



VAI Resorts LLC Amended and Restated Development Agreement

November 6, 2024





Background

- Current Development Agreement was entered into September 28, 2020
- Included in the current Development Agreement there are two GPLET Leases that have been recorded and entered into effective as of September 28, 2020.
- On August 16, 2022, VAI Resorts and the City discussed implications of terminating the GPLET leases.
- Construction of the Project has not been completed which has prevented the actual GPLET leases to be put into effect.



Background

- VAI Resorts is developing the Property as a mixed-use destination and the Project complies with the purpose, intent and requirements of the City's General Plan and the PAD zoning approved on January 28, 2020.
- The City is entering into this Amended and Restated Development Agreement to implement and to facilitate development of the Property consistent with the policies of the City and the City's General Plan.
- The scale of the project has increased since 2020 and as a result, and in consideration of the elimination of the GPLET's, the City is recommending certain fee waivers, as described within the amended agreement.



Original Project vs Current Project

- Original scope of the project included:
 - 630 hotel rooms (three hotels)
 - 11-acre lagoon
 - 130,000+ SF of office
 - 263,000+ SF of retail/restaurant
 - 75,000 SF family entertainment center
- Based on the original economic analysis conducted by Applied Economics, the revenue impact specific to the city for the original project was \$240 million over 25 years, or \$9.6 million annually
- Project would have generated construction sales tax of approximately \$5.97 Million



Original Project vs **Current Project**

- The scope of the project has grown in scope and magnitude. The VAI Resort will now include:
 - 1,083 hotel rooms (four luxury hotels)
 - 171,000+ SF of retail/restaurants
 - 571,000+ SF of attractions, entertainment amenities including 9-acre Mattel Adventure Park, night club, multi-level concert venue
 - 55,000 SF of corporate office occupied by the owner/developer
 - 180,000 SF Indoor Theater
 - 200,000 SF Convention Center Space
- Project is estimated to now generate construction sales tax of more than \$18.1 Million
- The information on the following slides are from the updated economic impact study from Applied Economics based on the expanded scope of the project.



Economic Impact Summary

(from Applied Economics)

- In 2020, the initial economic analysis estimated the total revenue impact to the city over the next 25 years was \$9.6 million annually.
- The city originally offered permit/plan review fee waiver up to \$1 million and a 25-year Government Property Lease Excise Tax agreement (GPLET) on the entertainment, recreation and concession portions of the development.
- Due to increase scope of the project, the return has more than tripled with an estimated revenue impact over 25 years, of \$811.7 Million or \$32.4 million annually to the city.
- These figures do not include the estimated projected revenues from the 4,001 spaces located in the black lot.



Summary of Amended and Restated Development Agreement

Based on the economic value of the expanded scope of the Project, the Amended Development Agreement would support the following:

- Eliminates all commitments of GPLET to the Developer originally estimated to be valued at \$28.7 Million over 25 years.
- Permit/Plan Review Fee Waiver of \$4,000,000 to support the current expanded scale of the Project
- Support for Added Project Amenities
 - \$1,000,000 Permit/Plan Review Fee waiver for the construction of a ~180,000 SF indoor theater. Waiver does not include DIF fees and the theater must be constructed within 3 years.
 - The City would be allowed to use the theater up to 10 days per year for City Events.
 - \$1,000,000 Permit/Plan Review Fee waiver for the construction of a ~200,000 SF Convention Center. Waiver does not include DIF fees and the Convention Center must be constructed within 3 years.
 - The City would be allowed to use the Convention Center up to 10 days per year for City Events.



Comparison

	Original Development	Amended Development	Difference
One-time Construction Sales Tax collected by the City	\$5.97 Million (based on \$260.2 M construction cost)	\$18.1 Million (based on \$915.9 M construction cost)	+\$12.13 Million
GPLET Value over 25 years	Estimated at \$28.7 Million over 25 years	None. GPLET is no longer being considered	+\$28.7 Million
Annual on-going Revenue to the City	\$9.6 Million annually (\$240.5 Million over 25 years)	\$32.4 Million annually (\$811.7 Million over 25 years)	+\$22.8 Million (\$571.2 Million over 25 years)
City-offered Permit/Plan Review Fee Waiver	\$1,000,000	\$4,000,000 \$1,000,000 for Theater \$1,000,000 for Convention Center	-\$5,000,000
Public Use	None	10 days annually for City use of Theater 10 days annually for city use of Convention Center	+\$200,000



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