

CDFA – Stone & Youngberg Tax Increment Finance Webcast Series: The Science Behind Getting the Best TIF Deals Done

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

While you're waiting, mark your calendar for TIF Week:



Intro Tax Increment
Finance WebCourse



September 18-19, 2012
Daily: 12-5pm (EDT)



Advanced
Tax Increment
Finance WebCourse



September 20-21, 2012
Daily: 12-5pm (EDT)

CDFA-Stone & Youngberg
Tax Increment Finance
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A DIVISION OF STIFEL NICOLAUS

The Science Behind Getting the Best TIF Deals Done

Katie Kramer

**Director, Education & Programs
Council of Development Finance Agencies
Columbus, OH**



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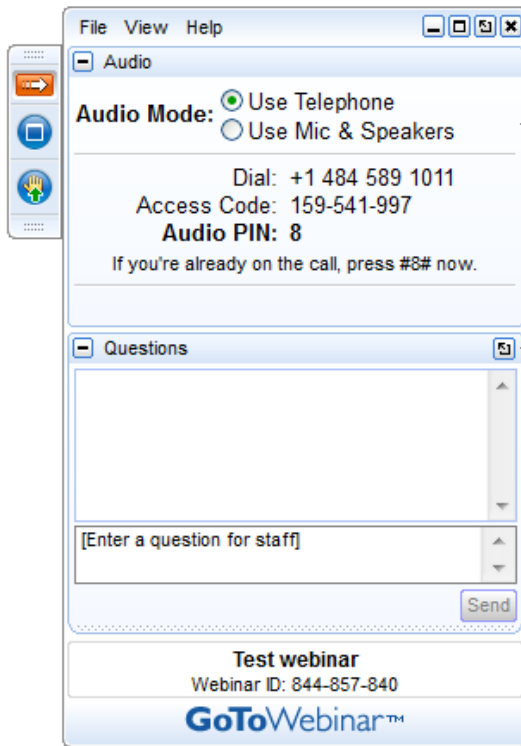
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The Science Behind Getting the Best TIF Deals Done



Using your telephone will give you better audio quality.

Submit your questions to the panelists here.

■ ■ Want to watch again?

You will find a recording of this webcast, as well as all previous CDFA webcasts, in the Online Resource Database at www.cdfa.net.

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The Science Behind Getting the Best TIF Deals Done

Speakers

John Markowitz, *Moderator*
Stone & Youngberg
A Division of Stifel Nicolaus

Mark Barbash
Economic Development Consulting

Susan Plakus
Wisconsin Department of Revenue



Intro Bond
Finance Course



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Washington, DC



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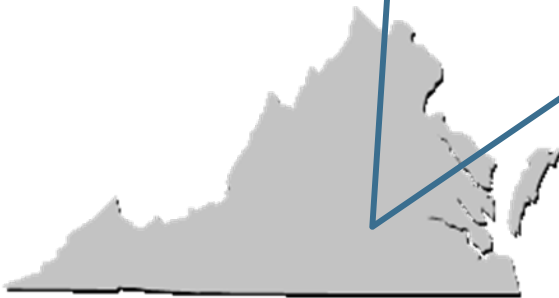
The Science Behind Getting the Best TIF Deals Done

John Markowitz

Associate

Stone & Youngberg, *a Division of Stifel Nicolaus*

Richmond, VA



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The Science Behind Getting the Best TIF Deals Done

TIF Webcast Series

April 5, 2012

John Markowitz

Richmond, VA



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Treasury Yields

Rates remain historically low despite spiking in March



Source: Federal Reserve & Bloomberg. As of 4/2/2012.

Municipal Market Overview

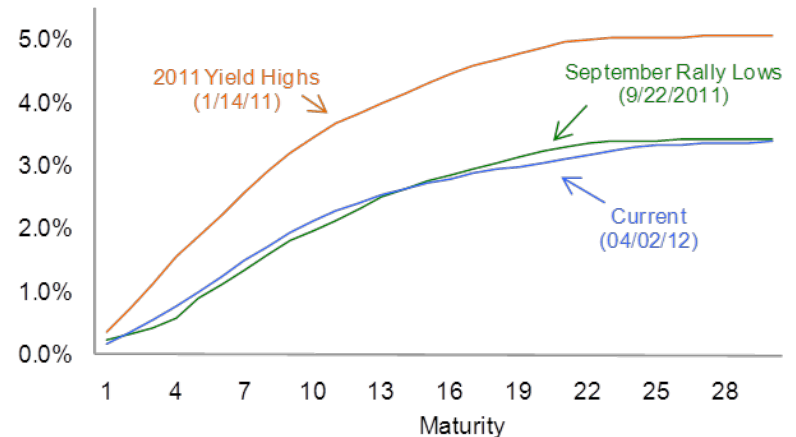
Municipal market tone improves

- ◆ Yields decrease after spiking during sell-off in treasury markets in first part of March
- ◆ Municipal yields hit all-time low on February 2
- ◆ Current high-grade rates remain historically low

30-Year 'AAA' Municipal Market Data (MMD) Yield
(1/1/2010 - 4/2/2012)



'AAA' Rated Municipal Market Data (MMD) Changing Yield Curves

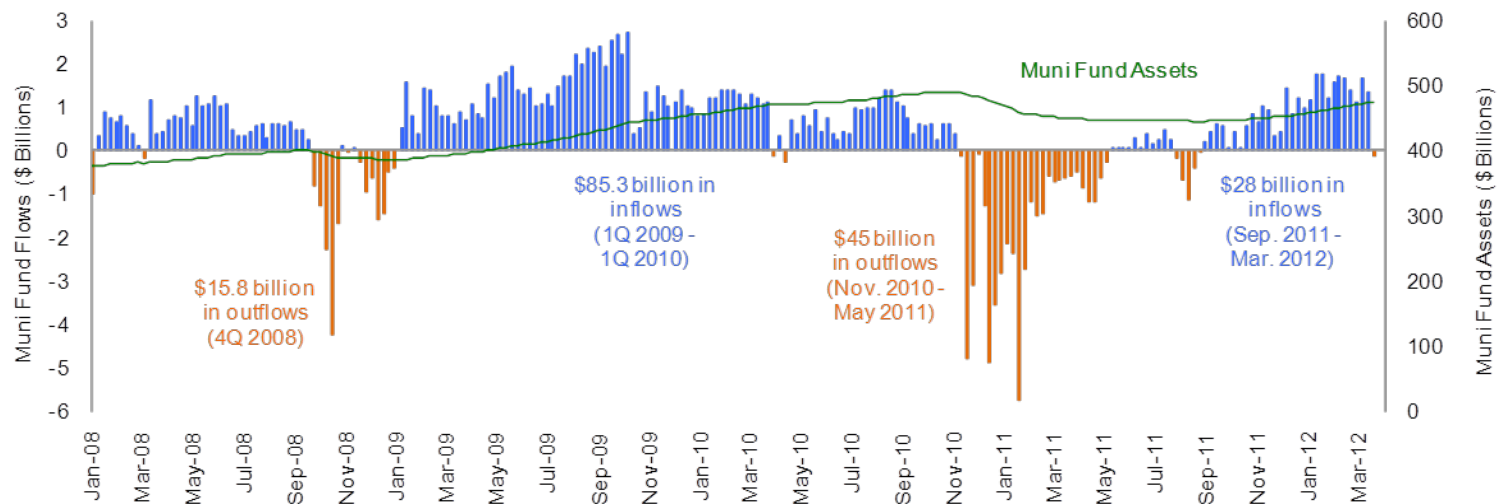


Investor Demand

Municipal mutual fund inflows have been strong for several weeks

- ◆ **Fund flows negative for first time since August 2011**
 - Week of March 21 witnesses small net outflow; nearly \$28bn in inflows since August 2011
 - Average weekly inflow of \$1.3bn since start of 2012
 - \$6.6bn of inflows in January; largest monthly inflow since September 2009
- ◆ **Funds experience record cash outflows from November 2010 through May 2011**
 - \$45bn left the market

Municipal Mutual Fund Flows and Assets



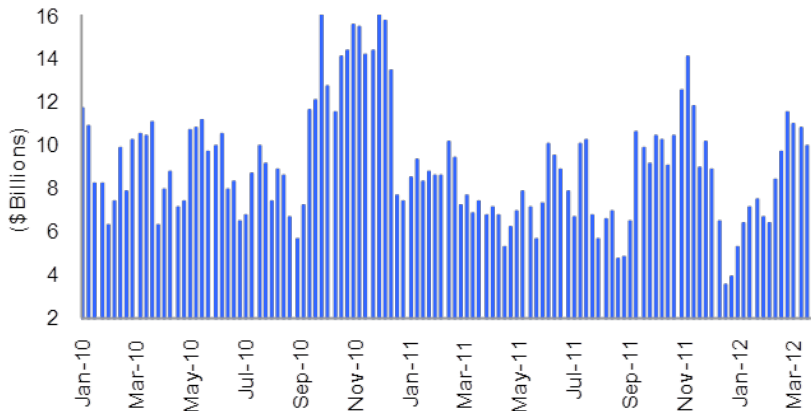
Source: Investment Company Institute

New-Issue Supply

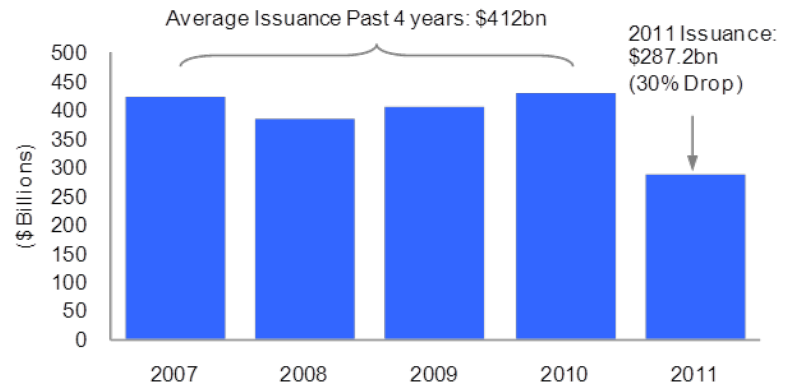
Municipal issuance gathers momentum

- ◆ 2012 begins with weak supply in January (\$17bn); issuance activity has picked up in February (\$27bn) and March (\$35bn)
- ◆ National new issuance averages nearly \$8bn/week for past 4 weeks
- ◆ 30-day visible supply eclipses \$10 billion in 4 of past 5 weeks
- ◆ National supply in 2011 lowest in past decade

Bond Buyer 30-Day Visible Supply¹



National Municipal New Issuance



¹Long term issues only. Weekly averages of estimated 30-day visible supply
Sources: SDC and The Bond Buyer

Selected TIF and Land Secured Trades / Transactions

Issue	North Springs Improvement District (Heron Bay North Assessment Area)	Vizcaya in Kendall CDD Refunding	Northwest Metropolitan District No. 3 ³
Trade Type	Secondary	New Issue ¹	Secondary
Metro Area	Miami-Ft. Lauderdale	Miami-Dade	Denver
State	Florida	Florida	Colorado
Location Type	Suburban	Suburban	Suburban
Development Plan	482 single family homes and 370 multi-family units	406 single family homes, 245 townhouses and 19 live/work units	3,500 mixed-residential units
Development Status	40% of single family homes built and closed to homeowners, 54% of multi-family units built	Infrastructure for home sites partially completed. No vertical construction.	39% of homes built with 36% of homes sold and closed to homeowners
Developer Type	National	National	National
Security Type	Special Assessment	Special Assessment	Limited Ad Valorem Tax
Value: Bonds	NA	2.4:1 ²	8.6:1
Delinquency Rate	2%	NA	NA
Original Issue Date	10/24/06	2/23/12	12/22/05
Maturity	5/1/27	11/1/42	12/1/35
Trade Date	2/17/12	2/27/12	2/29/12
Trade Amount	\$1,115,000	\$5,490,000	\$1,000,000
Yield	5.37%	6.90%	6.92%
MMD AAA Index for Maturity on Trade Date	2.31%	3.24%	3.06%
Spread to MMD	3.06%	3.66%	3.86%
Earlier Trade Date in 2010-12	12/5/11	None	None
Yield on Earlier Trade	6.36%	NA	NA

¹ Issue also Includes \$9,295,000 of shorter term bonds.

² Value to bonds ratio based on cost of property rather than value.

³ Minimum denominations of \$500,000 compared with \$5,000 for other issues.

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The Science Behind Getting the Best TIF Deals Done

Mark Barbash

**Principal
Economic Development Consulting
Columbus, OH**



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The TIF process in the community

- *The Mayor (or chief other chief elected official)*
- *City Council (or other approval body)*
- *City Auditor (or other financial oversight)*
- *City Development and/or Planning Departments*
- *Neighborhood, Community, and Business Groups*



Strategic Planning Process 2010



Issues/Challenges for City Auditors

- * *Preserve the credit worthiness of the city*
- * *Understand the impact – if any – of TIFs on the city’s credit structure*
- * *Underlying question: Reliability of the TIF cash flow projection*
- * *What if?*



Issues/Challenges for Elected Officials: The “politics” of TIFs

- * *Who loses revenue?*
- * *The “right” neighborhood or project?*
- * *Other projects that are on the agenda*
- * *Many (most) citizens do not understand TIFs*
- * *Political trends*



Recommendations:

- * *Be prepared to “tell the story” in a way that can be understood.*
- * *Cost/Benefit Analysis*
- * *Start very early in promoting the concept*
- * *Be skeptical about TIF cash flows*
- * *Plan, plan, plan*





MARK BARBASH
ECONOMIC DEVELOPMENT CONSULTING

Mark Barbash
Principal

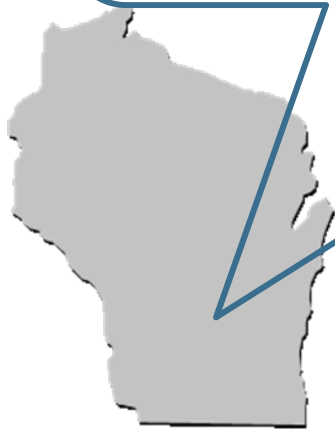
614.774.7599
mark.barbash@gmail.com



The Science Behind Getting the Best TIF Deals Done

Susan Plakus

**Community Services Specialist
Wisconsin Department of Revenue
Madison, WI**



■ ■ **Need research and technical assistance advice about TIF?**

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Tax Incremental Financing (TIF) Information

Certification Letters - 2011

Forms

Creation (Base Year) Packets:

- [City/Village \(s.66.1105\)](#)
- [Multijurisdictional \(s.66.1105 \(18\)\) \(effective October 1, 2012\)](#)
- [Environmental Remediation \(s.66.1106\)](#)
- [Town \(s.60.85\)](#)

Amendment Packets:

- [City/Village \(s.66.1105\)](#)
 - [Territory Amendments](#)
 - [Addition](#)
 - [Subtraction](#)
 - [Simultaneous Creation and Subtraction](#)
 - [Project Plan and/or Allocation \(Donor\) Amendments](#)
- [Distressed/Severely Distressed \(66.1105\)](#)
- [Town \(s.60.85\)](#)

Online Forms:

- [Tax Increment Worksheet PC-202](#)
- [Tax Increment Certification PE-209 - 2011 filing closed.](#)

Accounting & Termination Information

Subsequent Year Information

- [Assessor Tax Incremental District \(TID\) Assessment Report - TAR](#)
- [Clerk Certification of Continued TID Value Increment - PE-209 TID Statement of Assessment - TID SOA](#)

Related Links

- [Dates and Requirements](#)
- [Sign up for TIF News](#)
- [TIF Allocation Fact Sheet](#)
- [TIF Contact](#)
- [TIF Criteria Matrix](#)
- [TIF Law](#)
 - [60.85 \(Town\)](#)
 - [66.1105 \(City/Village\)](#)
 - [66.1106 \(Environmental\)](#)
- [TIF Manual](#)
- [TIF Publications](#)
- [TIF Reports](#)
- [TIF Fee Payment through My Tax Account](#)



City/Village Tax Incremental Finance (TIF) (Sec. 66.1105, Wis. Stats.) Base Year Packet

All of the forms needed to complete a Tax Incremental District (TID) creation application packet are available below. In addition to the forms that list the valuation information for the property within the TID, there are checklists and several helpful publications that explain the TIF procedure. It is **essential** that you complete the application packet accurately; mistakes could mean that your TID does not get certified.

The Department of Revenue (DOR) uses the information on the forms to establish the district's base value and to verify that proper legal procedures were followed. When completing these forms, use consistent identification numbers on the forms and on the required maps. For TIDs created after October 1, 2011, these forms must be completed and submitted to DOR **on or before October 31, 2012**. The process of certifying base values does not begin until after January 1 of the year following creation.

Forms	Description
Excel Format	Contains all of the necessary forms. The best practice is to open the workbook, save it to your computer (remember location), and then go offline to complete the forms.
	Tax Incremental Financing Remittance Fee Note: All fees will be transmitted electronically through "My Tax Account." Upon notification that a TID has been created, a bill will be generated in "My Tax Account" for payment.

Publications	Description
PE-207	A Guide to Wisconsin's Tax Increment Law - Creating a District (9/10)
PE-212	Tax Incremental Finance - An Intergovernmental/Private Partnership (9/08)
PE-213	Municipal (City/Village/Town) TIF - Joint Review Board Supplemental Data (3/12)
PE-215	Municipal (City/Village/Town) TIF - Common Language Guidelines for Project Plans (9/08)
PE-221	Municipal TIF Districts Timeline for Creation (10/10)
66.1105 Law	Composite Tax Increment Law (12/11)

Checklists	Description
PE-109	TID Base Year Packet Checklist (5/11) - identifies the forms needed.
PE-222	TID Creation Resolution Checklist (11/10) - identifies findings that the local government body must contain in their resolution.

Tax Incremental District (TID) Creation/Amendment Forms

The following **updated** Excel forms should be used by all city, village, town and county governments for TID creations and amendments with addition of parcels, under secs. 66.1105 and 60.85, Wis. Stats. You should save a copy of this file to your computer in a location you remember and with an appropriate file name (i.e. City of Badger TID 3). **Fill in the PE-606 form first.** The information you enter here will flow through to other forms. Be brief on your entries (i.e. no need to add the word "district" on the form. Where necessary, the forms have been formulated to total values. Upon completion email this file, along with the rest of your creation submission to tif@revenue.wi.gov.

Note: Complete **all forms**. If you have no information for a particular form, type "**NONE**" on the form and still submit it. Instructions for each form are on the Form Instructions Tab below. For additional information on creating a TID go to: <http://www.revenue.wi.gov/slf/tif.html>.

If you have any TID questions or problems with the Excel forms, please call Susan Plakus at (608) 261-5335 or Mary Lou Clayton at (608) 266-5708 or send an email to tif@revenue.wi.gov

Form No.	Form Title
Form Instructions	
PE-606	Equalized Value Determination Request FILL THIS FORM IN FIRST
PE-605	City/Village Legal Requirements Base Year
PE-608	TID Parcel List - Locally Assessable Property
PE-601A	TID Base Year - Personal Property List
PE-619	TID Parcel List - Municipal Owned Property
PE608M	TID Manufacturing Real Property List
PE-608MP	TID Manufacturing Personal Property List
PE-615A	Statement of Assessment FILL THIS IN BEFORE PE-617A
PE-617A	Tax Incremental District Assessor's Final Report - Base Year Valuation
Clerk	Clerk Signature Form*
Assessor	Assessor Signature Form*

***The Clerk and Assessor Signature forms must be completed in order for the packet to be accepted.**

**EQUALIZED VALUE DETERMINATION REQUEST
 CREATION/TERRITORY AMENDMENT
 EFFECTIVE CREATION DATE: JANUARY 1, ____**

County
<input type="checkbox"/> Town <input type="checkbox"/> Village <input type="checkbox"/> City
Municipality
CoMun Code http://www.revenue.wi.gov/pubs/sil/municode.pdf
TID Number

Return To:
 Wisconsin Dept. of Revenue
 Tax Incremental Finance
tif@revenue.wi.gov

Select one: Regular (s. 66.1105) Town (s. 60.85) ER (s. 66.1106)

Select one: Creation Add Territory Subtract Territory

PART I. TAXING JURISDICTIONS AFFECTED

Identify all taxing jurisdictions authorized to levy taxes on property within the tax incremental district. Include the name of the jurisdiction and its identifying number (located on property tax bill). If the TID is in more than one county or has an annexation, **a complete separate set of forms are required.**

	Name of Taxing Jurisdictions	Jurisdiction Number
Municipality		
School District(s) *If more than two districts, notify DOR.		
Technical College		
County		
Union High School		
Special District (i.e. Lake, Sanitary, Sewer) *If more than one district, notify DOR.		

PART II. DECLARATION

I declare that this application and attachments have been examined by me and, to the best of my knowledge and belief, are true, correct, and complete. I hereby request the Department of Revenue to determine the equalized value of this tax incremental district.

Clerk's name	Telephone Number
E-mail address	Date

PART III. INDIVIDUAL TO CONTACT FOR ADDITIONAL INFORMATION

Name and Title	E-mail address
Address	Telephone number

ALL FORMS AND ATTACHMENTS MUST BE COMPLETE AND CORRECT TO THE SATISFACTION OF THE DEPARTMENT OF REVENUE



Subscribe to E-filing News

The Wisconsin Department of Revenue (DOR) provides communication via email to members who sign up to receive filing deadlines or other information as noted below. You will only receive news specific to the respective list you sign up for.

Common list features:

- All lists are **moderated**, which means any e-mail addressed to the list go through the list owner first. If appropriate, they will forward onto the rest of the list members.
- The lists below are not a "chat room" or typical "bulletin board" site.
- After you enter your e-mail address and click on the "subscribe" button below, an e-mail will be generated to confirm your subscription.

Available Lists

- Administrative Rules** – will provide notice of public hearings and comment periods for proposed rules and the associated Economic Impact Analysis.
- Assessors** – of particular value to Town, Village & City Assessors. E-mails will provide assessor news and information such as form submittal reminders, new legislation, current reports, internet forms, local training and internet publications.
- Department of Revenue Jobs** – will provide communication regarding current employment opportunities.
- District Changes** – will provide notification of updates to taxation district and taxing jurisdiction areas.
- Excise Tax eFile Developer** – will provide communication of interest to developers of Excise Tax eFile applications
- Libraries** – will provide communication of interest to libraries.
- Manufacturers** – will provide communication of interest to manufacturers.
- MeF Business eFile Developer** – will provide communication of interest to developers of MeF Business tax eFile applications.
- MeF Individual eFile Developer** – will provide communication of interest to developers of MeF Individual income tax eFile applications.
- Motor Fuels eFile Developer** – will provide communication of interest to developers of Motor Fuel Tax eFile applications.
- Municipal Clerks** - will provide communication of interest to town, village and city clerks.
- Municipal Treasurers** - will provide communication of interest to town, village and city treasurers.
- Sales & Use Tax** – will provide you with current sales & use tax news and reminders.
- Sales & Use Tax eFile Developer** – will provide communication of interest to developers of sales and use tax eFile applications.
- Tax Professional** – will provide tax news and information, including the Wisconsin Tax Bulletin, other publications, electronic filing mailings, and announcements of approved software and Electronic Return Originators.
- Telecommunications** – of interest to State assessed companies in Wisconsin. Emails will provide updates and communications regarding forms, filing and payment deadlines.
- TID/TIF** – of particular value to Town, Village & City Clerks, assessors, planning departments, mayors & presidents, and consultants. E-mails will be providing periodic Tax Increment Financing District (TID) information such as new legislation, current reports, internet forms, local training and internet publications.

Audience Questions

A graphic for a summit. The top half shows a photograph of the US Capitol building and the White House under a blue sky. The text "Save the Date" is written in a red, cursive font across the image. The bottom half has a light blue background with white stars. The text "CDFA National Development Finance Summit" is in a large, dark blue, sans-serif font. Below it, "July 31-August 3, 2012" and "Washington, DC" are in a smaller, red, sans-serif font.

Save the Date

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Washington, DC

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TIF Week

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<http://cdfa.net/>

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28m

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22h

@TheBondBuyer S&P proposes new local methodology ratings bit.ly/AavCaD #BondFinance

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Upcoming Webcasts

CDFA – BNY Mellon Development Finance Webcast Series
Tuesday, April 17, 2012 @ 1:00pm Eastern

CDFA – Stern Brothers Renewable Energy Finance Webcast Series
Thursday, May 3, 2012 @ 1:00pm Eastern

CDFA – Stone & Youngberg Tax Increment Finance Webcast Series
Thursday, June 7, 2012 @ 1:00pm Eastern

CDFA-Stone & Youngberg
Tax Increment Finance
Webcast Series



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For More Information



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