



**Tax Increment
Financing Practice
and Policy
Seminar**

**Tuesday, July 24,
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**Marquette
University**

Laura Mirkin Radcliff
Managing Director – Public Finance
A.G. Edwards
Phone: 314.955.4201
laura.radcliff@agedwards.com



Grand Center – Saint Louis, Missouri

BACKGROUND

- Mid-Town Arts and Education District located in the heart of the City
- 25-year struggle to capitalize on the location of major arts venues, a major Catholic university, and two hospital complexes
- Competition for City and business community funds meant that badly needed redevelopment was occurring via the “Chinese Water Torture” method

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BACKGROUND (CONT'D)

- 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)

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BACKGROUND (CONT'D)

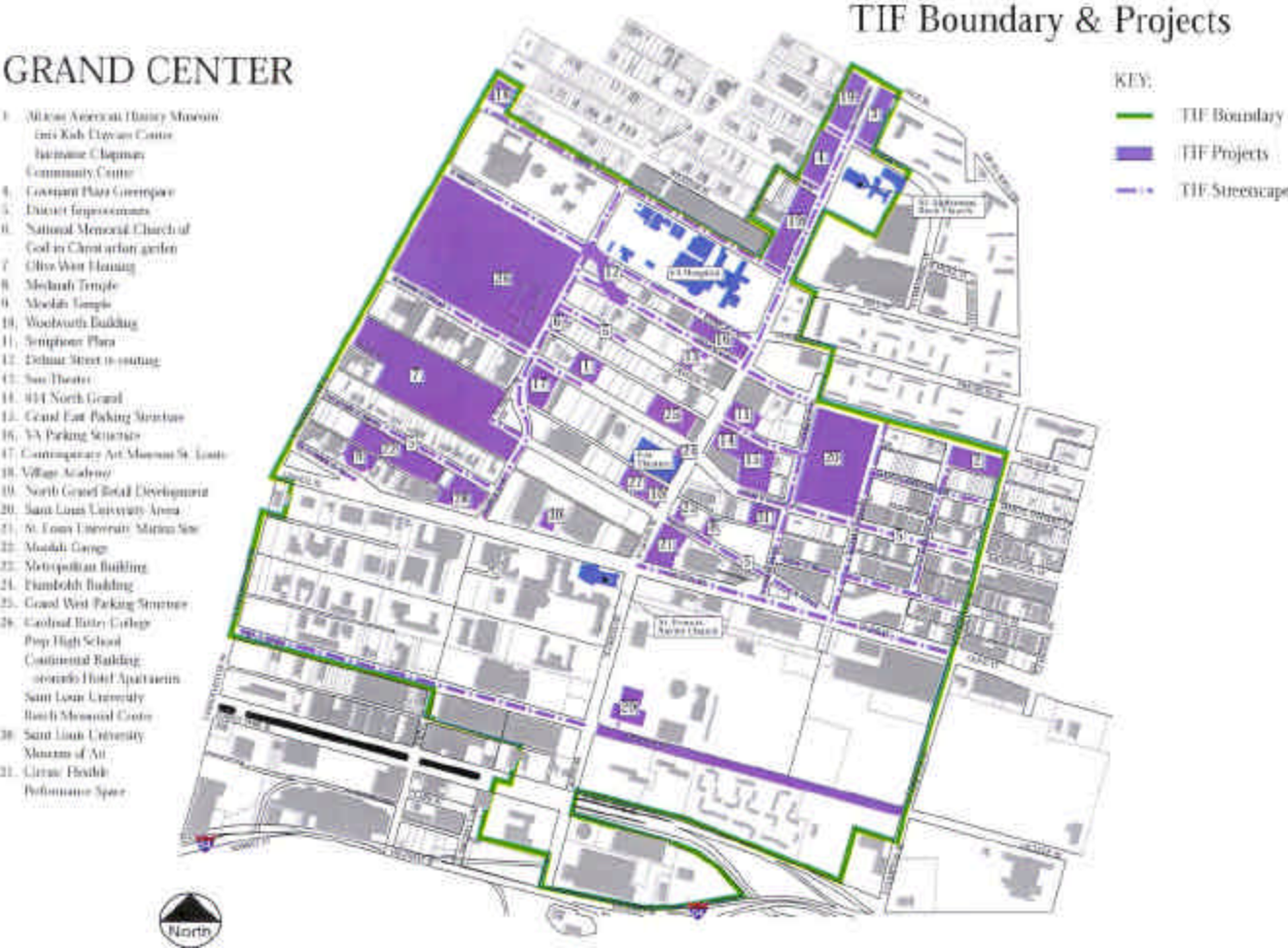
- Concept followed Chicago TIF model i.e.
 - capture revenue engines
 - create larger districts that encompass a range of related goals and objectives
 - basis formed in up-front strategic planning

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PROJECT DESCRIPTION

- Large area covering approximately 300 acres and more than 700 parcels
- Numerous projects in the “pipeline” but nearly all were receiving some level of public support (primarily property tax abatement) which could consume a significant part of generated increment (generated from real estate taxes)

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- 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 under the Missouri TIF Act , including property taxes, sales taxes, earnings taxes and utility taxes, was a plus (and needed)
- Not-for-profit (Grand Center Redevelopment Corporation) acts as “master” developer controlling money and financing

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- Need for eminent domain likely (in fact was used and was highly publicized (or rather mischaracterized) in the media)
- TIF (via incentives and eminent domain) provided a vehicle to ensure a master planned approach to development in the area

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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

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LESSONS LEARNED (CONT'D)

- Be prepared to show the results and the process and rationale of implementation that was followed
- Make sure that your program rationale, plan, and financing house is conceptually in order before you formally launch the process
- Know who your opponents are likely to be and choose your battles carefully

Case Study: Paramount Theater Renovation, Aurora, Illinois

\$5,705,000

City of Aurora

**Kane, DuPage, Kendall
and Will Counties, Illinois
Tax Increment Revenue Bonds
Series 2005**



Map: Downtown Aurora and Paramount Theater



Redevelopment Project

Redevelopment Project

- ❑ Expansion and improvement of the Paramount Arts Centre, an historic performing arts center, and to pay costs of issuance of the Series 2005 Bonds.



Paramount Arts Centre History and Expansion Project

- ❑ The art deco/Venetian style Paramount opened September 3, 1931 at a construction cost of approximately \$1 million. It became Paramount Pictures' prototype design for movie palaces throughout the country.
- ❑ Restored in 1976.
- ❑ The Paramount expansion project includes the construction of elevators to the mezzanine, expanded restroom facilities, main stage support space such as dressing rooms, rehearsal space, a new box office, a gift shop and the addition of a lobby which will serve as a flexible space to be used for banquet and convention purposes.



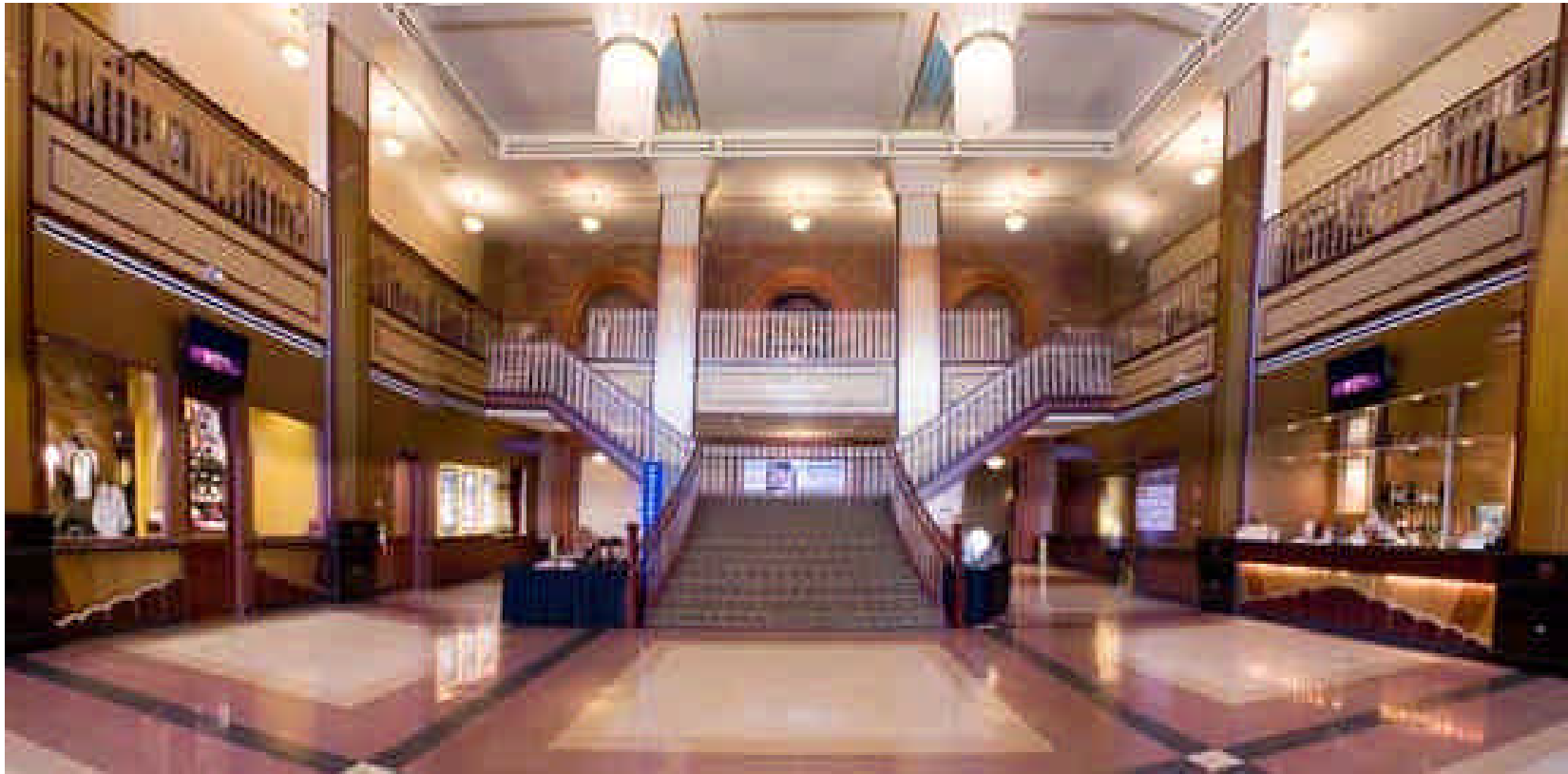
Revenues Supporting the Bonds

“Incremental Property Taxes” - ad valorem taxes attributable to the increase in the equalized assessed valuation

“Incremental Sales Taxes” - City’s portion of the State’s 6.25% retailers’ occupation tax and service occupation tax collected from within the Redevelopment Project Area

“Pledged Revenues” - certain admissions tax and wagering tax receipts received from gaming operations conducted in the City, in an amount equal to 35.71% of the principal and interest on the Series 2005 Bonds, pledged by the City pursuant to the Bond Ordinance.

A Paramount Success!



Case Study: Federal Reserve Bank/Maincor Kansas City, Missouri

\$15,040,000*

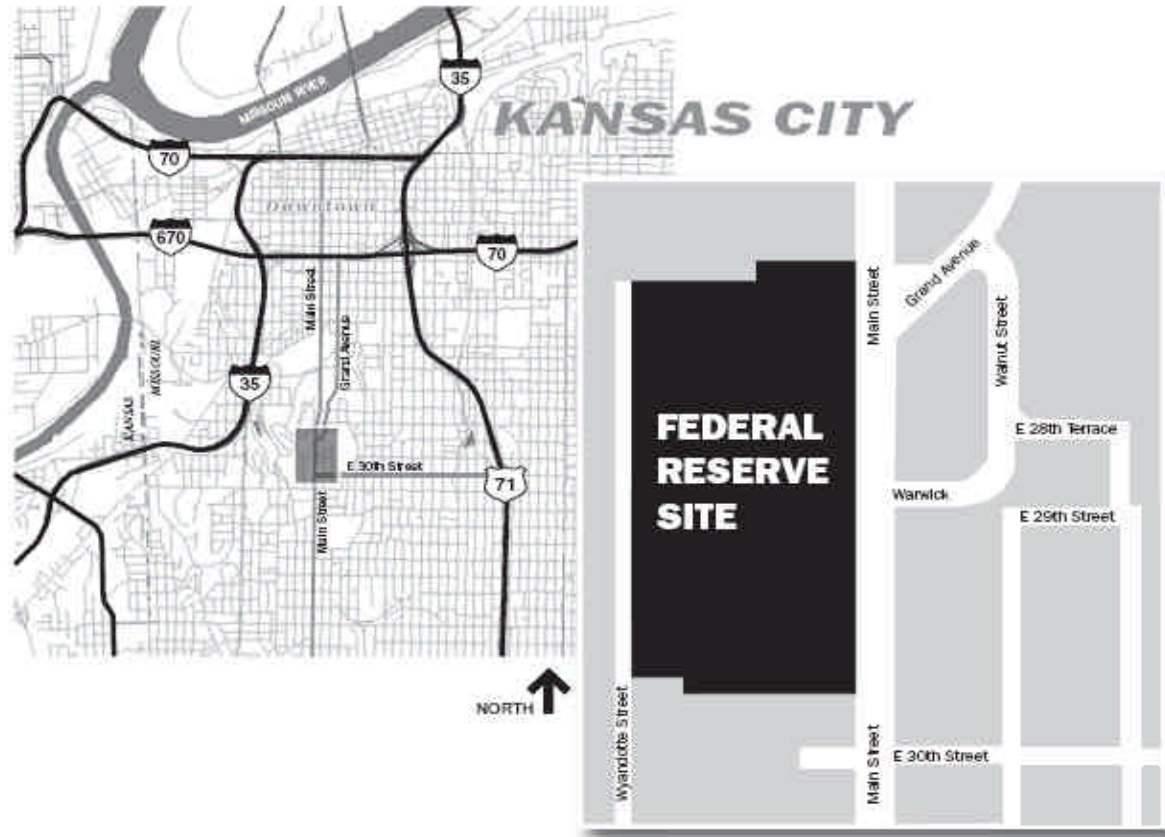
**Tax Increment Financing
Commission of the City of
Kansas City, Missouri**

**Series 2007 A (Maincor
Projects)**

* Preliminary,
subject to change



Project Area and Benefit Area



From the amended TIF plan:

- *...to improve the identity and amenities of the Main Street Corridor in several aspects, including improving the public parks to become a neighborhood amenity for the area. This will increase their public utilization and attraction to the neighborhoods and businesses within the area surrounding the TIF Benefit area, with the result that the neighborhoods and business locations along the Main Street Corridor will become more attractive to new residents and businesses.*

Beneficiary Projects

- ❑ Identified Public Infrastructure Improvements and Blight Remediation
- ❑ Identified assistance to the Blue Hills/Ivanhoe housing program
- ❑ Specific beneficiary projects include:
 - Façade Improvement Program
 - Park improvements (skate park, softball field improvements)
 - Street lights
 - Sidewalk repairs

Additional information:



Laura Radcliff
Managing Director – Investment
Banking
A.G. Edwards
One North Jefferson
St. Louis, MO 63103
314-955-4201 - phone
314-955-5606 - fax
Laura.radcliff@agedwards.com