

Q: Who owns the Gateway site?

A: Aryeh Realty, LLC (“Developer”), took ownership from Gateway Developer, LLC in 2016. The City of Mission has never had and does not now have an ownership interest in the site.

Q: How did the City select this Developer?

A: The City did not select this Developer (nor its predecessor) as the developer for the Gateway project. If the City owns property where they would like to see redevelopment, there may be a competitive selection process to choose a developer to bring a project to the site – but that is not the case here. This Developer has the right, like any other private property owner to request rezoning, approval of a project plan, and public incentives, and the City must, at a minimum consider those requests.

Q: Wouldn't the City have been better off leaving the Mission Mall alone?

A: In 2005, the owners of the Mission Mall surrendered the property to the bank. Gateway Developers, LLC then purchased the property from the lender. The site had been included in the 100-year FEMA floodplain a few years earlier, and renovation options were limited. At that time, the Developer believed the only reasonable solution was to raze the mall and create a development that met the vision of Mission's Comprehensive Plan as a parcel suitable for a mix of retail, residential, office, and entertainment tenants.

Q: Why doesn't the City just take over the property and turn it into a park or something else?

A: The only way the City could acquire the property would be by purchasing it from the Developer as part of a typical real estate transaction or by using eminent domain to acquire the site for a public purpose, i.e., a park. In the eminent domain process, a property is appraised, and the City would be required to pay the appraised value. The City cannot “take” the property for free. Nor can the City acquire the property through eminent domain and then sell the property for a non-public use.

Q: Why does the City consider providing public incentives to private developers?

A: Public-private partnerships are commonly used in fully developed (land-locked) communities that want to encourage infill development. The costs of redevelopment can be extraordinary, when compared to those for greenfield (e.g. undeveloped) projects/parcels, and public incentives may help create a “level playing field” as developers evaluate competing locations for their projects.

Q: What makes the costs for the Gateway site “extraordinary”?

A: Storm water costs and structured parking needs to support mixed-use development increase the costs for development activity on the Gateway site. Revisions to FEMA floodplain maps put the former Mission Mall into the 100-year floodplain in 2004, limiting the options for renovation or redevelopment until storm water improvements were made. The City made approximately \$12 million dollars in storm water improvements on the site, and the Developer is now repaying those costs through a special assessment. Additionally, in order to accomplish the City’s vision of density and mixed-use, development on this site requires structured parking. The multi-level parking structure is estimated to be \$16.1 million.

Q: Is the City “giving” the Developer \$22.5 million?

A: No. The City is being asked to fund \$22.5 million of eligible project expenses for Phase I of the Gateway project through issuance of Tax Increment Financing (TIF) Bonds. The bonds are repaid with property and sales taxes generated exclusively from the Gateway project site. These funds do not come from the City’s general revenues and represent money that would not be available if the Gateway is not built.

Q: Is the City guaranteeing the bonds?

A: No. Any bonds issued for the project would be Special Obligation (SO) Bonds which are guaranteed entirely by project revenues (i.e., even if revenues fall short, the City has no obligation to repay the debt). These bonds are not backed by the full faith and credit of the City.

Q: How would the City’s participation using public incentives help to ensure this project is built?

A: The public incentives are controlled through a Redevelopment Agreement approved by the City Council. The terms of the Agreement seek to minimize risk for the City through the use of conservative revenue estimates, developer

guarantees, timing of the distribution of bond proceeds, and other tools. The bond proceeds will be escrowed and distributed over the course of the project's construction as the project meets specific and significant milestones.

Q: Why is the Developer not building the entire project (both Phases I and II) now?

A: The Developer currently is in the process of securing financing with lenders for Phase I of the project only, which includes:

- Phase 1: (i) construction of approximately 49,752 square feet of "small-shop" commercial or restaurant uses; (ii) construction of an approximately 90,000 square foot entertainment space (Cinergy entertainment complex); (iii) construction of approximately 373 apartment units; (iv) construction of related site work; (v) construction of surface parking sufficient for such uses pursuant to the City's applicable ordinances; and (vi) construction of a parking garage serving the entirety of the Project.

Once Phase I is under construction, the Developer plans to simultaneously pursue financing for Phase II, which is anticipated to include:

- Phase 2: (i) construction of an approximately 202-room hotel and (ii) construction of an approximately 100,000 square foot office or medical facility.

Q: What does the Developer have to do to secure its private (bank) financing?

A: The Developer's banks have specific leasing thresholds and completion targets that must be met to receive the commercial loans. Similar to the City's Development Agreement, the Developer's banks will structure any loans conservatively to ensure the greatest likelihood of success.

Q: What happens if the City doesn't approve public incentives or the current development plan for the Gateway project?

A: If this project is not approved, the Developer would be free to pursue another development, sell the property, or leave it vacant/partially constructed.

Q: How long will it take the Developer to build this project if approved?

A: Once the Developer secures all final approvals and pulls a building permit, construction for Phase I is anticipated to take 24-36 months.

Q: How may the City benefit from a private-public partnership for the Gateway project?

A: The City anticipates realizing the following benefits if it decides to enter into to a public-private partnership with the Gateway Developers:

- Revenues of approximately \$20.0 million from Phase I over the next 22 years. Of that \$20.0 million, roughly \$8 million would be revenues that would not be available if the project isn't built (i.e., new revenues for the City).
- A project that activates a vacant parcel with a mixed-use development will bring new residents, visitors, and businesses and their tax dollars into our community.
- Additional development and investment near the project site and in development other portions of the City.