

EXECUTIVE SUMMARY

POCONO CBK TAX INCREMENT FINANCING DISTRICT

MONROE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

Project Description The proposed project is located on 25 acres that was formerly part of the Camelback Resort.

The development is scheduled to have 453 guest rooms, restaurants and other facilities within a 442,285 Square Foot Building. An indoor water park will add another 133,932 SF to the development. Parking for approximately 639 vehicles is proposed. Construction of the Project is expected to require a 20 month period. Employment at the completed resort is expected to generate 943 full time and part time jobs.

Request for TIF Financing The Developer is CBK Lodge, LP. The owners of CBK Lodge, LP are Arthur Berry and Ken Ellis. The Developers have requested the three taxing bodies to allocate 100% of the increased real estate taxes to fund the Authority's TIF debt for this Project. The Developer will provide a guaranty of the Authority's TIF debt as a credit enhancement for the Authority's TIF bonds.

The Developer's total development budget, including funds required to pay for part of the PennDOT improvements to exits 298 and 299 of I-80 as well as on State Route 715, is \$144,995,674. Included in this total budget are other off-site costs of approximately \$4,000,000. Off site costs include extension of water and sewers, road improvements and extension of electrical services. Furniture Fixtures and Equipment Costs are approximately \$12,365,000. The Project has received a State grant of \$3,000,000.

Proposed bond underwriter and structure of Authority's TIF bonds

The proposed bond underwriter is M & T Bank Capital Markets Group. M & T has provided the following guidance on the structure of the Authority's proposed TIF bonds for this TIF District:

- One year of a debt reserve account must be established at bond closing
- Capitalized Interest will be required for six months beyond completion of construction for a total of 26 months
- A debt coverage ratio is to be established at 1.20 times the annual TIF debt payment. Tax increments will have to exceed 20% of the Authority's TIF debt payments.

- The TIF bonds will have a taxable interest rate due to the use of funds and other factors. M & T has advised the Authority to use a 7% interest rate in the development of the TIF Plan.
- The proposed term of the TIF District will be 20 years.
- The estimated amount to be borrowed is \$13,100,000

Tax Increment Base The present assessed value of the property is \$53,860. The taxing bodies will continue to receive the taxes on this assessment during the term of the TIF District. The taxing bodies will receive the following real estate taxes before any allocation of tax increments to the Industrial Development Authority:

- Township-\$975
- County-\$1,122
- School District-\$7,668

Calculation of the Tax Increment The County Assessor has estimated the assessed value of the Project at completion of construction with an assessed value of \$8,587,800. Based on this information, the tax increment is estimated as follows:

Assessed value at completion	\$8,587,800
Less tax increment base (assessment)	<u>\$- 53,860</u>
Net tax increment	\$8,533,940

The real estate taxes generated by the tax increment of \$8,533,940 are estimated at \$1,547,120 after applying the 2% discount. \$1,547,120 is the amount the Authority is estimated to have by year three of the TIF District for payment of the Authority's TIF Debt. The debt coverage funds in excess of debt payments will be held by a Bank Trustee and could eventually be used to prepay the TIF bonds and terminate the TIF District before the 20 year term of this TIF District.

Tax Increment Allocation to the Authority by Public Body

The funding allocations for this tax increment financing are listed as follows:

County	11.5%
School District	78.5%
Township	10.0%

Use of TIF bond proceeds The allocation of the \$13,100,000 bond amount is listed below:

- \$1,300,000 for the debt reserve fund
- \$1,987,000 for 26 months of capitalized interest
- \$850,000 for bond underwriter fees and cost of issuance

\$8,963,000 for Project uses.

The \$8,963,000 for Project uses will be allocated to three activities. These are the \$750,000 payment for the PennDOT funding requirements listed above, partial funding of the off-site costs and partial funding of furniture, fixtures and equipment as determined by M & T Bank.

School District and County Participation On May 15, the Pocono Mountain School District and the Board of County Commissioners approved resolutions to participate in this tax increment financing district by allocating 100% of the tax increment to the Industrial Development Authority.

Other taxes for Township

In addition to receiving the tax increment base of \$975 per year over the life of the TIF District, the Local Services tax generated by the Project is estimated at \$40,000 per year beginning in year 3 of the Project. By year 3, the earned income tax is expected to generate \$9,929 and over twenty years the total income from the Earned Income Tax is projected at \$187,905