

Welcome

CDFA - Tax Increment Finance Coalition Webcast Series: The White Elephant Mall

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



Tax Increment Finance Coalition *WEBCAST SERIES*

in partnership with  **STONE &
YOUNGBERG**

The White Elephant Mall

Erin Tehan

**Legislative & Federal Affairs Coordinator
Council of Development Finance Agencies
Columbus, OH**



Tax Increment Finance Coalition
WEBCAST SERIES

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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

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YOUNGBERG

The White Elephant Mall

Ken Powell

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Richmond, VA**



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The White Elephant Mall

Keenan Rice

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Columbia, MD



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The White Elephant Mall

TIF Webcast Series

December 8, 2011

Ken Powell

Stone & Youngberg

Richmond, VA

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MuniCap

Columbia, MD



**STONE &
YOUNGBERG**

A DIVISION OF STIFEL NICOLAUS

Why White Elephant Malls? What Are They?

- **Outdated, obsolete shopping centers / malls with high vacancy rates, low consumer traffic levels, dated or deteriorating physical conditions**
- **Deterioration often begins with loss of anchor stores, socio-economic decline and/or new and larger malls opening nearby**
- **Many have closed and are sitting empty**
- **Not economically viable for owner and locality**

- **Retail has shorter life span than most types of real estate**
- **Consolidation among department stores**
- **Continued migration to outer suburbs**
- **Changes in road patterns**

Why Public Interest in Redeveloping These Malls?

- **Often represent significant source of tax revenues**
- **Generally key strategic location**
- **Property has potential for redevelopment, even if not as a mall**
- **Closed mall may be a crime magnet**
- **Often requires public initiative to stop decline and spur redevelopment**

Peninsula Town Center (Hampton, VA)

After Demolition

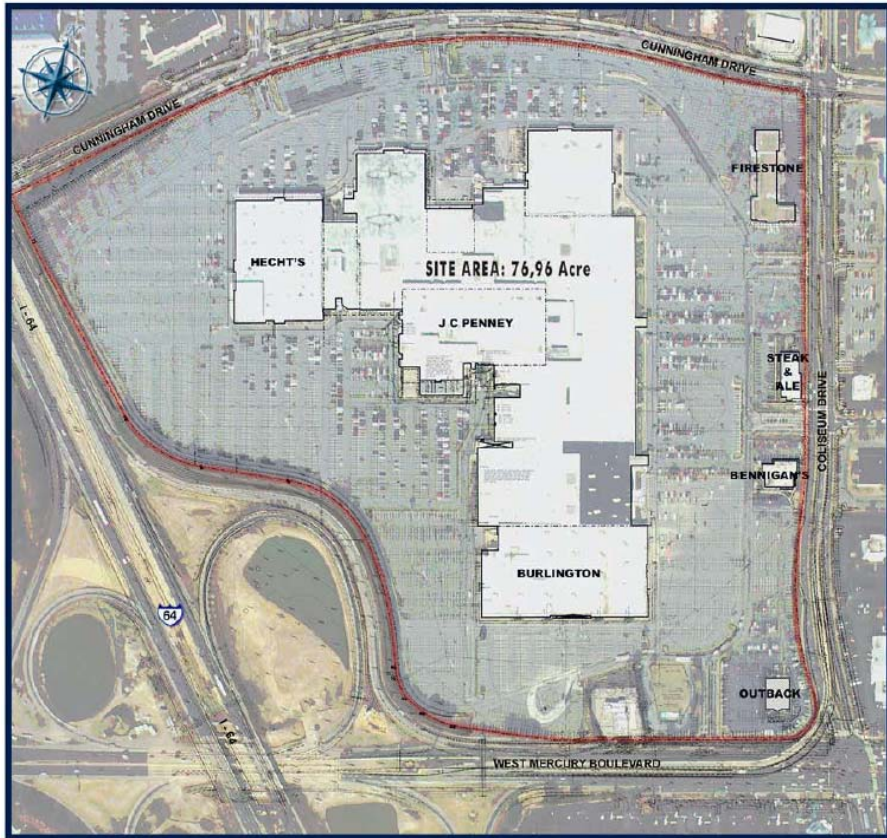


Peninsula Town Center (Hampton, VA)

After Construction



Peninsula Town Center (Hampton, VA)



LIMITED OFFERING MEMORANDUM DATED AUGUST 29, 2007

NEW ISSUE — BOOK-ENTRY ONLY

NO RATING

Assuming compliance with certain covenants and subject to the qualifications described in "TAX EXEMPTION," in the opinion of Co-Bond Counsel, under current law, interest on the Series 2007 Bonds (a) will not be included in gross income of owners of the Series 2007 Bonds for federal income tax purposes and (b) will not be treated as a specific item of tax preference in computing the federal alternative minimum for individuals and corporations. In the opinion of Co-Bond Counsel, under existing laws of the Commonwealth of Virginia, interest on the Series 2007 Bonds will be free from taxation by the Commonwealth of Virginia. A holder may also be the subject of other federal income tax consequences as described in "TAX EXEMPTION."

\$92,850,000

PENINSULA TOWN CENTER COMMUNITY DEVELOPMENT AUTHORITY
SPECIAL OBLIGATION BONDS,
SERIES 2007

Dated: Date of Delivery

Due: As shown on the inside front cover

The above-captioned bonds (the "Series 2007 Bonds"), are special obligations of the Peninsula Town Center Community Development Authority (the "Authority") payable solely from and secured by a pledge of District Taxes and Assessments (as defined herein) and certain funds held by the Trustee pursuant to the provisions of an Indenture of Trust, dated as of September 1, 2007 (the "Indenture"), between the Authority and Wells Fargo Bank, National Association, as trustee (the "Trustee"). The Series 2007 Bonds are being issued to provide funds to finance certain public infrastructure improvements within the Peninsula Town Center CDA District as described herein, to fund a debt service reserve fund, to fund capitalized interest on the Series 2007 Bonds, to fund certain administrative expenses and to pay certain costs relating to the issuance of the Series 2007 Bonds. The Series 2007 Bonds will be issued in the principal amounts, will mature on the dates, will bear interest at the rates and will be offered at the prices set forth on the inside front cover.

The Series 2007 Bonds are subject to optional redemption, extraordinary optional redemption, mandatory sinking fund redemption and special mandatory redemption as described herein.

Interest on the Series 2007 Bonds is payable on March 1 and September 1 of each year, commencing March 1, 2008. The Series 2007 Bonds are being issued in fully registered book-entry form, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Individual purchases will be in principal amounts of \$100,000 or any integral multiple of \$1,000 in excess thereof. Payments of principal of and interest on the Series 2007 Bonds will be paid by the Trustee to DTC for subsequent disbursement to DTC Participants who will remit such payment to the Beneficial Owners (as defined herein) of the Series 2007 Bonds. See "THE SERIES 2007 BONDS—Book-Entry System" herein.

THE SERIES 2007 BONDS ARE INITIALLY BEING OFFERED TO "QUALIFIED INSTITUTIONAL BUYERS" ONLY WITHIN THE MEANING OF THE SECURITIES ACT OF 1933, AS AMENDED. THE SERIES 2007 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED IN RELIANCE UPON THE EXEMPTION PROVIDED BY SECTION 3(a)(2) THEREIN. NO ACTION HAS BEEN TAKEN TO QUALIFY THE SERIES 2007 BONDS FOR SALE UNDER THE SECURITIES LAWS OF ANY STATE.

THE PURCHASE OF THE SERIES 2007 BONDS IS AN INVESTMENT SUBJECT TO A HIGH DEGREE OF RISK, INCLUDING THE RISK OF NON-PAYMENT OF PRINCIPAL AND INTEREST. SEE "SPECIAL RISK FACTORS" HEREIN FOR A DISCUSSION OF SUCH FACTORS THAT SHOULD BE CONSIDERED, IN ADDITION TO THE OTHER MATTERS SET FORTH HEREIN, IN EVALUATING THE INVESTMENT QUALITY OF THE SERIES 2007 BONDS.

THE SERIES 2007 BONDS AND THE PREMIUM, IF ANY, AND INTEREST ON THE SERIES 2007 BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY AND PAYABLE SOLELY FROM THE DISTRICT TAXES AND ASSESSMENTS AND CERTAIN FUNDS HELD BY THE TRUSTEE UNDER THE TERMS OF THE INDENTURE TO SECURE PAYMENT OF THE SERIES 2007 BONDS. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OF VIRGINIA (THE "COMMONWEALTH") OR ANY POLITICAL SUBDIVISION OF THE COMMONWEALTH INCLUDING THE CITY OF HAMPTON, VIRGINIA (THE "CITY") IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2007 BONDS. THE ISSUANCE OF THE SERIES 2007 BONDS DOES NOT DIRECTLY, INDIRECTLY, OR CONTINGENTLY OBLIGATE THE COMMONWEALTH OR ANY POLITICAL SUBDIVISION OF THE COMMONWEALTH INCLUDING THE CITY TO LEVY ANY TAXES OR MAKE ANY APPROPRIATION FOR THE PAYMENT OF THE SERIES 2007 BONDS EXCEPT FROM THE DISTRICT TAXES AND ASSESSMENTS.

The Series 2007 Bonds are offered for delivery when, as and if issued, subject to the opinion of McGuireWoods LLP, Richmond, Virginia and Kaufman & Canoles, P.C., Norfolk, Virginia as Co-Bond Counsel, as to the validity of the Series 2007 Bonds, the excludability from gross income of interest thereon for federal income tax purposes and the exemption from taxation by the Commonwealth. Certain legal matters will be reviewed for the City by the City Attorney, for the Authority by Kaufman & Canoles, P.C., Norfolk, Virginia and for the Developer (as defined herein) by Sonnenschein Nath & Rosenthal LLP, New York, New York and Kaufman & Canoles, P.C., Norfolk, Virginia and for the Underwriter by Ballard Spahr Andrews & Ingersoll, LLP, Washington, D.C. It is expected that the Series 2007 Bonds will be available for delivery to the Trustee on behalf of DTC on or about September 6, 2007.

STONE & YOUNGBERG

This cover page contains information for quick reference only. It is not a summary of the Limited Offering Memorandum. Investors must read the entire Limited Offering Memorandum to obtain information essential to the making of an informed decision.

August 29, 2007



Peninsula Town Center (Hampton, VA)

- 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 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:**
- 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.

Mosaic (Fairfax County, Virginia)

Bond Issue: \$65,650,000 Revenue Bonds, Series 2011

Location: Merrifield section of Fairfax County

Development: 504,000 square feet of retail anchored by Target
853 multifamily units
114 townhomes
2 hotels
65,000 square feet of office

Developer: Edens & Avant

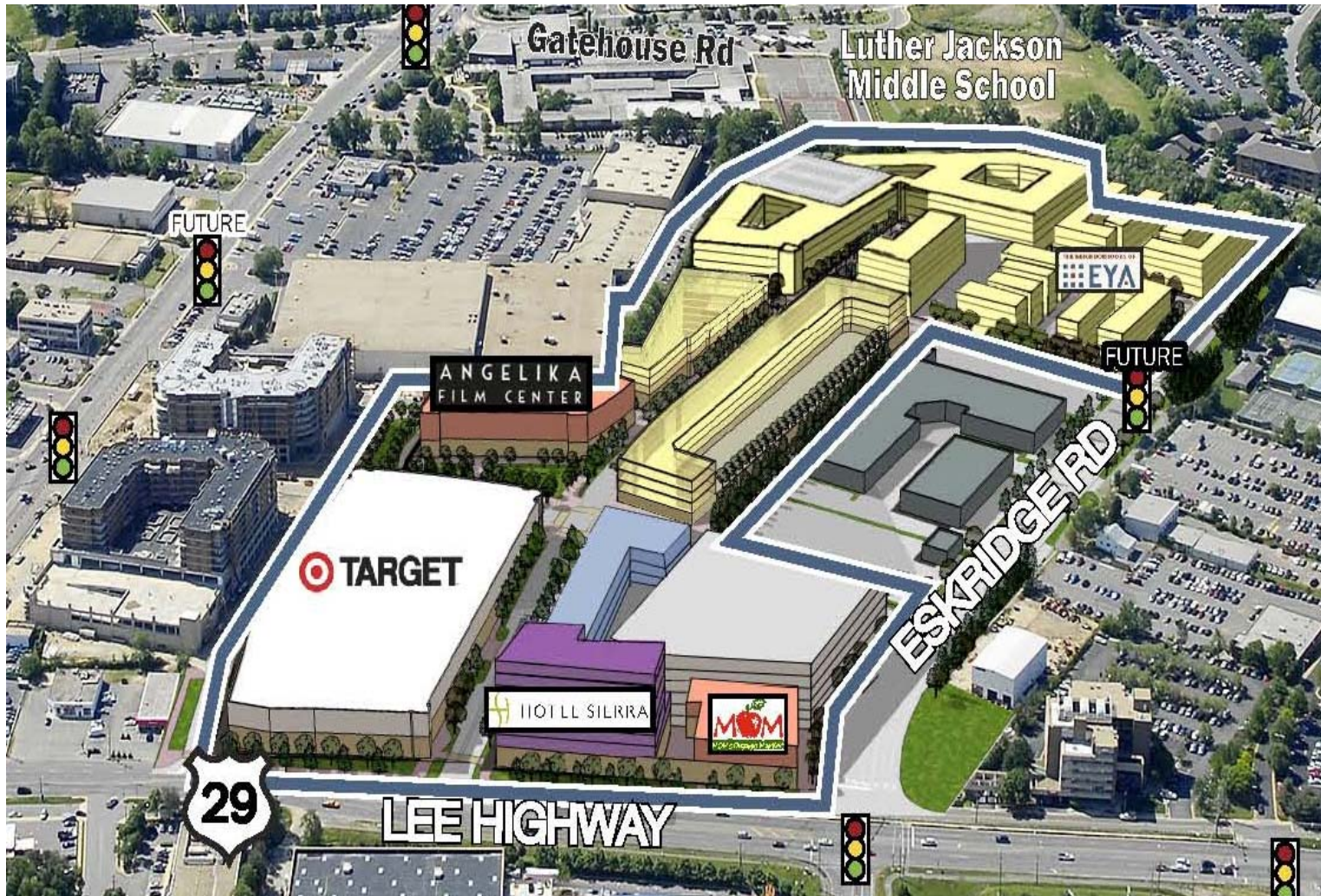
Use of Proceeds: Spine roads, off-site road improvements, sewer line and related public facilities.

Primary Security: Incremental ad valorem property taxes along with a backup special assessment to cover any shortfalls

Special Features:

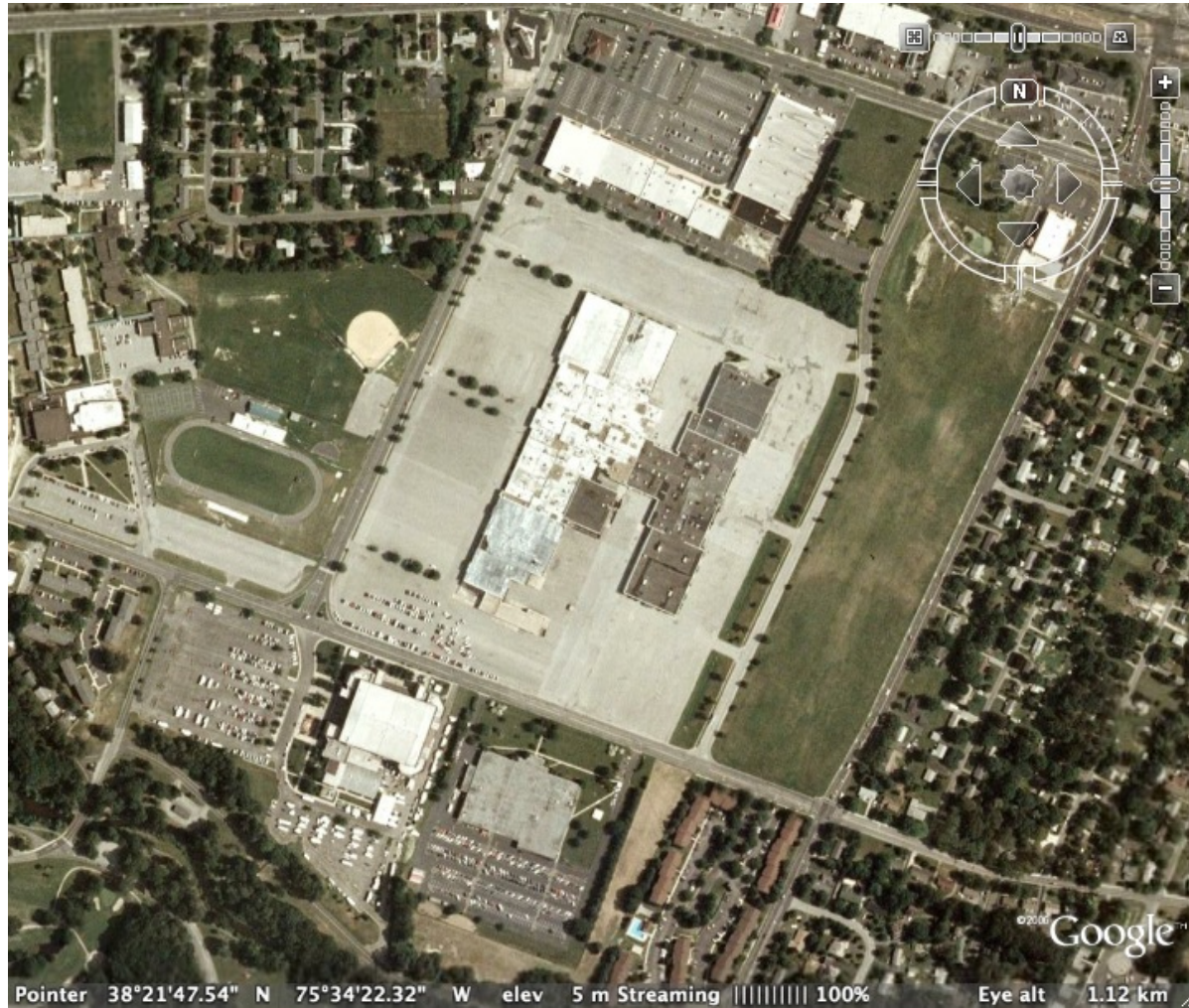
- Development just underway at time of issuance
- Interest rate of 6.93% for final maturity – in market where most comparables in high 7% range
- Sale to 17 different institutional investors

Mosaic (Fairfax County, Virginia)



- **County had grand plans for property**
- **Evaluated need for public support**
- **Determined revenues available for public investment**
- **Identified costs that qualified for public investment**
 - **Public costs financed with tax-exempt bonds**
 - **Private costs financed by developer with pledge of tax revenues**
- **Differences between lowering cost basis and providing capital**

Salisbury Mall (Salisbury, Maryland)



- **Loop built around City, became the new main street**
- **New mall built on loop**
- **Old mall is no longer viable as a major retail destination**
- **Redevelopment plan**
- **Public participation**



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Additional Information

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The White Elephant Mall

Audience Questions



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Upcoming Events at CDFA

Intro Revolving Loan Fund WebCourse

December 13-15, 2011

Daily: 1-5 pm (EST)

Fundamentals of Economic Development Finance WebCourse

January 24-26

Daily: 1-5 pm (EST)

Intro Bond Finance Course

March 15-16

Washington, DC

Register online at www.cdfa.net



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