

CITY OF ATLANTA

GULCH DEVELOPMENT PLAN



ROOSEVELT COUNCIL
CHIEF FINANCIAL OFFICER

AUGUST 21, 2018



WESTSIDE TAD



WESTSIDE TAX ALLOCATION DISTRICT



- Created in 1998, the Westside Tax Allocation District (“WTAD”) was the first tax allocation district created to catalyze investment in the designated underdeveloped area. Initially approved to terminate on December 31, 2023.
 - Redevelopment costs are supported through the pledge of future or expenditure of actual incremental increases in property taxes.
 - City of Atlanta, Fulton County (“FC”) and Atlanta Public Schools (“APS”) adopted resolutions to participate in the WTAD with minimal limitations on the use of the tax allocation increment generated within the WTAD.
 - WTAD Redevelopment plan was amended in 2008 to extend the termination date of the WTAD to December 31, 2038.

- **Select Development Projects**

Historic Westside Village	55 Allen Plaza	World of Coke
Northyards	Centennial East Condos	COP Parking Deck
Museum Tower	Park Pavilion Hotel	Castleberry Point
Nat’l Center for Civil and Human Rights	Northside Plaza and Tech Enterprise Park	Various neighborhood projects

- **Historical Tax Allocation Increment**

- FY 2017 total increment generated within the district was \$15.4MM.
 - 8.4% CAGR since 2015
 - Projected FY 2018 total increment of \$17.3MM (12.2% YoY growth)
- The City of Atlanta, FC and APS portion of the annual increment pledged is approximately 22.6%, 25.0% and 52.4%, respectively.

- **Existing and Outstanding Bonds (\$89.4MM)**

- Series 2001 (\$3.5MM outstanding; 2022 final maturity)
- Series 2005A (\$32.7MM outstanding; 2023 final maturity)
- Series 2005B (\$4.9MM outstanding; 2023 final maturity)
- Series 2008 (\$48.3MM outstanding; 2037 final maturity)

- **Request for extension of Westside TAD to 2048**

GULCH BIRDSEYE VIEW



THE GULCH DEVELOPMENT



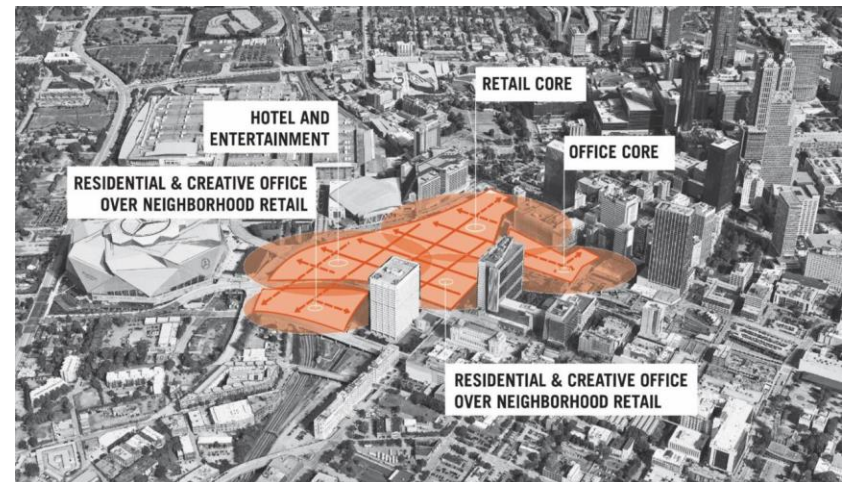
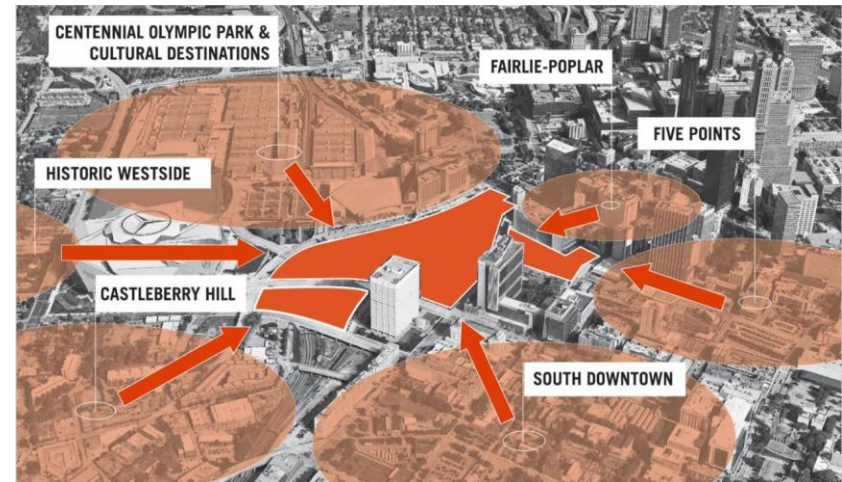
Nestled within the Westside TAD, The Gulch area consists of several contiguous parcels of land covering nearly 40 acres. The area has been largely underdeveloped for decades and generates minimal (nearly \$0) real estate property tax revenue.

Historic Challenge

- Original site used as a rail yard with multiple active train lines passing thru
- Chronically underdeveloped area primarily as a result of complex site conditions
 - Location of the ground 40 feet below the street viaduct level.
 - **Estimated cost: \$500MM**

Connecting Communities

- New transit-oriented, mixed-use development atop structured parking/loading
 - Residential and creative office space over neighborhood retail
 - Hotels and entertainment
- Creating 12-15 new city blocks
- Centennial Olympic Park, Fairlie-Poplar, Georgia State University, Castleberry Hill, Atlanta University Center, Mercedes Benz Stadium, Philips Arena, the Georgia World Congress Center and others



GULCH DEVELOPMENT RENDERING



ESSENTIAL PROJECT BENEFITS



Community Investment

- As a result of the proposed Gulch development, 20% of TAD bond proceeds will become available to facilitate redevelopment within the Empowerment Zone Communities.

Affordable Housing

- 20% (200 units minimum) of all residential units will be affordable on a long-term basis (maximum term allowable by law).

Parks & Plazas

- Approximately 2.0 new acres of privately owned but publically accessible green and plaza space.
- Private parties are responsible for all ongoing capital and maintenance costs.
- Estimated storm water runoff reduction of at least 35%.

Infrastructure

- 1.5 miles of new roadways with sidewalks and bicycle lanes.
- Infrastructure will be privately maintained going forward (streets, sidewalks, solid waste, etc.).

Construction Jobs

- In excess of 18,500 construction jobs spread across the project timeline (8-15 years).

Equal Business Opportunity Plan

- Benchmark of 38% inclusion of minority and female business enterprises (“M/FBE”) in **DESIGN, CONSTRUCTION and MAINTENANCE**.
 - Mercedes Benz Stadium (31%)
 - Philips Arena (31%)

Local Hiring

- Target thresholds for hiring of Atlanta residents for new construction positions.



FINANCIAL BENEFITS

The Gulch development will serve as a catalyst to generate a robust stream of annual and one-time cash flows to the City and other taxing bodies.

Projected Revenues and Cost Savings

Real Estate Tax Increment ¹	\$11.9-\$34.5 Million
Sales Tax Increment ¹	\$32.3-\$37.4 Million
Permit Fees ²	\$6.5-\$17.5 Million
Impact Fees ²	\$7.5-\$20.5 Million
WTAD Bondholder Inducement ³	\$5.0 Million
Nelson Street Bridge ⁴	\$5.0 Million
Total	\$68.2-\$119.9 Million

1. Projected untrended annual increment available once TAD and EZ Bonds have been repaid. Based on 4mm - 12mm sf build-out.

2. Estimated fees over the course of the development build out.

3. Additional collateral has been requested by the existing WTAD bondholders in exchange for their agreement to release the lien on the "Gulch portion" of the Westside TAD. This will be funded solely by CIM.

4. City obligation to rebuild the bridge will be assumed by CIM resulting in cost savings to the City. One-time benefit.

CITY OF ATLANTA LEGISLATION



On August 6th, key legislative papers were introduced to Atlanta City Council. These papers will form the foundation of the proposed partnership between the City, Invest Atlanta and the developer.

- **Ordinance 18-O-1484**

- Amends Ordinance 17-O-1793 that authorized an exchange transaction between the City and CIM to include additional CIM property in the exchange transaction.
- This Ordinance will be substituted in Committee to include additional City and CIM property.

- **Ordinance #2**

- Modifications to existing Westside Tax Allocation District Bonds.
- Series 2001 Bond documents grant a lien on all tax increment in WTAD for benefit of Wells Fargo (100% bondholder).
- Wells Fargo has agreed to release its lien on the “Gulch portion” of the WTAD in exchange for additional collateral pledge of \$5MM reserve.
 - **Funding source of reserve is the sole responsibility of CIM (Gulch developer).**

- **Ordinance #3**

- Gulch Enterprise Zone TAD Bond Ordinance.
- Authorizes the City to issue WTAD Bonds payable solely from tax increment generated within the Gulch Enterprise Zone.
- Establishes certain bond parameters (e.g., maximum par amount, interest rate, maturity, etc.).

- **Ordinance #4**

- Ordinance to request Invest Atlanta to issue Enterprise Infrastructure Fee Bonds (“EZ Bonds”).
- Authorizes the City to levy fee on retailers in the Gulch Enterprise Zone and pledge the fee to Invest Atlanta through an Intergovernmental Contract.

TAX ALLOCATION DISTRICT BONDS



As a part of the Gulch development, CIM has asked the City, Fulton County and Atlanta Public Schools to consent to a ten year extension of the Westside TAD thru 2048.

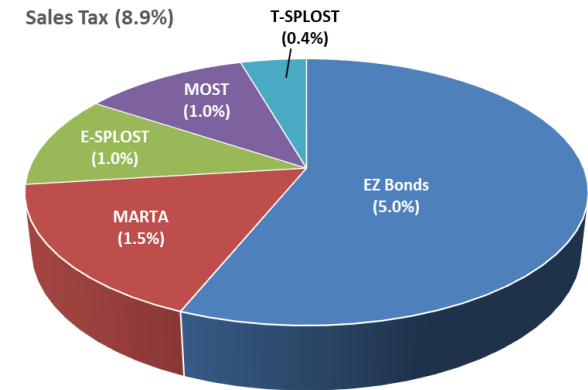
- The Gulch Enterprise Zone (“GEZ”) sits within the geographic boundaries of the WTAD.
- The Redevelopment Powers Law currently permits WTAD incremental real estate taxes generated through 2038 to be applied to real estate projects similar to the proposed Gulch development.
- The extension period is necessary to allow for sufficient taxes to be generated by the project to provide for reasonable expectation of bond repayment.
- **Financial Parameters**
 - 10% (typical TAD award amount) of project costs will be reimbursed through real estate taxes generated **exclusively within the Gulch Enterprise Zone**.
 - Not to exceed principal bond amount of \$500MM.
 - **CIM will be the sole initial purchaser of new TAD bonds (assumes ALL project AND financial risk).**
 - CIM equity (cash) will be used to fund all initial design and construction expenditures.
 - The Gulch TAD bonds will be repaid solely from real estate tax increment generated by CIM’s successful redevelopment of the GEZ.
 - Bond repayment (CIM reimbursement) only occurs AFTER substantial development has been completed (increment generation).
 - **No financial credit support from, default risk to or General Fund impact to the City.**

ENTERPRISE ZONE (EZ) BONDS



2017 House Bill 342

- Downtown Atlanta Enterprise Zone
- Passed by GA General Assembly March 2017. Effective July 2017.
- Provides that any urban redevelopment project in excess of \$400 million can qualify for an exemption of sales and use tax (excluding taxes for education, public transportation, and water and sewer projects).
- Provides for 5 cents of the 8.9 cent sales tax to be available to support development bonds.



Gulch Enterprise Zone

- Created by Atlanta City Council November 2017 (17-O-1737).
- The zone was designated based on CIM's commitment to invest a minimum of \$400MM for the redevelopment of an area certified by the Commissioner of the Georgia Department of Community Affairs to have been chronically underdeveloped for a period of 20 years or more.

Financial Parameters

- The Gulch Enterprise Zone currently generates \$0 in sales tax annually.
- The proposed development of the Gulch includes up to 1.5MM operating square feet of retail and hotel space **projected to generate \$35MM-\$50MM in sales tax revenue annually including incremental revenue to fund MARTA, E-SPLOST, MOST and T-SPLOST.**
- Not to exceed principal bond amount of \$1.25 billion.
- **CIM will be the sole initial purchaser of new EZ Bonds (assumes ALL project AND financial risk).**
- EZ bonds will be repaid solely from sales tax generated within the Gulch Enterprise Zone.
- **No financial credit support from, default risk to or General Fund impact to the City.**



OVERVIEW OF PROJECTED DEVELOPMENT

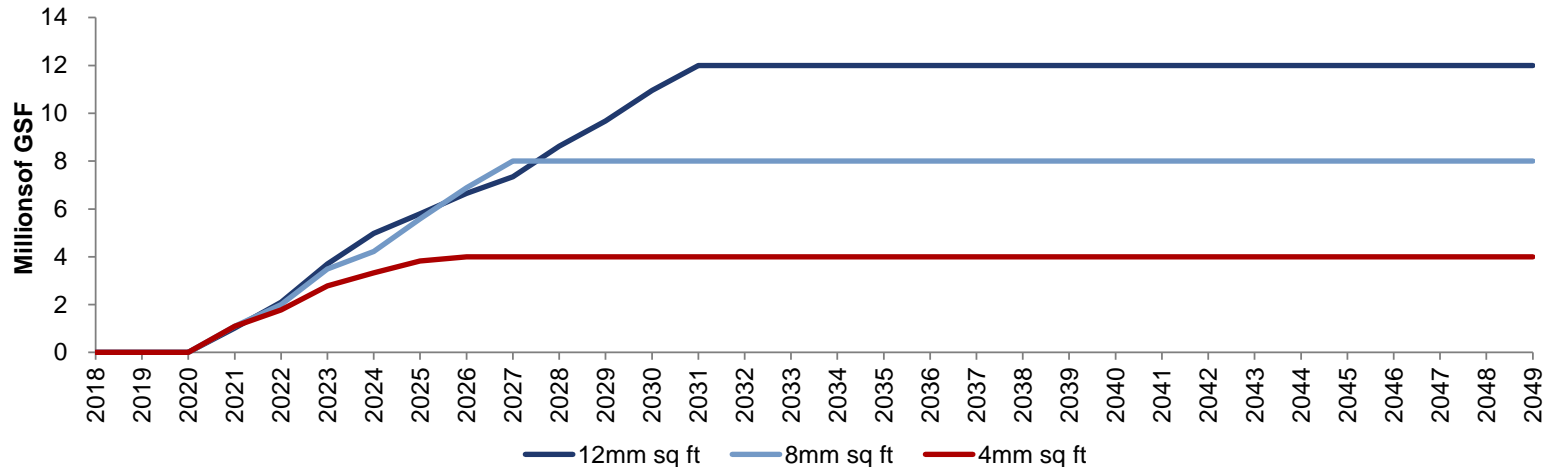
Assumptions

- Projections include the following development size assumptions:
 - 1) 12mm sq ft
 - 2) 8mm sq ft
 - 3) 4mm sq ft
- All three development projections assume the same value per square foot ("PSF") for each property type.
- Tax Allocation District ("TAD") taxes will be levied on all property types, whereas the Enterprise Zone ("EZ") taxes are levied on retail only.

Summary of Projected Development

Property Type	Gross Square Feet			Value PSF
	4mm sf	8mm sf	12mm sf	
Office	1,810,000	5,560,000	9,310,000	\$171
Retail	1,000,000	1,000,000	1,000,000	\$176
Residential	940,000	940,000	940,000	\$210
Hotel	250,000	500,000	750,000	\$150
Total	4,000,000	8,000,000	12,000,000	

Cumulative Gross Square Feet ("GSF") Over Time



Source: City of Atlanta Dept. of Finance and MuniCap, Inc.

CRITICAL PARTNERSHIP DEAL TERMS



- Commitment from the Developer to invest a minimum of \$400 million in the Gulch development plan
- CIM's **financial commitment** to the City to foster **economic growth in ALL 12 Districts**.
- 20% (200 units minimum) of all residential units will be affordable on a long-term basis (maximum term allowable by law)
- Minimum vertical development build requirements
 - 4 million square feet (exclusive of platform and parking structures)
- Benchmark of 38% inclusion of minority and female business enterprises (“M/FBE”)
- CIM responsible for Nelson Street bridge development (\$5MM cost savings to City)
- City-owned 50,000 sf storage facility (constructed by CIM per City specifications)
- Long-term location for Atlanta Peach Drop
- Public safety call boxes and cameras capable of seamless integration with the City’s Video Integration Center (“VIC”)
- Developer adherence to Invest Atlanta’s Project Jobs Policy designed to address unemployment and underemployment in the Westside TAD Neighborhood Area
- AFRD fire station (seven bay)
- APD mini police precinct

QUESTIONS & ANSWERS

