



GILMORE & BELL, P.C.

Financing Transportation Infrastructure Improvements

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Financing Infrastructure Improvements

- Funding Sources



- Access to Credit



You'll Need Funding to get out of the Planning Stage Roundabout

- Federal/State grants
 - Stimulus Bill
- City/County taxes
- Tax redirection
 - i.e., TIF
- Special District taxes
 - i.e., CID, TDD, NID
- Developer contributions



Stimulus Bill

- Stimulus Bill
 - If you received stimulus \$\$, you still might need to raise funds for a local match
 - Even if you didn't receive direct stimulus \$\$, the Stimulus Bill can still help you by lowering borrowing costs:
 - Higher Bank-Qualification Limits
 - Build America Bonds



City/County Taxes

- Property Taxes
 - General obligation debt levy
 - Operating levy
- Special Assessments
- Sales Taxes
 - General Revenue Sales Tax
 - Transportation Sales Tax
 - Capital Improvement Sales Tax
 - Economic Development Sales Tax

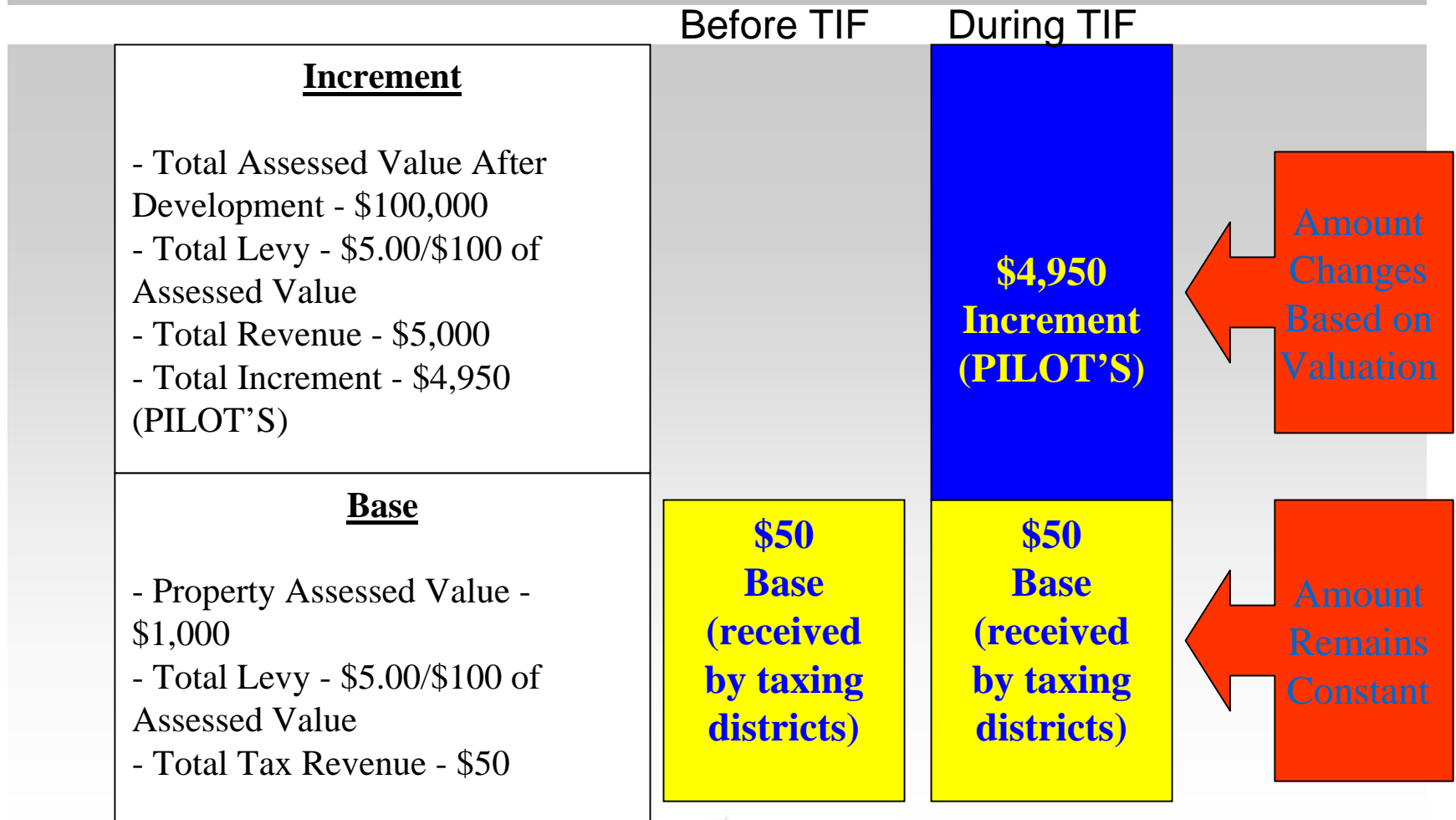


Tax Redirection—i.e., TIF

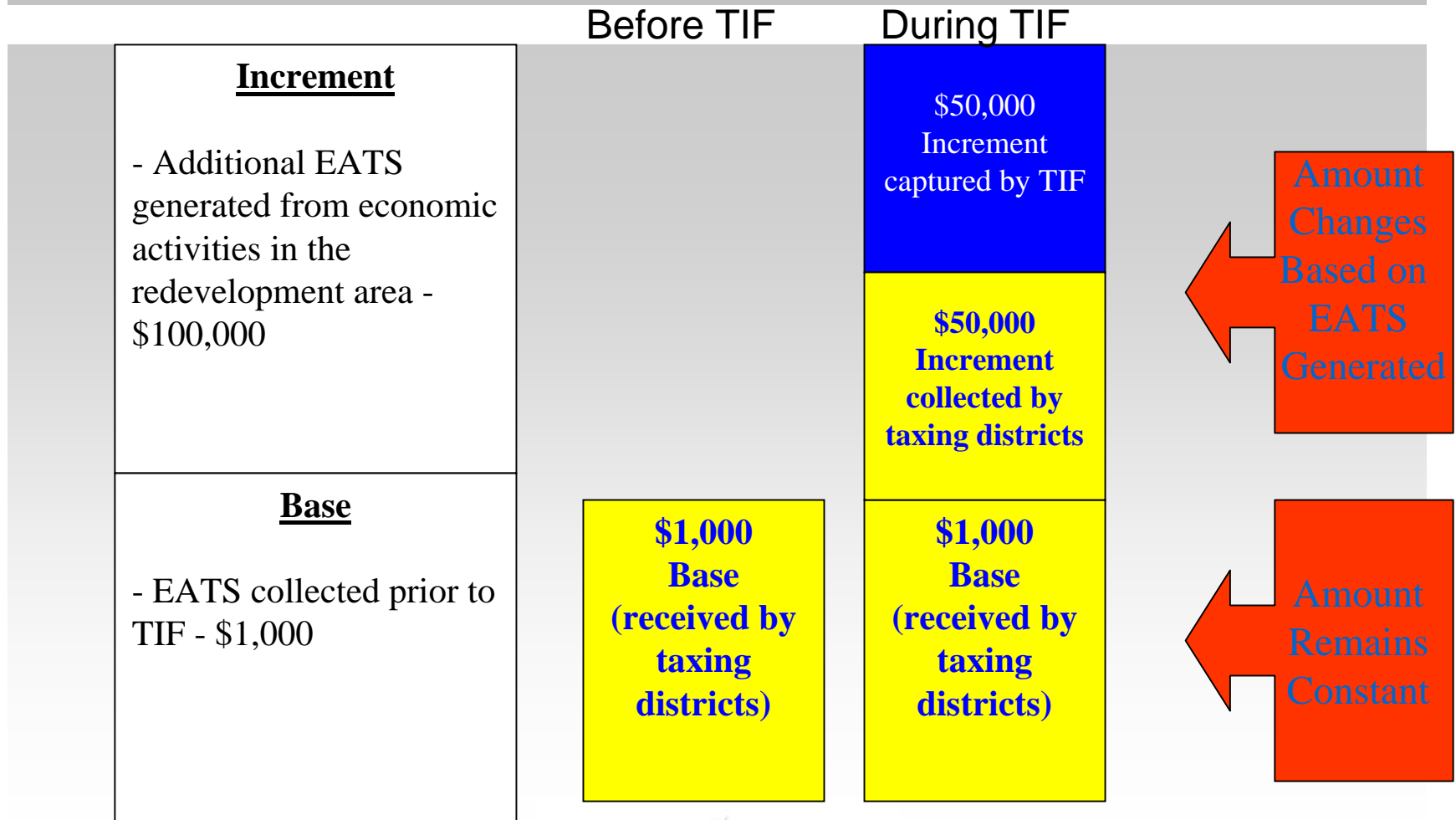
- TIF can only be used in blighted or conservation areas.
- The Basics
 - The “base” and the “increment”
 - 100% of incremental PILOTS
 - 50% of incremental EATS
 - Blight or conservation area finding
 - “But-for” affidavit of developer



The Base and the Increment (PILOTS)



The Base and the Increment (EATS)



Creating a TIF District

- Form a TIF Commission
 - New rules for St. Louis area
- Prepare a Redevelopment Plan and Cost-Benefit Analysis
- TIF Commission holds a public hearing (give notice)
- TIF Commission makes findings required by TIF Act and gives its recommendation to the City Council
- City Council considers ordinance approving TIF



What will your TIF Project Be?

- Recent case law makes clear that cities need to clearly define TIF redevelopment projects (Shelby County v. City of Shelbina).
 - What will be built?
 - When will it be built?
 - How much will it cost?
- Developer as redeveloper:
 - Project example: shopping center (including adjacent public improvements)
- City as redeveloper:
 - Project examples: downtown streetscape improvements, new road construction (note that the definition of “blighted area” under the TIF Act includes “inadequate street layout”)



Special Districts: Transportation Development Districts (TDDs)

- Formed as a political subdivision with a separate board of directors
- Formation begins with petition in Circuit Court
 - Court order needed for creation
 - Formation process may take many months; also factor in time for sales tax election and tax effective date
- Revenues can include TDD imposed property tax, sales tax, special assessments, fees and tolls

TDDs (continued)

- Types of TDDs
 - Property Owner TDDs
 - Often connected with a specific development
 - Multi-jurisdictional TDDs
 - Special statutory provisions facilitate ability of cities/counties to cooperate to form TDDs
 - Cities/counties forming the TDD control the Board of Directors
 - City-Initiated TDDs
- Projects must be transportation-related

TDDs (continued)

- Advantages:
 - Additional revenue source, including sales tax
 - Longer term than TIF
 - Broad powers to complete transportation-related improvements
 - Project requires approval by State and/or local authorities – local ability to maintain control over the scope and progress
 - Bonds are not an obligation of state or locality



TDDs (continued)

- Disadvantages:
 - Required political subdivision formalities
 - Traditional methods of collection and administration of taxes not available
 - Additional tax may create competitive issues in locality

TDD Project Examples

- Wentzville Parkway – Bridge enhancements and road improvements
- Country Club Plaza in Kansas City – Parking garage
- St. Louis Mills – Highway interchange, parking field and roads
- Brentwood – MetroLink overpass, road construction, walking trails
- Hanley Road Corridor TDD – Road improvements in major mid-St. Louis County retail area
- Belton-Raymore TDD – Highway interchange

Community Improvement Districts (CIDs)

- Formed as a political subdivision or a not-for-profit corporation with a separate board of directors
- Formation begins with property owner petition
 - Easy to form
- Revenues can include CID imposed property tax, sales tax, special assessments, fees and charges
- Wide range of projects: public improvements, downtown maintenance and security, etc.

CIDs (continued)

- Advantages:
 - Additional revenue source, including sales tax
 - Broad powers to complete variety of improvements
 - Easy formation process
 - Traditional methods of collection and administration of taxes are available
 - Bonds are not an obligation of state or locality

CIDs (continued)

- Disadvantages:
 - If political subdivision, required formalities
 - Additional tax may create competitive issues in locality
 - Improvements within CID boundaries only



CID/TDD Comparison

CID's

- Separate Political Subdivision or Non-Profit Corporation and Board of Directors
- Bonds are not obligations of City/County
- Enjoy a broad range of powers
- Board is elected or appointed by entity forming
- Project must be inside of District
- Sales Tax, Property Tax, Special Assessments available

TDD's

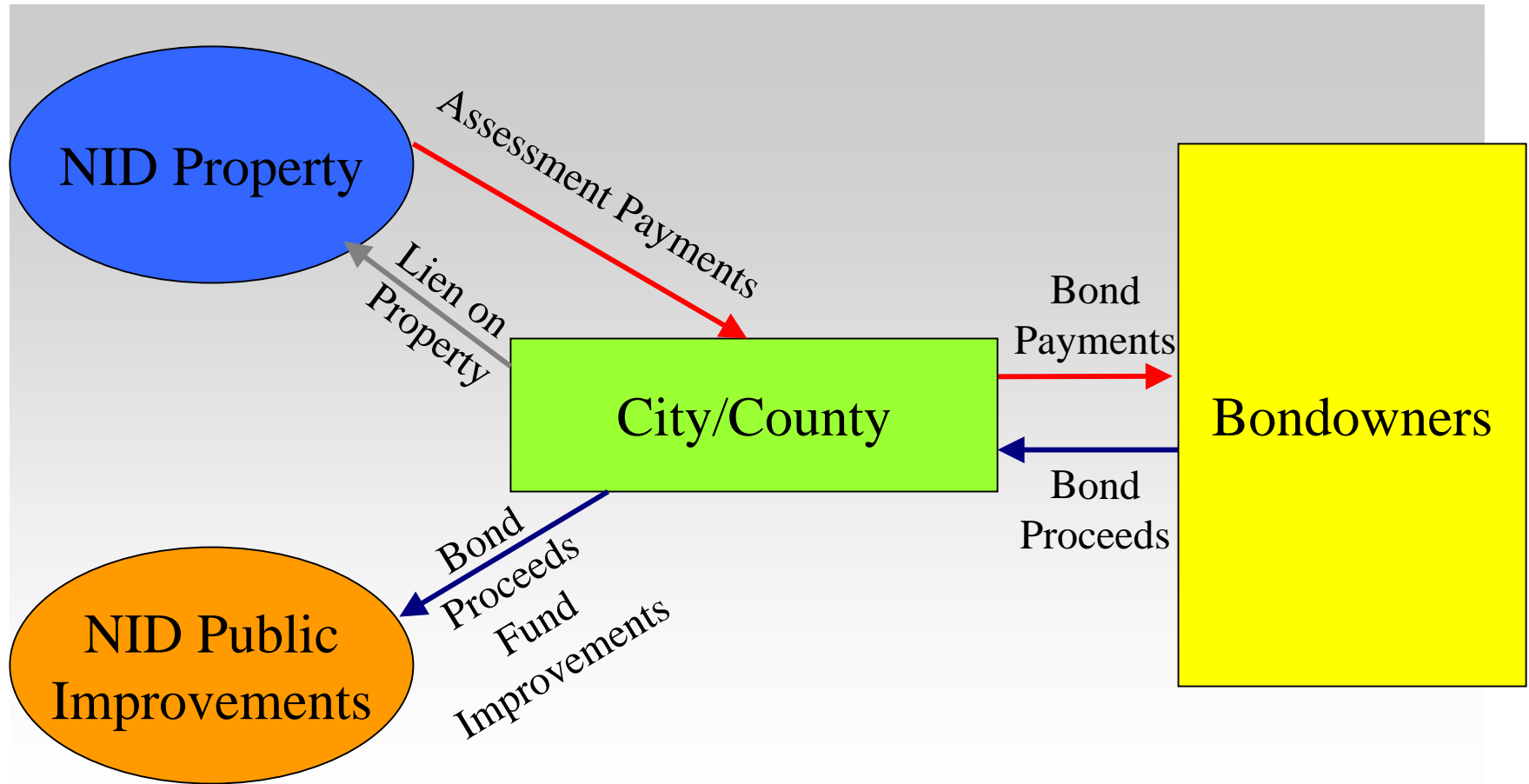
- Separate Political Subdivision and Board of Directors
- Bonds are not obligations of City/County
- May fund transportation only
- Board is elected by property owners or registered voters
- Project need not be inside of District
- Sales Tax, Property Tax, Special Assessments available

Neighborhood Improvement Districts (NIDs)

- Formation begins with property owner petition or election
- NID's levy special assessments on property in district to pay for improvements
- Several procedural steps involved in formation
- NID bonds (if issued) are counted against general obligation debt limit and credit of issuer is available if special assessments are insufficient



NID Diagram



The Lake of the Ozarks
Community Bridge



Porto Cima
Lake of the Ozarks

NID Used to Fund
Street Improvements



Porto Cima



ANOTHER FOUR SEASONS EXPERIENCE

Developer Contributions

- Exactions (i.e., conditions to subdivision or zoning approvals)
 - ROW donations
 - Impact fees/traffic generation assessments (Sample policy: <http://www.kemo.org/pubworks/ifassess.pdf>)
 - Legal standards
 - Essential nexus
 - Reasonably attributable/roughly proportional
 - What it means: exaction must be related to the impact of the development in terms of scope and size



Developer Contributions

- Negotiations
 - Development agreements
 - Legal standard: whatever 2 consenting adults agree to do is none of the court's business



Access to Credit

- Types of obligations
 - General obligation bonds
 - Revenue bonds
 - TIF/Special district revenue bonds
 - COPs
 - Special obligation bonds
 - MTFC loan
 - USDA loan
- Credit issues
 - Credit rating
 - Revenue projections
 - Continuing disclosure



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-Questions?



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