

Memorandum



DATE April 12, 2013

TO Members of the Economic Development Committee: Tennell Atkins (Chair),
Ann Margolin (Vice Chair) Jerry R. Allen, Sheffie Kadane, Monica Alonzo

SUBJECT **LTV Tower (1600 Pacific) Redevelopment Project – Downtown Connection
TIF District**

On Monday, April 15, 2013 the Economic Development Committee will be briefed on the LTV Tower (1600 Pacific) Redevelopment Project – Downtown Connection TIF District.

Briefing material is attached.

Should you have any questions, please contact me at (214) 670-3296.



Ryan S. Evans
Assistant City Manager

C: The Honorable Mayor and Members of the City Council
Mary K. Suhm, City Manager
Rosa Rios, City Secretary
Tom Perkins Jr., City Attorney
Craig Kinton, City Auditor
Judge Daniel Solis, Administrative Judge Municipal Court
A.C. Gonzalez, First Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Forest Turner, Assistant City Manager
Joey Zapata, Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Karl Zavitkovsky, Director, Office of Economic Development
J. Hammond Perot, Assistant Director, Office of Economic Development
Stephanie Pegues-Cooper, Assistant to the City Manager

LTV Tower (1600 Pacific) Redevelopment Project ***Downtown Connection TIF District***

Economic Development Committee
April 15, 2013



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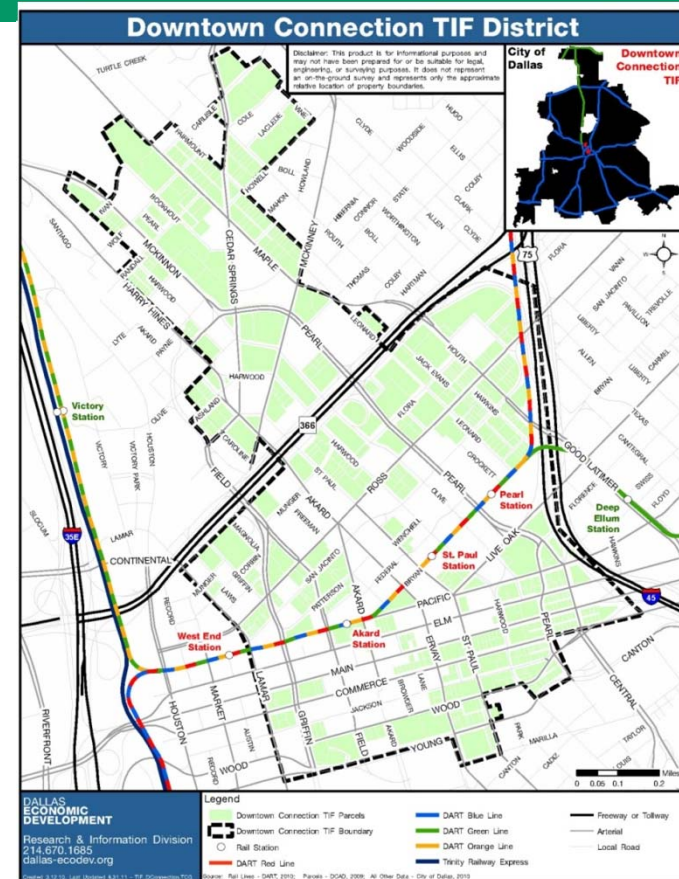


Purpose

- ◆ Provide background information on Downtown Connection (DC) TIF District
- ◆ Review the LTV Tower (1600 Pacific Ave.) Redevelopment Project
- ◆ Obtain Economic Development Committee's approval for consideration of the project by City Council on May 22, 2013

Downtown Connection TIF District Background

- ◆ Created June 2005
- ◆ Project Plan and Reinvestment Zone Financing Plan approved August 2005
- ◆ Expires December 31, 2035, or when approximately \$545.7 million in TIF increment has been collected (NPV of \$231.6 million)
- ◆ Established to fund projects creating a greater density/critical mass of development within Downtown core area



Downtown Connection TIF District TIF Budget

Downtown Connection TIF District Current Projected Increment Revenues to Retire TIF Fund Obligations			
Category	Estimated Total Dollar TIF Budget	Allocated ³	Estimated Total Dollar Balance
Catalyst Projects: - Environmental remediation, demolition, historic façade, restoration, street/utility improvements & streetscape improvements, land acquisition, and non project costs, including, but not limited to machinery, equipment, materials and supplies	\$68,000,000	\$68,000,000	\$0
Redevelopment of Vacant/Underutilized Downtown Buildings, Underdeveloped Parcels, Surface Parking Lots - Environmental remediation, interior/exterior demolition, historic façade restoration, street/utility improvements, land acquisition, TIF grants, affordable housing	\$309,043,392	\$170,889,725	\$138,153,667
Uptown/Downtown connection improvements	\$0	\$0	\$0
Park and plaza design and acquisition	\$3,534,594	\$0	\$3,534,594
Affordable Housing²	\$3,000,000	\$2,000,000	\$1,000,000
Retail Initiative/Streetscape Improvements	\$1,985,000	\$459,845	\$1,525,155
Downtown Area Plan	\$515,000	\$512,464	\$2,536
Administration and Implementation	\$9,285,109	\$617,914	\$8,667,195
Debt Service (Interest Only)	\$150,363,000	\$150,363,000	\$0
Total Project Costs	\$545,726,096	\$392,842,948	\$152,883,148
¹ TIF Budget shown above in total dollars; TIF Project Plan shows the budget in net present value.			
² The Affordable Housing line item has been reduced by the amount of money allocated to the Continental project			
³ The Allocated total shown for the Redevelopment of Vacant/Underutilized Downtown Building line item reflects the total TIF District's commitment to projects currently in the Reimbursement Queue, including the LTV Tower Project			

LTV Tower Background:

TIF #1

- ◆ **TIF #1 – Ricchi Dallas Investments, LLC**
 - ◆ Ricchi acquired the building with financing from First National Bank of Edinburg, after bank foreclosed on former owner
 - ◆ Council approved a development agreement with Ricchi in 2010 to clean and renovate the building
 - ◆ Project was phased with completion dates for each stage
 - ◆ TIF funding not to exceed \$12,870,200 was dedicated to the project
 - ◆ From 2010 to 2012, approximately \$27M was spent for renovations
 - ◆ Includes \$4.7M for ground lease acquisitions
 - ◆ Exceeds minimum private investment requirement of \$26,430,000
 - ◆ Lengthy negotiations between Ricchi and Radisson to finish out and occupy floors 1 through 18 of the building collapsed in 2012
 - ◆ Interior finish out of lower floors were not completed, a requirement of full reimbursement
 - ◆ First National Bank encountered regulatory issues and is unable to provide additional construction financing for the project

LTV Tower – TIF #1

Status of Renovation

Stages of Development

Stage 1 - Asbestos abatement, removal of the obsolete operating systems for the building and demolition of interior wall for all 32 floors, except the elevator areas. Interior space will be opened up and cleaned down to the concrete.

Stage 2 - Renovation of the elevator systems, roof, windows, restoration of the exterior of the property to its original condition, installation of new heating and air conditioning system

Stage 2 - Renovation of the lower four floors of building to leasable condition or renovation of approximately 56,000 square feet of gross commercial space

Stage 3 - Finish out of an additional 60,000 square feet of space or 6 additional floors

Stage 4 - Completion of 120 rental parking spaces in the Property

Completed

Yes

Yes

No

No

Yes

Before



After



LTV Tower: *HRI Acquisition*

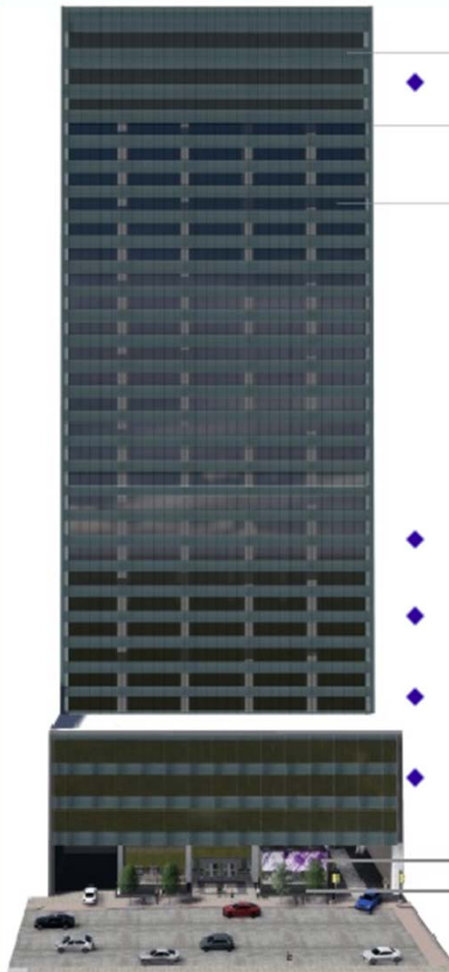
- ◆ Historic Restoration, Inc (HRI Properties), a New Orleans based, full service real estate development company, has contracted with Ricchi to purchase the property and plans a mixed-use hotel and residential build-out
- ◆ HRI Properties has redeveloped 60+ projects nationwide totaling \$1.78 billion (See Appendix H Company Information)
- ◆ Deal structure requires the following:
 - ◆ Amendment of TIF #1 Development Agreement with Ricchi to allow HRI Properties to fulfill remaining finish out requirements
 - ◆ Execution of Development Agreement with HRI Properties for redevelopment of LTV Tower
 - ◆ Assignment of TIF #1 payments to First National Bank
 - ◆ Execution of TIF #2 Grant Agreement with First National Bank to facilitate existing lien releases

LTV Tower:

TIF #1 Development Agreement Amendment

- ◆ Existing improvements become eligible for reimbursement (up to \$12,870,000) upon purchase of building and closing of construction loan by HRI Properties
- ◆ HRI Properties acquisition date is 9/30/2013
- ◆ Uncompleted work related to TIF #1 becomes responsibility of HRI Properties
- ◆ HRI Properties provides City with Completion Guarantee and agrees to minimum net worth and liquidity covenants
- ◆ Project's General contractor provides a performance bond
- ◆ Reimbursements associated with TIF #1 assigned by Ricchi to First National Bank (See Appendix A – TIF #1 Conditions of Funding)

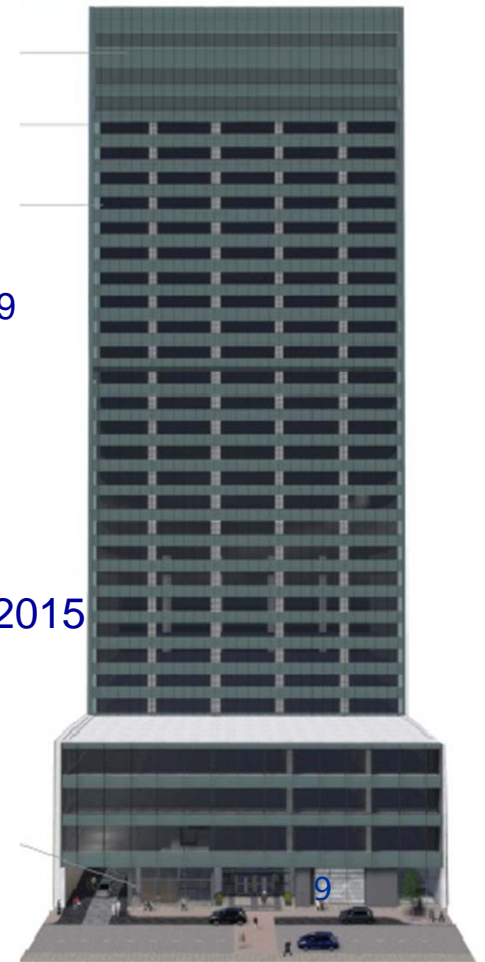
LTV Tower Redevelopment: *Project Description*



ELM STREET ELEVATION

- ◆ **Conversion from vacant office space to mixed use:**
 - ◆ 171 Hotel rooms on floors 1, 5 thru 14
 - ◆ 206 parking spaces on floors 2 thru 4
 - ◆ 186 Residential units on floors 15 thru 32 (19 affordable units)
 - ◆ 2,000 square feet of meeting space
 - ◆ 152 parking spaces under the building
- ◆ **Project Start Date:** December 31, 2013
- ◆ **Project Completion Date:** September 30, 2015
- ◆ **Total Project Cost:** \$67,520,108
- ◆ **TIF Request:** \$17,500,000

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PACIFIC AVENUE ELEVATION

LTV Tower Redevelopment Project: *Funding Sources and Uses*

Funding Source	Amount		Use
Private Equity	\$21,335,433	32%	Acquisition and Construction
Historic Tax Credits	\$11,784,675	17%	Construction
Construction Loan	\$34,400,000	51%	Construction
Total	\$67,520,108		

HRI Properties Redevelopment Agreement: *Key Conditions*

- ◆ Minimum private investment for construction/construction-related soft costs = \$35M
- ◆ Project shall include:
 - ◆ Minimum 140 Residential Units (180K Sq. Ft.)
 - ◆ Minimum 145 Hotel Rooms (180K Sq. Ft.)
 - ◆ Minimum 120 Parking Spaces
 - ◆ Minimum 15,500 retail/commercial ground floor space (inclusive of ground floor hotel space)
- ◆ Start construction by 12/31/2013
- ◆ Certificate of Occupancy within 24 month of construction financing closing (9/30/2015)
- ◆ Minimum 25% of total net leasable square footage of retail/commercial ground floor space leased within 45 days of CO
- ◆ Minimum 10% of residential units meet affordable housing standards for 15 year period
- ◆ Review of project design by Urban Design Peer Review Panel

HRI Properties Redevelopment Agreement: *Key Conditions (continued)*

- ◆ Residential portion of project managed by HRI Management Corp.
- ◆ Hotel brand to be approved by Director of OED and DC TIF Board
- ◆ M/WBE Goal: 25% of TIF Reimbursable construction expenses and Good Faith Effort of 25% private construction costs
- ◆ Project deadlines can be extended up to 6 months, subject to approval of DC TIF Board and OED Director
- ◆ See **Appendix B** – LTV Tower Development Agreement Conditions

TIF #2 Grant Agreement

- ◆ Recommended TIF Grant of \$17.5M to First National Bank
- ◆ First National Bank is eligible to receive available payments subject to the following conditions:
 - ◆ Closing of construction financing to redevelop LTV Tower
 - ◆ Execution of a Completion Guarantee by HRI Properties to include minimum net worth and liquidity covenants
 - ◆ Evidence of a Performance Bond by the project's General Contractor
 - ◆ Evidence of equity investment for the project
- ◆ First National Bank releases existing liens to facilitate collateralization of construction financing
- ◆ See **Appendix C** – LTV Tower TIF #2 Funding Conditions

TIF #2 Grant Agreement Justification

- ◆ Redevelopment of the building is not possible without public subsidy
- ◆ Finish out of the building would not occur, but for TIF funding
- ◆ TIF funding facilitates:
 - ◆ Pay down of debt on the building
 - ◆ Release of existing liens on the building
 - ◆ Purchase of the building by HRI Properties
 - ◆ Deliverance of a clean title for the building to HRI Properties
 - ◆ Use of building as collateral for construction financing for the project

Budget Line Item	Amount
Economic Development TIF Grant	\$17,500,000
Total TIF Funding Proposed	\$17,500,000

Unusual TIF Reimbursement Structure

- ◆ TIF #1 and TIF #2 reimbursements paid to First National Bank instead of developer (HRI Properties)
- ◆ TIF Reimbursement to First National Bank becomes available when tax increment is generated and is not contingent on project completion
- ◆ First National Bank is enabled to treat debt obligation as a non-real estate asset for regulatory purposes
- ◆ Lien release facilitates use of building as collateral for new construction financing
- ◆ City protected by:
 - ◆ HRI Completion Guarantee with minimum net worth and liquidity covenants
 - ◆ General contractor performance bond
 - ◆ Construction lender and private equity investors highly motivated to ensure build-out completed
 - ◆ Final \$1M of TIF #2 Grant contingent on project completion

TIF #1 and TIF #2

TIF Board Recommendations

- ◆ On March 21, 2013 the Downtown Connection TIF District Board of Directors recommended approval of the following:
 - ◆ An amendment to the development agreement with Ricchi Dallas Investments, LLC removing finish-out requirements and assigning TIF reimbursement payments to First National Bank (See **Appendix A** for funding conditions); and
 - ◆ A Development Agreement with 1600 Pacific Landlord, LLC (HRI Properties) for the completion of remaining portions of Stage 2 and Stage 3 work described in the development agreement with Ricchi Dallas Investments, LLC and finish out of the entire building with hotel and residential uses (See **Appendix B** for Development Agreement Conditions); and
 - ◆ A Grant Agreement with First National Bank for TIF incentives associated with the LTV Tower Redevelopment project in an amount not to exceed \$17,500,000 (See **Appendix C** for Grant Agreement funding conditions)

Strategic Importance of Proposed Project

- ◆ Continues strategic redevelopment of vacant buildings in downtown's core
- ◆ Returns a vacant historic building back to use
- ◆ Removes over 500,000 square feet of vacant office space from downtown vacant building inventory
- ◆ Adds 180+ residential units, 10% of which must be affordable, to the downtown residential stock
- ◆ Creates ground floor activity on Elm Street and Pacific Avenue
- ◆ Begins to strengthen linkage between the Main Street and Pacific Avenue
- ◆ Maintains downtown redevelopment momentum
- ◆ Creates a new hotel with shared amenities and additional downtown hospitality jobs

Staff Recommendations

- ◆ Staff requests ECO Committee approval for Council consideration of the following:
 - ◆ An amendment to the development agreement with Ricchi Dallas Investments, LLC; and
 - ◆ A Development Agreement with 1600 Pacific Landlord, LLC (HRI Properties) for the completion of remaining portions of Stage 2 and Stage 3 work described in the development agreement with Ricchi Dallas Investments, LLC and finish out of the entire building with hotel and residential uses; and
 - ◆ A Grant Agreement with First National Bank for TIF incentives associated with the LTV Tower Redevelopment project in an amount not to exceed \$17,500,000.



◆ APPENDIX

Appendix A: Development Agreement Amendment *TIF #1 Conditions of Funding*

- ◆ Require only the completion of Stage 1 and a portion of Stage 2 (renovation of the elevator systems, roof, windows, restoration of the exterior of the property, installation of core components of a new heating and air conditioning system), which the City will acknowledge has been completed upon 1600 Pacific Landlord, LLC's acquisition of the LTV Building; and
- ◆ Allow TIF #1 to be in full force and effect upon the 1600 Pacific Landlord, LLC's acquisition of the LTV Building; and
- ◆ Remove defaults and other contingencies to payment of the TIF #1 reimbursements, and the City will acknowledge that such TIF #1 reimbursement payments have been fully earned as of 1600 Pacific Landlord, LLC's acquisition of the Project and are not subject to offset or reduction; and
- ◆ Set a deadline of September 30, 2013, for 1600 Pacific Landlord, LLC's acquisition of the LTV Building, which may be extended by the lesser of 90 days or the number of days Ricchi Dallas extends 1600 Pacific Landlord, LLC's right to purchase the LTV Building beyond September 30, 2013, subject to approval of the Director of the OED

Appendix A: Development Agreement Amendment *TIF #1 Conditions of Funding*

with such approval not being unreasonably withheld; and

- ◆ Provide that in the event 1600 Pacific Landlord, LLC fails to acquire the LTV Building and close project construction financing by September 30, 2013, or the extended deadline, amendments (1), (2) and (3) above shall be null and void and the “CO Date” as defined under the existing TIF #1 documents shall be extended by a period of 6 months, plus the number of days of such deadline extension; and
- ◆ Require upon 1600 Pacific Landlord, LLC’s acquisition of the LTV Building, the City will consent to an amended and restated assignment by Ricchi Dallas to First National Bank of the TIF #1 reimbursement payments.

Appendix B: LTV Tower Redevelopment *Development Agreement Conditions*

- ◆ Minimum private investment of \$35,000,000 for the Project for construction and construction related soft costs; and

The term “Invest” or “Investment” means the sum of all, construction costs (hard and soft) paid, payable or actually incurred by or on behalf of the Owner, with respect to the Property and the improvements thereon. Construction related soft costs include the following items: architecture and engineering, interior design, remediation and demolition. Carrying or other similar costs shall not be considered toward this definition of project investment. The owner must provide verification of all expenditures.

- ◆ Redevelopment of the Project shall include:
 - ◆ Minimum 15,500 square feet of retail/commercial ground floor space (inclusive of ground floor hotel space);
 - ◆ Minimum 180,000 square feet of residential space (approximately 140 residential units);
 - ◆ Minimum 30,000 square feet of parking space (approximately 120 parking spaces); and
 - ◆ Minimum 180,000 square feet of hotel space (approximately 145 hotel rooms).

Appendix B: LTV Tower Redevelopment *Development Agreement Conditions*

- ◆ Obtain a building and/or demolition permit and start construction and/or demolition for the Project by December 31, 2013; and
- ◆ Obtain a Certificate of Occupancy (CO) for the Project within 24 months of the Project's construction financing closing; and
- ◆ Obtain final acceptance of public infrastructure improvements associated with the Project, as evidenced by the issuance of a Green Tag from the Public Works and Transportation Department by December 31, 2015 and submit documentation to the Office of Economic Development (the "OED"); and
- ◆ Execute an Operating and Maintenance agreement for public infrastructure improvements associated with the Project by December 31, 2015, for a period of 20 years; and
- ◆ A minimum of 25% of the total net leasable square footage of retail/commercial ground floor space must be occupied within 45 days of obtaining a CO for the Project; and

Appendix B: LTV Tower Redevelopment *Development Agreement Conditions*

- ◆ Mixed Income Housing: A minimum of 10% of the Project's total residential units must meet affordable housing standards in accordance with the District's Mixed Income Housing Guidelines. The requirements on the Project related to providing mixed income housing shall be documented in a deed restriction on the Property. These guidelines require, but are not limited to, the following:
 - ◆ Affordable units must be available for a 15 year period (from the date of CO).
 - ◆ If the total number of affordable units drops below 10%, a 90-day compliance period will be granted.
 - ◆ Submit semi-annual reports to the OED Staff (from the date of CO).
- ◆ Prior to City Council consideration, review of the Project's design by the Urban Design Peer Review Panel (UDPRP), an independent group of design, engineering, and/or planning professionals selected by the Dallas City Manager, is required. The UDPRP shall review and provide recommendations on the Project's design to the TIF Board for their consideration. The Project's design plans shall include:
 - ◆ A site plan showing the location of parcel boundaries clearly differentiating publically accessible space from private space.

Appendix B: LTV Tower Redevelopment *Development Agreement Conditions*

- ◆ A pedestrian lighting plan for the site using lighting acceptable to the City and spaced at approximately 75 feet unless otherwise required by the City's Public Works and Transportation Department. This lighting plan is required for all public and private streets included in the project.
- ◆ A sidewalk plan for the project. Sidewalks with high anticipated levels of pedestrian traffic shall be designed to accommodate the traffic. The sidewalks shall have a minimum 7 foot walking zone and a minimum 3 foot landscaping and lighting zone, where possible. Landscaping and pedestrian lights shall be placed in the area closest to the back of curb for the length of the sidewalk. The plan shall show the location and type of all landscaping materials.
- ◆ Elevations for all sides of the building visible from the public right of way, focusing on the ground floor.
- ◆ A valet plan indicating where the vehicular drop off will be located.
- ◆ A signage plan for the building.
- ◆ A pedestrian access plan showing linkage between Elm Street and Pacific Avenue,



Appendix B: LTV Tower Redevelopment *Development Agreement Conditions*

creating a pedestrian passage way linking Stone Street to Thanksgiving Square.

- ◆ Construction of Project improvements and building renovations shall be in general conformance with design plans approved by the Downtown Connection TIF Board of Directors and Dallas City Council; and
- ◆ The residential portion of the Project shall be initially managed by HRI Management Corporation which is an approved operator, or a management company acceptable to the Director of the OED, such approval not being unreasonably withheld; and
- ◆ The hotel portion of the Project shall be franchised hotel brand acceptable to the Director of the OED, such approval not being unreasonably withheld, until the expiration of the term of the Downtown Connection TIF District. The hotel will be operated by HRI Lodging initially, or another operator approved by the Director of the OED. The Owner shall not change its brand affiliation without the prior written approval of the Director, which approval shall not be unreasonably withheld; and
- ◆ Owner shall submit to the Director of the OED a quarterly status report for ongoing work on the Project, as well as public improvements. Status reports will be due once every three months after the Council approval date; and

Appendix B: LTV Tower Redevelopment *Development Agreement Conditions*

- ◆ Comply with the Business Inclusion and Development (“BID”) goal of twenty-five percent (25%) Minority/Women-owned Business Enterprise (M/WBE) participation for TIF reimbursable improvements, and the Owner shall make a good faith effort to achieve a goal of 25% certified M/WBE participation for total private improvement construction expenditures for the Project, and meet all reporting requirements for each; and
- ◆ Market the apartments pursuant to an affirmative fair housing marketing plan approved by the City; and
- ◆ If the total number of Affordable Units drops below 10%, and noncompliance was not cured within the 90-day compliance period, the Owner shall be required to pay a Penalty Payment until the total number of affordable units provided meets or exceeds 10% of the Project’s total residential units. The Penalty Payment shall be an amount equal to two times the property’s median monthly rent for market rate units in the project multiplied by the number of Affordable Units required less the number of Affordable Units provided for the property, multiplied by the number of months each unit has been unoccupied. (For example: An owner of a project that has 150 units, a median market rate of \$1,000 and 5 of the 15 Affordable Units are not provided for 6 months each would pay an annual Penalty Payment equal to

Appendix B: LTV Tower Redevelopment *Development Agreement Conditions*

\$300,000: 2 X 5 (unoccupied units) X 30 months (5 unoccupied units x 6 months unoccupied) X \$1,000 (median market rate) = \$300,000); and

- ◆ If necessary, the Project deadline can be extended up to 6 months, subject to the Office of Economic Development Director's and Downtown Connection TIF District Board of Director's approval.

Appendix C: LTV Tower TIF #2

Grant Agreement Funding Conditions

- ◆ TIF #2 shall be in full force and effect upon closing of the 1600 Pacific Landlord, LLC's acquisition of the Project and satisfaction of the following conditions at such closing:
 - ◆ HRI Properties shall submit a Completion Guarantee for the Project, and such guarantee shall include minimum net worth/market asset values and liquidity requirements to be negotiated with the City;
 - ◆ 1600 Pacific Landlord, LLC shall close construction financing for the Project and provide documentation of construction financing;
 - ◆ 1600 Pacific Landlord, LLC shall provide evidence of Performance Bond by the Project's General Contractor;
 - ◆ 1600 Pacific Landlord, LLC shall provide evidence of private equity investment for the Project; and
 - ◆ Reimbursement of the final \$1,000,000 of TIF #2 shall be contingent upon completion of the LTV Tower Redevelopment Project and issuance of a final Certification of Occupancy for all portions of the Project.

Appendix C: LTV Tower Redevelopment Grant Agreement Funding Conditions

- ◆ Effective upon closing of Owner's acquisition of the Project, the City will make the TIF #2 reimbursements with respect to the Project directly to First National Bank and that the TIF #2 payments have been fully earned and are not subject to offset or reduction, except reduction of the TIF #2 amount by \$1,000,000; and
- ◆ In consideration of (i) the TIF #2 Economic Development TIF grant, (ii) the above listed amendments to TIF #1, and (iii) a partial pay down from the cash proceeds of the sale to 1600 Pacific Landlord, LLC of the Existing Loans to an amount no more than \$22 million, and subject to completion of due diligence and documentation to the satisfaction of First National Bank and receipt of all required approvals, First National Bank will release its Existing Liens on the Property at closing to allow Ricchi Dallas to deliver clean title to 1600 Pacific Landlord, LLC and in order to facilitate the collateralization of the 1600 Pacific Landlord, LLC construction financing for the Project.

Appendix D: Project Requirements/Other Information

LTV Tower Redevelopment Project Facts	
Minimum Residential Space (required)	180,000 s.f. Approx. 140 Units
Minimum Affordable Housing Units	14 Units or 10% of Total Residential Units
Minimum Hotel Space	180,000 s.f. Approx. 145 rooms
Minimum Retail Space	15,500 s.f.
Minimum Parking Spaces	120
Required Private Investment – (construction hard and soft costs)	Min. 35,000,000
Expected Total Project Cost	\$67,520,108
TIF Funding	\$17,500,000
% TIF funds to total project cost	25.92%
Return on Investment without TIF	6.7%
Return on Investment with TIF	9%
Deadline to Obtain Building Permit	December 31, 2013
Deadline to Obtain Final CO	September 30, 2015

Appendix E: LTV Tower Redevelopment Project Proforma

LTV Tower Redevelopment Project Pro Forma			
Downtown Connection TIF District			
PROJECT ADDRESS:	1600 Pacific Avenue		
PROJECT TYPE:	Mixed Use (Residential, Hotel)		
CONSTRUCTION START DATE:	December 31, 2013		
PROJECT COMPLETION DATE:	September 30, 2015		
	<u>SF</u>	<u># of Units/Rooms</u>	<u>Avg SF</u>
Residential Units	178,381	186	959
Hotel Rooms (includes back of house and common area)	157,800	171	923
Use Breakdown	<u>SF</u>		<u>Total Leasable SF</u>
Residential (includes back of house and common area)	249,390		346,181
Retail	10,000		
Hotel	157,800		
Garage	146,400		
			Total Bldg SF (Gross) 563,590
Project Costs			
Hard Cost	\$37,116,405		
Soft Cost (less Developer Fee)	\$19,457,880		
Acquisition	\$10,945,823		
Total Project Cost (without City \$)	\$67,520,108		
Total Project Cost	\$67,520,108		
TIF Assistance	\$17,500,000		
Net Cost to Developer (after TIF reimbursement)	\$50,020,108		
Return on Cost Analysis			
NOI/Total Project Costs			
Return on Cost (without City \$)		6.7%	
Return on Cost (with City \$)		9.0%	
			Residential Revenue \$3,178,749
			Hotel Revenue \$9,435,780
			Total Revenue \$12,614,529
			Expenses
			Residential Expenses (\$495,443)
			Hotel Expenses (\$6,133,257)
			Residential & Hotel Mgmt (\$378,436)
			Taxes (franchise, property) (\$1,085,032)
			Total Expenses (\$8,092,168)
			NOI \$4,522,362
			<small>Notes: Stabilized rates in 2020; Revenues reflect vacancy rates of Residential 10%; Hotel 25%</small>

Appendix F: Downtown Connection TIF Increment Chart

Projected TIF Increment Schedule

Tax Year	Total Property Value Estimate ¹	Property Value Growth	Anticipated Captured Value	Anticipated Accumulated Revenue (NPV)	Tax Increment Revenue into TIF * CITY @ 90%	Tax Increment Revenue into TIF ** COUNTY @ 55%	Anticipated Increment Revenue	NPV Anticipated Increment Revenue (2005)
Base 2005	\$561,696,137	(1)						
Base 2009	\$564,917,317	(2)						
1 2006	\$759,033,448	35.13%	\$197,337,311	\$1,370,108	\$1,208,059		\$1,438,614	\$1,370,108
County	\$759,016,948		\$197,320,811			\$230,555		
2 2007	\$989,078,707	30.31%	\$427,382,570	\$4,450,867	\$2,844,731		\$3,396,536	\$4,450,867
County	\$988,341,787		\$426,645,650			\$551,805		
3 2008	\$1,515,616,786	53.24%	\$953,920,649	\$10,691,983	\$6,065,898		\$7,224,872	\$10,691,983
County	\$1,595,047,713		\$1,033,501,376			\$1,158,974		
4 2009	\$1,512,292,589	-0.22%	\$947,375,272	\$17,179,939	\$6,768,369		\$7,886,151	\$17,179,939
County	\$1,559,199,640		\$994,432,123			\$1,117,782		
5 2010	\$1,539,047,900	1.77%	\$974,130,583	\$23,590,942	\$6,849,382		\$8,182,245	\$23,590,942
County	\$1,583,755,734		\$1,018,988,217			\$1,332,864		
6 2011	\$1,546,807,101	0.50%	\$981,889,784	\$29,976,530	\$7,235,640		\$8,557,298	\$29,976,530
County	\$1,589,222,014		\$1,024,304,697			\$1,321,658		
7 2012	\$1,762,069,405	13.92%	\$1,197,152,088	\$37,259,180	\$8,587,172		\$10,247,420	\$37,259,180
County	\$1,806,641,969		\$1,241,724,652			\$1,660,248		
8 2013	\$1,804,258,824	2.39%	\$1,239,341,507	\$44,397,709	\$8,889,797		\$10,546,858	\$44,397,709
9 2014	\$1,877,874,888	4.08%	\$1,312,957,571	\$51,600,140	\$9,417,845		\$11,173,335	\$51,600,140
10 2015	\$2,188,793,720	16.56%	\$1,623,876,403	\$60,083,973	\$11,648,065		\$13,819,269	\$60,083,973
11 2016	\$2,464,529,254	12.60%	\$1,899,611,937	\$69,535,777	\$13,625,916		\$16,165,793	\$69,535,777
12 2017	\$2,692,987,250	9.27%	\$2,128,069,933	\$79,620,092	\$15,264,646		\$18,109,982	\$79,620,092
13 2018	\$2,823,996,995	4.86%	\$2,259,079,678	\$89,815,457	\$16,204,379		\$19,224,881	\$89,815,457
14 2019	\$3,137,771,849	11.11%	\$2,572,854,532	\$100,873,981	\$18,455,086		\$21,895,121	\$100,873,981
15 2020	\$3,351,229,853	6.80%	\$2,786,312,536	\$112,279,694	\$19,986,220		\$23,711,659	\$112,279,694
16 2021	\$3,443,788,100	2.76%	\$2,878,870,783	\$122,601,641	\$20,650,140		\$22,531,517	\$122,601,641
17 2022	\$3,512,663,862	2.00%	\$2,947,746,545	\$131,826,780	\$21,144,186	\$0	\$21,144,186	\$131,826,780
18 2023	\$3,586,106,060	2.09%	\$3,021,188,743	\$140,831,522	\$21,670,987	\$0	\$21,670,987	\$140,831,522
19 2024	\$3,657,828,181	2.00%	\$3,092,910,864	\$149,611,058	\$22,185,450	\$0	\$22,185,450	\$149,611,058
20 2025	\$3,736,318,125	2.15%	\$3,171,400,808	\$158,184,713	\$22,748,458	\$0	\$22,748,458	\$158,184,713
21 2026	\$3,811,044,487	2.00%	\$3,246,127,170	\$166,542,495	\$23,284,470	\$0	\$23,284,470	\$166,542,495
22 2027	\$3,887,265,377	2.00%	\$3,322,348,060	\$174,689,189	\$23,831,203	\$0	\$23,831,203	\$174,689,189
23 2028	\$3,972,098,184	2.18%	\$3,407,180,867	\$182,646,057	\$24,439,708	\$0	\$24,439,708	\$182,646,057
24 2029	\$4,051,540,148	2.00%	\$3,486,622,831	\$190,400,714	\$25,009,546	\$0	\$25,009,546	\$190,400,714
25 2030	\$4,115,568,049	1.58%	\$3,550,650,732	\$197,921,727	\$25,468,818	\$0	\$25,468,818	\$197,921,727
26 2031	\$4,156,723,730	1.00%	\$3,591,806,413	\$205,167,621	\$25,764,027	\$0	\$25,764,027	\$205,167,621
27 2032	\$4,198,290,967	1.00%	\$3,633,373,650	\$212,148,334	\$26,062,189	\$0	\$26,062,189	\$212,148,334
28 2033	\$4,240,273,877	1.00%	\$3,675,356,560	\$218,873,453	\$26,363,333	\$0	\$26,363,333	\$218,873,453
29 2034	\$4,282,676,616	1.00%	\$3,717,759,299	\$225,352,221	\$26,667,487	\$0	\$26,667,487	\$225,352,221
30 2035	\$4,325,503,382	1.00%	\$3,760,586,065	\$231,593,554	\$26,974,684	\$0	\$26,974,684	\$231,593,554
Total					\$515,315,889	\$30,410,206	\$545,726,096	\$231,593,554
2006 NPV @ 5%					\$213,093,554	\$18,500,000	\$231,593,554	

Appendix G: Downtown Connection TIF Reimbursement Queue

- On September 16, 2009, the Downtown Connection TIF District Board of Directors approved a modified Queue Reimbursement method that established a project payment priority based upon the date evidence is provided to the City of the receipt of a building permit and executed construction loan or receipt of final certificate of occupancy for projects approved for TIF Reimbursement.

Downtown Connection TIF District
Reimbursement Queue
As of April 2013

Reimbursement Priority ¹	Project Name	Priority Date	Construction Status	Primary TIF Reimbursement	Maximum Interest	Total Eligible TIF Reimbursement	Project Generated Increment Only ⁴	Reimbursement Status
1	Stoneleigh Hotel	5/30/2010	Completed	\$2,500,000	\$0	\$2,500,000	Yes	To Be Paid
2	Hall Lone Star ²	5/30/2010	Completed	\$852,764	\$2,000,000	\$2,852,764	No	To Be Paid
3	Santa Fe IV - Aloft Hotel	5/30/2010	Completed	\$4,296,264	\$0	\$4,296,264	No	To Be Paid
4	1600 Pacific TIF #1	10/26/2010	Under Construction	\$8,830,000	\$4,040,200	\$12,870,200	No	N/A
5	Joule Hotel Expansion	1/19/2011	Under Construction	\$20,658,500	\$0	\$20,658,500	No	N/A
6	Atmos Complex Phase I	6/20/2011	Under Construction	\$3,250,000	\$3,000,000	\$6,250,000	No	N/A
7	Joule Hotel Expansion Amendment	8/10/2011	Under Construction	\$3,194,409	\$0	\$3,194,409	No	N/A
8	Continental Building ³	9/16/2011	Under Construction	\$13,305,700	\$4,222,588	\$17,528,288	No	N/A
TBD	Atmos Complex Phase II	TBD	Approved	\$11,750,000	\$5,000,000	\$16,750,000	No	N/A
TBD	1914 Commerce Street	TBD	Under Construction	\$13,168,950	\$0	\$13,168,950	No	N/A
TBD	1954 Commerce Street	TBD	Under Construction	\$3,020,350	\$0	\$3,020,350	No	N/A
TBD	Hall Lone Star Project - Phase II ²	TBD	Approved	\$5,000,000	\$0	\$5,000,000	No	N/A
TBD	1401 Elm Street	TBD	Approved	\$30,000,000	\$0	\$30,000,000	No	N/A
TBD	PetroCorrigan Project	TBD	Approved	\$10,300,000	\$0	\$10,300,000	No	N/A
TBD	500 S. Ervay	TBD	Approved	\$5,000,000	\$0	\$5,000,000	No	N/A
TBD	LTV Tower	TBD	Approved (TIF Board)	\$17,500,000	\$0	\$17,500,000	No	N/A
						\$170,889,725		

Notes:

¹The priority ranking of an approved project is established by the submittal of evidence to the City of an executed construction loan and building permit for the project.


²Hall Lone Star Project, Phases I and II, is eligible to receive up to \$2M in interest. The full \$2M in interest is shown in Phase I of the project.

³The Total TIF Reimbursement for the Continental Building project is \$22,528,288 (includes an additional \$5M in bond proceeds).

⁴Based on the development agreement for the project, reimbursement may take the form of project generated increment only or project generated increment plus shared increment.


Appendix H: HRI Properties Company Information

- ◆ Founded in 1982 and based in New Orleans, Louisiana
- ◆ HRI Properties is a full-service real estate development company and a national leader in the adaptive reuse of historic structures and creation of large-scale mixed-use projects.
- ◆ HRI Properties has completed 64 large-scale projects totaling \$1.78 billion of development costs, including:
 - ◆ 4,897 apartment units and condominiums
 - ◆ 283,246 sq. ft. of retail space
 - ◆ 3,961 hotel rooms
 - ◆ 930,060 sq. ft. of office space
- ◆ HRI Properties and its affiliates work together as an integrated group to bring a holistic, team approach to public/private partnership real estate development.
 - ◆ Architectural service company
 - ◆ Construction management company
 - ◆ Residential/commercial property management company
 - ◆ Hospitality property management company




Hilton Garden Inn
Jackson Downtown
235 West Capital Street,
Jackson, MS 39201
Main (601) 353-5464
Fax (601) 353-5465

Completed: 2009
Units: 186 Guestrooms
Square Footage:
Hotel 159,481 Sq. Ft.
Retail 2,910 Sq. Ft.



Hilton Garden Inn
Richmond Downtown
230 North 6th Street,
Richmond, VA 23219
Main (804) 344-4300
Fax (804) 344-4375

Completed: 2009
Units: 250 Guestrooms
Square Footage:
Hotel 290,497 Sq. Ft.
Retail 21,000 Sq. Ft.



Humble Tower Hotels
Courtyard - Marriott
916 Dallas Street,
Houston, TX 77002

Completed: 2001
Units: 191 Guestrooms
Square Footage:
Hotel 158,000 Sq. Ft. (approx.)
Retail 5,800 Sq. Ft.

Appendix H: HRI Properties

Company Information (Continued)

- ◆ **Pres Kabacoff, Co-Chairman of the Board of Directors & Chief Executive Officer**
Mr. Kabacoff co-founded HRI Properties. in 1982 and serves as its Co-Chairman and Chief Executive Officer. Mr. Kabacoff serves as the Director of Economic Development, Dillard University, New Orleans, Louisiana.
- ◆ **A. Thomas Leonhard, Jr., HRI Properties, President and COO**
Mr. Leonhard is responsible for all of HRI's operations, which includes 738 employees managing 40 properties in five states. Under Mr. Leonhard's 23-years of service, HRI Properties has successfully completed 55 large-scale projects, including 4,635 apartment units, 3,487 hotel rooms, and over one million square feet of office and retail space, with a total funding value of \$1.6 billion.
- ◆ **Steven Nance, HRI Properties, Vice President Development**
Mr. Nance is responsible for HRI's acquisition and repositioning of operating hotel properties and also is involved in hotel development opportunities. Since joining HRI in 2008, Mr. Nance has completed hotel acquisitions, repositioning, dispositions and refinancing totaling over \$100 million. Prior to joining HRI, Mr. Nance spent 15 years in commercial banking with J.P. Morgan Chase and Hibernia National Bank, focusing on hospitality, real estate, financial services and energy service companies.

Appendix I: LTV Tower Redevelopment *Development Team*

- ◆ **Developer:** 1600 Pacific Landlord, LLC (single asset entity formed to redevelop the building)
 - ◆ Historic Restoration, Incorporated (dba HRI Properties)
- ◆ **Architect:** HCI Architecture and Merriman and Associates Architects
- ◆ **Residential Management Company:** HRI Management Corporation
- ◆ **Hotel Management Company:** HRI Lodging
- ◆ **General Contractor:** Andres Construction Service, LLC