Kansas  
Wal-Mart, Inc. (Bentonville, Arkansas)  
Waste Management  
Wells Fargo Bank NA  
Widewaters (Syracuse, New York)  
Wolfswinkel Group

# **EXHIBIT B**

Canyon Research Southwest, Inc.  
List of Public Financing Projects

Canyon Research Southwest, Inc. has performed feasibility studies for TIF, TDD and STAR Bond redevelopment areas throughout the United States, a sample of which is listed below:

### **Tax Increment Financing**

- 718,406 square foot SummitWoods Crossing in Lee's Summit, Missouri
- 457,250 square foot Antioch Center in Kansas City, Missouri
- 579,980 square foot Blue Ridge Mall Redevelopment in Kansas City, Missouri
- 724,333 square foot Gravois Bluffs East & West in Fenton, Missouri
- 519,295 square foot Prewitt Point in Osage Beach, Missouri
- 1,073,743 square foot Branson Hills Shopping Center in Branson, Missouri
- 398,100 square foot Belton Town Centre in Belton, Missouri
- 106-acre Tuscany Village mixed-use development in St. Joseph, Missouri
- 675,960 square foot Shoppes at North Village in St. Joseph, Missouri
- 29<sup>th</sup> Street & Highway 69 Bypass TIF District in Pittsburg, Kansas
- 230,860 square foot Venture Shopping Center in Roeland Park, Kansas
- 175,072 square foot North Broadway in Pittsburg, Kansas
- 89,850 square foot Maryville Town Center in Maryville, Missouri
- 119,390 square foot Harrisonville Center in Harrisonville, Missouri
- 435-acre West 370 TIF District in St. Charles, Missouri
- 115,904 South U.S. 65 TIF in Chillicothe, Missouri
- Briarcliff West RPA 9, 22 and 36 in Kansas City, Missouri

### **STAR Bonds**

- The Legends at Village West in Kansas City, Kansas
- Kansas City Tourism District in Kansas City, Kansas
- Prairiefire at Lionsgate in Overland Park, Kansas
- Kansas University Medical Center in Kansas City, Kansas
- Brookridge STAR Bond District in Overland Park, Kansas
- BluHawk STAR Bond District in Overland Park, Kansas
- Overland Park Sports Arena and Entertainment District in Overland Park, Kansas
- Village East STAR Bond District in Kansas City, Kansas
- Olathe 151<sup>st</sup> Street District in Olathe, Kansas
- The Gateway in Mission, Kansas
- East Bank Redevelopment District in downtown Wichita
- K-96 and Greenwich Project District in Wichita, Kansas
- Caban Marketplace in Bel Aire, Kansas
- Olympic Park in Goddard, Kansas
- Chisholm Crossing in Wichita, Kansas
- Downtown Manhattan, Kansas Redevelopment Area
- Dodge City STAR Bond District in Dodge City, Kansas
- Sports of the World STAR Bond District in Garden City, Kansas
- Downtown Salina, Kansas

# **EXHIBIT C**

Resume of Eric S. Lander, Principal  
Canyon Research Southwest, Inc.

## **EDUCATION**

Mr. Lander received a B.S. in Marketing from the Arizona State University College of Business Administration, received honors status for his superior cumulative grade point average. During this time, he was an active member of the Marketing Club and National AMA as well as a participant in several research projects involving both local and national firms. Mr. Lander has also received a Master's in Real Estate Development and Investment from New York University, graduating with honors.

## **BUSINESS EXPERIENCE**

### **Canyon Research Southwest, Inc.**

President (October 1984 to Present)

Established Canyon Research Southwest, Inc. as a multi-disciplined real estate consulting firm designed to provide comprehensive research and analysis to the development, financial, investment, and municipal communities. Responsibilities include direct marketing, project management, staffing, and client relations. The firm has performed more than 400 major consulting assignments with over 75 local and national clients. Fields of expertise include market and feasibility analysis of large-scale master planned communities, freeway oriented mixed-use projects, retail centers, office complexes, business parks, and hotels. Additional services include fiscal impact studies, property valuation, and development plan analysis.

### **Mountain West Research**

Associate (December 1988 to January 1990)

Senior Consultant (October 1983 to October 1984)

Mr. Lander assisted in managing the Commercial Real Estate Services Division of Mountain West, Arizona's largest real estate and economic development consulting firm. Responsibilities included direct marketing, personnel management, client relations, and consulting on large-scale commercial, office, industrial, and hotel projects. Also contributed to several real estate publications and assisted in the management and marketing of the firm's commercial, office, and industrial (COI) data base.

### **Iloff, Thorn & Company**

Marketing Assistant (January 1982 to December 1983)

Joined Iloff, Thorn & Company during its infancy and became solely responsible for providing in-house marketing support services to its commercial real estate brokers. These services included demographic research, office/industrial/retail market studies, raw land sales packages, site selection analysis, client relations, and property research. Major accomplishments included establishing and implementing office and industrial absorption studies, devised central office market and available raw land files, and organized the development of an industrial/retail map. Also, during this time, Mr. Lander obtained a real estate sales license and became involved in commercial brokerage activities.

## **RANGE OF EXPERIENCE**

In 1987, Mr. Lander, in cooperation with the Drachman Institute of Regional Land Planning, published a working paper titled "Land Development as Value Added in the Development Process and Appropriate Criteria to Rank Sites for Selection of Master Planned Satellite Communities." Since the publication of this working paper, Mr. Lander has conducted numerous market feasibility studies on existing and proposed, large-scale, master planned communities in the Southwestern United States, totaling over 80,000 acres. The working paper was also evaluated and utilized by such prestigious universities as Harvard, M.I.T. and the University of North Carolina as part of their master's program in Real Estate, City and Regional Planning, and Business.

Mr. Lander is an instructor with the Commercial Real Estate Institute, teaching classes in Market Analysis, Commercial Property Valuation and Land Valuation.

Developed a model designed to evaluate and rank the development potential of freeway interchanges. The methodology for ranking freeway properties is based on a list of 25 criteria which provide a framework to efficiently compare the strengths and weaknesses of various freeway sites. Seven (7) criteria have been established which apply to metropolitan area economic base and real estate market, five (5) criteria evaluate the region influenced by the presence of the freeway in question, and thirteen (13) interchange and site-specific criteria are aimed at determining future real estate development opportunities. This model has been utilized in evaluating freeway-oriented, mixed-use projects anchored by regional malls, business parks, office complexes, and hotels.

Mr. Lander has provided consulting services on downtown redevelopment and historic preservation efforts. Recent examples include a heritage tourism study for the Erie Canal terminus in Buffalo, New York; evaluation of potential office, retail, hotel, and arena development in the downtown areas of Glendale and Mesa, Arizona; retail market evaluation and redevelopment plan for downtown Warsaw, Missouri; a downtown master plan for downtown Lee's Summit, Missouri; and a redevelopment plan for the 24 Highway Corridor in Independence, Missouri.

Mr. Lander has conducted *TIF and TDD Revenue Projections* for a variety of large-scale retail projects in Missouri and Kansas. Tax Increment Financing and Transportation Development Districts are government-backed funding mechanisms designed to finance project-specific public infrastructure improvement. Funding is provided via the issue and sale of bonds. In the case of Tax Increment Financing the bonds are repaid with incremental increases in property tax and sales tax revenue generated by the designated redevelopment area. Transportation Development Districts involve the levy of an additional sales tax on businesses operating within the redevelopment area.

Mr. Lander has conducted *STAR Bond Feasibility and Market Studies* on several proposed developments in Kansas, including the Kansas City Tourism District, Legends at Village West, Kansas City Research & Medical Campus, and Rosedale Station Shopping Center. The *Market Study* evaluates the market positioning, market demand, short-term development potential, and economic impact for the proposed Redevelopment District. Meanwhile, the *Feasibility Study* provides a STAR Bond revenue vs. costs comparison to determine the ability of the Redevelopment District to cover debt service for the projected STAR Bond obligations throughout the bond maturity period.