

HR Development Group, LLC
TIF FEASIBILITY STUDY
September 20, 2021

Property ID 60023099 & 60023088

Property Tax Calendar Year	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	Totals	
Property Market Value	1,291,510	4,217,333	23,000,000	23,460,000	23,929,200	24,407,784	24,895,940	25,393,859	25,901,736	26,419,771	26,948,166	27,487,129	28,036,872	28,597,609	29,169,561	29,752,952	30,348,011	30,954,971	31,574,070	32,205,551	32,849,662	33,506,655	664,348,342	
Assessment Ratio	0.114	0.114	0.114	0.114	0.114	0.114	0.114	0.114	0.114	0.114	0.114	0.114	0.114	0.114	0.114	0.114	0.114	0.114	0.114	0.114	0.114	0.114	0.114	
Net assessed value	147,232	480,776	2,622,000	2,674,440	2,727,929	2,782,487	2,838,137	2,894,900	2,952,798	3,011,854	3,072,091	3,133,533	3,196,203	3,260,127	3,325,330	3,391,837	3,459,673	3,528,867	3,599,444	3,671,433	3,744,861	3,819,759	64,335,711	
2020 Tax Levy Rate	99.19	99.19	99.19	99.19	99.19	99.19	99.19	99.19	99.19	99.19	99.19	99.19	99.19	99.19	99.19	99.19	99.19	99.19	99.19	99.19	99.19	99.19	99.19	
Property Ad Valorem Tax	14,604	47,688	260,076	265,278	270,583	275,995	281,515	287,145	292,888	298,746	304,721	310,815	317,031	323,372	329,839	336,436	343,165	350,028	357,029	364,169	371,453	378,882	6,381,458	
Personal Property Tax	0	0	16,961	15,765	13,569	11,873	10,177	8,481	6,784	5,088	3,392	1,696												
Total Taxes on Property	14,604	47,688	277,037	280,543	284,152	287,868	291,692	295,672	299,672	303,834	308,113	312,511	317,031	323,372	329,839	336,436	343,165	350,028	357,029	364,169	371,453	378,882	93,286	
Base Assessed Tax Value	57,640	57,640	57,640	57,640	57,640	57,640	57,640	57,640	57,640	57,640	57,640	57,640	57,640	57,640	57,640	57,640	57,640	57,640	57,640	57,640	57,640	57,640	6,474,744	
Increment Ad Valorem Tax	0	0	202,436	207,638	212,943	218,355	223,875	229,505	235,248	241,106	247,081	253,175	259,391	265,732	272,199	278,796	285,525	292,388	299,389	306,529	313,813	321,242	5,166,366	
Personal Property Tax	0	0	16,961	15,765	13,569	11,873	10,177	8,481	6,784	5,088	3,392	1,696												
Total Increment Ad Valorem & Personal Property Tax	0	0	219,397	222,903	226,512	230,228	234,052	237,986	242,032	246,194	250,473	254,871	259,381	265,732	272,199	278,796	285,525	292,388	299,389	306,529	313,813	321,242	5,259,652	
Less:																								
School District Funding(Ad valorem only)	0	0	13,164	13,374	13,591	13,814	14,043	14,279	14,522	14,772	15,028	15,292	15,563	15,944	16,332	16,728	17,132	17,543	17,963	18,392	18,829	19,275	315,579	
Net Ad Valorem & Personal Property Tax	0	0	206,233	209,529	212,921	216,414	220,009	223,706	227,510	231,423	235,445	239,579	243,828	249,788	255,867	262,068	268,394	274,845	281,426	288,137	294,984	301,967	309,167	4,944,072
Cap on Ad Valorem & Personal Property Tax	0	0	477,530	477,530	477,530	477,530	477,530	477,530	477,530	477,530	477,530	477,530	477,530	477,530	477,530	477,530	477,530	477,530	477,530	477,530	477,530	477,530	477,530	9,550,596
Net Ad Valorem & Personal Property Tax	0	0	206,233	209,529	212,921	216,414	220,009	223,706	227,510	231,423	235,445	239,579	243,828	249,788	255,867	262,068	268,394	274,845	281,426	288,137	294,984	301,967	309,167	4,944,072
Gap	0	0	271,297	268,001	264,609	261,116	257,521	253,823	250,019	246,107	242,085	237,951	233,702	229,345	224,883	220,416	215,944	211,467	206,985	202,498	198,007	193,511	189,011	4,944,072
Sales tax	0	0	69,860	71,258	72,683	74,136	75,619	77,132	78,674	80,248	81,851	83,490	85,159	86,863	88,600	90,372	92,179	94,023	95,903	97,821	99,778	101,773	1,697,424	
Sales tax applied to payments	0	0	69,860	71,258	72,683	74,136	75,619	77,132	78,674	80,248	81,851	83,490	85,159	86,863	88,600	90,372	92,179	94,023	95,903	97,821	99,778	101,773	1,697,424	
Facility Fee	0	0	159,651	162,844	166,101	169,423	172,811	176,268	179,793	183,389	187,057	190,798	194,614	198,506	202,476	206,526	210,656	214,869	219,167	223,550	228,021	232,581	3,879,099	
Total TIF Pmts applied to advance	0	0	435,745	443,630	451,705	459,973	468,439	477,106	485,978	495,059	504,354	513,866	523,601	533,557	543,743	554,166	564,834	575,757	586,934	598,375	610,089	622,076	634,332	10,520,596

Assessor Calculations:

Property 2018 Base Market/Capped value	5,097,420
Land - assessed market value	1,291,510
Land 2021 purchase price	4,217,333
Building construction costs	18,782,667
Property 2023 Assessed Value	23,000,000
2023 Increment Market Value	17,902,580

Sales Tax Calculations:

Benchmark annual sales tax collections	0																					
Benchmark annual sales based on sales tax	0																					
Total City of Stillwater sales tax rate	3.50																					
Undifferentiated City of Stillwater sales tax rate	2.00																					
Sales projections by applicant																						
Year	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
Benchmark	350,000	300,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000
% Increase	0	-98.52%	16.67%																			

TIF schedule:

Annual Interest Rate	1.75%
Payback amortization period	20
Payments per year	1
Amount	8,000,000
Total Principal and Interest Payments	\$ (9,550,595.93)
Payout period with all payments applied	19 years

Percentage

Significant Impact Developments	28.00%	29,500,000	6,860,000	8,000,000	32.65%
General Project Improvements	12.00%	23,000,000	2,760,000		

Hard costs:

Purchase of land	4,217,333
Construction Expense	18,782,667
Total Hard Construction Costs	23,000,000
Soft costs:	
Architectural Fees	
Structural Engineering Fees	
Civil Engineering Fees	
Permit/Service Fees	
Soft Costs	
Furniture Fixtures & Equipment	1,500,000
Total Development Costs	24,500,000

Sales tax allocated to the project based on projections

Sales tax rates	3.50	2.00	1.00
Benchmark	0	0	0
2021	0	0	0
2022	709,893	405,653	202,827
2023	10,500	6,000	3,000
2024	12,250	7,000	3,500
2025	0	0	0

Room rent sales tax allocated to the project based on projections

Sales tax rates	3.50	2.00	1.00
Benchmark	0	0	0
2021	0	0	0
2022	0	0	0
2023	111,756	63,860	31,930
2024	111,756	63,860	31,930

Payment

Number	Payment	Principal	Interest	Balance
1	(477,529.80)	(337,529.80)	(140,000.00)	2,662,470.20
2	(477,529.80)	(343,436.57)	(134,093.23)	2,319,033.64
3	(477,529.80)	(349,446.71)	(128,083.09)	6,969,586.93
4	(477,529.80)	(355,562.03)	(121,967.77)	6,614,024.90
5	(477,529.80)	(361,784.36)	(115,745.44)	6,252,240.54
6	(477,529.80)	(368,115.59)	(109,414.21)	5,884,124.95
7	(477,529.80)	(374,557.61)	(102,972.19)	5,509,567.35
8	(477,529.80)	(381,112.37)	(96,417.43)	5,128,454.98
9	(477,529.80)	(387,781.83)	(89,747.98)	4,740,673.14
10	(477,529.80)	(394,568.02)	(82,961.78)	4,346,105.13
11	(477,529.80)	(401,472.96)	(76,056.64)	3,944,632.17
12	(477,529.80)	(408,498.73)	(69,031.60)	3,536,133.44
13	(477,529.80)	(415,647.46)	(61,892.34)	3,120,485.97
14	(477,529.80)	(422,923.29)	(54,638.50)	2,697,564.68
15	(477,529.80)	(430,322.41)	(47,267.38)	2,267,242.27
16	(477,529.80)	(437,853.06)	(39,767.74)	1,829,389.21
17	(477,529.80)	(445,515.49)	(32,014.31)	1,383,873.73
18	(477,529.80)	(453,312.01)	(24,217.79)	930,561.75
19	(477,529.80)	(461,244.97)	(16,264.83)	469,316.75
20	(477,529.80)	(469,316.75)	(8,213.04)	0.00

Hotel Room Income

Number of rooms	120
Average Rate per room	135
Number of rent days	365
Occupancy percentage	0.54
Total gross room rent	3,193,020

Facility Fee

Benchmark	0.05
2021	0
2022	0
2023	159,651
2024	159,651

**CITY OF STILLWATER
TAX INCREMENT FINANCING DISTRICT #3
APPLICATION FOR ASSISTANCE IN DEVELOPMENT FINANCING ROUTING SHEET**

Project Name __ HK Development Group LLC _____

Applicant __ HK Development Group LLC _____

Project Address __ 400 West Maple Stillwater, OK _____

Telephone __ 405-880-3700 _____ **Email** _hamid@hkdevgroup.com_

Date received by City Manager's Office _____ 9-4-2021 _____

Date sent to planning _____ 09-16-2021 _____

Date returned to City Clerk by Planning _____ 09-16-2021 _____

Date sent to Deputy City Manager _____ 09/07/2021 _____

Deputy City Manager Review

1. Base award determined by completion date: **Significant Impact – new enterprise generating new employment and meeting multiple project plan objectives – 22% (\$5,390,000)**
2. TIF funding available to project: **\$6,860,000 (28%)**
3. TIF funding requested by developer: **\$8,000,000 (32.65%)**
4. Return on investment
 - Ad valorem real property – 2018 Benchmark TIF market value - **\$5,097,420**
 - Current assessor market value - **\$1,291,510**
 - Projected market value upon completion - **\$23,000,000**
 - Ad valorem personal property - **\$1,500,000**
 - Investment earnings – **1.75% over 20 years**
 - Sales tax – **New business; all 2% of undedicated sales tax to project**
5. Term Sheet Provisions
 - Protective measures in the agreement
 - a. Payment in Lieu of Taxes (Pilot) - **Minimum payment \$477,530**
 - b. Covenant Agreement – **Yes**
 - c. Escrow Agreement - **Yes**
 - d. Reversion/payback measures – **Amortized and paid back over 20 years**
 - e. Prohibition on Transfer - **Yes**
 - Agreement term
 - Reports
 - Contingencies

Additional facts relevant to this developer/development of interest to the committee
The developer is investigating other alternatives to close the gap on this project such as state quality jobs credits, state tourism credits, new market tax credits and facility fees associated with room rentals.

HK Development Group, LLC
 Permit and Fees Estimation
 September 20, 2021

PRF - Based upon Valuation / Pd @ Submittal
 \$50,000+ \$ 321.29

Land	~2.64 acres	115,034.0	
	Comm Trans @ \$0.075/sqfoot of land req'd to support development		\$ 8,627.55
Bldg Sq Ftg	Base of \$330.93 plus \$0.066/sqfoot of building	105,000.0	
	No impact on fees - statistical data only		\$ 7,260.93
# of Rooms	No impact on fees - statistical data only	110.0	
# of Stories	No impact on fees - statistical data only		
Water Closets	110 rooms + 30 throughout facility	140.0	
Water Meters	1 - 3" WM Domestic; 1 - 1" WM irrigation		\$ 14,000.00
	3" WM - Domestic water service		
	Water Capacity Fee	1.0	\$ 3,775.00
	Meter Tie-On Fee	1.0	\$ 2,281.00
	Sewer Capacity Fee	1.0	\$ 10,100.00
	Meter & Fittings T&M		
	1" WM - irrigation *ONLY* No sewer capacity fee		
	Water Capacity Fee	1.0	\$ 375.00
	Meter Tie-On Fee	1.0	\$ 255.00
	Meter & Fittings	1.0	\$ 215.05

Due upon
 Permit Issuance \$ 46,889.53

Fire Alarm	\$120.32 for 1- 50 devices; \$1230.32 for each add'l 50 (or fraction thereof) \$60.17 for 1-100 heads;	500.0	\$ 1,203.20
Fire Sprinkler	\$48.11 each add'l 100 heads (or fraction)	1,000.0	\$ 493.16
	Standpipe, per riser	1.0	\$ 60.17
	Fire pump, per pump	1.0	\$ 120.32
Electric	\$49.33 per 100 AMP of service	2,500.0	\$ 1,233.25
Plumbing	\$16.23 per guest room + \$98.66 + \$3.23 per fixture for add'l plumbing fixtures other than guest rooms	75.0	\$ 2,126.21
Mechanical	\$49.33 for first air handler + \$16.23 for each one thereafter	20.0	\$ 357.70
Signs	\$0.1844 per sq foot (100 sqft min - \$18.44)	6.0	\$ 110.64
Cooking Hood	\$30.10 per hood system	2.0	\$ 60.20

Stand Alone Permits
 Issued
 directly to Trades \$ 5,764.85

UBC Fee Ok. Uniform Bldg. Code Commission Fee
 \$4.00 per permit issued 8.0 \$ 32.00

**CITY OF STILLWATER
TAX INCREMENT FINANCING DISTRICT #3
APPLICATION FOR ASSISTANCE in DEVELOPMENT FINANCING**

Submit application to the City of Stillwater City Clerk at 723 S. Lewis Street, Stillwater, Oklahoma

Project Name: HK Development Group LLC

Developer: HK Development Group LLC

Project Address: 400 West Maple Stillwater, OK

Telephone: (405) 880-3700 **Email:** hamid@hkdevgroup.com

Type of Assistance

TYPE OF APPLICATION FOR ASSISTANCE: (mark all that apply with this application)

GENERAL PROJECT IMPROVEMENTS APPLICATION FOR ASSISTANCE

Assistance with development of vacant property, renovation, or redevelopment of existing property

Hard construction costs of more than \$200,000 **Total hard construction costs** \$18,782,667

SIGNIFICANT IMPACT DEVELOPMENTS APPLICATION FOR ASSISTANCE

Development costs of more than \$4 million **Total development costs** \$2,000,000

Total Project Cost: \$25,000,000

Total Amount Assistance Requested: \$10,000,000

TIF Funding Upfront Upon completion of project _____

Targeted start date: Design - October 1, 2021, Construction - February 1, 2022

Targeted Completion date: October 2023

Current owner of subject property: HK Development Group LLC Pending

HK Development Group LLC

Project plan narrative and objectives

In narrative form describe the development project including a “but for” statement describing the need for public assistance. In the narrative explain how this project accomplishes the TIF project plan goals listed below that are applicable to the project.

- a. To achieve development goals and objectives for the commercial districts, including Downtown Stillwater, as described in the Core Commercial Districts Master Plan and the Corridor Redevelopment Plan.

The hotel and convention center aims at fulfilling the goals outlined in the Core Commercial Districts Master Plan and the Corridor Redevelopment plan. The property is located on a vacant lot on a major street. The construction of a hotel and convention center increases employment in the community and tourism. The unique design of a hotel and convention center attracts business opportunities and a desire to live in Stillwater. Our large investment in the City of Stillwater displays our belief in our hometown community. The hotel and convention center is a major step in supporting the City of Stillwater's overall strategic plan of revitalizing downtown Stillwater and the corridor redevelopment plan. Our commitment to Stillwater will help encourage private investment and will expand the hotel market.

- b. To preserve and enhance the tax base and make possible investment, development, and economic growth that would otherwise be difficult without this Project Plan and the apportionment of incremental ad valorem and sales tax revenues.

The scale and ambition of the project will be greater supported by the City of Stillwater to apportionment to help mitigate risk. Currently the property has a very low base, this project will increase the tax base 3-fold.

- c. To support the creation of attractive, high-quality, and viable mixed-use developments to draw residents and visitors.

The development will create opportunities for the City of Stillwater to host numerous conventions which are currently not possible. The increased convention traffic will increase occupancy for many of the existing hotel properties. The redevelopment of the vacant property will spawn new uses of surrounding dilapidated properties for mixed use.

New events that would be possible include comic con, gaming tournaments, industry meetings, dance hall, wedding receptions, art gallery, and class reunions. The convention center can host a variety of events which is only limited by the imagination.

- d. Where appropriate, to support the development, improvement, and/or expansion of non-retail business enterprise with high quality employment opportunities.

Employment opportunities for this service industry project include a hotel/hospitality staffing, marketing staffing, restaurant and catering staff, housekeeping team, convention center manager and staffing, accounting, and event staffing.

- e. To encourage existing property and business owners in the area to invest and reinvest to attract new investment, commercial business, and residential occupancy to the Project Area.

The hotel and convention center will attract private investment in the area because of increased economic activity, pleasing design of the project, active transportation, and connections to downtown and campus.

- f. To stimulate and promote the downtown and campus link areas as walkable, vibrant destinations.

The hotel and convention center fills a large link towards the greater strategic downtown and campus vision of the City of Stillwater.

- g. To provide public benefits and attract private investment through the construction of public infrastructure and improvements to allow for the development of the Project Area.

The project area is close to the university campus and downtown Stillwater. The design and construction of the hotel and convention center will attract further private investment in Stillwater and expand the hotel market leading to increased tax revenues. The public will benefit by the improved streets and sewer system in the area. These improvements should promote further development in the area.

h. To create new and enhanced partnerships with public and private entities and institutions in the community.

Our project envisions strategic partnerships with Oklahoma State University School of Business and specifically the hospitality and tourism management department and Meridian Technology to provide employment and learning opportunities.

i. To undertake concentrated efforts to locate new and expanded non-retail businesses in the community and especially downtown.

The project is a non-retail service business providing a major visible and usable connection between Oklahoma State University campus, The Strip, Campus Corner, and Downtown Stillwater.

Expansion Details, Project Budget and Business Pro Formas

1. Rate of Expansion

a. Approximately 84,000 sq ft for the hotel and 20,000 sq ft for the convention center

b. N/A

c. Types of position include and vary as follows*:

General Manger - \$65,000

Director of Banquets - \$50,000

Operations Manager - \$60,000

Restaurant Manager – \$45,000

Director of Finance - \$50 per hour* 20 hours per week = \$1,000

Sales and Marketing = \$50,000

Housekeeping = \$12 per hour

Human Resources - \$60,000

Guest Services Operations - \$12 per hour

Security - \$15 per hour
Culinary - \$15 per hour
Landscaping - \$30,000 per year
Front Desk - \$12 per hour
Concierge - \$12 per hour
Event Management - \$12 per hour
Valet - \$10 per hour
Retail and Gift Shop - \$12

*Rates of pay and benefits depend on position and provided are by the Marriott Corporation.

2. Project Budget

- a. Construction Budget - \$25,000,000
- b. Furniture, Fixtures, and Equipment Budget - \$1,500,000
- c. Land acquisition - See Attachment
- d. Gose & Associates (Roger Gose 405-612-3505) – See Attachment
- e. Financing Plan – See Attachment

Customer lists and Goodwill: See Attachment

Project Attributes

- a. Environmental – Recycling program (i.e. aluminum and plastic), energy efficient appliances (low energy washer and dryers), minimal water usage rates for water closet, urinal, shower, and faucets.
- b. Social – Our project will create jobs for the community and enhance community involvement particular with the construction of the convention center. Our project will strive to work with local vendors when possible.

OPEN RECORDS ACT AND CONFIDENTIALITY REQUIREMENTS

All information, documentation, data, and materials submitted to Stillwater Economic Development Authority (SEDA) pursuant to this Application for Assistance are potentially subject to the mandates of the Oklahoma Open Records Act (Act), 51 Okla. Stat. §§ 24A.1. *et seq.* to ensure and facilitate the public's right of access to and review of government records. Except where specific state or federal statutes create an exception or confidential privilege, persons or entities who submit information to public bodies have no right to keep this information from public access, nor is there any reasonable expectation that this information will be kept from public access.

If you believe that any information you will or may submit to SEDA pursuant to this Application for Assistance is or should be kept confidential under a specific state or federal statute, and therefore, not subject to public disclosure, you must comply with the following:

- a. Place said documents/records in a separate envelope marked "Confidential". DO NOT label your entire response to the Application for Assistance as "Confidential" – label only those portions of the response that you feel are made confidential by state or federal law. If only a portion of a document is confidential, please identify specifically the portions of the document you are claiming are confidential.
- b. For each document for which you are claiming a confidential privilege, identify the federal and/or state law that creates said privilege, e.g., for trade secrets, see 21 O.S. § 1732 (Larceny of Trade Secrets) and the Uniform Trade Secrets Act, 78 O.S. §§ 85, *et seq.*

Please note that SEDA acknowledges that "personal financial information, credit reports or other financial data obtained by a public body for the purpose of evaluating credit worthiness, obtaining a license, permit, or the purpose of becoming qualified to contract with a public body" is not subject to disclosure under the Act. Financial information requested by this Application for Assistance for evaluating the creditworthiness of the applicant or the purpose of allowing SEDA to determine if the applicant is qualified to contract with SEDA should be submitted in a separate envelope and marked as confidential financial information.

If the applicant fails to identify any records submitted as "Confidential" by placing them in the "Confidential" envelope AND if the Applicant fails to identify the specific state or federal law creating such privilege, SEDA will assume that said records are not confidential and are subject to public access.

Should an Open Records request be presented to SEDA requesting information identified as "Confidential", the applicant will be informed and is responsible for defending its position in District Court if necessary.

CERTIFICATION

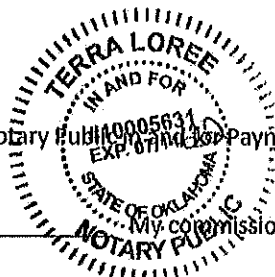
I, Harid Khoshras, as the Applicant and or authorized representative (circle one) seeking TIF Assistance, certify that all statements, documentation, and information provided in and attached are true and correct to the best of my knowledge and that unless identified as "CONFIDENTIAL", statements, documentation and information provided herein is subject to the Oklahoma Open Records Act. Dated this 4 day of September, 2021

Harid Khoshras
Printed Name of Applicant and or Authorized Representative

[Signature]
Signature

The foregoing instrument was acknowledged before me, a Notary Public in and for Payne County and Oklahoma, on this 4th day of September, 2021.

Signature of notarial officer Terra Lorie



My commission expires: 7.14.22