

CDFA – Stifel Nicolaus Tax Increment Finance Webcast Series: The Evolution of TIF

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-Stifel Nicolaus
Tax Increment Finance
Webcast Series**



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The Evolution of TIF

Katie Kramer

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



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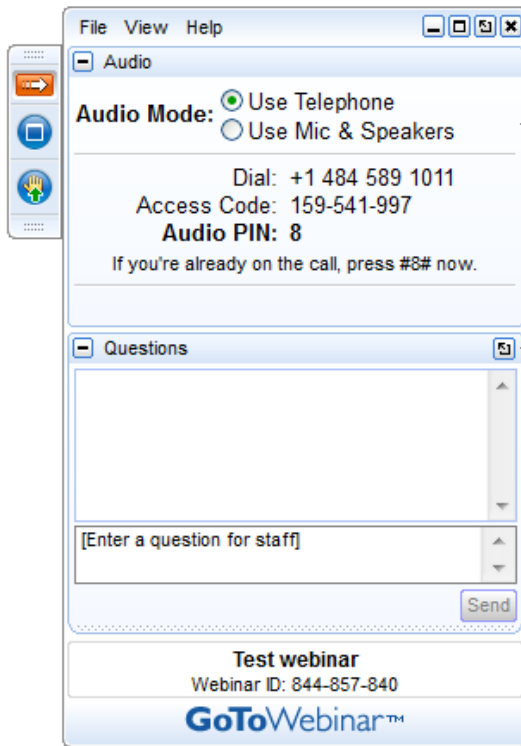
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Using your telephone will give you better audio quality.

Submit your questions to the panelists here.

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The Evolution of TIF Speakers

John Markowitz, *Moderator*
Stifel Nicolaus & Company, Inc.

Laura Radcliff
Stifel Nicolaus & Company, Inc.

Amanda Rhein
Invest Atlanta

John Holden
Eaton Peabody Consulting Group

Jonathan Pottle
Eaton Peabody



Intro Bond
Finance Course



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March 15-16, 2012
Washington, DC



Innovation
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May 8-9, 2012
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Intro Energy
Finance Course



July 31-August 1, 2012
Washington, DC



Intro Tax Increment
Finance WebCourse



September 18-19, 2012
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Advanced
Tax Increment
Finance WebCourse



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



Intro Tax Credit
Finance Course



August 11-12, 2011
Washington, DC

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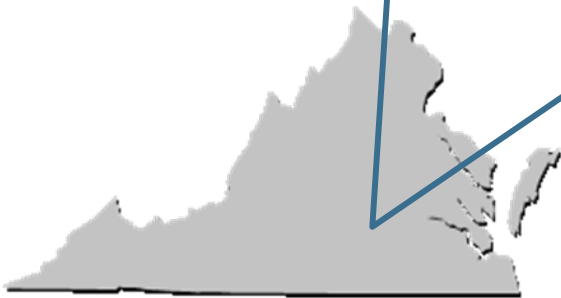


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The Evolution of TIF

John Markowitz

**Assistant Vice President
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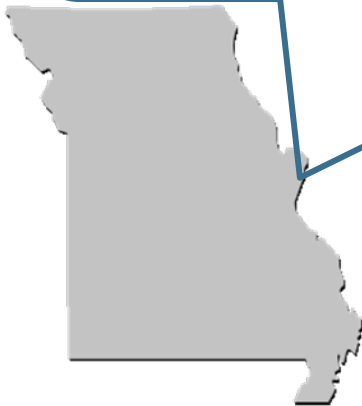


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Laura Radcliff

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



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Tax Increment Finance Webcast Series

Laura Radcliff, *Senior Vice President*
John Markowitz, *Assistant Vice President*

June 7, 2012

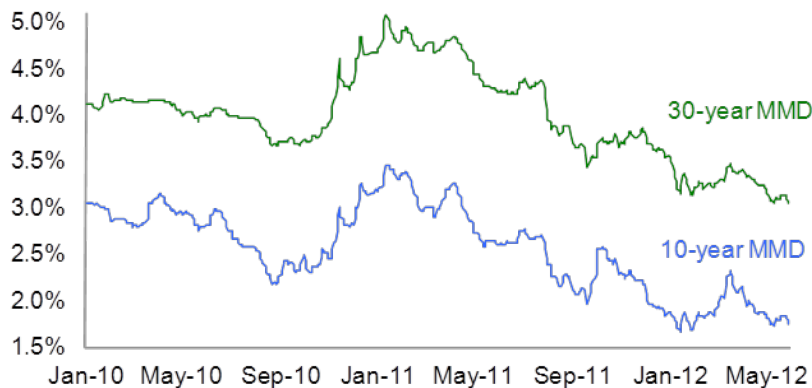
Bond Market Update

Municipal Market Overview

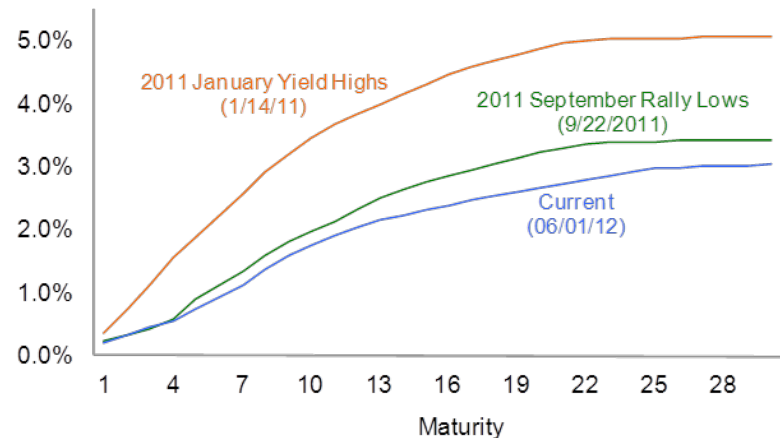
Municipal market follow historic treasury rally

- ◆ **Municipal market rates plummet as investors move towards safe assets; long-term high grade yields hit all-time low on June 1**
- ◆ **Except for a brief spike during March, rates have hovered near record lows for most of 2012**
- ◆ **Since 2010, municipal bond yields have experienced significant swings in both directions**

30-Year and 10-Year 'AAA' MMD Yields
(1/1/2010 - 6/1/2012)



'AAA' Rated MMD
Changing Yield Curves



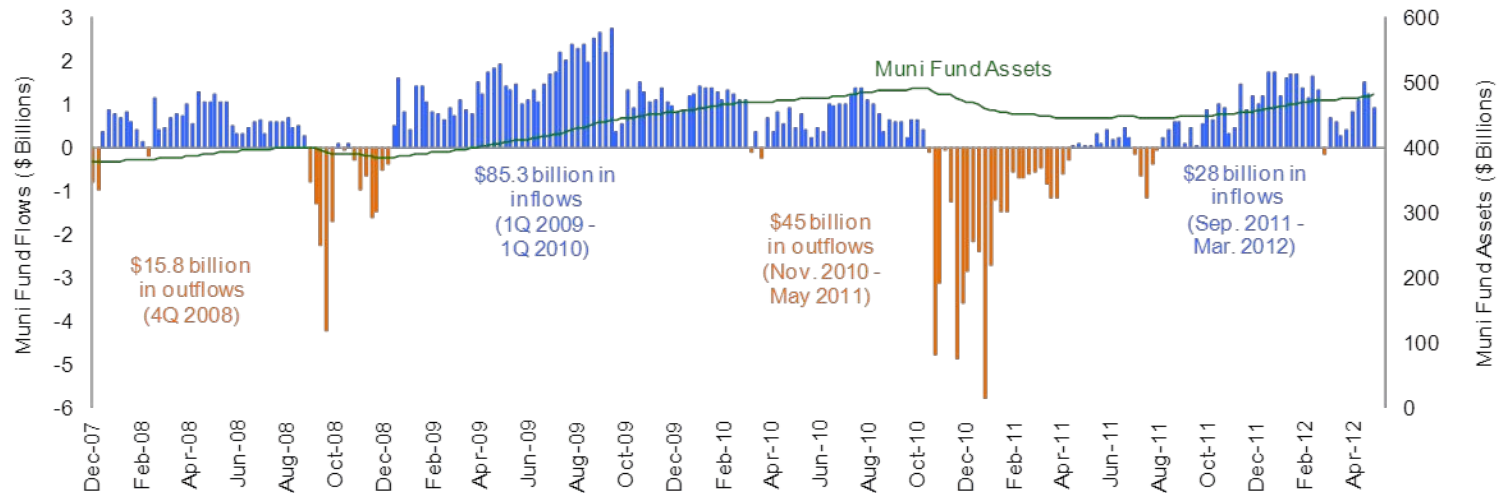
Source: Thomson Financial. MMD (Municipal Market Data) is an index of 'AAA' rated general obligation bonds.

Investor Demand

Municipal mutual fund inflows strong

- ◆ **Municipal Mutual Funds witness large inflow of cash since August 2011**
 - After brief dip in March, weekly net inflows from funds regain momentum in recent weeks
 - \$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



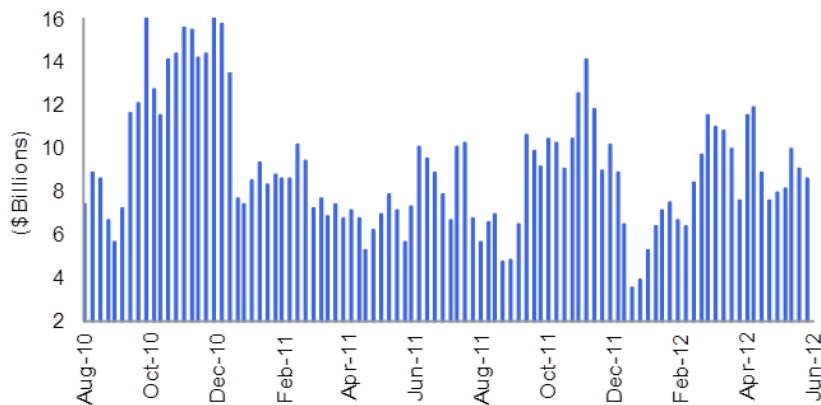
Source: Investment Company Institute

New-Issue Supply

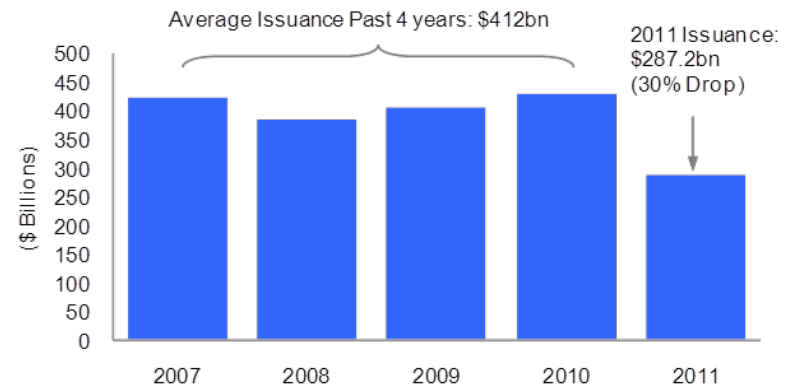
Municipal issuance gathers momentum

- ◆ **2012 begins with weak supply in January (\$17bn); issuance activity has picked up since with approximately \$35bn issued each in March, April and May**
- ◆ **More than \$10bn in national new issue supply anticipated week of June 4**
- ◆ **30-day visible supply touches nearly \$12bn week of April 17, highest level for 2012**
- ◆ **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 in May

Issuer	Panther Trace II CDD, Series A	Harbor Point Infrastructure Improvement District, Series B	Pinnacle Community Infrastructure Financing Authority	Northstar Community Services District CFD No. 1
Trade Type	Secondary	Secondary	Secondary	Secondary
Metro Area	Tampa	Bridgeport	Columbus	Sacramento
State	Florida	Connecticut	Ohio	California
Location Type	Suburban	Urban	Suburban	Suburban
Development Plan	1,219 residential units	4,000 residential units, 900k sq. ft. office, retail and hotel	1,594 residential units	1,800 residential units, 110k sf commercial & 255-room hotel
Development Status	57% of homes built and closed to homeowners ¹	15% built; 17% under construction	34% of homes sold and closed to homeowners	38% of residential units built and 100% of commercial built
Developer Type	Regional	Local and National	National	National
Security Type	Special Assessment	Tax Increment & Special Assessment	Special Tax	Special Tax
Value : Bonds	NA	3:1	11:1	4:1
Delinquency Rate	4%	0%	2%	5% ³
Original Issue Date	2/23/05	2/4/10	8/10/04	12/20/05
Maturity	5/1/35	4/1/39	12/1/36	9/1/28
Trade Restrictions	None	None	None	None
Trade Date	5/1/12	5/1/12	5/15/12	5/31/12
Trade Amount	\$1,630,000	\$1,000,000	\$4,500,000	\$1,000,000
Yield	6.44%	9.60%	7.02%	6.78%
MMD AAA Index for Maturity on Trade Date	3.07%	NA ²	2.94%	2.44%
Spread to MMD	3.37%	NA	4.08%	4.34%
Earlier Trade Date in 2010-12	1/11/10	11/30/10	NA	1/7/10
Yield on Earlier Trade	7.94%	10.70%	NA	7.03%

¹ No updates provided to Municipal Securities Rulemaking Board for two most recent quarters.

² Bonds are federally taxable. At the time of initial issuance the rate on the tax-exempt bonds of the same maturity and lien priority was 63% of the rate on the taxables.

³ Delinquency rate for 1st installment of 2011-12 tax year; prior delinquencies left a \$1.1 mm shortfall (20%) in the Reserve Fund; CFD seeks to bring it current with pending litigation.

Case Study

Maincor (Kansas City, Missouri)

- Bond Issues:** \$11,045,000 Tax Increment Financing Commission of Kansas City, Missouri, Tax Increment Revenue Bonds, Series 2007
- Location:** South of the Liberty Memorial in an area bounded by Main Street and Penn Valley Park in Kansas City, Missouri's Main Street Corridor ("Maincor")
- Development:** Redevelopment of 600,000 square foot office building on 15.7 acres of land to serve as new headquarters for Federal Reserve Bank of Kansas City
- Use of Proceeds:** Public infrastructure improvements associated with redevelopment project
- Primary Security:** Incremental real property tax revenues that constitute a lien against the real estate. No mortgage benefit for the benefit of the bond holders.
- Special Features:**
- Federal Reserve Bank pays real property taxes, part of which are applied to redevelopment project costs as PILOTS.
 - Bonds sold in advance of construction completion.
 - Majority of office square footage was designed as vault. Assessor had to determine whether to assess vault as office space or warehousing, which affected valuation of parking garage as a result. Third-party revenue consultant engaged.
 - Rather than retire Bonds early, excess TIF revenues were used for additional Redevelopment Project Area public improvements to create a larger Benefit Area.



Questions?



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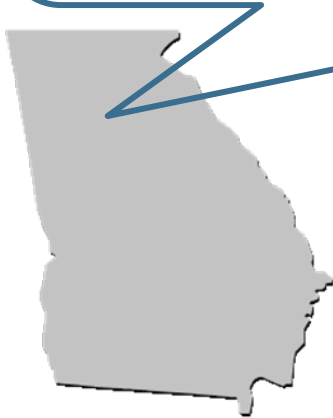
The Evolution of TIF

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Senior Project Manager

Invest Atlanta

Atlanta, GA



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June 7, 2012



Invest Atlanta



Our Vision is to make Atlanta the most economically dynamic and competitive city in the world.

Invest Atlanta: New Purpose & Structure



- INVEST ATLANTA
 - refocused on creating jobs and enhancing global competitiveness
 - developed a greater focus on business creation, attraction, expansion and retention
 - more aggressively telling Atlanta's story to the world
- INVEST ATLANTA has three Departments:
 - Department of Redevelopment
 - Department of Housing Finance
 - Department of Business Development

Redevelopment Department

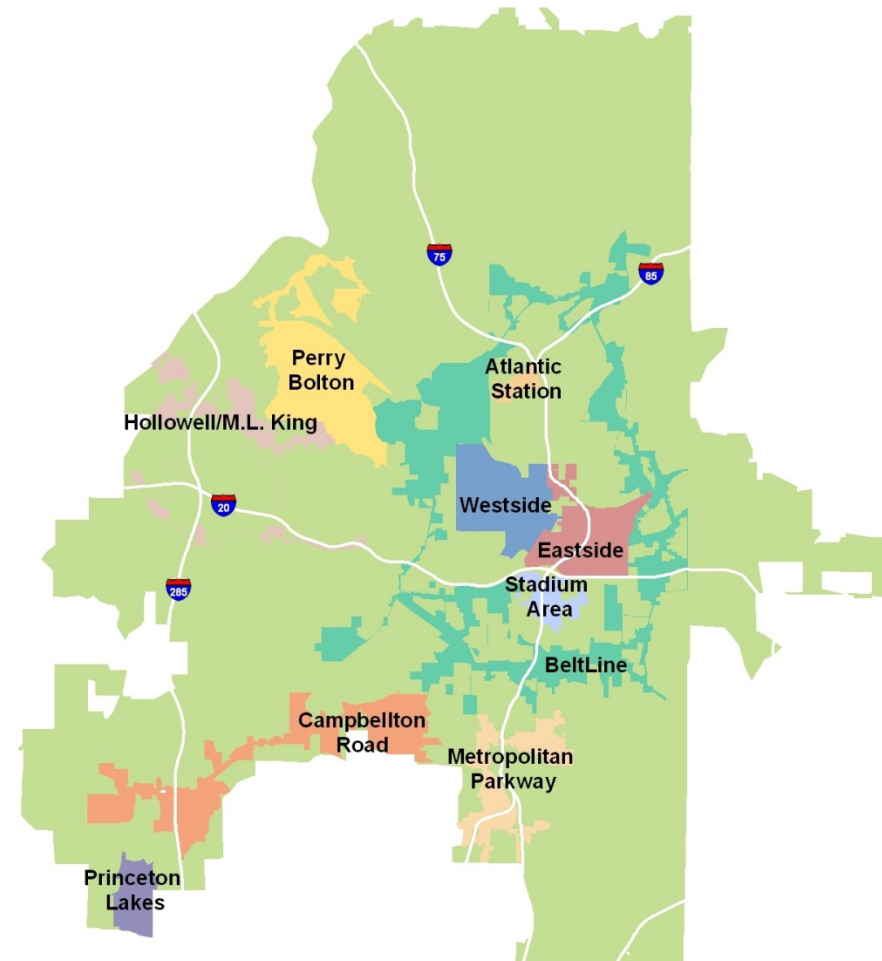


- Current programs:
 - Tax increment financing
 - New Markets Tax Credits
- Future programs:
 - EB-5 Regional Center
 - Property Assessed Clean Energy (PACE) financing
 - Revenue bonds:
 - 501 (c) 3 Bonds
 - Lease Purchase Bonds
 - Industrial Development Bonds

Tax Increment Financing Activity



- 10 tax allocation districts
- Atlanta's primary economic development tool
- To date, approximately \$560 million in TAD bonds have provided gap financing for over \$3.4 billion in private development
- Incentivize development in blighted and underdeveloped areas of City



TAD Strategic Review



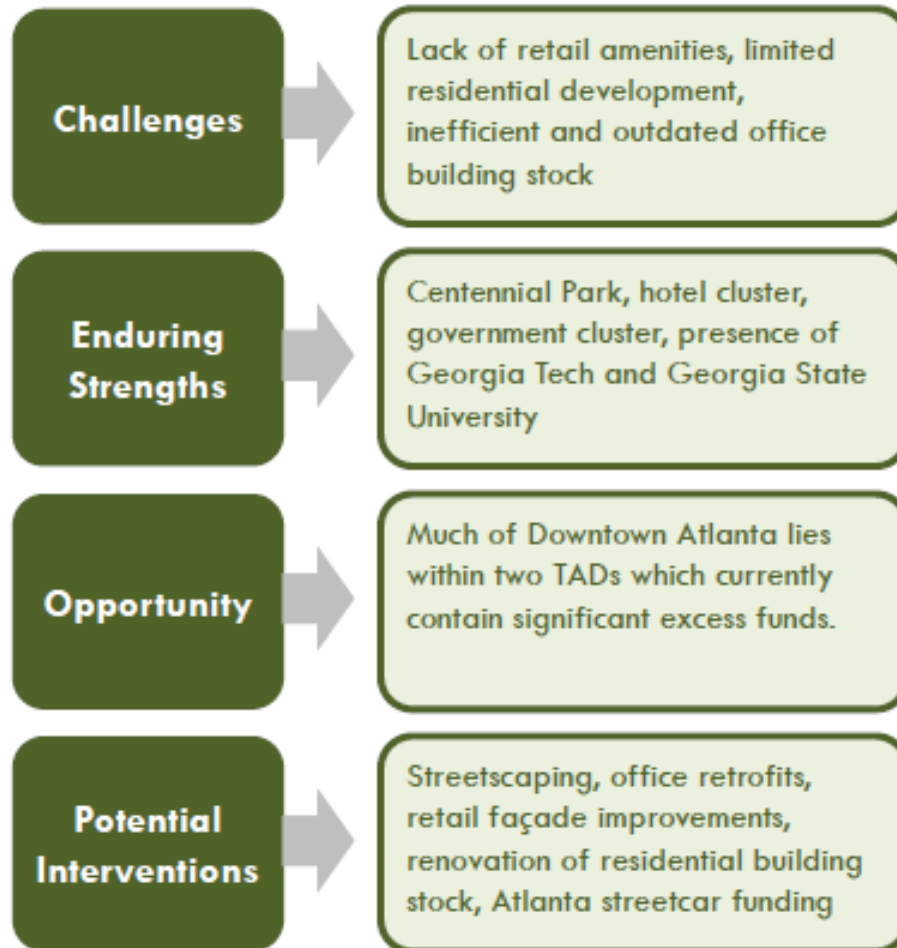
- Methodology and deliverables:
 - Assessment of historical performance
 - Examination of best practices among competitor cities
 - Recommended strategy to focus resources and best reposition the program
- Goals moving forward:
 - Collaboration with City and regional stakeholders to maximize TAD impact on economic development
 - Reinforce the City of Atlanta's emerging economic development strategy

TAD Strategic Review: Findings & Recommendations



- Project selection: evaluate projects based on economic development criteria in addition to financial criteria
- Funding strategy: utilize a broader range of funding tools more strategically and leverage additional non-TAD funding resources
- TAD organizational structure: increase capacity to originate, monitor and assist investments over the long-term

TAD Strategic Review: Findings & Recommendations – Downtown Revitalization



Source: Central Atlanta Progress

In recent years, Downtown Atlanta has lost ground to newer business districts in Midtown and Buckhead. Investing to reposition Downtown Atlanta is one of the most effective ways the TAD program can support near-term economic development in Atlanta.

TAD Strategic Review: Next Steps



- Deploy \$53 million in Westside TAD funds
 - Retrofit Downtown buildings for tech and growth industry needs
 - Upgrade vacant Class B/C buildings for mixed-use growth
 - Fund streetscaping and retail façade improvements
 - Land-bank to support future development and transit

Westside TAD



- Established in 1992, expanded in 1998
- Created to leverage momentum from 1996 Olympics to redevelop Downtown
 - Connect neighborhood assets
 - Create live-work-play community surrounding Centennial Olympic Park
 - Redevelop blighted residential neighborhoods west of Downtown
- 3 bond issues totaling: \$161.3 million
 - Allocations to Neighborhood Fund and Public Purpose Project Fund
- Base Assessed Value: \$270,693,404
- 2011 Assessed Value: \$705,000,000
- \$53 million in tax increment available for redevelopment

Atlanta Better Buildings Challenge



- Part of national Better Building Initiative launched by President Barack Obama in February 2011
- Objective is to make America's buildings more energy efficient and accelerate private sector investment in energy efficiency



- Atlanta BBC seeks to encourage substantive building upgrades in 400-block Downtown area
- Goal to improve participating buildings' energy and water performance a minimum of 20% by 2020

Atlanta Better Buildings Challenge



- Invest Atlanta has allocated \$8 million of Westside TAD tax increment in support of the Atlanta BBC
 - \$1 million for American Society of Heating, Refrigerating, and Air Conditioning Engineers (“ASHRAE”) Level 3 Audits
 - Participants will be invited to apply for implementation grants to complete specific energy and water efficient upgrades identified in the audit
 - \$7 million total allocated for implementation grants
 - Up to \$3 million per building, not to exceed 40% of total project costs

Atlanta BBC: Evaluation Criteria



- Job creation: generation of construction jobs and permanent positions that provide a living wage and full benefits
- Private investment: ability to leverage private investment and other sources of public financing
- Vacancy rates: potential to decrease vacancy by repositioning Downtown to compete more effectively, regionally and nationally, thus attracting new tenants and retaining existing tenants
- Business attraction: potential to contribute to diversification of Atlanta's economy by bringing targeted businesses to Downtown
- Reduction in energy and water consumption: a measurable reduction of energy and water consumption

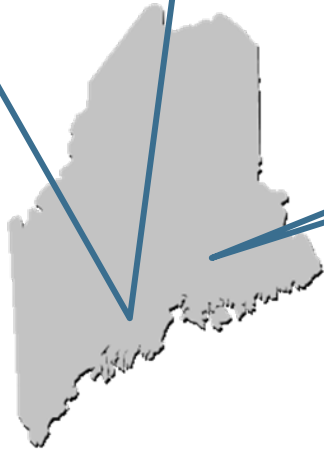
The State of TIF in 2012

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Using TIF for Municipal Benefit

Supporting Wind Projects

Presented by John Holden & Jon Pottle, Esq.
Eaton Peabody Legal & Consulting



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Supporting Wind Projects

Eaton Peabody

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Business Development and
Community Assistance
Municipal Management
Public Policy



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Supporting Wind Projects

Maine Examples

- Rollins Project
- Oakfield Project
- Franklin County





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Supporting Wind Projects

Wind Projects

- Wind turbines taxable as personal property
- State endorsement of wind (previous administration)
- Maine Wind Resource





Using TIF For Municipal Benefit
Supporting Wind Projects

Municipal Advantage of TIF

- Tax shift
- Municipal projects
- Challenge in rural communities
- ‘Tangible community benefit’





Using TIF For Municipal Benefit
Supporting Wind Projects



Rollins Project

- Four towns, four TIFs
- Very rural communities
 - Inclusion of local roads
 - Amended legislation



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Supporting Wind Projects



Oakfield Project

- Project 1
- Project 2 Expansion
- Community benefit package
- Negotiated terms, triggers
- Local roads agreement



Using TIF For Municipal Benefit
Supporting Wind Projects



Franklin County

- Changed legislation
- County 'unorganized' territory
- Scenic byways
- Training program



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Supporting Wind Projects



Challenges Forward

- Anti wind lobby
- Continued focus on municipal benefit
- Amendments



Using TIF For Municipal Benefit
Supporting Wind Projects

Contact Information

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Audience Questions



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Washington, DC

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Intro Tax Credit Finance

WebCourse

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Upcoming Webcasts

CDFA – BNY Mellon Development Finance Webcast Series
Tuesday, June 19, 2012 @ 1:00pm Eastern

CDFA – Stifel Nicolaus Tax Increment Finance Webcast Series
Thursday, August 30, 2012 @ 1:00pm Eastern

CDFA – Stern Brothers Renewable Energy Finance Webcast Series
Thursday, September 13, 2012 @ 1:00pm Eastern

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