

FILLING THE GAPS: CASE STUDIES IN COMBINING FINANCING OPTIONS TO COMPLETE PROJECTS

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Agenda

- Case Study: University Town Centre, Morgantown, West Virginia
- Case Study: Robinson Grand Performing Arts Center, Clarksburg, West Virginia
- Virginia Gap Fillers
- Federal Gap Fillers

Tax Increment Financing

UNIVERSITY TOWN CENTRE

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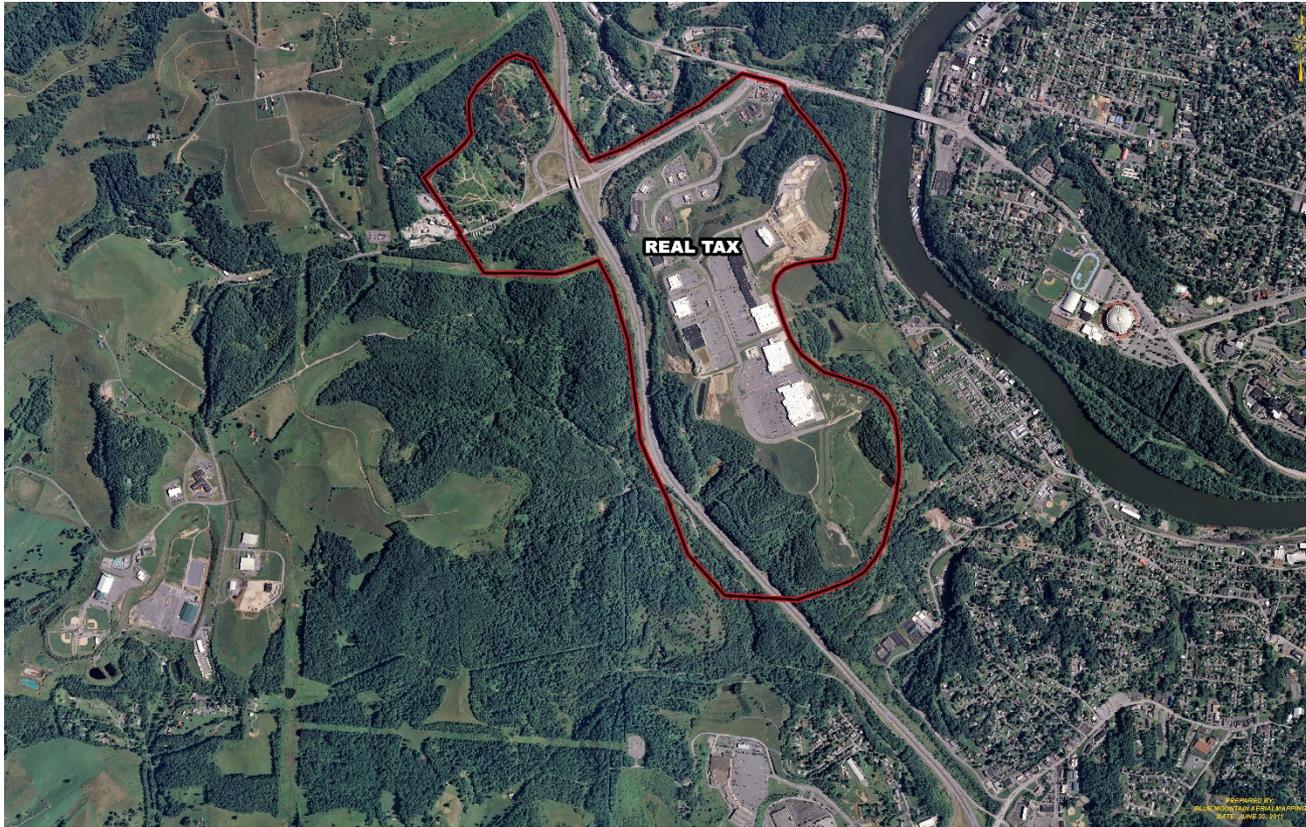
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Pennsylvania | Virginia

expect | **DIFFERENT**

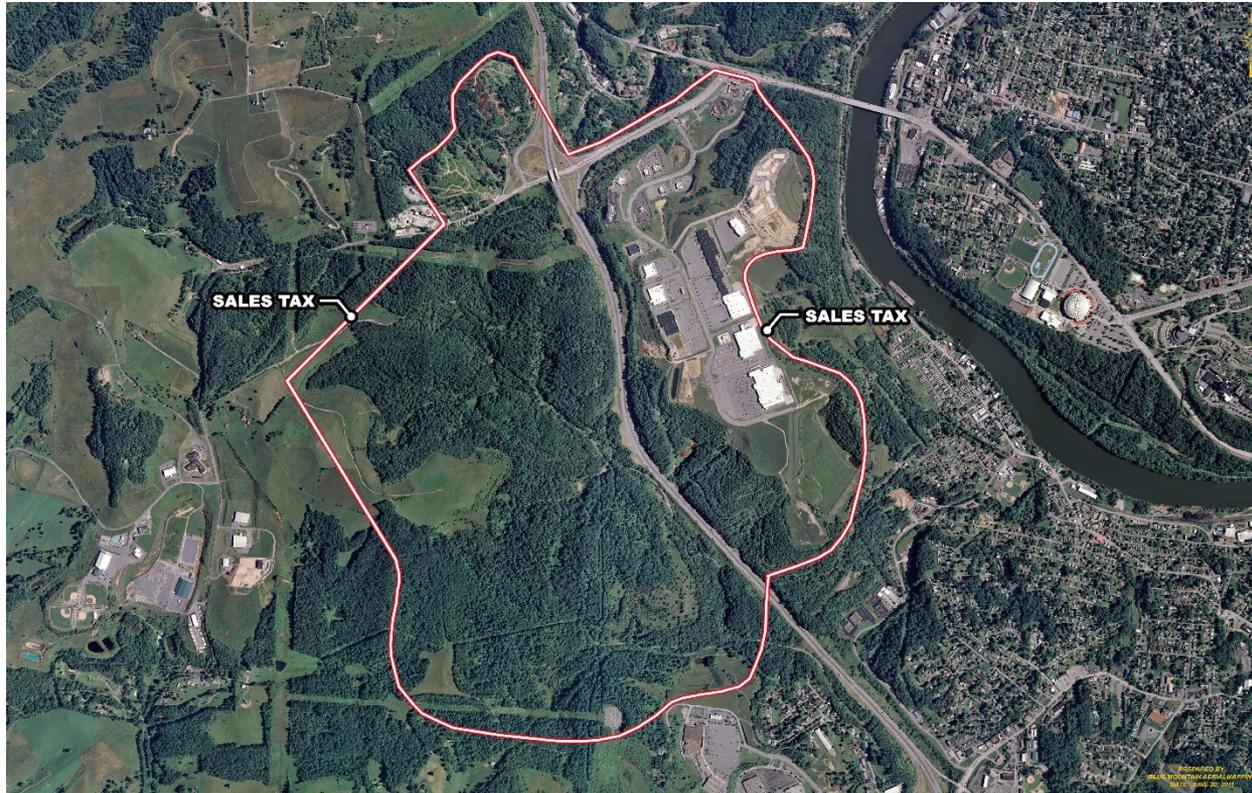
Public – Private Partners

- The County Commission of Monongalia County
- Master Developer
- West Virginia University
- West Virginia Department of Transportation, Division of Highways

Project Beginnings



Project Beginnings



Financing of Initial Projects

- Over \$14 million in Tax Increment Revenue Bonds
 - Portion of new Interstate Interchange
 - Costs of road, water and sewer projects within University Town Centre

Initial Excise Tax Projects



Risk Mitigation and Lessons Learned

- Construction Period
- Role of State Tax Department
- Collaborative Process
- Media Strategy

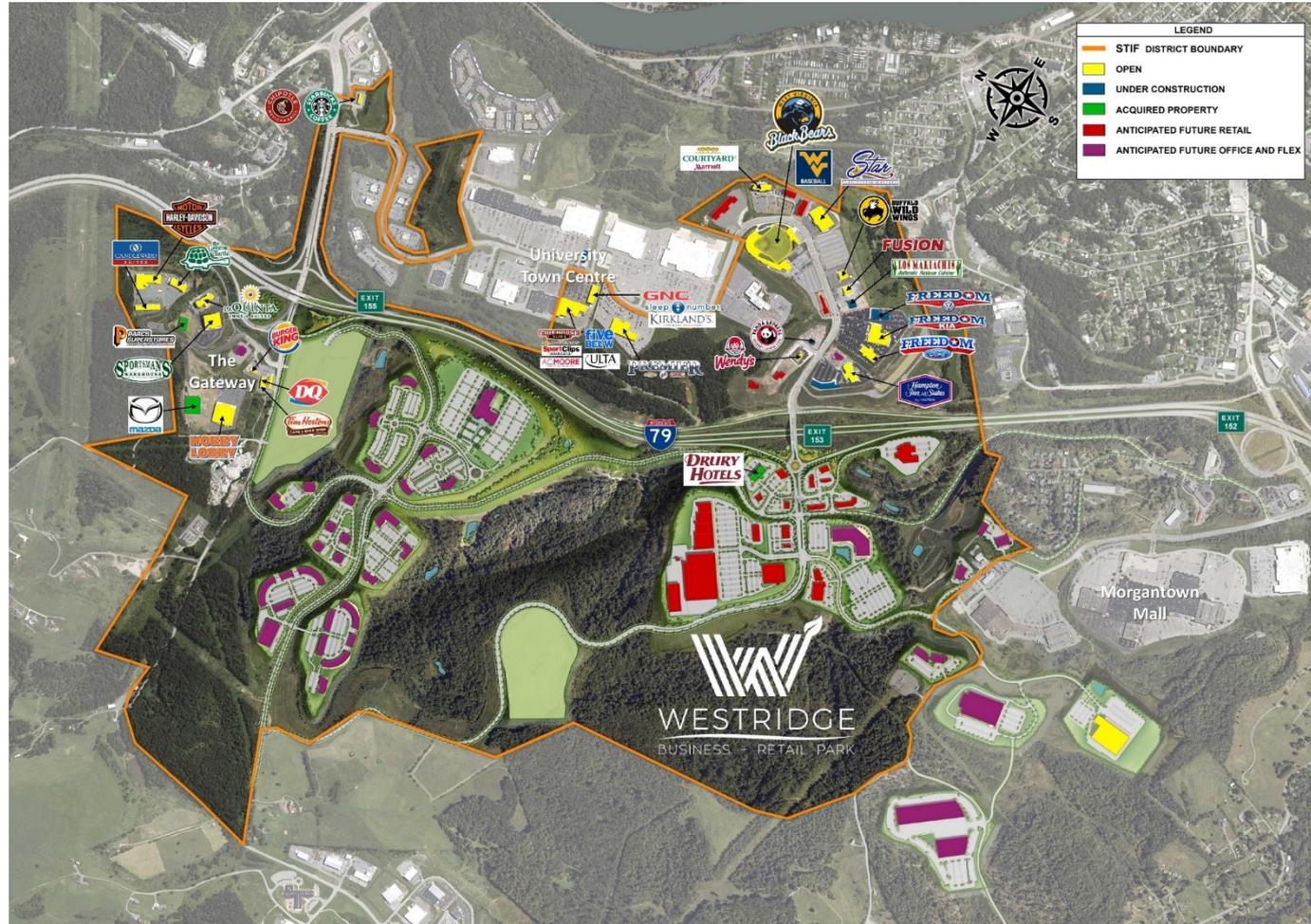
2016 Bond Issuance

- 2014 Series A Bonds – not fully drawn down; repaid in full prior to 2016 issuance
- \$28 million 2016 Series A Bonds – issued to refund 2014 Series B Bonds and to fund additional projects
- \$15 million 2016 Series B Bonds – issued on a subordinate basis



2017 Bond Issuance

- Limited Offering
- \$76,360,000 Special District Excise Tax Bonds
- Refunded 2014 Bonds issued to fund ballpark and interchange
- Additional \$20 million for project costs



Continued Collaboration

- Roads to Prosperity
 - Voter Referendum to permit issuance of GO Bonds
 - GARVEE Bonds
 - Toll Revenue Bonds
- Continued collaboration with WVDOH
- Mountaineer Center
 - Community wellness center on adjacent property
 - Local partners include WVU and County Commission
 - Plan to improve access through WestRidge

Municipal Sales Tax and Tax Credits

ROBINSON GRAND PERFORMING ARTS CENTER

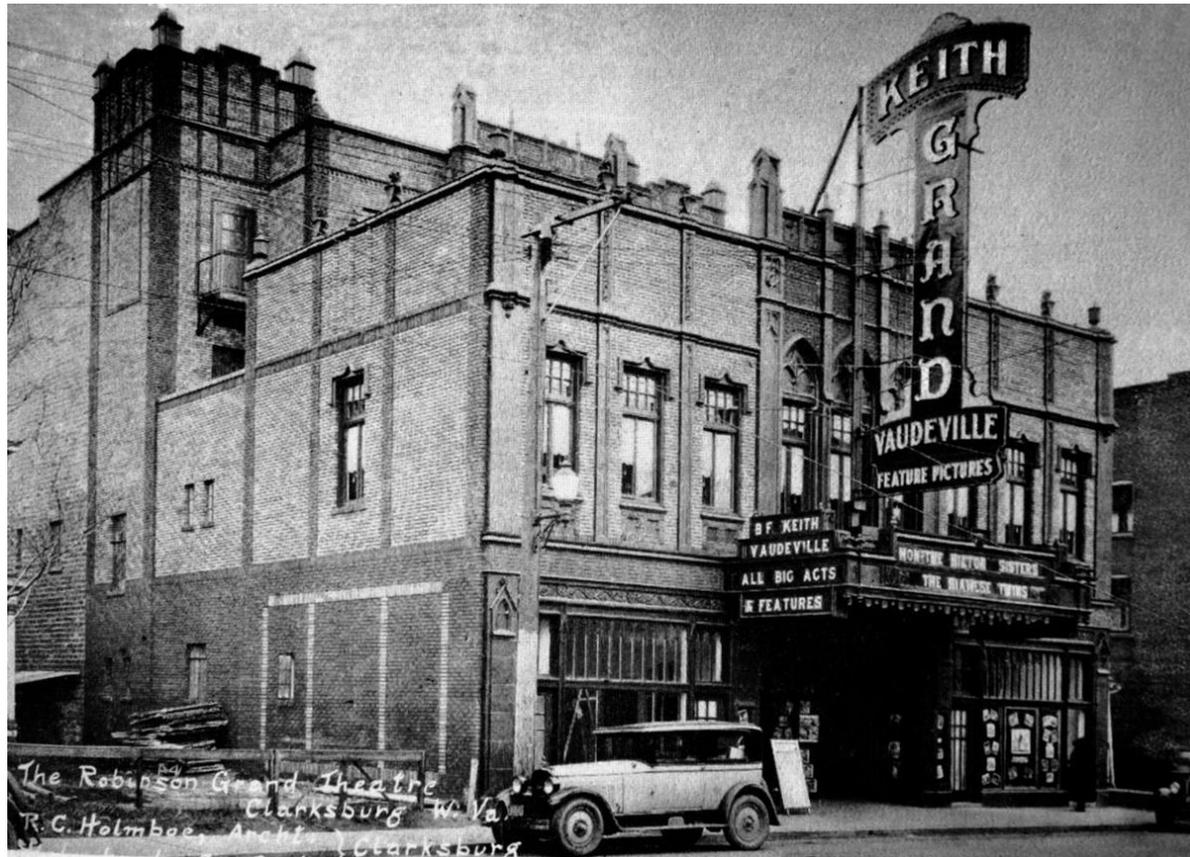
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Blight within Downtown

- Tax Increment Finance
 - Pay-as-you-go projects
- Home Rule Powers
 - Expediting ability to demolish abandoned properties



Source: photo submitted to WVNews.com



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Municipal Sales Tax BANs

- Home Rule Impacts
- \$15,310,000 Sales Tax Revenue Bond Anticipation Notes purchased by local bank
- Issued February 2017
- Mature December 2019
- USDA Refinancing

Municipal Development Authority

- City created a municipal development authority
- Robinson Grand leased to the Development Authority
- Proceeds of 2017 BANs granted to Development Authority

New Market Tax Credits

- Qualified low-income community investment
- Two Community Development Entities (CDEs) contributed New Market Tax Credits

Historic Tax Credits

- State Historic Tax Credits – provides a credit against corporate net income tax in an amount equal to 10% of qualified rehabilitation expenditures
- National Parks Service – determined property contributed to the significance of the Downtown Historic District and was a “certified historic structure”



Source: wvliving.com

Tax Increment Financing, Tourism Development
Financing and Tax Credits

VIRGINIA GAP FILLERS

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Tax Increment Finance

- Process more streamlined than WV
- Public hearing with 3 consecutive weeks' notice
- Base year is January 1 of year preceding effective date of ordinance
- TIF Obligations issued by locality
- Potential security:
 - All real estate and tangible person property taxes
 - Full faith and credit
 - Any other taxes or anticipated revenues that may be lawfully pledged

Community Development Authorities

- Synthetic TIF – TIF by Agreement
- Locality transfers all or a portion of increased tax revenues to CDA
- Ability to negotiate terms
- Not limited to real estate taxes

Tourism Development Financing

- Qualified tourism development projects
- Project fills a void in existing community/ tourism development plan
- Intended to fill gaps in financing plans

Opportunity Zones

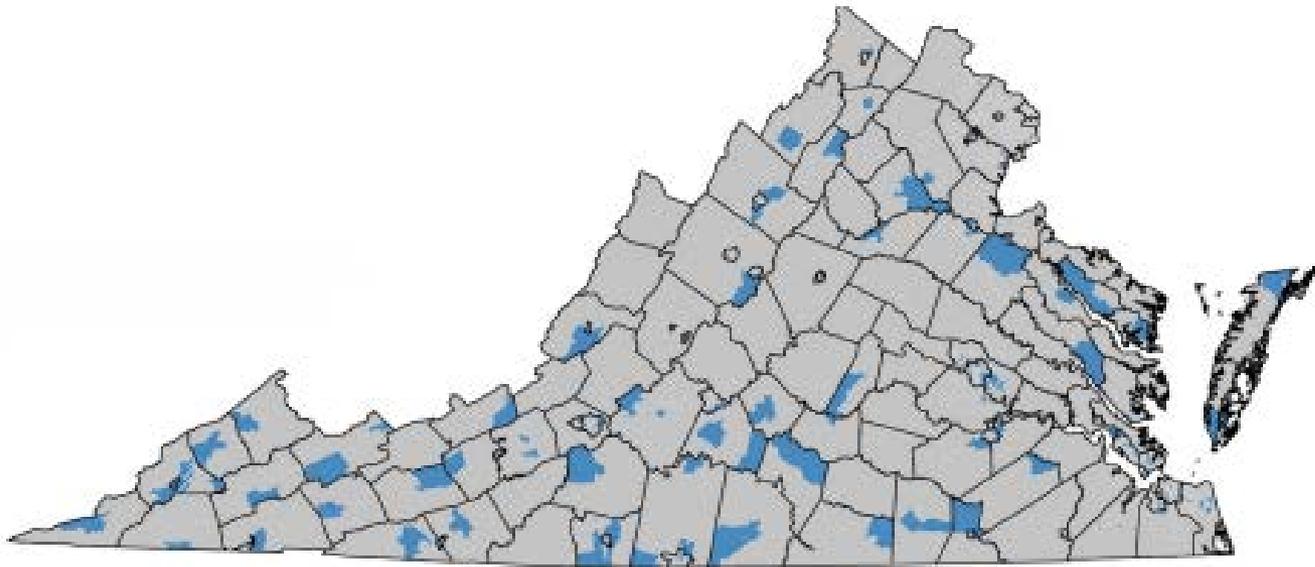
OTHER FEDERAL GAP FILLERS

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Qualified Opportunity Zones



Qualified Opportunity Zones

- Benefits for Investors:
 - Temporary tax deferral of reinvested capital gains
 - Potential basis step-up in the initial capital gain invested
 - Tax elimination on the Qualified Opportunity Fund (QOF)

Qualified Opportunity Zones

- Permissible Investments:
 - 90% of the assets of an QOF to be invested in property within QOZs
 - Property can mean stock, partnership interests or business property (*i.e.*, a building)
- May not invest in a “sin business” like a country club, golf course, liquor store, massage parlor, racetrack or any gambling venue

CLOSING THOUGHTS

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