





TIF OVERVIEW

December 16, 2013

TIF REPORT

- Report requested by City Council on 11/18/13
 - review the proposal to use tax increment financing
 - worked with Corporation Counsel and Attorney Fasi (Bond Counsel)
 - reached out to NCDC

REPORT LAYOUT

Three Key Elements

| PROJECT BACKGROUND | HOW TIFS WORK | PROJECT ASSESSMENT |
|--|--|-------------------------------------|
| What is Winston Hospitality Requesting | Explanation of Tax Increment Financing | Options for the Council to Consider |

PROJECT BACKGROUND

HOW TIFS WORK

PROJECT ASSESSMENT

LOCATION



PROJECT BACKGROUND

HOW TIFS WORK

PROJECT ASSESSMENT

OVERVIEW

TIF

Tax Increment Financing

Tax Increment Financing

Financing procedure utilized by many local governments for redevelopment and improvement projects on existing structures. The cost of the improvements is assessed to future tax revenues by each taxing unit that levies taxes against the property. The taxing unit at the local level is responsible for determining how much of the increase in property tax due to the improvements will be used to repay the construction costs. The property that is seeking to use tax increment financing must be located within the city's jurisdiction.

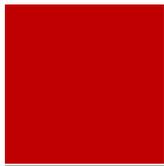
PROJECT BACKGROUND

HOW TIFS WORK

PROJECT ASSESSMENT

OVERVIEW

Tax Increment Financing



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PROJECT BACKGROUND

HOW TIFS WORK

PROJECT ASSESSMENT

OVERVIEW

Tax Increment Financing



PROJECT BACKGROUND

HOW TIFS WORK

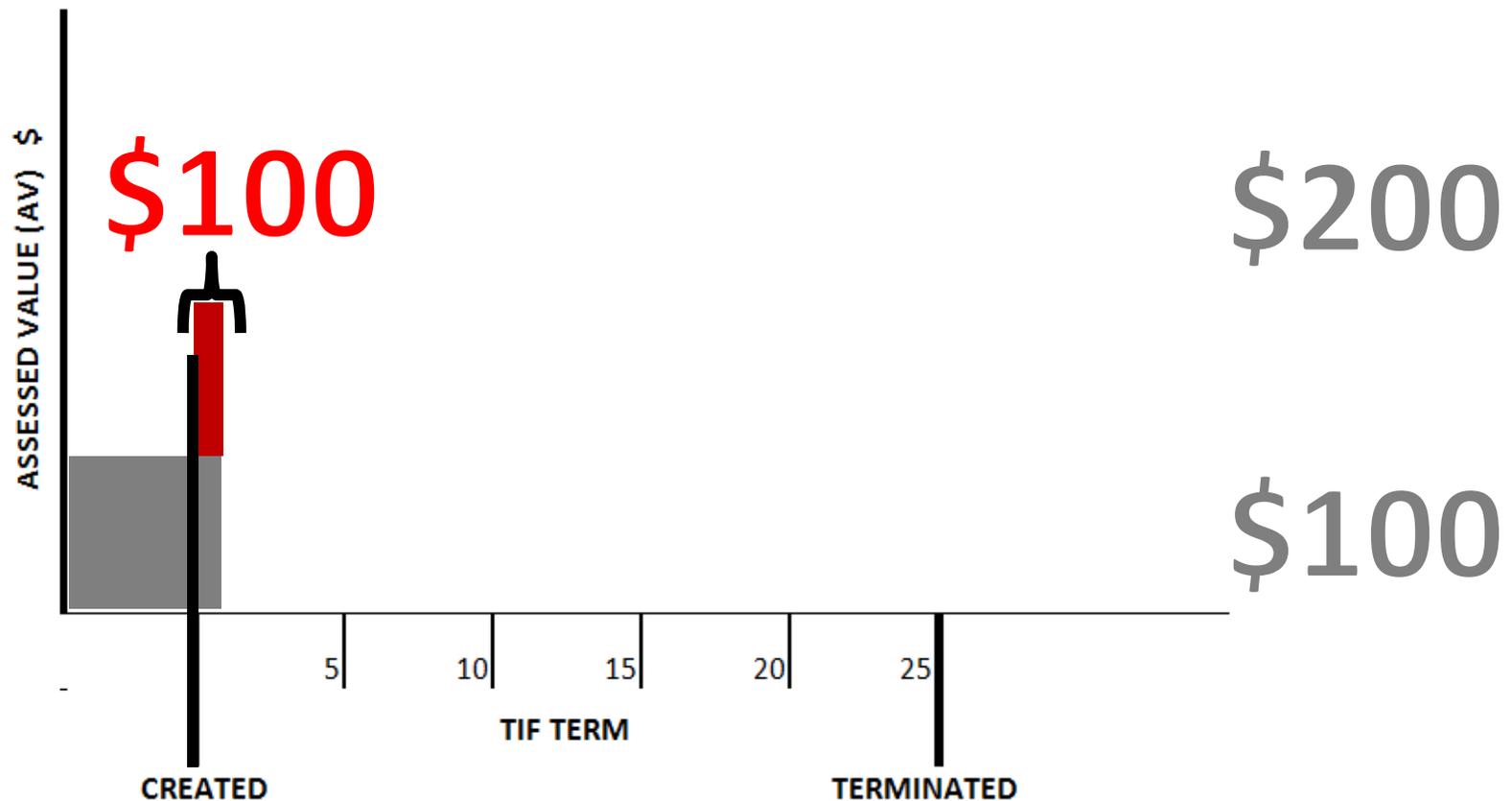
PROJECT ASSESSMENT

OVERVIEW

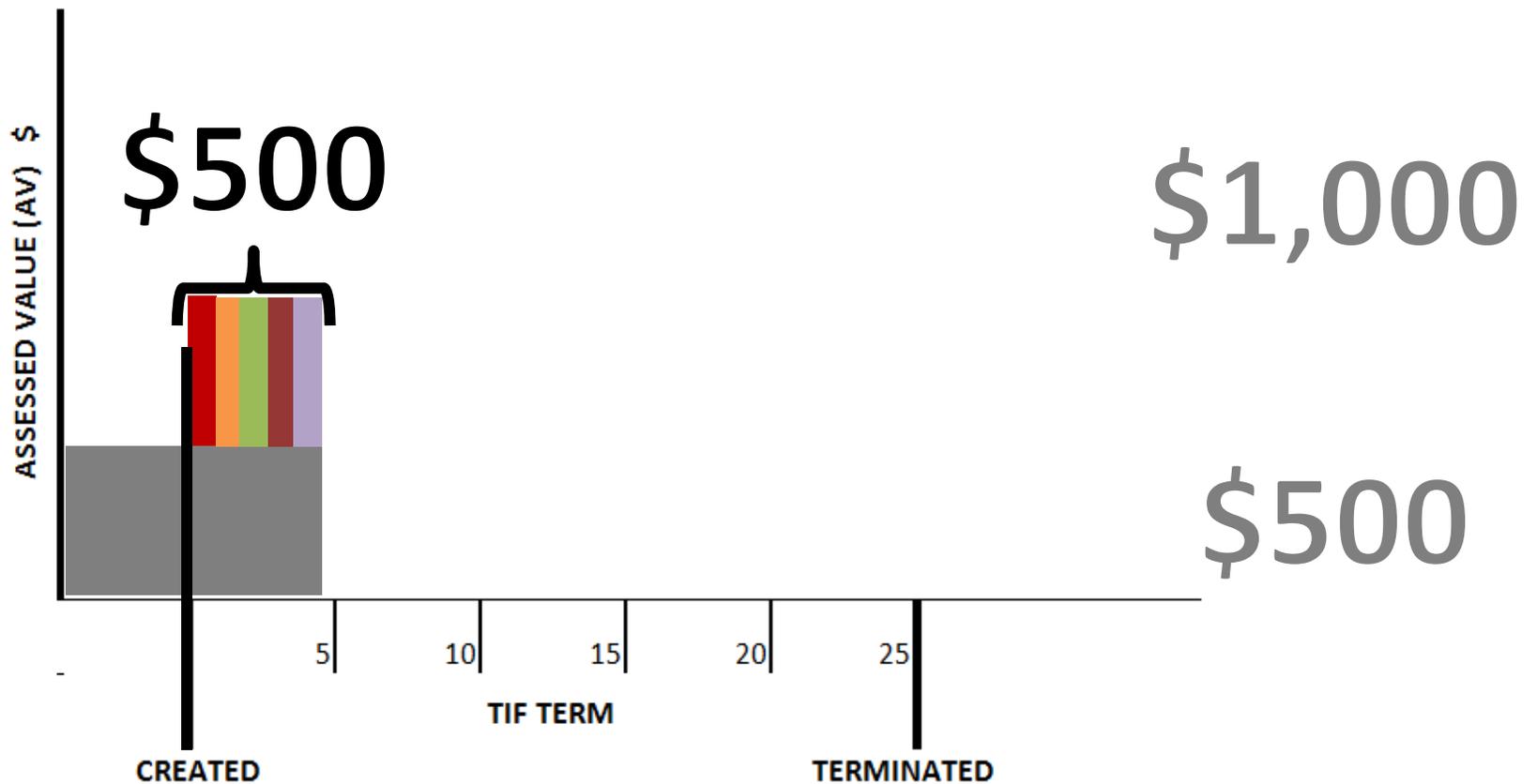
Tax Increment Financing



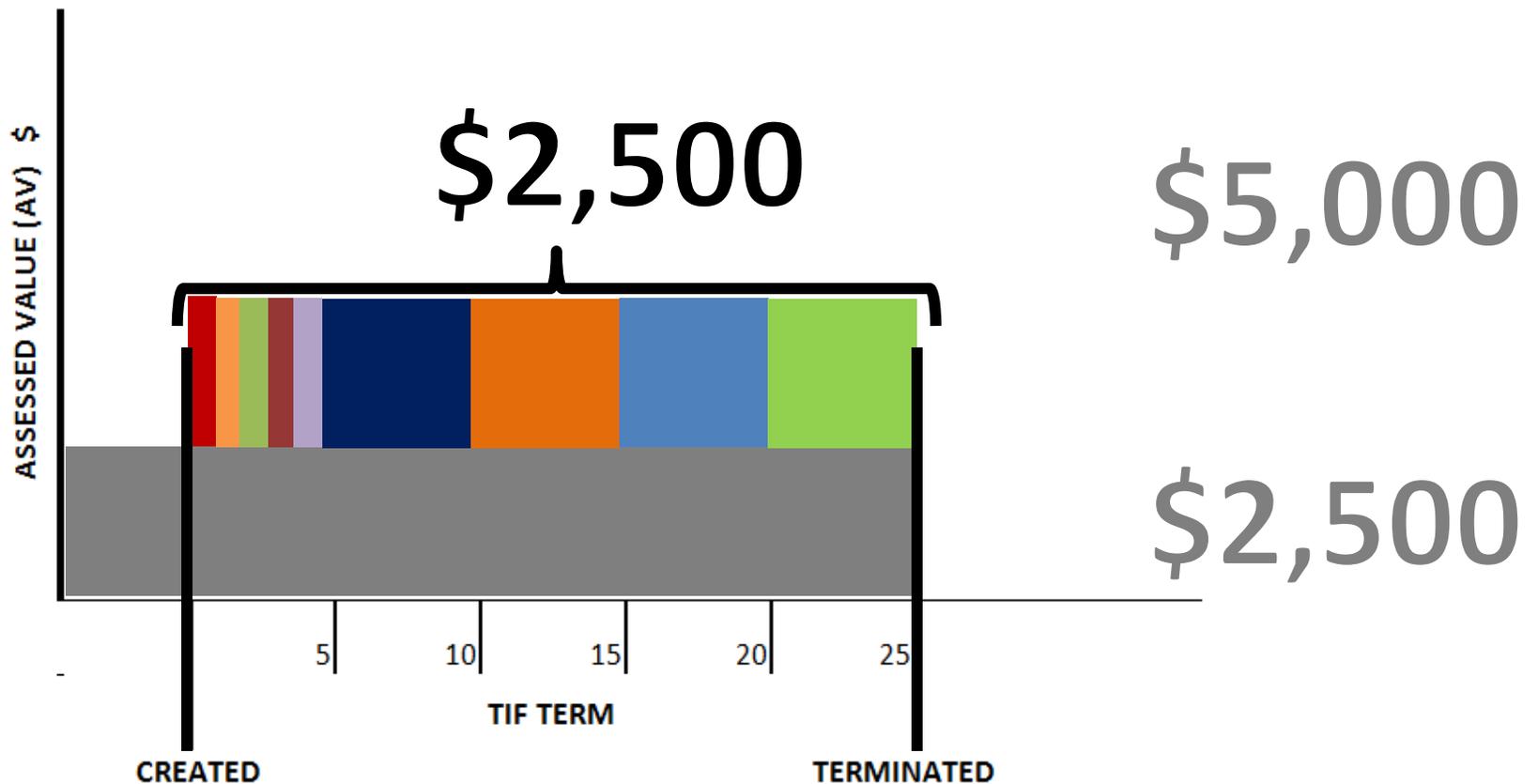
Tax Increment Financing



Tax Increment Financing



Tax Increment Financing



PROJECT BACKGROUND

HOW TIFS WORK

PROJECT ASSESSMENT

OPTIONS

DO NOTHING

TIF PROGRAM

OTHER PROGRAM

Laissez-faire

Extent

Timing

Explore Other Options

| | | |
|--------------------|---------------|--------------------|
| PROJECT BACKGROUND | HOW TIFS WORK | PROJECT ASSESSMENT |
|--------------------|---------------|--------------------|

DO NOTHING OPTION

| DO NOTHING | TIF PROGRAM | | OTHER PROGRAM |
|---------------|-------------|--------|-----------------------|
| Laissez-faire | Extent | Timing | Explore Other Options |

| PROS | CONS |
|---|--|
| No City action required | Project may be frozen for a long time |
| No market imbalance | May never achieve full revenue (Tax + Utility) |
| If project is completed, City gets 100% | May remain as an “eyesore” |
| | May impact community investment perception |

| | | |
|--------------------|---------------|--------------------|
| PROJECT BACKGROUND | HOW TIFS WORK | PROJECT ASSESSMENT |
| | | TIF OPTION |

| | | | |
|---------------|-------------|--------|-----------------------|
| DO NOTHING | TIF PROGRAM | | OTHER PROGRAM |
| Laissez-faire | Extent | Timing | Explore Other Options |

| PROS | CONS |
|------------------------------------|---|
| Fix highly visible property | Opportunity cost (little tax + utility revenue) |
| Some increase in revenues | Fairness with existing hotels |
| No debt impact on local government | Complex financing deal |
| Potential multiplier effect | Expensive compared to other financing |

| | | |
|--------------------|---------------|---------------------------|
| PROJECT BACKGROUND | HOW TIFS WORK | PROJECT ASSESSMENT |
|--------------------|---------------|---------------------------|

TIF - OTHER FACTORS

| | | | |
|---------------|--------------------|--------|-----------------------|
| DO NOTHING | TIF PROGRAM | | OTHER PROGRAM |
| Laissez-faire | EXTENT | Timing | Explore Other Options |

| | |
|--------------------|---------------------|
| TIF PROJECT | TIF DISTRICT |
|--------------------|---------------------|

PROJECT BACKGROUND

HOW TIFS WORK

PROJECT ASSESSMENT

TIF - OTHER FACTORS

DO NOTHING

TIF PROGRAM

OTHER PROGRAM

Laissez-faire

Extent

TIMING

Explore Other Options

TIF PROJECT

TIF DISTRICT

ACT NOW

DEVELOP POLICY FIRST

| | | |
|--------------------|---------------|--------------------|
| PROJECT BACKGROUND | HOW TIFS WORK | PROJECT ASSESSMENT |
| | | OTHER OPTIONS |

| | | | |
|---------------|-------------|--------|-----------------------|
| DO NOTHING | TIF PROGRAM | | OTHER PROGRAM |
| Laissez-faire | Extent | Timing | Explore Other Options |

| PROS | CONS |
|-------------------------|-------------------------------------|
| Shorter term incentives | May be less than Developer requires |
| No precedence | Cannot be monetized upfront |
| More efficient than TIF | |
| Diverse funding sources | |

Council Choice

LEAST AGGRESSIVE

1. **Laissez-faire / Do Nothing:** Let the market address the problem over time

2. **Create a TIF Policy:** Step back from this request for a moment and evaluate how and when the City should utilize this tool; then invite potential projects to submit requests to use the tool (ongoing process)

3. **Explore Other Options:** Take additional time to work with the developer and explore other options. Note, this has been ongoing for almost a year

4. **Create a TIF District:** Create a TIF District, and include the Winston Hospitality property within the District.

MOST AGGRESSIVE

5. **Create a TIF Project:** Proceed with the project as requested by Winston Hospitality, without the development of a policy

CHOOSE ONE