

Expansion Financing



ANAHEIM
CONVENTION
CENTER

A N A H E I M C O N V E N T I O N C E N T E R E X P A N S I O N

Background

- Anaheim Tourism Improvement District (ATID) formed in September 2010
- District hoteliers agreed to self-assess 2% of room rate
 - Pays for marketing and promotions
 - Contributes to transportation
- City committed to rapid expansion of ACC
- City no longer pays the Anaheim/OC VCB
 - \$6 million in 2010
 - Estimated total of \$450 million by 2046

☉ Checklist to Proceed

- Do we see a return on our Resort investments?
- Does the expansion create a net benefit?
- Can we afford it?
- Does this benefit the entire community?

Yes	No

Do We See a Return on our Resort Investments?

- Resort generates 50% of General Fund taxes
- Pays for lease payment obligations mainly related to the Resort
- Remainder available to provide General Fund services

(Amounts in millions)	2015
Resort Taxes Revenues	\$129.8
1997 Resort Improvements Lease Payments	(45.4)
Other General Fund Lease Payments	(16.9)
Marketing & Promotions	-
Net Resort Taxes	\$ 67.5

Does this Expansion Create a Net Benefit?

- Independent market analysis performed
- Keeps the revenue that we depend on today to provide core services
- Net results provide additional resources for services

(Amounts in millions)	Total Over 30 Years
Incremental Revenue and Recovery of Lost Revenue	\$ 545.0
Lease Payments for Expansion	(417.7)
Economic Benefit	127.3
Avoided Marketing & Promotion Costs*	450.0
Total City Benefit	\$ 577.3


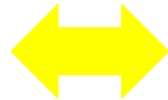



*Formerly paid to the Anaheim V&CB, now generated by hoteliers in the Anaheim Tourism Investment District (ATID).

Can We Afford It?

- Refinance \$53 million in existing lease obligations
- Obtain construction proceeds
- Maintain General Fund lease payments at or below today's level

(Amounts in millions)	Before Expansion	After Expansion
1997 Resort Improvements Lease Payments	Formula related to revenues	Formula related to revenues
Other General Fund Lease Payments	\$16.9	\$14.9

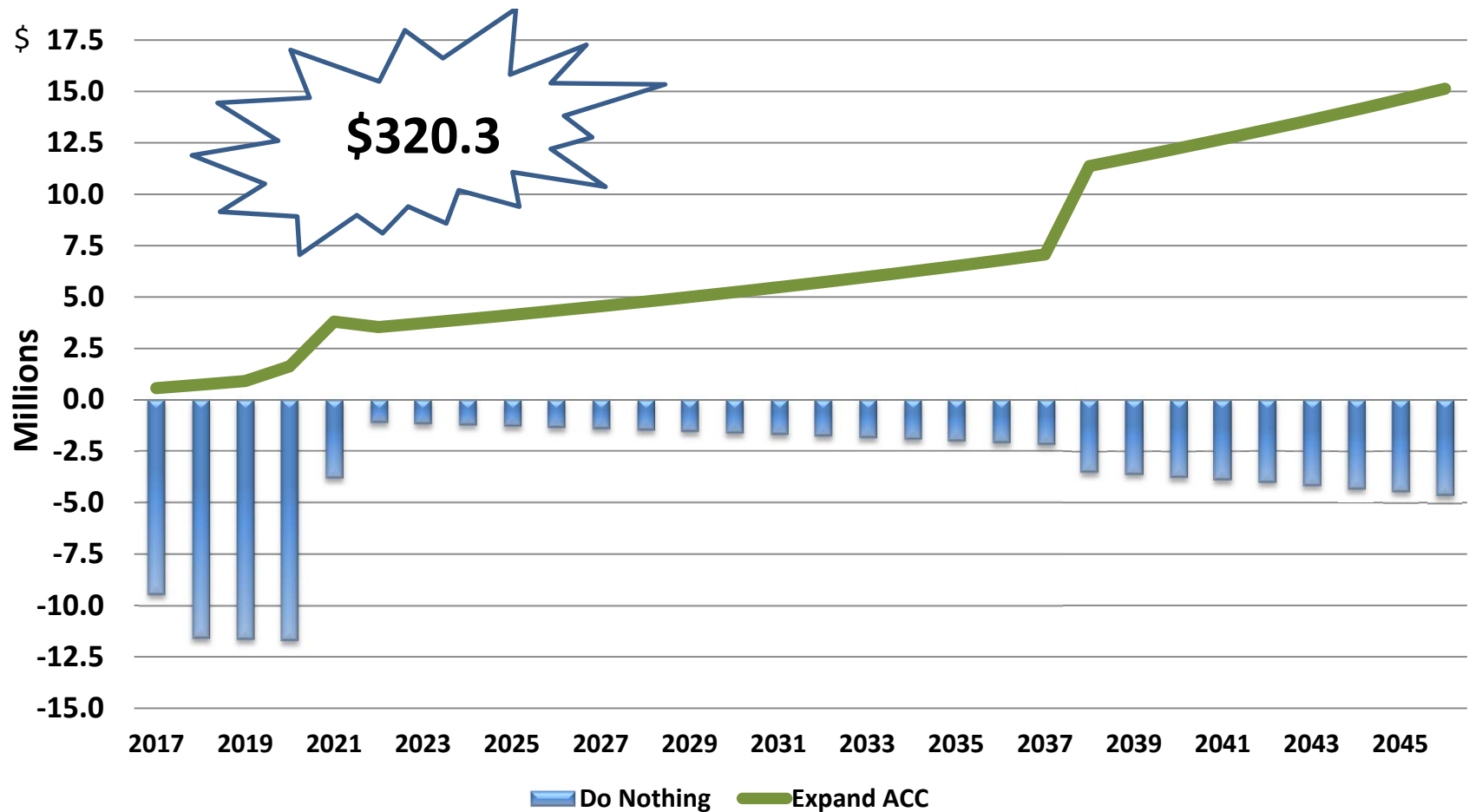
What Happens if We Don't Expand?

Estimated Year 15 (Amounts in millions)	Expand	Do Nothing	
Resort Taxes	\$ 203.9	\$ 186.5	
1997 Resort Improvements Lease Payments	(73.2)	(69.0)	
Other General Fund Lease Payments	(14.9)	(2.9)	
Marketing & Promotions*	-	(6.0)	
Net Resort Taxes	\$ 115.8	\$ 108.6	

**Conservatively assumed at 2010 level.*



What Happens if We Don't Expand?



Expanding is Better than Doing Nothing

Net impacts to the General Fund:





- \$115 million better off over the 15-year period
- \$320 million better off over the 30-year period

⦿ — Risks to the General Fund

- Increased revenues may not be as anticipated
- Delay in expansion will likely result in:
 - Increased construction costs
 - Increased interest rates
- Not expanding will likely result in decreased Convention Center and General Fund revenues in the near future
- There is risk with action and inaction

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