



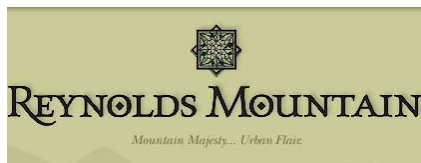
TIF Case Studies and Lessons Learned

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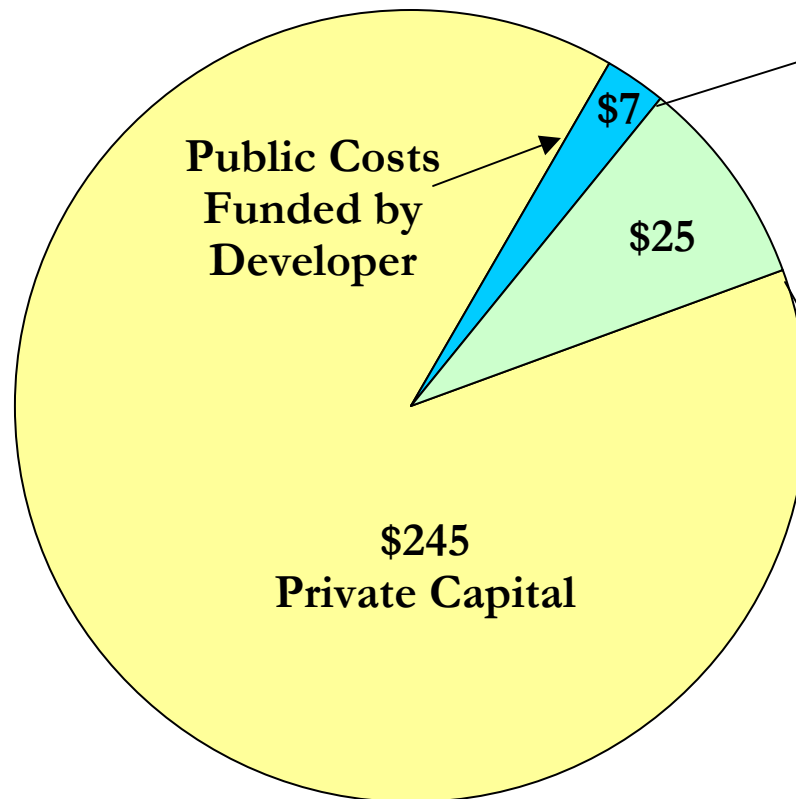
North Carolina TIF Case Study: Woodfin Town Center Redevelopment

- A.G. Edwards is currently engaged as **Underwriter** to the **Woodfin Town Center Redevelopment Project First Phase TIF**
 - ❑ Project Location: Town of Woodfin (*4 miles North of Asheville*)
 - ❑ Financing Issued Through: Buncombe County
 - ❑ Developer: Reynolds Mountain / Cherokee Investment Partners
- The overall project encompasses (*preliminary*):
 - ❑ 551 single and multi-family units
 - ❑ 120,000 sq. ft. village shops
 - ❑ 89,600 sq. ft. retail space
 - ❑ 22,400 sq. ft. restaurants
 - ❑ 49,800 sq. ft. business
 - ❑ 10,000 sq. ft. professional/civic center
 - ❑ 210,000 sq. ft. municipal parking
- Public infrastructure improvements:
 - ❑ Public roadways and sidewalks
 - ❑ Municipal parking
 - ❑ Water/sewer
 - ❑ Greenscape and pedestrian walkways
- Financing plan calls for approximately **\$8mm in TIF financing every two/three years** (2007, 2010, 2013) to complete the three phase development. Total project development will be approximately \$277 million.



Public Economic Redevelopment Financing (in \$ Millions)

Source of Development Funding



Total Financing: \$277 Million

Public Redevelopment Financing

Storm Water	\$7
Public Streets	\$5
Water	\$3
Sewer	\$3
Parking Areas	\$3
Streetscape Features	\$3
Walkways	\$1

Primary TIF Development Documents

■ Minimum Assessment Agreement

- Developer Agrees To Pay Minimum Assessment On District Property Equal To 1.0x / 1.2x Debt Service Coverage
- Excess Valuation Is Retained and Netted Against Future Minimum Assessment Calculations
- Agreement Includes Transfer To Subsequent Property Owners

■ Development, Acquisition, and Financing Agreement

- Governs Development Of Project Budget and Construction Documents
- Outlines Starting Conditions Which Must Be Met To Initialize Each Tranche Of Public Financing (i.e. Assessment Is Enough To Pay Debt Service)
- Governs Terms Of Acquisition / Transfer of Public Projects To Town or County

■ Development Financing Plan

- Complete Description of Proposed Development (Public And Private)
- Outlines Cost of Project And Sources And Uses of Funds

■ Interlocal Agreement Between Town and County

- Town Transfer Responsibility of Financing To County

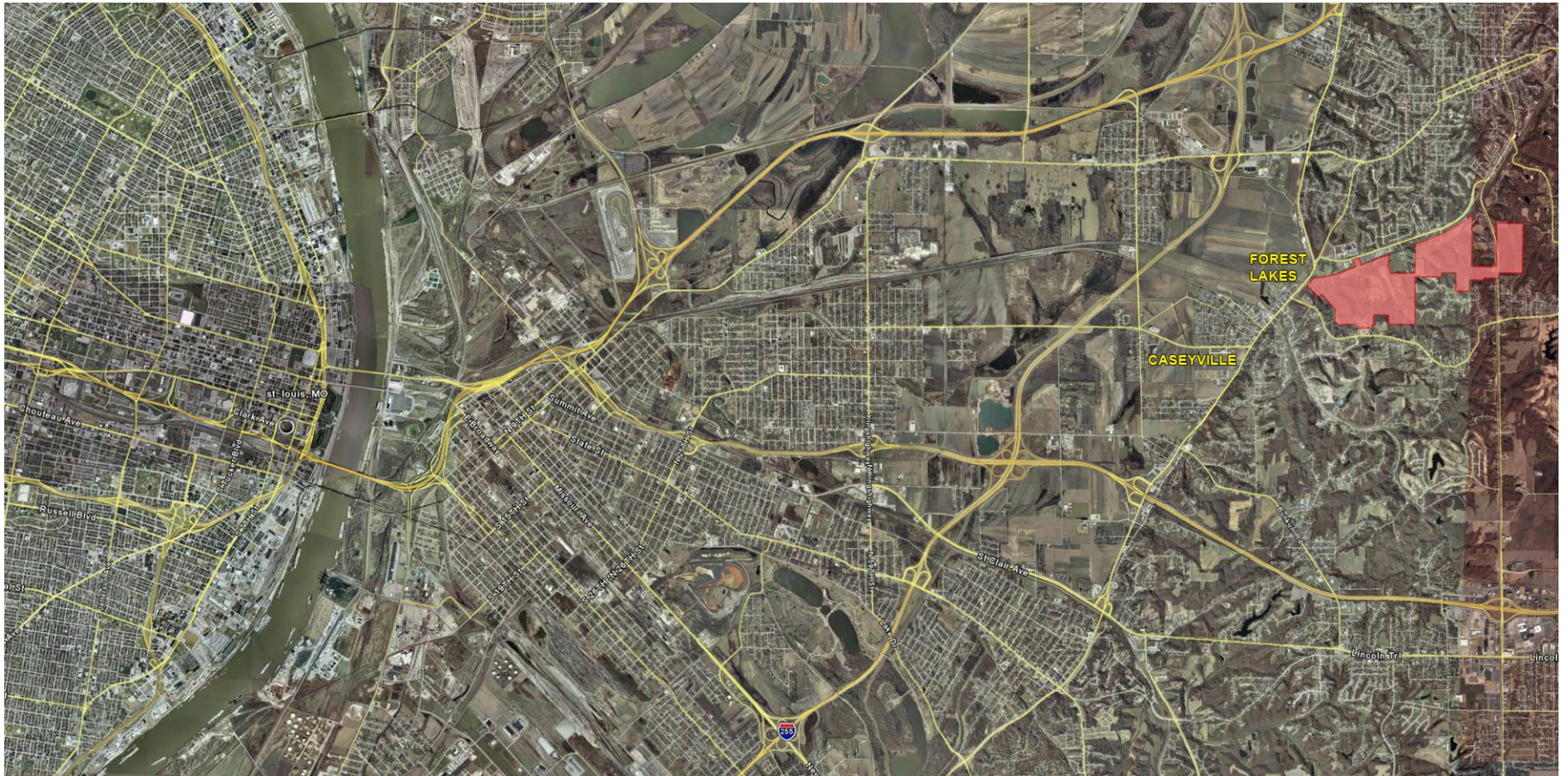
Key Takeaways

- Development Project Characteristics
 - ❑ Long Lead Times
 - ❑ Flexible Development and Finance Planning
 - ❑ Multi-phase Development Financing Plan

- Minimum Assessment Agreement
 - ❑ Protects Bondholders In The Event Of An Increment Shortfall
 - ❑ Increased Market Comfort
 - ❑ Increased Layoff of Liability To Developer Rather Than Municipalities

- Starting Conditions for TIF Funding
 - ❑ Outlines Specific Requirements for Funding Bonds
 - ❑ Additional Protection To Issuer and Bondholder

Forest Lakes – Caseyville, Illinois



Forest Lakes – Caseyville, Illinois

BACKGROUND – Caseyville, Illinois

- Small city in metro setting
- Working-class suburban community in the IL portion of the St. Louis metropolitan area
- Village desired an image change and more housing product that brings new families to the community

Forest Lakes – Caseyville, Illinois

BACKGROUND

- Located at the edge of a higher-end housing market, but the community's perceived image is not "higher end"
- Lack of professional staff in-house
- Based on a proposal by a developer, the City put a TIF in place

Forest Lakes – Caseyville, Illinois

BACKGROUND

- Proposal was for a “golf course” residential development
- Golf course market already saturated
- But, inadequate upfront planning and lack of due diligence

Forest Lakes – Caseyville, Illinois



Forest Lakes – Caseyville, Illinois

PROJECT DESCRIPTION

- Beautiful site (500+ acres), great access, ability to offer views and amenities, retail commercial potential on one side
- Located 13 miles from Downtown St. Louis
- Site topography is both an asset and a liability

Forest Lakes – Caseyville, Illinois



Forest Lakes – Caseyville, Illinois

PROJECT CHALLENGES

- Site-related (land assembly, the potential need for eminent domain, environmental issues, topography, lack of infrastructure)
- Loss of time on the TIF clock

The Outcome

- The project failed to be built
- The Village terminated the developer's redevelopment rights
- Through word of mouth, another residential/golf course developer approached the Village
- Thanks to their expertise, the new developer quickly determined that the site was not meant to be a golf course
- (5 years had passed!)

Forest Lakes – Caseyville, Illinois



Forest Lakes – Caseyville, Illinois



**Will there be
children living
in the new
homes?**

How to compensate the school district?

- Per statutes statutory 25% pass-through for net new students; or
- Alternative proposal

Forest Lakes – Caseyville, Illinois

LESSONS LEARNED

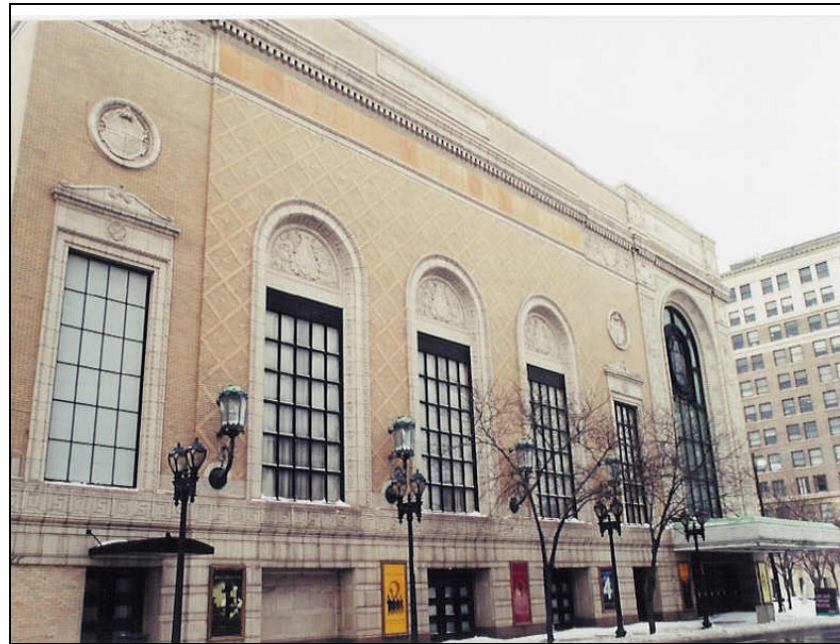
- Using TIF for residential development is controversial (i.e. school district, library district, etc.)
- The project “but for” must be clear and demonstrable
- Look for ways to provide for or increase sharing of incremental revenues between the project and the taxing districts

Forest Lakes – Caseyville, Illinois

LESSONS LEARNED

- Bring your own financial, planning and legal advisors into the process early
- Whether it's the city's vision or that of a developer, be sure the project concept is real
- Is there a demonstrated market for the project (is there a reliable market analysis)?
- Developer experience and financial capabilities must be real (City: don't be shy about asking for data that demonstrates the financial history of firm)
- Can the developer get financing?

Grand Center: The Arts and Entertainment District of St. Louis



Grand Center – Saint Louis, Missouri

BACKGROUND

- Multiple major and minor projects in the works provided a potential engine for TIF revenues to:
 - close financing gaps
 - acquire land
 - demolish or rehab buildings
 - to build needed infrastructure (i.e. parking)

Grand Center – Saint Louis, Missouri



Grand Center – Saint Louis, Missouri

BACKGROUND

- Concept followed Chicago TIF model i.e.
 - capture revenue engines
 - create larger districts that encompass a range of related goals and objectives
 - basis formed in up-front strategic planning
 - Local officials taken to Chicago for tours of TIF successes

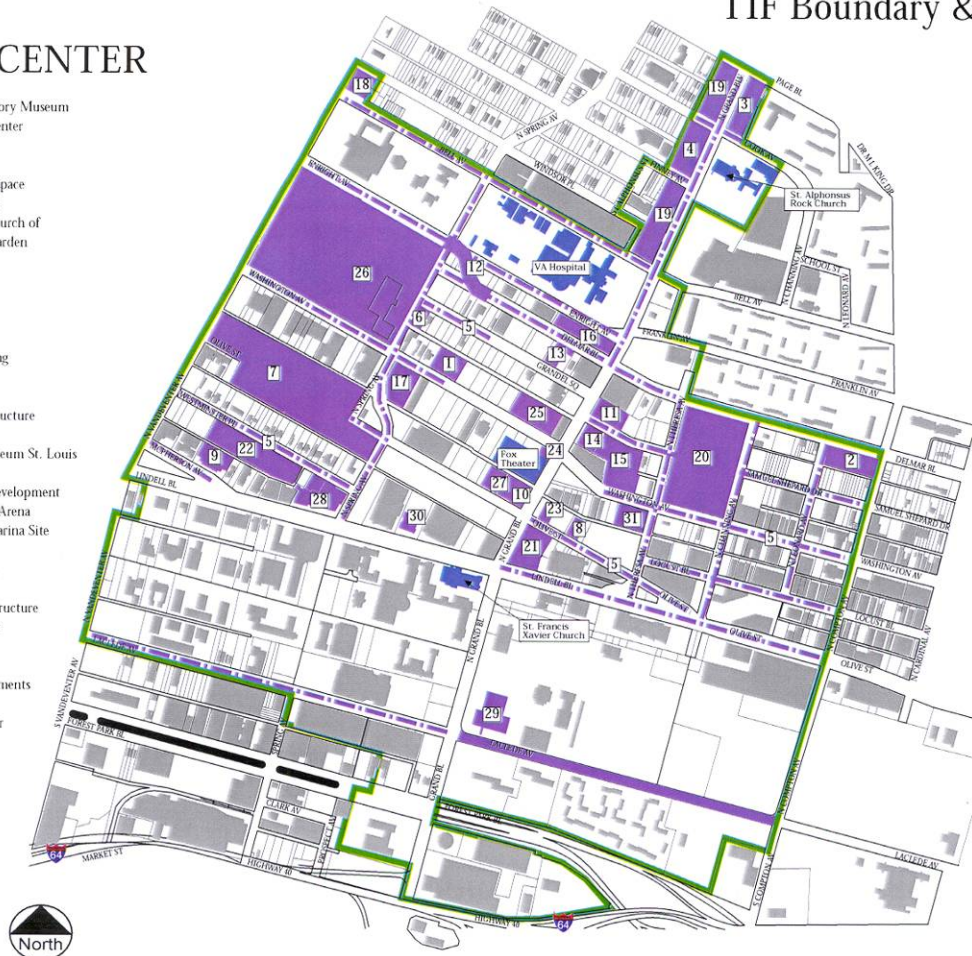
Grand Center – Saint Louis, Missouri

GRAND CENTER

1. African American History Museum
im's Kids Daycare Center
harmaine Chapman
Community Center
4. Covenant Plaza Greenspace
5. District Improvements
6. National Memorial Church of
God in Christ urban garden
7. Olive West Housing
8. Medinah Temple
9. Moolah Temple
10. Woolworth Building
11. Symphony Plaza
12. Delmar Street re-routing
13. Sun Theater
14. 634 North Grand
15. Grand East Parking Structure
16. VA Parking Structure
17. Contemporary Art Museum St. Louis
18. Village Academy
19. North Grand Retail Development
20. Saint Louis University Arena
21. St. Louis University Marina Site
22. Moolah Garage
23. Metropolitan Building
24. Humboldt Building
25. Grand West Parking Structure
26. Cardinal Ritter College
Prep High School
Continental Building
oronado Hotel Apartments
Saint Louis University
Busch Memorial Center
30. Saint Louis University
Museum of Art
31. Circus/ Flexible
Performance Space

TIF Boundary & Projects

- KEY:
- TIF Boundary
 - TIF Projects
 - - - TIF Streetscape



Grand Center – Saint Louis, Missouri

PROJECT DESCRIPTION

- Certain major projects (i.e. SLU Arena) and the University were likely to be major generators of other development
- Ability to use a variety of tax increment sources (including sales tax) under the Missouri TIF Act was a plus (and needed)

Grand Center – Saint Louis, Missouri

PROJECT DESCRIPTION

- Not-for-profit (Grand Center Redevelopment Corporation) acts as “master” developer controlling money and financing
- TIF (via incentives and eminent domain) provided a vehicle to ensure a master planned approach to development in the area

Grand Center – Saint Louis, Missouri

LESSONS LEARNED

- Education and comparison with projects in other cities is useful (maybe critical)
- Find similar examples and then visit that city and the TIF project area, meet with the TIF “creators” (City staff, developers, elected officials, etc.)
- Learn from their successes and mistakes