

Welcome

CDFA Tax Increment Finance Coalition Webcast Series: How to Use TIF in a Struggling Economy

The Broadcast will begin at 1:00pm (EDT).



Tax Increment Finance Coalition *WEBCAST SERIES*

in partnership with  **STONE &
YOUNGBERG**

How to Use TIF in a Struggling Economy

Katie Kramer

Director, Education & Programs

Council of Development Finance Agencies

Columbus, OH



Tax Increment Finance Coalition WEBCAST SERIES

in partnership with  **STONE & YOUNGBERG**

Welcome

CDFA - Tax Increment Finance Coalition Webcast Series: How to Use TIF in a Struggling Economy

This Webcast is a listen-only event. Please make sure your computer speakers are turned on to hear the presentation.

You can also listen by telephone using the instructions provided in the email from GoToWebinar.

To ask a question, type your question into the Question box in the GoToWebinar control panel. The moderator will field your question to the appropriate panelist.

CDFA is recording this Webcast, and it will be available to view online at www.cdfa.net.



Tax Increment Finance Coalition *WEBCAST SERIES*

in partnership with  **STONE &
YOUNGBERG**

25th Annual Development Finance Summit

Advancing Development Finance Knowledge, Networks & Innovation



May 9-12, 2011
Boston Park Plaza Hotel & Towers



Hosted By
MASSDEVELOPMENT
Build. Create. Innovate.



How to Use TIF in a Struggling Economy

Speakers

Ken Powell

Stone & Youngberg

Laura Radcliff

Stifel Nicolaus & Co.

Steve Heaney

Stone & Youngberg



Tax Increment Finance Coalition *WEBCAST SERIES*

in partnership with



STONE &
YOUNGBERG

How to Use TIF in a Struggling Economy

Ken Powell

**Managing Director
Stone & Youngberg LLC
Richmond, VA**



Tax Increment Finance Coalition
WEBCAST SERIES

in partnership with



**STONE &
YOUNGBERG**

Issue: How to retain (and expand) existing commercial tax base?

Peninsula Town Center (Hampton, VA) - September 2007

Bond Issue:	\$92,850,000 Peninsula Town Center Community Development Authority Special Obligation Bonds, Series 2007
Location:	Hampton, VA - Southeast Virginia, near Norfolk, located off I-64
Development:	1,154,000 square feet mixed-use development Anchored by J.C. Penney, Macy's, and likely Target Also, restaurants, office, specialty stores and residential 2,250 parking spaces
Developers:	Mall Properties, Inc. and Steiner + Associates
Use of Proceeds:	Public infrastructure improvements including roads, water and wastewater improvements, landscaping, parking structure, sidewalks, parks and acquisition of land.
Primary Security:	Incremental tax revenues (including real property, sales, meals and amusement taxes), special retail assessment, special property tax and back-up special assessment
Special Features:	<ul style="list-style-type: none">▪ Saved City of Hampton's largest taxpayer.▪ Largest non-rated special district financing in Virginia.▪ First special retail assessment (sales tax within district) in Virginia.▪ Unique blend of pledged revenues.

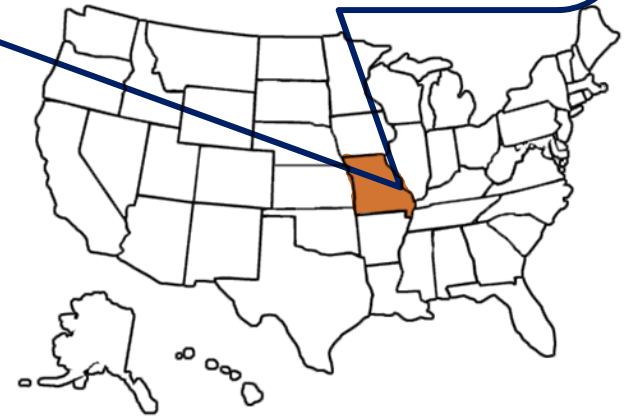
Peninsula Town Center (Hampton, VA)



How to Use TIF in a Struggling Economy

Laura Radcliff

**Senior Vice President
Stifel Nicolaus & Company
St. Louis, MO**



Tax Increment Finance Coalition
WEBCAST SERIES

in partnership with  **STONE & YOUNGBERG**

Creatively Using TIF to Solve Problems & Capitalize on Opportunities

Laura Radcliff

Stifel Nicolaus Public Finance

RadcliffL@Stifel.com

800-230-5151

STIFEL
NICOLAUS

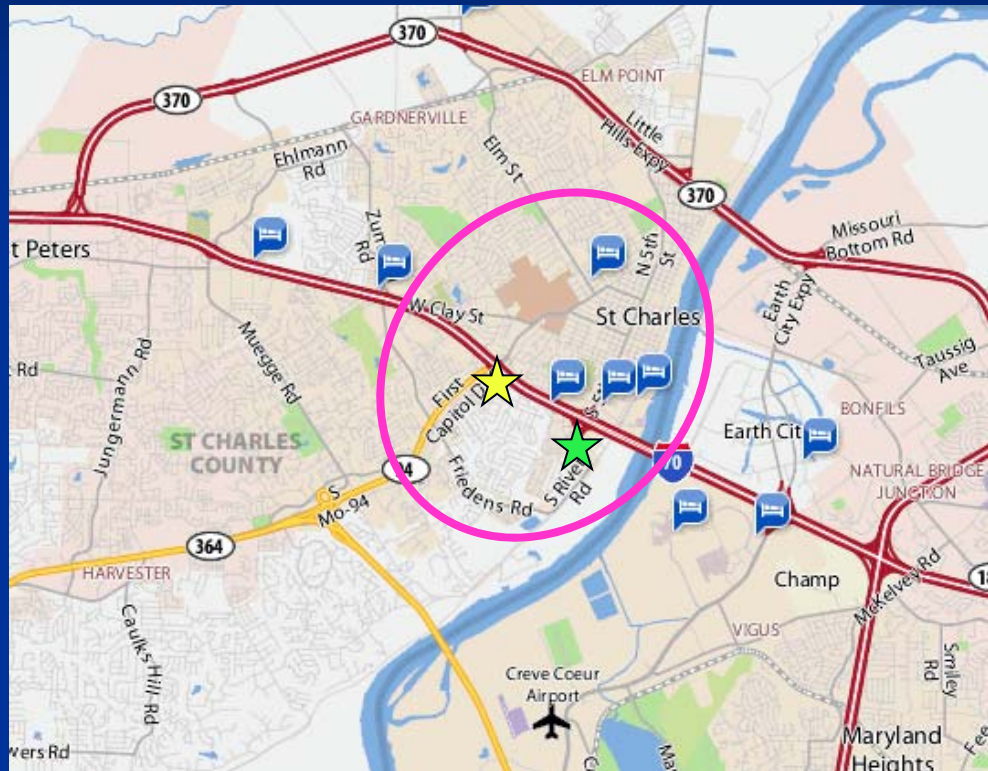


Background

- Obstacle: Site at major interchange in need of redevelopment
- Obstacle: Need for public infrastructure; costs of demolition, sitework and new street and utility pattern
- Concern: Protect the city's General Fund
- Need: Economic development catalyst
- Opportunity: Location, location, location
- Hurdle: Access to development finance capital

Background

A prominent site near the Missouri River riverfront, historic downtown St. Charles, and other local attractions



Approximately 26.8 acres located immediately south of Interstate Highway I-70 and immediately west of the extension of South Main Street and the Missouri River within the corporate limits of the City of St. Charles, Missouri

Noah's Ark Restaurant



Noah's Ark Hotel



The Passage of Time Created a Redevelopment Opportunity



Objectives

Raze existing development and install new public infrastructure. How to finance?

- Identify new revenue sources
- Leverage developer and development project
- Build in layers of protection
- Devise an exit strategy

Raze/Public Improvements

- Demolition
- Public streets, paving, gutters, curbs, sidewalks crosswalks
- Sanitary sewerage and drainage works
- Street lighting
- Irrigation and landscaping within public rights-of-way
- Public parking structures

Leverage Development Project



The Development Project

- Mixed-use development in “New Urbanism Theme”
- To be constructed in phases
- Ultimately will include up to:
 - 250,000 square feet of retail and restaurant space;
 - 250,000 square feet of office space;
 - 300 luxury apartment units;
 - two hotels;
 - a cinema; and
 - two parking garages with a total of more than 1,000 parking spaces.

Plan of Finance

- In connection with Development Project, establish a Tax Increment Financing (“TIF”) District: The Plaza at Noah’s Ark Redevelopment Area.
- TIF District will collect incremental property and Economic Activity Taxes (50% sales/utility).
- Such revenues will materialize only after project is constructed.

City-Backed Initial Issuance

- City issues Neighborhood Improvement District (“NID”) Bonds (limited tax GOs) to finance first phase public improvements.
- NID Bond issuance predicated upon:
 - letters of interest for at least 300,000 square feet of commercial, restaurant, retail, convenience stores, offices, hotels, movie theatres and entertainment venues within the District.
 - Prior to any subsequent issue of Project NID Bonds, Developer must provide executed private lender commitments and construction contracts for at least 196 residential units.

Solution – Part One

\$7,630,000

City of St. Charles, Missouri

Neighborhood Improvement District

Limited General Obligation Bonds

(Streets of St. Charles at Noah's Ark Project)

Series 2010A

Stifel Nicolaus, Underwriter

Finance Team: City of St. Charles, Cunningham, Vogel & Rost,
P.C., Thompson Coburn LLP, WM Financial Strategies

Community Improvement District

- Establish a Community Improvement District (“CID”) with authority to impose a **special assessment** and **collect a sales tax**, and to issue bonds.
- CID to purchase and defease Series 2010A NID Bonds on December 2016 via CID bond sale. If no bond sale, then CID Notes Purchase.

Revenue Sources

Exit strategy and protection

CID Bonds

- Will be issued in 2016 after project completion;
- Will be supported by CID sales tax and special assessments;
- Will be supported by TIF revenues.

The Developer

- The Developer is affiliated with Cullinan Companies L.L.C.
- Cullinan operates as a commercial real estate development and acquisition firm specializing in office, retail, medical, mixed use, and build-to-suit-retail/office.
- Cullinan was founded in 1988.
- Cullinan has completed projects in Normal, Illinois, Peoria, Illinois, Burleson, Texas and East Peoria, Illinois.
- Projects underway include a 625,000 square foot commercial center in Metro Pittsburgh, Pennsylvania, a 917,860 square foot development in East Peoria, Illinois, and a 1,500,000 square foot commercial center in Metro Houston, Texas.

Developer Guaranty

- A Guaranty was executed by Cullinan and its owner.
- Guaranty obliges Developer to purchase CID Notes, if issued.
- If they lack available funds to satisfy the Guaranty, Cullinan shall immediately liquidate fixed assets or other capital resources held by Cullinan and promptly provide such amounts as required to fully satisfy the Guaranty.
- The Guaranty also contains covenants to maintain tangible net worth at all times of not less than the total outstanding amounts of all Project NID Bonds.
- The Guaranty secures the obligations of the Developer to the City, and does not secure the Series 2010A Bonds.

Another layer of protection

Public Improvements are Being Installed



Private Sector Development is Being Catalyzed



**This project is within the District but is
not owned by the Developer.**

Questions?

www.cdfa.net

TIF Coalition

SEARCH ONLINE RESOURCE DATABASE

Laura Radcliff
Stifel Nicolaus Public Finance
RadcliffL@Stifel.com
800-230-5151

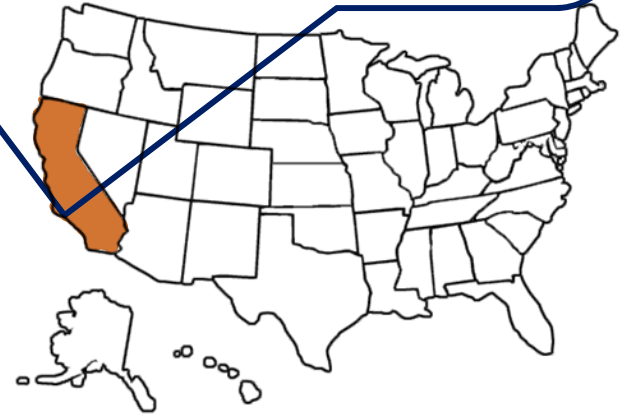
How to Use TIF in a Struggling Economy

Steve Heaney

Managing Director

Stone & Youngberg LLC

Los Angeles, CA



Tax Increment Finance Coalition *WEBCAST SERIES*

in partnership with  **STONE &
YOUNGBERG**

Issue: How to finance urban renewal? The Collections (Burbank, CA) – January 2006

Bond Issue: \$6,155,000 City of Burbank Community
Facilities District No. 2005-1, 2006
Special Tax Bonds

Location: Downtown Burbank, California

Development: The Collections Mixed-Use
Development
Phase I: 16-Plex AMC Theater, 35,000
SF retail and 250-space Parking
Phase II: 118 residential condos, 50,000
SF retail and 723-space Parking

Developers: Champion Realty, Ltd.

Use of Proceeds: Public parking structure

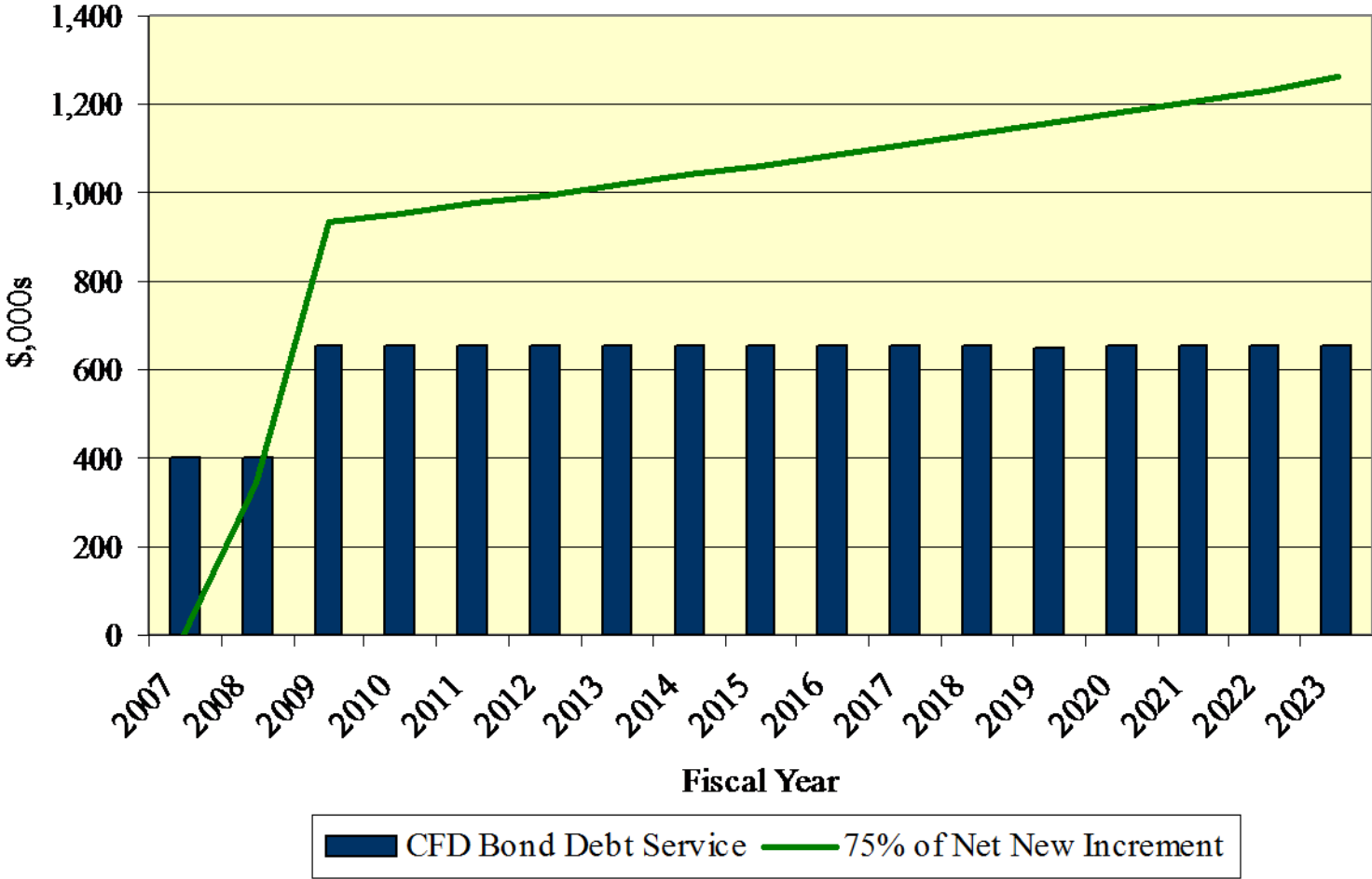
Primary Security: Up to 75% of incremental property taxes capped at bond debt service and CFD
Special Taxes on Phase II retail

Special Features:

- Alleviated critical need for additional public parking in 2-acre eyesore in the center of urban core of City
- Private investment of over \$83 million
- Portion of condos reserved for low-income
- Top 4 highest grossing AMC theater in nation



The Collections (Burbank, CA) – January 2006



How to Use TIF in a Struggling Economy

Audience Questions



Tax Increment Finance Coalition *WEBCAST SERIES*

in partnership with



STONE &
YOUNGBERG

Upcoming Events at CDFA

Advanced Tax Increment Finance WebCourse

April 5-7, 2011

Daily: 1-5pm (EDT)

Innovation Finance Course

May 9-10, 2011

Boston, MA

25th Annual Development Finance Summit

May 9-12, 2011

Boston, MA

Register online at www.cdfa.net



Tax Increment Finance Coalition WEBCAST SERIES

in partnership with  STONE & YOUNGBERG

Next Webcast

Thursday, May 11, 2011 @ 2:00pm (EDT)

Live from CDFA's 25th Annual Development Finance Summit

CDFA Tax Increment Finance Coalition Webcast Series: Offensive TIFs & Tax Districts

TIF, unlike any other local financing tool, is a catalyst for controversy and misinformation, occasionally resulting in offensive TIF and tax districts. This webcast will look at the politics and practical matters in the TIF process and explore the sound approaches that communities should take when considering this valuable financing tool.



Tax Increment Finance Coalition WEBCAST SERIES

in partnership with  **STONE &
YOUNGBERG**

Contact Information

Ken Powell

Stone & Youngberg
kpowell@syllc.com
804-727-6764

Laura Radcliff

Stifel Nicolaus & Company
radcliff@stifel.com
314-342-2153

Steve Heaney

Stone & Youngberg
sheaney@syllc.com
213-443-5001

Katie Kramer

CDFA
kkramer@cdfa.net
614-224-1316



Tax Increment Finance Coalition WEBCAST SERIES

in partnership with  STONE & YOUNGBERG