

**TID 39 - Hilton Hotel
Periodic Report
12/31/10**

District Created: 2000
Authorized expenditure (excluding interest): \$5,625,000
Authorizing resolution(s): File #000165
Projected TID dissolution: 2015 (levy year)
Maximum legal life: 2015
Base property value: \$23,863,400
Completion Status: Project complete

Project description

This district consists of the block at North 6th Street and West Wisconsin Avenue on which the Hilton Hotel and parking ramp are located. The project plan contributed \$5 million to a new 850-space parking ramp constructed at a cost of \$14.8 million. The ramp serves the Hilton Hotel, the adjacent Frontier Airlines Center, and provides additional public parking to the entire area. The TID also funded pedestrian-oriented streetscape improvements around the entire block at a cost of \$525,000.

This is a “pay-as-you-go” District. All funds, including those for the City’s share of the expenses, were advanced by the Marcus Corporation, the owner of the Hilton. The City’s share will be repaid to Marcus with interest, but only in the amount of actual incremental revenue generated in the district annually. The city’s payment ends no later than 2015, whether or not Marcus has recovered all costs. The continuing decline in incremental value and revenue underscores the benefits of this type of TID – in that the developer, not the City, assumes the risk of declining property values.

District incremental values have changed as follows:

| Year | Incremental Value | Change |
|-------------|--------------------------|---------------|
| 2010 | \$ 16,429,100 | -23% |
| 2009 | \$ 21,405,800 | -32% |
| 2008 | \$ 31,258,600 | 18% |
| 2007 | \$ 26,480,800 | 3% |
| 2006 | \$ 25,615,500 | 15% |
| 2005 | \$ 22,233,600 | 16% |
| 2004 | \$ 19,225,800 | 21% |
| 2003 | \$ 15,908,900 | 5% |
| 2002 | \$ 15,192,700 | |

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Expenditures - Life to Date (as of 12/31/10)

| | Project Plan Budget | Appropriations | Encumbrances | Expenditures | Remaining |
|-------------------|--------------------------------|-----------------------|---------------------|---------------------|------------------|
| Grants/Increments | \$ 5,525,000 | \$ 4,707,249 | \$ - | \$ 4,707,249 | \$ - |
| Administration | 100,000 | 30,000 | - | 17,983 | 12,017 |
| Total | \$ 5,625,000 | \$ 4,737,249 | \$ - | \$ 4,725,232 | \$ 12,017 |

The Developer has advanced all project costs. Thus far, the City has repaid the amount shown above. Interest also accrues on the funds advanced by the Developer.

Revenue/Value Performance (as of 12/31/2010)

| | Projected | Actual |
|-------------------|------------------|---------------|
| Property value | \$ 70,657,619 | \$ 40,292,500 |
| Incremental value | \$ 48,098,119 | \$ 16,429,100 |
| Incremental taxes | \$ 11,034,505 | 5,177,460 |

Is the project within budget? Yes No If no, explain:

Is the project on schedule? Yes No If no, explain:

Identify any significant concerns that might affect budget or schedule of this project in the future: Values continue to decline, but developer absorbs the risk with this type of TID structure.