We have concern over the financial viability of the current Eagle River Station proposal. As a result, we are submitting information and questions related to the financial aspects of such a proposal (exhibits are labeled and included). Please note we have not yet seen any specifics from the developer besides the retail and housing studies and we have not yet seen the work staff has done on the project except for the response that no TIF analysis was yet done as the date of the request.

But we are submitting this now (we did remove several reports because it is a lot of information) instead of after seeing the financial presentation with the hope that some of this information can be considered/discussed during the financial hearing. Also, note that we had consulted with a retail expert and had hoped to have that person present directly to the Board. However, it was recommended by them that we not pay for the study as it is nearly impossible to refute a gap analysis report. That is, the developer only projected what is possible and did not use actual financial projections based on specific tenant performance.

It should be pointed out that we do not dispute if this project starts to get built, it will create jobs and revenue. Our concern is that the total revenue and jobs will not be enough to cover the expenses, staff time, additional staff needed (such as police or maintenance) and enough to make up for those jobs lost from other Eagle merchants. We also have concern that the Town will underestimate the timing of the cash flow and will need to assist the developer to borrow the funds risking taxpayers. Plus, there are many examples across the country where shopping centers have potholes, dead downtowns, buildings that are empty or run down so it is obvious that building a run of the mill center does not guaranty a financial windfall.

Please protect the future financial health of our community by asking hard questions of the developer. If the staff or Board has any questions, we recommend hiring outside consultants to ensure that the taxpayers are protected. If there are any costs of consultants now, that will be far less expensive than possible future costs of an agreement written in the developer's favor.

And since Red Development is touting their wonderful history in the retail business, we believe the Board not only has a right but a fiduciary responsibilty to look at all aspects of their company. If they are working with any other experts (such as for housing), we believe those projects should be reviewed as well for things like occupancy rates and lease rates.

Eagle may not have been experiencing a boom during this recession but Eagle is certainly holding her own for a Town of 6,500 citizens. Those below want to ensure that continues.

Markus Mueller 70 Christian Court	Rita Boucher 37 Chelsea Court	Graham Danzoll 39 Chelsea Court	Scot Hunn 95 Hockett	Brandi Resa 70 Christian Ct
Vince Emmer 20 Christian Court	Teressa Danzoll 39 Chelsea Court	Marc Barnwell 49 Chelsea	Lori Salmone 43 Chelsea	Chuck Weber 510 Brush Crk
Heather Fleming 82 Chelsea Court	Julia Parker 510 Brush Creek Ter	Jenny Lorch 0290 Greenhorn Ave	Mike Salomone 43 Chelsea	
Anne Egan 215 Howard Street	Willey Gray 215 Howard Street	John Hannon 35 Christian	Richard Parker 510 Brush Creek	

The outline of the items included in this packet is listed below. The cover pages are followed by the exhibits labeled in ( ).

We have divided the information into several sections.

- Borrowings
- Lawsuits
- Unanticipated Risks
- Across the Country
- Projections
- Reports
- Questions

BORROWINGS

Borrowings

We believe the information in this section is relevant to the consistent pattern of borrowing which puts others at risk financially.

- **Hillcrest Bank (c,d)**
  On Jan 11, 2010, Hillcrest Bank was noted as Red's principle lender in an article regarding the request to the City of Blue Springs for help getting bond funding.

  On Oct 22, 2010 (approx), Hillcrest bank, the area's seventh largest with $1.65 billion in assets and 25 local branches, failed. It was the biggest KC area bank failure since 1991 and stemmed from Hillcrest's *heavy exposure in real estate loans.*

- **Bankruptcy: Legends Outlet (b)**
  Although Mr. McMahon made this sound positive in a letter to the Eagle Valley Enterprise, wouldn't bank, investors, or others have lost money on their original projections?

- **Jackson County Advocate (v)**
  Red wants city to back bonds of this proposed project.

- **Vail Daily – Timber Ridge a no-go (af):**
  This shows the difficulty of financing housing. What happens if the housing is not built? Will there just be a large gap between the retail and the western large gap which the developer has not even sketched.

- **AZ Central (y) – more loans needed**

- **Eagle Ranch Metro District...you can't default on your bonds (ae)**

EXAMINER.net
INDEPENDENCE • BLUE SPRINGS • GRAIN VALLEY

RED Development to ask Blue Springs for more help

By Jeff Martin - jeff.martin@examiner.net
The Examiner
Posted Jan 11, 2010 @ 11:56 PM

Blue Springs, MO — Look for Olive Garden in Blue Springs to open in March.

And look for RED Development to ask the city to issue more bonds for the ambitious 64-acre retail project called Adams Dairy Landing.Mayor Carson Ross said Monday that the City Council will hear RED's request next Monday. It would be the developer's second such request since June 2009."Staff is looking at it this week and will draw up some scenarios," Ross said: "Beyond that, I'm not even into the weeds with this."

In June 2009, RED received what they felt was the crucial support they needed to continue with the retail project: Blue Springs backing, as well as the city agreeing to issue a first series of bonds for $13.9 million.

The first issuance was used to reimburse RED for off-site road improvement costs, which according to RED last June are critical in keeping those tenants that have signed and others who plan to.

By backing the bonds, underwriters use the city's credit rating when they sell bonds. The partial bond issuance allowed RED to continue to borrow money from its principle lender, Hillcrest Bank, which indicated last summer it had reached its lending limit for this project.

The agreement allowed the city to back the bonds and to apply its credit to enhance them.

But it was unclear Monday how much RED will be asking for next week.

"City Council is going to have to ask, What will we accomplish by doing this? What is the benefit?" Ross said, adding that funding is still needed for parking lots and exit/entrance ramps on Interstate 70.

Last year's request by RED Development did pass, 4-2, though City Council Member Sheila Solon called it a "bail out" and voted against it – in part because of the risk of putting the city's credit rating at risk. City Council Member Ron Fowler also voted against it.

In addition, should tax increment financing, or TIFs, from Target and three existing transportation development districts, or TDDs, not meet consultants' estimates, the city would be responsible for making up the difference, most likely from the general fund.

TDDs are designed to initiate and fund public transportation improvements through a collection of taxes and borrowing of funds.

Those businesses participating in the TDDs include Wal-Mart, which plans to enact an additional half percent sales tax soon; Home Depot, which enacted a half cent sales tax and plans to add another half percent; and businesses within the Coronado Place development and Meiner's Market, all of which have enacted their 1 percent sales tax.

The City Council understood last June that RED might return for more bond issuance, and Eric Johnson, city administration, said back then there was no commitment.

In the meantime, the retail center has seen a lot of activity, with October 2009 being by far its busiest.

Target opened, as did Gap Outlet, Chipotle Mexican Grill, Gamestop, Sally Beauty and Maurices. Openings this spring include Staples, Lowe's Home Improvement Warehouse, Books-A-Million, Petco, Gordman's, Famous Footware, and Arby's.

Scott Allen, community development director, said workers have begun the foundation for the building that will be Books-A-Million and Gordman's.

"It seems to be on time, but the weather had some affect, I'm sure," Allen said.

EXHIBIT C

C

Kansas City area bank fails with bad loans

Published: Oct. 23, 2010 at 1:21 PM

KANSAS CITY, Mo., Oct. 23 (UPI) -- Hillcrest Bank, the seventh largest in the Kansas City, Mo., area with a heavy exposure in real estate loans, has failed.

Hillcrest, based in Overland Park, Kansas, has $1.65 billion in assets and 41 branches. It folded Friday and was set to reopen Saturday with new owners, the Boston investment group NBH Holdings Corp., The Kansas City (Mo.) Star reported.

NBH Holdings is also buying the traditional banking operations of $4.2 billion Bank Midwest based in Kansas City, Mo., the newspaper said. Once completed, the two deals will place NBH Holdings in the top ranks of Kansas City banking.

All of Hillcrest's $1.54 billion in deposits remain with the bank and customers will still have access to their money, the Federal Deposit Insurance Corp., FDIC, said.

The failure was the 138th in the nation this year and the 10th in the Kansas City area since the start of 2008. FDIC said it expected to lose $329.7 million from the failure.

Hillcrest is the largest area bank to fail since the $2.9 billion Home Savings Association went under in 1991.

EXHIBIT d

From the Kansas City Business Journal:
http://www.bizjournals.com/kansascity/blog/morning_call/2011/11/legends-outlets-kc-defaults-on-loan.html

Legends Outlets KC defaults on loan

Kansas City Business Journal

Date: Monday, November 14, 2011, 8:03am CST

Legends Outlets Kansas City has defaulted on a loan for part of the massive shopping and entertainment center in Kansas City, Kan., the Kansas City Business Journal reports.

An $137 million refinancing of a KeyBank construction loan was declared in monetary default last week.

RED Asset Management Inc., which manages the property and whose parent — RED Development LLC — has a five percent ownership stake in the development, indicated that it's negotiating with the lender to restructure the debt.

"The world of commercial real estate has changed significantly in the past few years," said Chuck Oglesby, general manager of Legends Outlets and regional manager for RED Development. "Retailers and shopping centers across the country have retooled their operating costs and restructured agreement terms to continue to operate successfully within the new environment created by these past economic difficulties."

EXHIBIT b

b

Thursday, December 15, 2011

A Tale of Two TIFs: Redeveloping Truman Corners

UPDATE: The Grandview TIF Commission met on Dec. 14 and unanimously recommended RED's redevelopment proposal for the Truman Corners Shopping Center. For more details on RED's proposal, see below. ARMC's proposal was not recommended by the TIF Commission. However, the Board of Aldermen will still consider both proposals and is expected to do so on Jan. 10.

In general, the commissioners said they felt RED's proposal, while it could potentially put the city at financial risk, was closer to what Grandview's citizens are demanding: more places to shop, and a totally revamped shopping center. The commission expressed frustration with ARMC, the current owner, saying the company has had a long time to make a success of the center and has not done so, in essence calling ARMC's proposal "too little, too late."

For full coverage of the Commission's final recommendation, see the Dec. 22 issue of the Jackson County Advocate.

Two developers are courting Grandview for the right to redevelop Truman Corners shopping center.

The city's TIF Commission on Dec. 7 and 8 heard proposals from RED Development and ARMC, the center's current management company. Another developer,

This web site features stories and

EXHIBIT V

WestStar, also submitted a proposal but later pulled the plan.

The commission postponed a recommendation for one week, and met again on Dec. 14, after the Advocate press deadline (see online for update). The Board of Aldermen will make a final decision, but that vote has not yet been scheduled.

RED's proposal would demolish the current center and start from scratch. It calls for a new grocery store on a pad site in front of the center, a decorative plaza for public events, and potential retailers such as T.J. Maxx. No retailers have been secured, however, since RED is not the current developer. Their plan does assume that Sam's Club will be leaving Grandview in the near future, and suggests that some of the shopping center's current retailers would have to be relocated.

RED seeks some $41.3 million in public financing–almost half the total project costs. RED also wants the city to back the bonds for the TIF, which could put the city at risk if the project does not perform as expected.

The American Resurgence Management Company's (ARMC) proposal is essentially an extensive face-lift of the current center. It includes demolishing the vacant Montgomery Ward building to make way for a new Price Chopper. They also have a letter of intent from Burlington Coat Factory to move into a remodeled version of the current Price Chopper building.

ARMC seeks about $8.6 million in public financing for a $47.9 million project. ARMC did not ask the city to back the bonds, and will bear the burden of any risk for the project.

RED'S PROPOSAL:
TRUMAN'S LANDING

RED's proposal, Truman's Landing, would be a $91.3 million, 545,000-square-foot brand-new shopping center with one large anchor tenant, an expanded grocery store relocated to a pad site in front of the center, and new retail and pad users.

A public plaza or pavilion area would be a prominent feature of the new development. RED would also realign the 15th St. connection between Harry Truman Dr. and Blue Ridge Blvd., and upgrade water, sewer and storm water infrastructure.

The plan assumes that Sam's Club will relocate to another city.

Aaron March, an attorney for RED, said the company believes it can make a success of the aging shopping center because Grandview's population is changing.

"IHOP is causing the city to burst at the seams," March said, referring to the influx of members of the International House of Prayer into Grandview.

Dan Lowe, a senior partner with RED, said he doesn't understand why the current owners have failed to make the center a success.

"There has got to be more for the property than what sits there today," Lowe said. "We know the potential a market like Grandview has, and it really causes us to scratch our heads, the shape Truman Corners is in."

RED officials say there are not any tenants under contract, because they don't yet own the shopping center, but that it would focus on trying to bring in a retailer like T.J. Maxx to anchor the development, and suggested possible tenants such as Bed Bath & Beyond, Men's Wearhouse, and Payless Shoes.

Lowe said not all the current businesses at Truman Corners "meet the profile RED would like to attract," and that several existing businesses would have to be relocated. He specifically mentioned Oil Plus as one that would have to relocate.

RED's plan also assumes that Sam's Club is leaving Grandview, but Mayor Steve Dennis said he's been in contact with officials in Bentonville, Ark., where Sam's is headquartered. Dennis said he's been assured that the store has no formal plans to move any time soon, and that Grandview officials would be given plenty of advance notice if it does.

But RED officials presented Sam's departure as a certainty.

"Everything we hear - and if you call Bentonville, they won't admit it - but everything we hear is that Sam's Club is leaving for Raymore or Lee's Summit," said attorney Aaron March, who represents RED.

March wouldn't say why RED is so certain Sam's is leaving, saying he "can't get into that" due to attorney-client privilege.

"All I can tell you is Sam's is currently negotiating leases in other cities," March said. "Our project will only go forward if Sam's is vacated. If we didn't believe that was going to happen, we wouldn't be here."

RED is requesting nearly every form of public incentive Grandview can offer, including some $25.4 million in tax increment financing (TIF), $2.4 million in City Supplemental TIF, a $7.7 million Transportation Development District, and a $5.8 million Community Improvement District - all together, some 45% of the total project costs.

March said "nothing will ever happen" at the shopping center unless Grandview is willing to offer significant incentives.

"We feel the fundamentals of the Truman Corners project are better than any other opportunity in the southeast part of town," March said. "But this is a very difficult project. It's hugely complicated and we're using

Important Sites

every arrow in our quiver in terms of state and city incentives to make it happen."

RED projects that if their proposal is approved, it would generate some $2.2 million in annual sales tax for the city, as opposed to the $1.9 million it is currently generating. Over the 23-year life of the TIF, March said, the city would generate some $35.1 million in sales tax revenues, while the Hickman Mills School District would receive some $11.3 million.

But Tom Kaleko, an independent financial consultant hired by the city, said it's important to remember those are just projections, and that actual numbers could vary.

Kaleko also cautioned that RED is requesting that the city back bonds issued to pay for the project. That's a risk, he said, because if the center doesn't generate the projected revenue to pay back the bonds, the city would have to make those payments out of its General Fund or its credit rating could suffer. But for that to happen, Kaleko said, the projected revenues would have to be off by about 25%.

Kaleko pointed out that RED is requesting that the city acquire properties by eminent domain if it fails to negotiate a satisfactory sale price with current landowners, and if that happens, it could throw off RED's projections.

ARMC'S PROPOSAL:
THE GRAND

ARMC's proposal, The Grand, would be a 375,400-square-foot, $47.9 million redevelopment of the shopping center. It calls for the old Montgomery Ward building to be demolished, and a new Price Chopper would be built on that site. Potentially, a Burlington Coat Factory would remodel and occupy the current Price Chopper site. The plan envisions adding new parking lots, landscaping and trees to the site, with a park-like pedestrian area for public events and a retaining wall and new pad sites on the "back side" of the center.

The proposal is more conservative than the RED plan, in that it goes more slowly in five phases, with the Price Chopper and Burlington site completed by 2014, but the rest waiting until market demand calls for it. It costs less than RED's plan because the developers already own the property.

Sam's Club - which the company does not own - was not included in the proposal, but Bill Moore, an attorney for the developers, said they would be willing to extend the TIF later if Sam's moves.

James McMahon, ARMC president, acknowledged that the company has been slow to bring tenants to the shopping center and that its former TIF plan was revoked by the Board of Aldermen last year when it failed to produce results.

"Things are different now," he said. "We're struggling to stay in this game."

He said the previous plan anticipated Home Depot moving to the site, but that they were outmaneuvered by developers of the Bannister Mall area. The plan was contingent on finding a 150,000-square-foot retailer, which ARMC was unable to do.

Carl Lasala, leasing agent for the center, said a revamped and renewed look would improve the developer's chances of filling out the rest of the shopping center, once the new Price Chopper is constructed.

"It won't be the same old Truman Corners," Lasala said. "You've got to sell some sizzle with the steak, and we've got a whole lot more sizzle. We buy with our eyes first. When they see it, they'll like it, and they'll buy it. I think we'll make the best of it once we get a new face on the old girl."

While RED produced a list of potential clients, McMahon said ARMC chose not to produce a list of "maybes," choosing to rely instead on a solid commitment from Price Chopper and its letter of intent from Burlington.

ARMC is requesting some $8.6 million in TIF. It anticipates that the project would generate about $28.6 million in sales tax for the city over the 23-year life of the TIF, and about $17.6 million for the Hickman Mills School District.

Commissioner Mark Trosen asked why the project's reimbursable costs included $5.5 million for "soft costs" not related to infrastructure, such as marketing the facility. He questioned whether that was legal.

Representatives for the developer said it was necessary because an extensive re-branding campaign would showcase a new and improved Truman Corners to the wider community.

Tom Kaleko, the city's independent financial consultant, said it was legal to do so, even though most TIF plans focus more on "hard costs" like infrastructure. He did caution that a letter of intent - like the one ARMC has with Burlington - is not a signed contract, and that "you can back out of a letter of intent any time."

Kaleko said a strength of ARMC's plan was that unlike the RED plan, it does not ask the city to assume responsibility for making bond payments if the center doesn't perform.

"The developer is assuming all the risk here," Kaleko said.

Posted by **Jackson County Advocate** at 11:39 AM
0 comments

Thursday, December 8, 2011

KC Council Approves Map 1

By Seann McAnally

Timber Ridge a no-go

Loan requirements caused the demise of the employee housing redevelopment project

By Lauren Glendenning
LGLENDENNING@VAILDAILY.COM

VAIL — Vail Town Manager Stan Zemler announced Tuesday that negotiations for a partial redevelopment of the ailing Timber Ridge employee housing site have fallen apart.

Zemler told the Vail Town Council the proposed redevelopment wouldn't be viable as proposed.

"I'm disappointed to announce tonight that both parties have failed to come to terms on an agreement with moving forward and we are going to suspend this process, mutually agreed to by both the town of Vail and the Timber Ridge group," Zemler said.

The town held out hope at its Nov. 1 meeting when Zemler asked the council to approve continued negotiations with the developer, Darren Woody of Texas-based Vail Timber Ridge LLC. The previous development agreement expired Nov. 11, but the council unanimously approved another 90 days of negotiations.

Woody got approval for a loan from the U.S. Department of Housing and Urban Development for $32 million earlier this year, but there were conditions attached. The conditions mainly dealt with a downsizing of the project by 80 units.

Zemler said in November he was happy with the changes to the proposed project because there would still be more than 500 beds built on just one-half of the 10-acre Timber Ridge site. There are currently 600 beds on the entire site.

Woody submitted a modified plan to the town Nov. 14, and Zemler said at that time the time schedule was "tight" and the deal was complicated, mainly because of the financing.

Woody had said he was trying to get the project done "in good faith." He said the financing became such an obstacle because he applied for it just as construction financing dried up due to the national economic crisis.

Mayor Andy Daly said Tuesday the goal was to redevelop the site and "more importantly reduce the amount of debt the town had on the site." He said the decision to suspend negotiations was the best alternative given the circumstances.

Timber Ridge facts

- Timber Ridge was built in 1981.
- The town of Vail bought Timber Ridge, the town's largest employee housing complex, in 2003 for $20 million in order to retain the employee housing deed restriction on the property.
- The current redevelopment proposal had been under way since December 2008.
- The developer received town approval for the project in April 2011, but the project was stalled because of financing problems.
- An amended application submitted last month was not viable, the town of Vail announced Tuesday.
- Timber Ridge is 100 percent occupied for the 2011-12 winter season.

EXHIBIT af

af

azcentral.com
ARIZONA'S HOME PAGE

Hispanic organization loan brings CityScape hotel

by Emily Gersema - Jul. 21, 2011 12:00 AM
The Arizona Republic

The developer of the downtown Phoenix office and retail project CityScape has received a $12 million loan from a Hispanic organization's community development agency for construction of the Hotel Palomar.

A limited-liability corporation under Chicanos Por La Causa's umbrella, Prestamos CDFI, awarded the loan recently to CityScape's developer, RED Development.

RED agreed to pay a $1 million exit fee as part of the seven-year loan, said Rodie Hernandez, director of Prestamos.

That exit fee "would be utilized and put back in CPLC's services," Hernandez said.

CPLC focuses its community development efforts on assisting low-income and minority residents, businesses and communities, and Hernandez said the hotel project is no exception.

"Our community is a Latino community and a minority community in general. And those permanent jobs (at the hotel) are going to be filled by those individuals," she said.

RED applied and completed a screening process with Prestamos officials in order to get the loan, Hernandez said.

The latest loan is the second this year that RED has received from a Phoenix community development organization for construction of the about $90 million, 242-room boutique hotel near First Street and Washington Street.

It is yet another example of the extensive financial support that community and city officials have provided the downtown hotel, office and retail project since it was proposed in 2006.

Earlier this year, RED received a $34.3 million loan for the hotel from the Phoenix Community Development and Investment Corp., a non-profit group overseen by the city. The remaining $45 million cost of the project has been covered by a loan by Principal Life Insurance Co.

RED officials said that in the sluggish economy, money for big construction projects has been hard to obtain.

Before the recession hit, borrowers could get a loan with a loan-to-cost ratio of 80 percent, enabling them to borrow more money to pay for the bulk of the project while leveraging their equity for the remaining 20 percent.

Jeff Moloznik, RED's development manager,

EXHIBIT Y

Y

azcentral.com

said the typical ratio has fallen to a 50 percent loan-to-cost ratio, which many investors find unappealing. This means the remaining 50 percent would be covered by an investor deemed, in loan terms, "subordinate."

If the project fell apart, and the full loan wasn't repaid, the subordinate might never recover the investment.

In these tight-fisted times, RED has sought help from agencies that handle federal dollars for community development.

The PCDIC and Prestamos loans for the hotel are a unique method of economic development financing, the new markets tax credit program.

The U.S. Department of the Treasury oversees this financing, which Congress established in 2000 as an economic driver in low-income communities. The program reduces a company's project costs by cutting its federal income tax.

To qualify for the tax credit, the company's project must be in an area deemed low-income and in need of development. Under federal standards, downtown Phoenix is both.

The investor or developer is granted a seven-year tax credit against its federal income tax return. In exchange, the developer invests equity in the community development organization. The tax credit is worth 39 percent of the company's equity investment, according to Treasury rules.

The PCDIC and Prestamos are among a dozen organizations in Arizona federally certified to dole out the tax credits.

Since the program began, the Department of Treasury has awarded $29.5 billion in tax credits to 594 projects. Whether the new market tax credits measurably improve the economy in low-income areas remains to be seen; no federal agency tracks the success of the program, according to the Government Accountability Office, Congress' investigative arm.

Eagle Ranch Metro District hikes mill levy

Increase from 28.7 mills to 38 mills comes with 33 percent drop in assessed valuation

DECEMBER, 7 2011

PAM BOYD
PBOYD@EAGLEVALLEYENTERPRISE

Eagle Ranch homeowners who hoped to see a big drop in property taxes for 2012 are going to be disappointed.

Last week, the Eagle Ranch Metropolitan District certified a 38 mill levy for the coming year, up from 28.7 mills in 2011. The reason why is the 33 percent drop in assessed valuation the area has seen since the last valuation period two years ago.

In 2011, the Eagle Ranch Metro District's assessed valuation was more than $79 million. With this year's reassessment, the total has dropped to $52 million. Last year, the 28.7 mill levy brought in nearly $2.3 million in property tax revenue. Next year's 38 mills will bring in an estimated $2 million.

Kent Rose, member of the Eagle Ranch Metro District Board of Directors, said that debt payments and expenses for the metro district required the mill levy increase. He noted that the actual dollars needed to meet financial obligations have not plummeted like assessed values have. As a result, the district had to increase the mill levy to keep revenues at the same level so it could meet its financial obligations.

"You can't default on your bonds," said Rose. "It is our intention as the assessed valuation creeps back up, that we can cut back the mill levies in the future."

But even with the large mill levy increase, Eagle Ranch property tax owners will likely see a small decrease in the actual dollars they pay next year.

"Our debt requires an automatic increase in the mill levy to bring in revenues sufficient to fund the annual payments," said Eric Weaver, CPA and vice president of Robertson and Marchetti. The Eagle Ranch Metro Board employs the firm to develop the special district's annual budget.

"Luckily the mill levy did not have to increase by the same ratio as the decline in assessed values. By refinancing bonds and paying off equipment leases in 2011, the district was able to reduce expenses," Weaver said.

He predicted that, even with the mill levy increase, the average Eagle Ranch property taxpayer will pay 12 percent less to the district than he or she paid in 2011.

Weaver noted that the Eagle Ranch Metro District also avoided a looming spike in payments when it refinanced its bonds.

"The refinance in 2011 both lowered our interest rate and enabled us to equally spread the overall costs in each year, which avoided sharp increases in payments over the next few years," Weaver said.

Weaver said that the Eagle Ranch Metro board anticipates a small capital expense year in 2012, but a large capital spending year in 2013. During 2012, the district plans to build up reserves in anticipation of those capital needs in 2013.

Next year the Eagle Ranch Metro District anticipates expenditures of $1,598,623 and a reserve fund balance of $1,128,925. The district forecasts total expenditures in 2011 to be $1,624,481.

EXHIBIT ae

ae

LAWSUITS

Lawsuits

Although most companies experience some kind of litigation, the referenced information below concern us greatly.

- **Unified Government Lawsuit (e)**

  As we understand this lawsuit, Red challenged the value of the property after (not during construction or in obtaining approval) completion of the project to decrease their property tax liability (ie the amount of funds going into the community).

  We were are concerned Red could do the same here which will cost the County/The Town thousands in taxes, professional fees, and staff time.

- **Victory Park Lawsuit (f)**

  Although the information states in the article, Red denies charges, we believe it is worthy of discussion.

- **Traer Creek (z, aa)**

  If you live in Eagle County, the fight between Traer Creek and Avon is well known. From the amount of litigation in 2010-2011 alone along with the amount of the project not yet developed, it is clear that some worst case scenarious need to be included. Besides the direct financial drain, serious consideration should be given to the time staff will have to spend on disputed items from a vague PUD guide.

Subject: Open Records Request

From: Carpenter, Ryan (rcarpenter@wycokck.org)

To: istandupeight@yahoo.com;

Cc: dkhays@wycokck.org;

Date: Friday, February 11, 2011 10:33 AM

Dear Ms. Resa,

Attached is the settlement agreement between the Unified Government and RED relating to the dispute over the Valuation over the Legends at Village West. At the time the settlement agreement was reached, RED development had $3,856,597.50. I apologize for the delay, I was waiting on the tax information.

Please contact me should you have any further questions or concerns.

Ryan Carpenter

Assistant Counsel

Unified Government

701 N. 7th Street, 9th Floor

Kansas City KS 66101

(913) 573-5076

EXHIBIT e

SETTLEMENT AND RELEASE AGREEMENT

This Settlement and Release Agreement ("Agreement") is made and entered into as of the __th day of August, 2009, by and between **RED SPEEDWAY, INC.**, ("RED"), **LEGENDS OF KC, LP**, ("Legends"), and **THE UNIFIED GOVERNMENT-WYANDOTTE COUNTY/ KANSAS CITY, KANSAS** , (the "UG"). RED, Legends, and the UG are sometimes collectively referred to as "the Parties" in this Agreement.

WHEREAS, RED and Legends are or have been owners of various parcels of land in Wyandotte County, Kansas more commonly known as The Legends at Village West Shopping Center (the "**Shopping Center**");

WHEREAS, RED and Legends have filed appeals with the Kansas Court of Tax Appeals ("COTA") regarding numerous parcels of real property comprising the Shopping Center and the surrounding area and such appeals address valuations of such parcels for tax years 2003 through 2009;

WHEREAS, to avoid further controversy and expense, and subject to the terms and conditions set forth below, the Parties wish to fully and finally settle and compromise certain disputes, claims, and causes of action that exist between the Parties;

WHEREAS, the parcels addressed by this Agreement and the Parties' Settlement are those with the following PINs 285901, 285902, 285906, 285908, 285910, and 285911 (the "Parcels").

NOW, THEREFORE, in consideration of the mutual promises set forth herein and other good and valuable consideration, receipt of which is expressly acknowledged, the Parties agree to the following as the settlement of their disputes:

1. <u>Agreement on Appraised Values for the Parcels</u>. The Parties agree that the appraised value for the Parcels are as follows for the following tax years:

2008 $105,000,000

2009 $74,200,000

2010 $67,800,000

2. <u>Payment of Taxes/Interest</u>. Legends' payment of Three Million Eight Hundred Fifty-Six Thousand Five Hundred Ninety-Seven and 50/100ths Dollars ($3,856,597.50) represents full payment of the property taxes, including interest and penalty, associated with the Parcels for the 2008 tax year.

3. <u>Mutual General Releases</u>. In consideration of the mutual promises set forth herein and for other good, valuable and sufficient consideration, the Parties hereby fully and unconditionally forever release and discharge each another, their respective successors, assigns, heirs, parent companies, subsidiaries, affiliated entities, partnerships, trustees, contractors, insurers, attorneys, subcontractors or any other related entities, and all of the shareholders, owners, officers, directors, employees, servants, insurers, attorneys and agents of each of the foregoing, for any and all manner of action or actions, causes of action, whether in law or equity, suits, debts, liens, contracts, agreements, promises, liabilities, claims, demands, damages, loss, costs or expenses of any nature whatsoever, known or unknown, fixed or contingent, which each of the Parties may have, or may hereafter have, arising from or relating to the tax appeals associated with the Parcels and the payment of taxes associated with the Parcels for tax years prior to 2008.

5. <u>Dismissal of Tax Appeals</u>. Upon execution of this Agreement and the entry and approval of the Agreed Order of Stipulation and Dismissal required by COTA to document the

Parties' agreements set forth herein, RED and Legends shall dismiss with prejudice any and all appeals pending before COTA relating to the Parcels.

6. Grounds for Change to 2010 Value. The Value assigned to the 2010 tax year indicated above will be subject to change if the property's net leasable area (NLA) is changed from the 592,747 square foot area used by the UG as of January 1, 2008. Increases in 2010 will be based on a tax per square foot of $4.35 per square foot using the tax year 2009 mill levy.

7. Attorneys' Fees and Costs. The Parties shall bear their own attorneys' fees and costs arising out of or related to the appeals and shall not make a demand or request for payment of costs and/or attorneys fees from the other.

8. Multiple Counterparts/Cooperation On Further Agreements. This Agreement may be signed in one or more counterparts, each of which will be deemed an original. The Parties hereby agree to cooperate as necessary and appropriate to complete and file any and all documents required by COTA in order to finalize the Parties' agreements set forth herein.

IN WITNESS WHEREOF, the Parties hereto have approved and executed this Agreement on the dates indicated below.

APPROVED AND AGREED:

RED SPEEDWAY, INC.,

Dated: 9-2-09

By: ______________________
Printed Name: DAN LOWE
Title: PRESIDENT

D802/501343.0074/8433737.2 CD04

APPROVED AND AGREED:

LEGENDS OF KC, LP,

Dated: 9-2-09

By: [signature]

Printed Name: DAN LOWE

Title: PRESIDENT OF ITS GENERAL PARTNER

APPROVED AND AGREED:

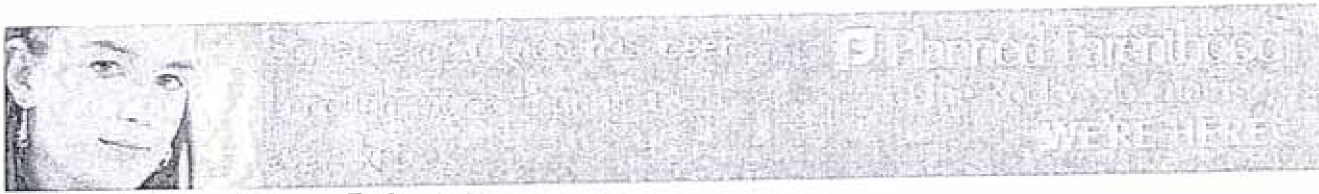
THE UNIFIED GOVERNMENT-
WYANDOTTE COUNTY/KANSAS CITY,
KANSAS

Dated: ____________________

By: ____________________

Printed Name: ____________________

Title: ____________________



Victory Park's German Owners and KC-Based Co. At Odds Over Development That Wasn't

By Robert Wilonsky
published: Wed., Oct. 5 2011 @ 11:40AM

An interesting case, originally filed a few weeks ago in Dallas County District Court, showed up at the federal courthouse yesterday: *Victory Park UST Joint Venture I, L.P., v RED Development, LLC,* which involves "the development of certain commercial property located near the American Airlines Center." The plaintiffs are the German-and-Florida-based owners of Victory Park; the defendant is a Kansas City-HQ'd developer of shopping centers. And the fight stems from a proposed development at Victory that never happened and probably never will.

According to the initial complaint, filed in late August, RED Development and its Dallas offshoot told Victory Park UST back in July 2010 that it had the money lined up for the development -- around $1.5 million, which, says the suit, was to come from the Dallas Police and Fire Pension System via its relationship with CDK Realty Advisors. According to the suit, after RED Dallas said the deal was good to go in the summer of '10, Victory Park UST "agreed to contribute certain commercial real estate in Victory Park to a newly formed partnership in exchange for RED Dallas's agreement to purchase an interest in that new partnership, all for the general purpose of retail development in Victory Park."

But the plaintiffs insist RED Dallas never lived up to its end of the bargain. Attempts were made to revive and/or rework the deal up till May of this year, when it was revealed RED didn't have approval from the police and fire pension fund after all. RED Development and RED Dallas not only deny the allegations, but it's the party that asked for the case to be removed to Dallas federal court. All the relevant docs follow.

Victory Park Suit

EXHIBIT f

f

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- Avon's Cover-up!
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- Search

Issues of the Day – Eagle County, Colorado

Feeds:
Posts
Comments

« Out of Touch and in need of a Reality Check
Elected Public School Board members – Respond »

Taxpayers lose in Avon's Litigation

November 27, 2011 by eaglecountytimes

by – we pay Attention

Some might think that last weeks bad financial news only comes from Europe, Solyndra, Freddie/Fannie or the completely inept so called Congressional "Super Committee" charged with reducing Federal Spending.

Radically bad Financial Decisions happen right here in Eagle County – Avon to be specific.

The majority of Avon's Town Council is a disaster when it comes to making good decision with Taxpayers money. Last week the ECT submitted an Open Records request to Avon's Finance Director – Scott Wright.

Scott was polite, professional and very timely with the ECT's request. Thank you Scott!

The ECT's simple question: In 2010 and through 2011 (year to date) how much has the Town of Avon been invoiced by all attorneys – in the matter of litigating with Avon Developer Traer Creek – including ALL of Traer Creek's different legal entities, involved in all lawsuits?

EXHIBIT Z

2010 - $301,733.91

2011 YTD - $1,037,643.34

Please be advised this includes other professional fees as well as legal invoices related to the litigation and/or settlement.

Scott C. Wright, CPA, CPFO
Finance Director
Town of Avon, Colorado
970.748.4055 (d) ||970.748.4022 (f)

So there you have it – in a manner of speaking (when the litigation started) the ball was on the 50 yard line.

Now ~2+ years later – guess where the 'legal football' is?

The Attorney's for the Town of Avon have accomplished next to nothing – with the notable exception of draining Avon's Town Treasury of – $1,339,377.25

The good news of course – is that the Avon taxpayer/voter refused to agree to the 2011 ballot question (tax increase) that would have handed the Avon Council more money.

The bad news is – the Councilmembers responsible for a series of bad decisions are still in office – and it won't be till November 2012 before Avon voters get a chance to fire these incumbents.

What is desperatly needed in Avon (and else where for that matter) are Elected Officials that think of the Taxpayers money "as their own personal money" and act accordingly!

As for the ECT folks – we can't wait to show some of the Avon Councilmembers the door in the November 2012 election…

share

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- Send To Friend
- Comment On Youtube
- Share on LinkedIn
- Copy to Clipboard

Subject: Village At Avon Property

From: Jared Barnes (jbarnes@avon.org)

To: allabouteagle@gmail.com;

Date: Tuesday, August 9, 2011 2:54 PM

Brandi,

Here are the approved and constructed residential units and commercial square footage.

Approved: 650,000 SF of Commercial Space; 2,400 Residential Dwelling Units (500 of which are to be deed restricted)

Constructed: Traer Creek Plaza (52,937 sf); Wal-Mart (187,326); Home Depot (117,070 sf); 244 deed restricted units.

The following amount of parking is provided for each building:

Traer Creek Plaza (surface): 93 spaces

Traer Creek Plaza (structured): 171 spaces

Wal-Mart: 859 spaces

Home Depot: 546 spaces

Jared Barnes

Planner I

Community Development

Town of Avon

PO Box 975

Avon, CO 81620

970-748-4023

EXHIBIT aa

aa

UNANTICIPATED RISKS

Unanticipated Risks

We believe the information in this section illustrates that even if Red Development has had some success in the past or if a retailer has a big name, it does not guaranty future sucess and variations can greatly impact the risk to the taxpayers of Eagle. Plus it is clear from other projects in the valley, that the full project approved does not normally come to fruition.

- KC Business Journal: Red Development abandoned project citing unanticipated risks (g)
- City of Sparks Financial Director ...and what has actually materialized so far is something way below even the lowest projections... (n)
- Examiner.net: Red asked Blue Springs for more help (h)
- Rancho Mirage Project (i)
- McWhinney: Loveland (j, k)
- Denver Post: Cabela's pulls out (ab)
- Denver Post: Lowes to close blow to Alameda Square (ac)
- Town of Gypsum: Costco (ad)
- Town of Avon (aa)

From the Kansas City Business Journal:
http://www.bizjournals.com/kansascity/news/2010/11/17/committee-endorses-west-edge-tif-changes.html

Kansas City committee endorses amending TIF for West Edge

Kansas City Business Journal by Krista Klaus, Staff Writer

Date: Wednesday, November 17, 2010, 2:57pm CST

Related:

Commercial Real Estate, Bankruptcies

A Kansas City Council subcommittee on Wednesday voiced support for amended tax breaks to help revive redevelopment of the West Edge mixed-use project on the **Country Club Plaza.**

On Thursday, the full council is expected to approve the resolution.

VA West Properties, led by local auto magnate Cecil Van Tuyl, told the city that it will close on the bankruptcy sale only if it can shed a pre-existing tax increment financing agreement.

VA West has offered $9.5 million to purchase the stalled West Edge redevelopment. According to the draft resolution approved by the Planning and Zoning Committee and forwarded to the full council, "VA West Properties... will close on the project if it can be assured that it will not be required to accept the obligations of the (TIF) plan."

VA West became the top bidder after **RED Development LLC** abandoned the project, citing "unanticipated risks."

A Bankruptcy Court hearing about whether to dispense with the TIF plan is scheduled for Friday. Recent court documents stipulate the bankruptcy sale to close on or before Nov. 22.

The partially finished West Edge was developed by advertising executive Bob Bernstein and others, but the group, Trilogy Development Co. LLC, ran into financing problems more than a year ago after a dispute with JE Dunn Construction.

Trilogy has been in bankruptcy since May 2009.

EXHIBIT 9

9

Gmail by Google

All About Eagle <allabouteagle@gmail.com>

FW: Project info?

2 messages

Cronk, Jeff <jcronk@cityofsparks.us> Tue, Nov 8, 2011 at 9:32 AM
To: "allabouteagle@gmail.com" <allabouteagle@gmail.com>

Hi Brandi,

Neil Krutz forwarded your question to me thinking I might be better suited to answer your questions. Unfortunately, you're asking something that's rather difficult to answer – especially in this economy. Nevada law currently does not require subsequent reporting on the initial promises or intent of the development for which STAR bonds are used to help finance. Besides, our situation is a little unique in that our first STAR bonds were issued in 2008 which was right when the economy began collapsing. What was initially planned or intended to be developed is really not what we ended up with at all as numerous retailers halted their plans for expansion into the STAR bond area (referred to in Nevada statutes as a Tourism Improvement District or TID).

What I can tell you is that the taxes being generated within the TID have been sufficient to pay the Senior STAR bond debt service payments to date but not the Subordinate STAR bond debt service payments. Even paying the Senior bond debt service has been rocky though as we had to pull from our bond reserves last December to make the scheduled debt payment, but collections improved so that we were able to replenish those reserves by the following June (currently, we expect to draw again from our bond reserves to make our upcoming December payment, but by a significantly smaller amount than last December).

From the City's perspective, the best part of the STAR bond legislation was that if sales tax receipts are insufficient to pay the debt, the City is not on the hook to make up the difference. Rather, it's an investment risk that the bond holders assumed when they purchased the debt, so that if we're unable to pay for the debt from sales taxes generated from within the TID, the City is not in default.

I'm sorry I don't have specifics for you, but I can say the Legends project that was partially funded by STAR bonds in Sparks is significantly less in scope than what was originally planned or intended. The economy here in Nevada changed so dramatically that it's really impossible to compare. At the time we had independent research companies prepare some projections and expectations of the development for us within a high, medium, and low economic range of possible outcomes, and what has actually materialized so far is something way below even the lowest projections. Basically, nobody expected the economy to dive to the extent it did, so in the end, we

EXHIBIT N

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have something much different than what was expected or planned.

As you're considering a similar development project, my advice would be to ask the hard questions and be as realistic as possible with what you know to be true and realistically possible about your own local economy and how such a development would work for your community.

Best wishes to you in your endeavors.

Jeff Cronk, CPA

City of Sparks

Financial Services Director

(775) 353-2301

jcronk@cityofsparks.us

Hi Neil -

Thanks for the quick response. Our Town is considering a similar project from Red development. Some states, like Missouri, require any special bond/tax districts do regular reporting of promised jobs/tax projections vs reality to see if the numbers come in as hoped.

We are basically trying to compare projections to realities and the risks for our Town to take on such a strategy with development.

I hope that makes sense. I'm happy to pull it off the website if there is any info available.

Thanks for any info!

Brandi

On Mon, Nov 7, 2011 at 1:11 PM, Krutz, Neil <nkrutz@cityofsparks.us> wrote:

Good afternoon:

Our City Clerk has forwarded your question to me for assistance. Would you please be more specific? What sort of taxes are you interested in?

Neil

Neil C. Krutz, P.E.

Director of Community Services

City of Sparks

From: All About Eagle [mailto:allabouteagle@gmail.com]
Sent: Thursday, November 03, 2011 5:28 PM
To: Patterson, Linda
Subject: Project info?

Hello -
I was wondering if Sparks has any information on the project Red Development did related to tax projections vs reality of what has happened to date.

I am happy to pull it from the website if you can direct me.

Any information is appreciated!

Brandi

EXAMINER.net
INDEPENDENCE • BLUE SPRINGS • GRAIN VALLEY

RED Development to ask Blue Springs for more help

By Jeff Martin - jeff.martin@examiner.net
The Examiner
Posted Jan 11, 2010 @ 11:56 PM

Blue Springs, MO — Look for Olive Garden in Blue Springs to open in March.

And look for RED Development to ask the city to issue more bonds for the ambitious 64-acre retail project called Adams Dairy Landing.Mayor Carson Ross said Monday that the City Council will hear RED's request next Monday. It would be the developer's second such request since June 2009."Staff is looking at it this week and will draw up some scenarios," Ross said. "Beyond that, I'm not even into the weeds with this."

In June 2009, RED received what they felt was the crucial support they needed to continue with the retail project: Blue Springs backing, as well as the city agreeing to issue a first series of bonds for $13.9 million.

The first issuance was used to reimburse RED for off-site road improvement costs, which according to RED last June are critical in keeping those tenants that have signed and others who plan to.

By backing the bonds, underwriters use the city's credit rating when they sell bonds. The partial bond issuance allowed RED to continue to borrow money from its principle lender, Hillcrest Bank, which indicated last summer it had reached its lending limit for this project.

The agreement allowed the city to back the bonds and to apply its credit to enhance them.

But it was unclear Monday how much RED will be asking for next week.

"City Council is going to have to ask, What will we accomplish by doing this? What is the benefit?" Ross said, adding that funding is still needed for parking lots and exit/entrance ramps on Interstate 70.

Last year's request by RED Development did pass, 4-2, though City Council Member Sheila Solon called it a "bail out" and voted against it – in part because of the risk of putting the city's credit rating at risk. City Council Member Ron Fowler also voted against it.

In addition, should tax increment financing, or TIFs, from Target and three existing transportation development districts, or TDDs, not meet consultants' estimates, the city would be responsible for making up the difference, most likely from the general fund.

TDDs are designed to initiate and fund public transportation improvements through a collection of taxes and borrowing of funds.

Those businesses participating in the TDDs include Wal-Mart, which plans to enact an additional half percent sales tax soon; Home Depot, which enacted a half cent sales tax and plans to add another half percent; and businesses within the Coronado Place development and Meiner's Market, all of which have enacted their 1 percent sales tax.

The City Council understood last June that RED might return for more bond issuance, and Eric Johnson, city administration, said back then there was no commitment.

In the meantime, the retail center has seen a lot of activity, with October 2009 being by far its busiest.

Target opened, as did Gap Outlet, Chipotle Mexican Grill, Gamestop, Sally Beauty and Maurices. Openings this spring include Staples, Lowe's Home Improvement Warehouse, Books-A-Million, Petco, Gordman's, Famous Footware, and Arby's.

Scott Allen, community development director, said workers have begun the foundation for the building that will be Books-A-Million and Gordman's.

"It seems to be on time, but the weather had some affect, I'm sure," Allen said.

EXHIBIT h

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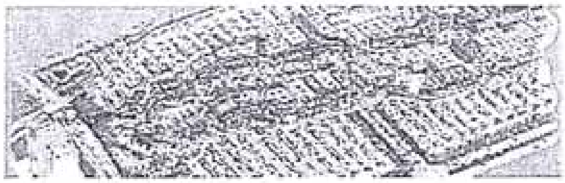

Rancho Mirage, CA | 900,000 sq ft | Opening 2013

Rancho Mirage will be a 100-acre regional shopping center at the southwest corner of Ramon Road and Bob Hope Drive, near the planned I-10 interchange. The 900,000-square-foot project will create a town center-like atmosphere with abundant walkways, lush landscaping and unique architecture. Retail, restaurant and entertainment tenants are proposed including department stores, fashion, electronics, home furnishings and domestic products, sporting goods, full-service and fast-casual restaurants. These tenants will be supported by junior anchors, lifestyle tenants and traditional service providers.

Rancho Mirage is a partnership between RED Development and the Agua Caliente Band of Cahuilla Indians.

Per a conversation with Todd Hooks (see email), they are no longer working with Red because Red could not produce any upscale tenants. They had no issues with working with Red (ie they were good to work with) but they ended their agreement because it no longer made financial sense.

-Brandi Resa,
70 Christian Court
Eagle, CO

EXHIBIT i

Gmail

All About Eagle <allabouteagle@gmail.com>

Project Inquiry

1 message

Hooks, Todd (TRBL) <thooks@aguacaliente.net> **Thu, Oct 27, 2011 at 12:01 PM**

To: "allabouteagle@gmail.com" <allabouteagle@gmail.com>

Brandi,

Margaret Park forwarded an email you sent to her regarding a request for information about the RED Development project. Please give me a call at the number below to discuss.

Todd Hooks

Economic Development Director

Agua Caliente Band of Cahuilla Indians

5401 Dinah Shore Drive

Palm Springs, CA 92264

(760) 883-1350

(760) 699-6823 fax

McWHINNEY

Press Releases

MCWHINNEY AND RED DEVELOPMENT PARTNER TO DEVELOP ADDITIONAL RETAIL THROUGHOUT CENTERRA

October 18, 2010

LOVELAND, CO – October 18, 2010 – McWhinney and RED Development, LLC, today announced a partnership to develop significant amounts of retail opportunities in coming years throughout Centerra, the 3,000-acre master-planned community at I-25 and US 34 in Loveland, Colo.

McWhinney and RED officials expect future retail sites at Centerra will range from single stores to large centers with multiple tenants. They indicated the first retail development most likely will occur on land immediately east of The Promenade Shops at Centerra. Because of strong interest from retailers across the country, the initial development is expected to be a mixed-use development that includes retail, office and some residential properties. They anticipate that further development throughout Centerra will follow.

Today, large retail projects at Centerra include the 690,000-square-foot Promenade Shops at Centerra and the 500,000-square-foot Marketplace at Centerra.

"We've just scratched the surface, as far as retail at Centerra goes," said Chad McWhinney, McWhinney CEO. "We see an opportunity to develop a significant amount of retail over the next 10 years. While the initial focus will be east of The Promenade Shops, our goal is for development to occur throughout Centerra.

"RED Development has outstanding, ongoing contacts with national retailers that we don't have," he added. "Because of those important contacts and their expertise, our partnership with RED will further establish Centerra as the epicenter of retail shopping in Northern Colorado."

RED Development, with offices in Kansas City and Phoenix, develops, leases and owns shopping centers throughout the nation.

The strong likelihood of a renewed Northern Colorado economy and steady population growth continues to fuel significant interest in Centerra among retailers across the country.

Dan Lowe, Managing Partner of RED Development, explained, "We maintain contacts throughout the national retail community and our sources tell us there's an incredible level of interest for new retail at Centerra. People see how well Centerra has weathered the recession. There's huge potential for McWhinney and RED Development to grow together."

Centerra is a project McWhinney began in 1991. At 3,000 acres, Centerra is one of the largest master-planned communities in Colorado. In addition to retail, the development has brought housing and much-needed infrastructure improvements to the area. Projects include the 303-unit Lake Vista luxury apartments, recent completion of the I-25/Crossroads Boulevard interchange and the current update to the I-25/US 34 interchange, which will serve as the gateway to Loveland when completed in early 2011.

Centerra embodies the Colorado lifestyle by integrating green-built neighborhoods with preserved natural areas, recreation trails, premier shopping and dining, top employers, highway access, medical services, and community-oriented events and activities. Centerra offers Northern Colorado's first lifestyle center, The Promenade Shops at Centerra; is home to Medical Center of The Rockies, a state-of-the-art 136 bed regional hospital on track to be one of the only LEED Gold-certified hospitals in the nation; and features The Marketplace at Centerra, Northern Colorado's leading large-format shopping center.

For more information please contact McWhinney at (970) 962-9990.

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About McWhinney
Headquartered in Loveland, Colorado, McWhinney is a team of talented people who are passionate about creating great places for people and providing fabled experiences to our customers. We develop innovative and sustainable master-planned communities and awardwinning vertical commercial and mixed-use projects. Since 1991, McWhinney has planned and developed more than 6,000 acres in several master-planned communities and over 3.6 million square feet of vertical commercial and mixed-use properties throughout the Rocky Mountain region and on the West Coast. In 2008, McWhinney moved up from No. 13 to No. 11 on the list of the 50 Best Small and Medium Size Companies to Work for in America. In 2009, the company was named Colorado's "Developer of the Year" by the National Association of Industrial and Office Properties (NAIOP) for McWhinney's significant real estate and development contributions in the state. For additional information, visit www.mcwhinney.com.

About RED Development, LLC
RED Development, LLC, formed in 1995, has co-headquarters in Kansas City, Mo., and Phoenix, Ariz. RED develops, leases, manages and owns shopping centers throughout the nation. RED has more than 30 centers open, in development or under construction, totaling more than 19 million square feet. To learn more about how

EXHIBIT J

J

LovelandPolitics.com

BLOG - Post your comments here

Centerra 2009 audit

Ceterra's Board of Directors meets (Left) at McWhinney Headquarters in Loveland *Suite 200* August 19, 2010 meeting agenda

Index of McWhinney Stories

Loveland - August 30, 2010

At over $100 million in debt, Centerra has more public bond debt now than most cities of Colorado but doesn't have an office, telephone or even one employee.

Ever since Centerra was constituted as a local government (on paper), it has been described as a "private partnership" with the City of Loveland by its creators but is little understood by most residents of Loveland. Even some members of Loveland's City Council have erroneously referred to Centerra as developer McWhinney's "private investment" in Loveland instead of recognizing Centerra as a locally constituted government within Loveland funded by diverted tax dollars and new public debt.

Centerra was organized in 2004 as a "quasi-municipal corporation" when the City of Loveland ceded certain governmental responsibilities and control within its own city boundaries to Centerra. Centerra was created under the authority of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). Like the City of Loveland, also a municipal corporation, Centerra enjoys the same governmental powers of most any Colorado local government or metro district when assessing fees, imposing taxes and creating public indebtedness.

Like any corporation, Centerra is a legal person with certain rights and obligations under the law but unlike most corporations nobody works for it or owns it. Instead, Centerra operations are conducted entirely by "contracted services" arranged by McWhinney. Not surprisingly, McWhinney is the provider of choice for most services and in return provides Centerra with bills it cannot pay which are converted to interest earning debt by Centerra later to be paid from proceeds raised through taxes or additional public debt. According to the 2009 audit, Centerra owes McWhinney more than $11 million (from advances and in-kind contributions) that will be repaid from future revenue not already committed to the plus $100 million public bonds the district will also need to repay.

Finding the person who looks after Centerra's long-term interests first in the Centerra Enigma is a little like Dorothy's search for the all powerful Wizard of Oz. Draw back the curtain and you will not find anyone there for Centerra but instead McWhinney quietly controlling the levers. Self-described Centerra advocates will argue for McWhinney's interests in the name of Centerra. Rich Shannon, a former VP of McWhinney, will often use the lofty title "Centerra District Manager" without disclosing to the public he isn't even employed by Centerra but instead a contractor controlled by McWhinney.

Many small non-profit agencies or townships with few if any employees rely on an independent board of directors to provide oversight of their contracted services to ensure the mission and purpose of the organization is being served. Centerra's board of directors, however, is another McWhinney appendage, so again you draw back the curtain and see only McWhinney operatives.

According to the 2009 annual audit of Centerra, "The members of the Board of Directors are employees, owners or are otherwise associated with McWhinney (Developer).." Year after year, audits of Centerra have concluded one important point; Centerra's board is not an independent board but instead controlled by McWhinney (Note 5 page 6 of Centerra 2009 audit). Among those pictured above conducting the Centerra board meeting are McWhinney senior staff members Kim Perry (*McWhinney Community Design VP*), Jay Hardy (*McWhinney VP and General Manager*), Doug Hill (*McWhinney Chief Operating Officer*), Tom Hall (*McWhinney Commercial Broker*), Joshua Kane (*McWhinney Chief Financial Officer*) and Alan Pogue (*McWhinney attorney*).

Colorado law requires any board member of a not-for-profit entity to disclose to the board their material conflict of interest. In most cases, the board decides whether or not the conflicted party can vote on any particular matter before the board for which they have a conflict of interest. In the case of Centerra's board, the majority of the board is conflicted so the intent of that law would be null and void as there is no objective majority to decide.

As a result of McWhinney's monopoly of Centerra's board, tax revenues and public debt generated through Centerra's legal status as a local government is spent mostly to benefit McWhinney's private properties located within Centerra instead of the district as a whole. This process puts into jeopardy the longer-term prospects for Centerra's financial viability and sustainability as well as creating an enormous disadvantage for any non-McWhinney property owners

K

EXHIBIT K

within Centerra metro districts. It has also put strains on McWhinney's relationship with the City of Loveland as Centerra attempted to divert monies obligated to build promised regional transportation projects (I-25/US34) towards subsidies for McWhinney commercial projects instead.

Because Centerra is inseparable from McWhinney, even McWhinney partners have found dealing with Centerra difficult because Centerra doesn't really exist as an entity except on paper but acts as an instrument of McWhinney.

Game Changers
The recent foreclosure of the Promenade Shops At Centerra by Key Bank creates a large swath of land in Centerra no longer controlled by McWhinney. This could give the new owner an opportunity to vote-in an independent board member when current terms expire in 2012. Even before the foreclosure, McWhinney's double interest as both the controlling hand of Centerra and partner of the Promenade Shops created havoc in their business relationship with the
managing partner of The Promenade Shops lifestyle center; Poag & McEwen.

McWhinney fought their partner's attempts to appeal the county's assessed value of the shopping center which would have reduced significantly the lifestyle center's annual tax bill thus improving revenues for the troubled project. Instead of helping, McWhinney opposed the reduction in tax assessment since the impact would hurt Centerra's revenues flowing to McWhinney's projects. When the dispute landed in court, the judge decided to wait until after the foreclosure auction to determine whether to allow a dispute of the assessment by Poag & McEwen to go before a state arbitrator.

It is little wonder why Poag & McEwen became so upset when they found the beneficiary of their property tax dollars, Centerra, willing to subsidize a competing McWhinney proposed development, Grand Station, after McWhinney sold half of their interest in Promenade Shops to Poag & McEwen. Desperate for the intervention of non-McWhinney controlled entity, Poag & McEwen appealed to Loveland's previous City Council to no avail.

Legally, Centerra's stated mission is to "provide construction, installation, financing and operation of public improvements, including streets, traffic safety controls, landscaping, water, sanitary sewer, storm drainage, television relay, and park and recreation facilities" within Centerra.

In practice, McWhinney's governing board of Centerra stretches the definition of "public improvement" to fit the short-term commercial objectives of the developer who employs the members of the board. This has included signage for a McWhinney owned shopping center and auto dealer center, the McWhinney's unpopular African art sculpture collection on public display and even an $80 million private parking garage for the once proposed Grand Station project.

In rare instances, the City of Loveland has stopped Centerra in stretching their use of public funds for private purposes like the failed attempt by McWhinney to spend $1 million on a trolley system from the public funds in 2007
to further subsidize the now failed Grand Station project. (see LovelandPolitics story on Council Trolley decision)

In 2009 the Colorado Legislature passed reforms of Metro District and their finances that may impact McWhinney's operation of Centerra. The legislation centers mostly on residential metro districts and was the product of reforms proposed by the Colorado Springs group for Metro District Reform.

Please feel free to comment on the blog if you agree or disagree with this story content.

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wheat ridge location

Cabela's pulls out of Wheat Ridge retail development

By Andy Vuong
The Denver Post

Posted: 07/28/2011 01:00:00 AM MDT

A long-delayed retail development in Wheat Ridge lost its marquee tenant Thursday as Cabela's announced that it is withdrawing from the project.

The outdoor-goods chain said the project, in the works since 2004, no longer fits with its revised retail strategy. Cabela's is reducing its "involvement in the land development business," said chief executive Tommy Millner in a prepared statement.

Cabela's owns 80 acres near Interstate 70 and Colorado 58, where it initially planned to build a 185,000- square-foot retail destination showroom. The company now wants to sell the property and consider other Denver-area locations.

"It's an overall shift in retail strategy," said Cabela's spokesman Joe Arterburn. "We're better off concentrating on what we do best, which is retailing outdoor goods."

The Cabela's store was slated to be part of the 210-acre Clear Creek Crossing Development.

"We're disappointed," said Patrick Goff, Wheat Ridge city manager. "We understand their decision, but the city is going to continue moving forward with a developer to develop the site."

Cabela's was the unofficial namesake retailer for the development, with the city's website noting that the project is "also referred to as the Cabela's Project."

The development is expected to feature about 1 million square feet of retail space, including three anchor tenants, Goff said. A Super Walmart will serve as one of those anchors, he said.

Cabela's opened its only Colorado store in Grand Junction in 2010. Arterburn said the Nebraska-based company hasn't nailed down another site or sites in the Denver area for additional stores.

"What we understand is that Cabela's is planning on building two other Cabela's, one maybe as far north as Fort Collins and one maybe in Colorado Springs," said Faye Griffin, chairwoman of the Jefferson County Board of Commissioners.

Jefferson County officials are disappointed by Cabela's decision but remain confident that Wheat Ridge can attract other businesses to the project, she said.

"I'm hopeful that we can get some projects completed and do away with all the bare ground and the dirt that's there," Griffin said, "because it is a prime location."

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business

Lowe's to close store in blow to Denver's Alameda Square

By Howard Pankratz
The Denver Post

Posted: 10/18/2011 01:00:00 AM MDT

Updated: 10/18/2011 01:03:18 AM MDT

Lowe's Inc. said Monday that it is closing its store in Denver's Alameda Square Shopping Center, stunning community leaders who just 19 months ago attended its grand opening and celebrated it as the linchpin of a sought-after redevelopment effort.

The 103,000-square-foot Lowe's home-improvement store was the anchor of an ambitious redevelopment project that had previously suffered setbacks. Civic leaders fought for nearly two decades to revive the blighted center near South Federal Boulevard and West Alameda Avenue.

"It is going to leave a mark — a gaping hole in the community," Denver City Councilman Paul Lopez said.

Lopez, whose district borders Alameda Square, said the redevelopment ushered in an attractive place to shop and eat while maintaining the neighborhood's culturally diverse character. In addition to Lowe's, Alameda Square has six Asian restaurants and numerous other retailers.

The Alameda Square Lowe's is among 20 "underperforming" locations the company is closing nationwide. It is the only one in Colorado slated for closure.

"Closing stores is never easy, given the impact on hard-working employees and local communities," Lowe's chairman, president and chief executive Robert Niblock said in a statement issued by the company. "However, we have an obligation to make tough decisions when necessary to improve profitability and strengthen our financial position."

Alameda Square was declared blighted in 1991. Efforts to revive the center hit numerous roadblocks, including vocal community resistance to Wal- Mart's desire to build a store there.

The effort appeared to have had a happy ending in 2010 when Boise- based Brighton Development Corp. spent $28.6 million on the redevelopment with Lowe's anchoring the project.

The project was backed by the Denver Urban Renewal Authority, which agreed to reimburse Brighton up to $7.3 million from sales and property taxes generated at Alameda Square.

Tracy Huggins, executive director of the authority, said its ability to reimburse Brighton could be affected by the closure. Huggins said

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she also is concerned about the lost jobs and overall impact on Alameda Square.

"Any time you have a major tenant go dark, it has a negative impact on the rest of the center," Huggins said. "We are really disappointed after all the years of work that it (the project) didn't continue forward as hoped."

John Wright, president of the Asian Chamber of Commerce, said Alameda Square had become the "crown jewel of Asian business shopping centers" in Colorado because of the redevelopment.

"They (Lowe's) were very good corporate citizens. I'm disappointed," said Wright, who said the company reached out to the Asian community and "made an effort to hire Asian-speaking people."

Lowe's said the store has 90 employees and will remain open about a month while inventory is liquidated. It is not moving employees to other stores.

"It's a total bummer," said City Councilman Chris Nevitt, whose district includes Alameda Square.

Howard Pankratz: 303-954-1939 or hpankratz@denverpost.com shows portion not developed

YAHOO! MAIL Classic

Tuesday, August 16, 2011 5:53 PM

RE: Costco

From: "Lana Gallegos" <Lana@TownofGypsum.com>
To: "All About Eagle" <allabouteagle@gmail.com>

I thought that may have been what you meant so I included some rough estimates in my original e-mail below. Costco is just one of the businesses/buildings within the Airport Gateway Subdivision which is zoned Commercial Professional. There is no sq. ft. limit so to speak on these lots that remain to be developed, but they would naturally be restricted by the size of the lot, the parking required for the use, 20% landscape area, height limitations, etc.... Therefore, I still think 50% left to be built out in Airport Gateway is a pretty close number.

Since Airport Gateway is straight zoned and not PUD, there is no real total sq ft limitation. Unfortunately I do not have total sq ft numbers that have been built out there so far and that would take quite a bit of work to gather.

Let me know if you have any other questions.

Thank you.

From: All About Eagle [mailto: allabouteagle@gmail.com]
Sent: Monday, August 15, 2011 12:19 PM
To: Lana Gallegos
Subject: Re: Costco

Hi Lana -
I think I meant the other part of the subdivision, not specifically Costco. For example, Red is asking for approval on 532000 sq feet with so much parking. If only one building was built for 100k, there would still be another 432k available for building whenever they or someone wanted to build.

So when Costco was approved for their sq feet and parking, what was the other zoned approval for - I assume there would have been more approved but not sure how Gypsum approves that. Eagle does it with a PUD guide for an area/project.

If that doesn't make sense, no worries. If so, any info is appreciated.
Brandi

On Mon, Aug 15, 2011 at 8:49 AM, Lana Gallegos <Lana@townofgypsum.com> wrote:
There are no more "phases" to the Costco building. They will soon be adding additional underground storage tanks at their fueling station, but no more buildings or businesses are being added to the Costco site.

The remaining property within the Airport Gateway Subdivision (where Costco is located) is already zoned, approved, and has infrastructure in place so these remaining lots are basically ready to build on when a property owner wants to building something so I wouldn't really define this as another scheduled "phase" yet to come but rather infill build out. I would estimate that about 50% of the subdivision has been constructed with 50% more buildings and businesses yet to come in this area.

Hopefully this helpsJ

From: All About Eagle [mailto:allabouteagle@gmail.com]

EXHIBIT ad

ad

Sent: Sunday, August 14, 2011 10:50 PM
To: Lana Gallegos
Subject: Re: Costco

Hi Lana -
Thanks again for the Costco info. Do you have any other info on the total project proposed and/or approved vs what has been built? I'm trying to compare the Avon/Gypsum projects to Eagle's to ensure a proper phasing plan. The phasing meeting isn't until Sept 6th so it is not an immediate issue but any info would be appreciated!

Have a nice week,
Brandi

On Mon, Aug 1, 2011 at 9:12 AM, Lana Gallegos <Lana@townofgypsum.com> wrote:
Brandi... as you requested:

Costco total building size including tire center and liquor store is 153,739 sq. ft. with a total of 772 parking stalls including handicapped.

Let me know if you need anything else. Thank you.

Lana Gallegos
Senior Planner
Town of Gypsum
Box 130
Gypsum , CO 81637
(970) 524-1729 office
(970) 904-1791 cell
lana@townofgypsum.com

ACROSS THE COUNTRY

Across the Country

We believe the information included here illustrates that towns/states are behind in understanding the true net impacts of TIF financing. We believe that Red Development is far more sophisticated than us (on such projects) in our small town and extra caution should be taken with a risk of this magnitude which is 70% of the current commercial space in Eagle.

- Reason Magazine: Giving away the store to get a store (m)
- US PIRG – increased transparency (o)
- US PIRG – recommends reform (p)
- Reconnecting America – TIFs (q)
- Voice for Liberty in Wichita (s)
- New Rules Project: Economic Impact Review. Although this measure was defeated, the history of why the bill was proposed, offers great validity for requiring a true economic impact study. (l)

http://reason.com/archives/2006/01/01/giving-away-the-store-to-get-a

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Giving Away the Store to Get a Store

Tax increment financing is no bargain for taxpayers.

Daniel McGraw from the January 2006 issue

If you're imagining an attraction that will draw 4.5 million out-of-town visitors a year, the first thing that jumps to mind probably isn't a store that sells guns and fishing rods and those brown jackets President Bush wears to clear brush at his ranch in Crawford, Texas. Yet last year Cabela's, a Nebraska-based hunting and fishing mega-store chain with annual sales of $1.7 billion, persuaded the politicians of Fort Worth that bringing the chain to an affluent and growing area north of the city was worth $30 million to $40 million in tax breaks. They were told that the store, the centerpiece of a new retail area, would draw more tourists than the Alamo in San Antonio or the annual State Fair of Texas in Dallas, both of which attract 2.5 million visitors a year.

The decision was made easier by the financing plan that Fort Worth will use to accommodate Cabela's. The site of the Fort Worth Cabela's has been designated a tax increment financing (TIF) district, which means taxes on the property will be frozen for 20 to 30 years.

Largely because it promises something for nothing--an economic stimulus in exchange for tax revenue that otherwise would not materialize--this tool is becoming increasingly

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popular across the country. Originally used to help revive blighted or depressed areas, TIFs now appear in affluent neighborhoods, subsidizing high-end housing developments, big-box retailers, and shopping malls. And since most cities are using TIFs, businesses such as Cabela's can play them off against each other to boost the handouts they receive simply to operate profit-making enterprises.

A Crummy Way to Treat Taxpaying Citizens

TIFs have been around for more than 50 years, but only recently have they assumed such importance. At a time when local governments' efforts to foster development, from direct subsidies to the use of eminent domain to seize property for private development, are already out of control, TIFs only add to the problem: Although politicians portray TIFs as a great way to boost the local economy, there are hidden costs they don't want taxpayers to know about. Cities generally assume they are not really giving anything up because the forgone tax revenue would not have been available in the absence of the development generated by the TIF. That assumption is often wrong.

"There is always this expectation with TIFs that the economic growth is a way to create jobs and grow the economy, but then push the costs across the public spectrum," says Greg LeRoy, author of *The Great American Jobs Scam: Corporate Tax Dodging and the Myth of Job Creation*. "But what is missing here is that the cost of developing private business has some public costs. Road and sewers and schools are public costs that come from growth." Unless spending is cut--and if a TIF really does generate economic growth, spending is likely to rise, as the local population grows--the burden of paying for these services will be shifted to other taxpayers. Adding insult to injury, those taxpayers may include small businesses facing competition from well-connected chains that enjoy TIF-related tax breaks. In effect, a TIF subsidizes big businesses at the expense of less politically influential competitors and ordinary citizens.

"The original concept of TIFs was to help blighted areas come out of the doldrums and get some economic development they wouldn't [otherwise] have a chance of getting," says former Fort Worth City Councilman Clyde Picht, who voted against the Cabela's TIF. "Everyone probably gets a big laugh out of their claim that they will draw more tourists than the Alamo. But what is worse, and not talked about too much, is the shift of taxes being paid from wealthy corporations to small businesses and regular people.

"If you own a mom-and-pop store that sells fishing rods and hunting gear in Fort Worth, you're still paying all your taxes, and the city is giving tax breaks to Cabela's that could put you out of business," Picht explains. "The rest of us pay taxes for normal services like public safety, building inspections, and street maintenance, and those services come out of the general fund. And as the cost of services goes up, and the money from the general fund is given to these businesses through a TIF, the tax burden gets shifted to the regular slobs who don't have the same political clout. It's a crummy way to treat your taxpaying, law-abiding citizens."

Almost every state has a TIF law, and the details vary from jurisdiction to jurisdiction. But most TIFs share the same general characteristics. After a local government has designated a TIF district, property taxes (and sometimes sales taxes) from the area are divided into two streams. The first tax stream is based on the original assessed value of the property before any redevelopment; the city, county, school district, or other taxing body still gets that money. The second stream is the additional tax money generated after development takes place and the property values are higher. Typically that revenue is used to pay off municipal bonds that raise money for infrastructure improvements in the TIF district, for land acquisition through eminent domain, or for direct payments to a private developer for site preparation and construction. The length of time the taxes are diverted to pay for the bonds can be anywhere from seven to 30 years.

Local governments sell the TIF concept to the public by claiming they are using funds that would not have been generated without the TIF district. If the land was valued at $10 million before TIF-associated development and is worth $50 million afterward, the argument goes, the $40 million increase in tax value can be used to retire the bonds. Local governments also like to point out that the TIF district may increase nearby economic activity, which will be taxed at full value.

So, in the case of Cabela's in Fort Worth, the TIF district was created to build roads and sewers and water systems, to move streams and a lake to make the property habitable, and to help defray construction costs for the company. Cabela's likes this deal because the money comes upfront, without any interest. Their taxes are frozen, and the bonds are paid off by what would have gone into city coffers. In effect, the city is trading future tax income for a present benefit.

But even if the dedicated tax money from a TIF district suffices to pay off the bonds, that doesn't mean the arrangement is cost-free. "TIFs are being pushed out there right now based upon the 'but for' test," says Greg LeRoy. "What cities are saying is that no development would take place but for the TIF....The average public official says this is free money, because it wouldn't happen otherwise. But when you see how it plays out, the whole premise of TIFs begins to crumble." Rather than spurring development, LeRoy argues, TIFs "move some economic development from one part of a city to another."

Development Would Have Occurred Anyway

Local officials usually do not consider how much growth might occur without a TIF. In 2002 the Neighborhood Capital Budget Group (NCBG), a coalition of 200 Chicago organizations that studies local public investment, looked at 36 of the city's TIF districts and found that property values were rising in all of them during the five years before they were designated as TIFs. The NCBG projected that the city of Chicago would capture $1.6 billion in second-stream property tax revenue--used to pay off the bonds that subsidized private businesses--over the 23-year life spans of these TIF districts. But it also found that $1.3 billion of that revenue would have been raised anyway, assuming the areas continued growing at their pre-TIF rates.

The experience in Chicago is important. The city invested $1.6 billion in TIFs, even though $1.3 billion in economic development would have occurred anyway. So the bottom line is that the city invested $1.6 billion for $300 million in revenue growth.

The upshot is that TIFs are diverting tax money that otherwise would have been used for government services. The NCBG study found, for instance, that the 36 TIF districts would cost Chicago public schools $632 million (based on development that would have occurred anyway) in property tax revenue, because the property tax rates are frozen for schools as well. This doesn't merely mean that the schools get more money. If the economic growth occurs with TIFs, that attracts people to the area and thereby raises enrollments. In that case, the cost of teaching the new students will be borne by property owners outside the TIF districts.

Such concerns have had little impact so far, in part because almost no one has examined how TIFs succeed or fail over the long term. Local politicians are touting TIFs as a way to promote development, promising no new taxes, and then setting them up without looking at potential side effects. It's hard to discern exactly how many TIFs operate in this country, since not every state requires their registration. But the number has expanded exponentially, especially over the past decade. Illinois, which had one TIF district in 1970, now has 874 (including one in the town of Wilmington, population 129). A moderate-sized city like Janesville, Wisconsin--a town of 60,000 about an hour from Madison--has accumulated 26 TIFs. Delaware and Arizona are the only states without TIF laws, and most observers expect they will get on board soon.

First used in California in the 1950s, TIFs were supposed to be another tool, like tax abatement and enterprise zones, that could be used to promote urban renewal. But cities found they were not very effective at drawing development into depressed areas. "They had this tool, but didn't know what the tool was good for," says Art Lyons, an analyst for the Chicago-based Center for Economic Policy Analysis, an economic think tank that works with community groups. The cities realized, Lyons theorizes, that if they wanted to use TIFs more, they had to get out of depressed neighborhoods and into areas with higher property values, which generate more tax revenue to pay off development bonds.

The Entire Western World Could Be Blighted

Until the 1990s, most states reserved TIFs for areas that could be described as "blighted," based on criteria set forth by statute. But as with eminent domain, the definition of blight for TIF purposes has been dramatically expanded. In 1999, for example, Baraboo, Wisconsin, created a TIF for an industrial park and a Wal-Mart supercenter that were built on farmland; the blight label was based on a single house in the district that was uninhabited. In recent years 16 states have relaxed their TIF criteria to cover affluent areas, "conservation areas" where blight might occur someday, or "economic development areas," loosely defined as commercial or industrial properties.

The result is that a TIF can be put almost anywhere these days. Based on current criteria, says Jake Haulk, director of the Pittsburgh-based Allegheny Institute for Public Policy, you could "declare the entire Western world blighted."

In the late 1990s, Pittsburgh decided to declare a commercial section of its downtown blighted so it could create a TIF district for the Lazarus Department Store. The construction of the new store and a nearby parking garage cost the city more than $70 million. But the property taxes on the new store were lower than expected, as the downtown area surrounding Lazarus never took off the way the city thought it would. Sales tax receipts were also unexpectedly low. Lazarus decided to close the store last year, and the property is still on the block. Because other businesses were included in the TIF, it is impossible to predict whether the city will be on the hook for the entire $70 million. But given that the Lazarus store was the centerpiece of the development, it is safe to say this TIF is not working very well, and Pittsburgh's taxpayers may have to pick up the tab.

If businesses like Lazarus cannot reliably predict their own success, urban planners can hardly be expected to do a better job. Typically, big corporations come to small cities towing consultants who trot out rosy numbers, and the politicians see a future that may not materialize in five or 10 years. "The big buzzwords are economic development," says Chris Slowik, organizational director for the South Cooperative Organization for Public Education (SCOPE), which represents about 45 school districts in the southern suburbs of Chicago, each of which includes at least one TIF. "The local governments see a vacant space and see something they like that some company might bring in. But no one thinks about what the costs might be....They are giving away the store to get a store." Big-box retail chains such as Target and Wal-Mart seem to be the most frequent beneficiaries of TIFs. (Neither company would comment for this story, and local politicians generally shied away as well.)

Given the competition between cities eager to attract new businesses, TIFs are not likely to disappear anytime soon. "Has it gone overboard?" asks University of North Texas economist Terry Clower. "Sure....But the problem is that if a city doesn't offer some tax incentives, the company will just move down the road." According to Clower, "In a utopian world, there would be no government handouts, and every business would pay the same tax rate. But if a city stands up and says they aren't doing [TIFs] anymore, they will lose out."

Instead, it's the competitors of TIF-favored businesses that lose out. Academy Sports & Outdoors, which employs 6,500 people, has about 80 sporting goods stores in eight Southern states, including a store in Fort Worth. When the Fort Worth City Council was considering the TIF for Cabela's, Academy Sports Chairman David Gochman spoke out against the tax incentives, realizing that his company is a big business, but not big enough. "This is not a nonprofit, not a library, not a school," he said. "They are a for-profit business, a competitor of ours, along with Oshman's and Wal-Mart and others."

TIFs Have Become the Standard Handout

Al Dalton, owner of Texas Outdoors, a 10,000-square-foot hunting and fishing shop in Fort Worth, echoed the sentiment that the city was favoring one business over another. "We don't have the buying power, and we don't have the advertising dollars," Dalton said. "It doesn't make any difference even if we've got the best price in town if nobody knows about it. The deep pockets, in every way, [make] a lot of difference."

And that may be the key to understanding how TIFs are now applied: The companies with the deep pockets are able to fill them with subsidies.

The Cabela's location in Fort Worth does not fit any of the blight criteria people had in mind when TIFs were first created. The 225,000-square-foot store, with its waterfalls, multitude of stuffed animals, and wild game caf□, sits on prime property just off Interstate 35. It is a few miles down the road from the Texas Motor Speedway (which has its own TIF), and the 200,000 NASCAR and IRL fans who attend races there three times a year--not to mention the fans who come to the speedway's concerts and other special events--might want to shop at Cabela's.

The area around Cabela's is affluent and has been growing for years. A half-dozen shopping centers nearby were on the drawing board well before the TIF was considered. Within a five-mile radius of the hunting/fishing megastore, 10,000 new homes have been built since 2000. That same area is expected to grow by 20,000 people in the next two years.

But the argument against the "but for" assumption is not being heard. In 2004 a state judge threw out a lawsuit against the Cabela's TIF by a Fort Worth citizens' group that claimed blight was never proven, and that the city was misusing TIFs in a prosperous area that needed no tax breaks for future development. The blight designation came from a pond and stream on the property. It was an odd designation, given that the property is in a prime development area and ponds and streams are not what one would classify as blighted.

The press releases and newspaper articles about the new Cabela's emphasize that the store is going to draw more people to Texas than visit the Alamo (the studies were done by Cabela's). The press release never mentions that a Bass Pro Shop store, part of a chain almost identical to Cabela's, is just 10 miles down the road. While Cabela's was negotiating its TIF with Fort Worth, it was also negotiating a TIF with the city of Buda, 120 miles away, outside of Austin. Cabela's got about $20 million from Buda, and the same tourist claims are being made there. If each Texas store is going to draw 4.5 million tourists, as the chain claims, that means 9 million people will be coming to Texas every year just to visit the two Cabela's stores.

"The notion that a hunting store would draw all these tourists is ridiculous," says Greg LeRoy. "But what is even more ridiculous is cities thinking that tax breaks are the primary reason businesses relocate or expand in certain areas. There are so many other factors at play--transportation costs, good employment available, housing costs and quality of life for executives--that the tax breaks like TIFs aren't very high up on their priority list. But these corporations are asking for them--and getting them--because everyone is giving them out. TIFs have become the standard handout, and the businesses have learned how to play one city off the other. Businesses would be stupid for not asking for them every time."

If TIFs continue to multiply at the present rate, we may see the day when every new 7-Eleven and McDonald's has its own TIF. That prospect may seem farfetched, but it wasn't too long ago that cities wouldn't even have considered giving up tens of millions of dollars in exchange for yet another store selling guns and fishing rods.□

Tax-Increment Financing: The Need for Increased Transparency and Accountability in Local Economic Development Subsidies

2011-10-11

EXECUTIVE SUMMARY

Tax-increment financing (TIF) has been a widely used tool for municipalities seeking private investment. TIF allows cities and towns to borrow against an area's future tax revenues in order to invest in immediate projects or encourage present development. When used properly, TIF can promote enduring growth and stronger communities for blighted neighborhoods; but TIF can also end up wasting taxpayer resources or channeling money to politically favored special interests.

Tax-increment financing can be wasted on projects that:

Fail to achieve public goals. Since, TIF divert money from schools, parks, and other important services, they won't be justifiable if the projects supported fails to bring hoped-for investment or harms the community in other ways.

Enrich special interests at the public's expense. Poorly designed TIF programs can give government officials a tool to lavish subsidies on favored or well-connected developers – regardless of the project's public benefits.

Encourage development in areas where it is least needed. TIF is intended to spur redevelopment of areas in difficult economic straits; but the tool has also been used to fuel development of previously undeveloped areas.

The process of awarding tax-increment financing often takes place without sufficient public awareness and input – creating the opportunity for favoritism and corruption.

TIF often lacks transparency: The public often lacks the tools to evaluate whether a particular TIF project makes sense.

TIF often lacks accountability: TIF laws do not adequately require follow up reporting that would enable the public to determine if the goals of the project were realized.

TIF can create "slush funds" that lack public oversight and accountability:

To prevent these problems, states and municipalities should adopt strong rules governing the use of TIF districts and similar development subsidies. In short, rules should ensure that **TIFs are targeted, transparent, accountable, and democratically governed.**

Download the full report.

U.S. PIRG: The Federation of State PIRGs • 44 Winter Street, 4th Fl. • Boston, MA 02108
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EXHIBIT O

For Immediate Release:
2011-10-12

Contact:
Phineas Baxandall, (617) 747-4351
Gary Kalman, Director, Federal Legislative Office, U.S.PIRG (215)439-7090 Washington, D.C.

New Report Shows Problems with Widely Used Local Economic Development Tool

Recommends Reforms for Tax-Increment Financing in Around the Nation

A new research report released today outlines problems with the growing trend among cities to borrow against future growth and divert tax revenues as a way to attract economic development.

"Localities too often use tax-increment financing as an all-purpose subsidy for developers rather than its original purpose as targeted tool to revitalize neighborhoods with circumstances that otherwise discourage investment," said Phineas Baxandall, Ph.D., Senior Analyst for Tax & Budget Policy at the U.S. Public Interest Research Group.

Forty nine states have legalized tax-increment financing deals or "TIFs," with Arizona having eliminated its TIF law in 2006, according to the report. These deals divert future growth in the tax base from a prescribed area toward special development projects over many years, sometimes hurting school departments and other public structures that must then be financed from a narrower tax base.

["We applaud USPIRG for drawing attention to the fact that TIF has strayed from its original purpose of helping neighborhoods that need reinvestment most and in many cases is actually harming them instead," said Greg LeRoy, Executive Director at Good Jobs First, which has conducted their own research on TIFs.

"TIF can be a great tool, but only if it is used in ways that support existing communities," said Geoff Anderson, President and CEO of Smart Growth America. "USPIRG's recommendations for TIF reform are a key part of the smart growth strategies regions across the country are already using to build stronger local economies."

The new report, Tax-Increment Financing: The Need for Increased Transparency and Accountability in Local Economic Development Subsidies makes a number of recommendations for stronger guidelines to ensure TIF becomes more targeted, transparent, accountable, and democratically governed. For instance, TIF deals should be:

- Used only as part of advancing part of a specific development strategy in limited areas.
- As temporary as possible, with unspent funds promptly returned to the general budget if left unspent after a certain number of years.
- Capped by the state as a percent of a municipality's land that can be placed under TIF agreements.
- Conducted through a fully open and democratic process, with information about TIF projects placed online like other best practices for spending transparency.
- Accompanied by clear, measure benchmarks for the responsibility of developers.

<!--[if !supportLists]-->

"It's not hard to understand why municipal official like a sudden infusion of cash and developers want subsidies, but localities need to ensure that these tools are closely targeted with long-term needs in mind," said Baxandall.

The report can be accessed at this link: http://uspirg.org/tifreport

# # #

EXHIBIT P

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Resource Center

Tax-Increment Financing: The Need for Increased Transparency and Accountability in Local Economic Development Subsidies

October 13, 2011 *U.S. PIRG Education Fund*

More Resources: **Economic Development And TOD, national, Research, TOD, TOD And Equity, TOD Finance**

Executive Summary

Local and state governments use various tools to encourage development in economically challenged areas. Tax-increment financing (TIF) has been a leading tool used for this purpose. TIF allows cities and towns to borrow against an area's future tax revenues in order to invest in immediate projects or encourage present development. When used properly and sparingly, TIF can promote enduring growth and stronger communities. When used improperly, however, TIF can waste taxpayer resources or channel money to politically favored special interests.

To protect the public interest, governments should impose strong safeguards that ensure that TIF projectsare implemented through a transparent, accountable process with clear and compelling goals.

Governments must use care in choosing when to use tax-increment financing. The public can benefit from subsidies that bring lasting economic development to declining or stagnant areas. However, tax-increment financing can be wasted on projects that:

- **Fail to achieve public goals**. By definition, TIF diverts money from schools, parks, and other important services. TIF projects certainly won't be justifiable if they are used to sup.port projects that fail to bring the hoped-for investment or harm the community in other ways.
- **Enrich special interests at the public's expense**: Poorly designed TIF programs can give government officials a tool to lavish subsidies on favored or well-connected develop.ers—regardless of the project's public benefits.
- **Encourage development in areas where it is least needed**: TIF is intended to spur redevelopment of areas in difficult economic straits, but the tool has also been used to fuel development of previously undeveloped areas. Fort Worth, Texas, for example, used TIF to lure the big box sporting goods chain Cabela's to a tract of prime, newly developed land that was declared "blighted" due to the presence of a stream and lake on the property.

The process of awarding tax-increment financing often takes place without sufficient public awareness and input—creating the opportunity for favoritism and corruption.

- **TIF often lacks transparency**: The public often lacks the tools to evalu.ate whether a particular TIF project makes sense. In some states, TIF budgets are not published for public review..quire the completion and publication of growth forecasts that would enable the public to evaluate the costs and benefits of TIF subsidies.
- **TIF often lacks accountability**. TIF ..ployment, land value, and tax revenue among them. Many TIF laws do not, however, require follow-up reporting that would enable the public to deter.mine if the goals of the project were realized.
- **TIF can create "slush funds" that lack public oversight and accountability**: In some jurisdictions, TIF revenue can be spent at the discretion of mayors or other public officials. ..rate budget overseen by the mayor, and not even shared in full with the city council. Funds may be allocated to political allies or pet projects—or may continue to be used for projects inside a TIF district long after the project originally intended to receive the TIF funds was completed.

To prevent these problems, states and municipalities should adopt strong rules governing the use of TIF districts and similar development subsidies. In short, rules should ensure that **TIF's are targeted, transparent, accountable, and democratically governed**.

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9

- **TIF districts must be targeted and temporary**. TIF should only be used in service of a specific development strategy and only in cases where evidence shows that it is likely to succeed. TIFs should not become an all-purpose tool to woo developers. TIF should only be targeted toward areas in special need of development, for projects that are unlikely to occur without public intervention, and with a defined time limit at which point the property's tax revenue will once again be used for general public purposes.
- **Subsidy recipients must be held accountable for meeting goals**. TIF agreements should include measurable targets for success, and regular performance reviews should measure progress towards those benchmarks. Where possible, municipalities should retain the ability to demand return of some or all of the money used to subsidize private investors in the event that development promises are not fulfilled.
- **Information on TIF must be transparent**. Because TIF has long-term implications for a jurisdiction's finances and ability to provide public services, the decision to create a TIF [illegible] level of transparency and public participation. In addition, jurisdictions should supply detailed, ongoing information about the finances and performance of TIF projects via the Internet, following "Transparency 2.0" standards of budget and spending disclosure. (See page 17).
- **Citizens must have the tools to evaluate the benefits and tradeoffs of TIF**. Governments should account for the costs of TIF districts as part of a jurisdiction's overall budget--enabling the public and decision-makers to evaluate the trade-offs involved in tax-increment financing and the impacts of other public services.

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Voice For Liberty in Wichita

Individual liberty, limited government, and free markets in Wichita and Kansas

Tax increment financing: TIF has a cost

by Bob Weeks on February 2, 2011

Tax increment financing, or TIF districts, is slated to be used as one of the primary means to raise money for the "public investment" portion of the costs of the revitalization of downtown Wichita. Touted by its supporters as being without cost, or good for the entire city, or the only way to get a project started, these arguments make sense only to those who see only the immediate effects of something and are unwilling — or unable — to see the secondary effects of this harmful form of government intervention.

Cato Institute Senior Fellow Randal O'Toole has written extensively on the subject of urban planning, development, and tax increment financing (TIF) districts. The following article contains many points that the Wichita City Council may wish to consider as it decides whether to rely on this form of financing for downtown projects, or for projects anywhere in the city.

O'Toole was in Wichita last year. Coverage of a lecture he delivered at that time is Randal O'Toole discusses urban planning in Wichita. The author of The Best-Laid Plans: How Government Planning Harms Your Quality of Life, Your Pocketbook, and Your Future, O'Toole's latest book is Gridlock: Why We're Stuck in Traffic and What to Do About It.

TIF is Not "Free Money"

By Randal O'Toole

Originally created with good intentions, tax-increment financing (TIF) has become a way for city officials to enhance their power by taking money from schools and other essential urban services and giving it to politically connected developers. It is also often used to promote the social engineering goals of urban planners.

TIF is based on the idea that public improvements to a neighborhood or district will lead developers to invest in that district. To finance such public improvements, cities are allowed to keep the "increment" or increased property taxes collected from the area. Typically, planners estimate in advance how much new property tax the city can collect and then sell bonds that will be repaid out of those taxes. The revenues from the bonds are used to pay for the improvements.

TIF was invented in California in 1952 in response to a problem found in many cities after World War II. At the beginning of and during the war, most urban residents lived in apartments. After the war, huge numbers of people moved to single-family homes in the suburbs. This left inner-city neighborhoods with high vacancy rates. Since few wanted to rent the cramped housing in such neighborhoods, the landowners did not keep the housing in good condition, and the neighborhoods became "blighted."

So the California legislature allowed cities to create "redevelopment districts." Typically, the cities evicted the residents of the districts and tore down the housing, thus leaving bare land that

Exhibit 5

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developers could use to build whatever met market demand. It sometimes worked, but often did not, and to this day some neighborhoods of New York City, New Jersey, and other urban areas remain little more than gravel pits.

Eventually, every state but Arizona legalized TIFs — North Dakota doing so in 1973. (Arizona and some other states use a similar scheme involving sales taxes.) Thousands of cities have established TIF districts. But experience has proven that they don't work as well as hoped.

TIF is not "free money." Studies have found that, at best, TIF is a *zero-sum game*, meaning for every winner in the TIF game others lose an equal amount. In other words, TIF does not increase the total amount of development that takes place in a city or region; it merely transfers development from one part of the region to another.

The new developments in the TIF districts consume fire, police, and other services, but since they don't pay for those services, people in the rest of the city either have to pay higher taxes or accept a lower level of services. This means people outside the district lose twice: first when developments that might have enhanced their property values are enticed into the TIF district and second when they pay more taxes or receive less services because of the TIF district.

Not only does TIF not stimulate urban growth, it may even slow it down. One study found that TIF is actually a *negative-sum game* because businesses that might have located or expanded in the cities decide to move to another place that has lower taxes or higher levels of urban services.

TIF puts city officials on the verge of corruption, favoring some developers and property owners over others. TIF creates what economists call a *moral hazard* for developers. If you are a developer and your competitors are getting subsidies, you may simply fold your hands and wait until someone offers you a subsidy before you make any investments in new development. In many cities, TIF is a major source of government corruption, as city leaders hand tax dollars over to developers who then make campaign contributions to re-elect those leaders.

TIF isn't even necessary to promote redevelopment of declining neighborhoods. Eventually, property values fall low enough that people start to buy and restore or replace buildings in those districts. Rather than use TIF and eminent domain to redevelop a warehouse district, Anaheim recently decided to merely get out of the way of developers of what became known as the Platinum Triangle. Since then, developers have invested billions of dollars in the district.

TIF is no longer about blight. Today, the inner-city slums that TIF was created to replace are long gone, yet TIF continues to grow. Bismarck wants to create a quiet rail zone. Fargo wants to revitalize its downtown. Whenever any kind of development "need" arises, city officials are happy to steal money from fire, police, schools and other services that rely on property taxes and use it to fund that need.

Some states require cities to find that a neighborhood is blighted before they can use TIF. San Jose planners once found that a third of their city was blighted, including one posh neighborhood that was supposedly a slum because the residents had failed to rake the leaves from the private tennis courts in their backyards. Some cities go so far as to declare prime farmland to be "blighted" so they can maximize their share of the revenues when that land is developed.

TIF today is often part of a social engineering agenda that Americans should reject. With no more slums to clear, urban planners see themselves as having a new mission: not to restore blighted neighborhoods but to re-engineer society to fit their fantasies of how people should live. Automobiles are evil, the planners think, and getting people to live in high-density housing will lead them to drive less because they won't have as far to go to get anywhere. So cities like Denver, Minneapolis, and Portland are using TIF to subsidize high-density developments.

Ironically, we seem to have come full circle. Once used to subsidize the removal of high-density developments that few wanted to live in, TIF is now used to subsidize the construction of high-density developments that few want to live in. After all, if there was truly a demand for such high-density housing, no subsidies would be needed.

While we like to think that government officials have our best interests at heart, TIF is just too much of a temptation for many cities to resist. Two Democratic legislators in Colorado want to reform TIF in that state so that cities can't declare farms to be blighted. A bill doing just that was proposed in, but not passed by, North Dakota's 2003 legislature.

But that doesn't go far enough. Legislators should recognize that TIF no longer has a reason to exist, and it didn't even work when it did. They should repeal the laws allowing cities to use TIF and encourage cities to instead rely on developers who build things that people want, not things that planners think they should have.

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1 Ictator February 2, 2011 at 3:06 pm

> Wichita's had a lot of TIFs for quite a while. Does anyone know how the finances on these are working? Does anyone in the public sector keep an eye on these? I look at the various TIFs downtown, and I don't see where making a TIF, has succeeded at any level. Look at the East Bank TIF area just north of Kellogg.

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Economic Impact Review - California

Keywords

On September 2, 2011, the California Legislature passed the following bill, which requires cities and counties to have an economic impact analysis prepared before deciding whether to approve an application to develop a large superstore.

Governor Jerry Brown has until October 9, 2011, to sign or veto the bill.

The legislation defines a superstore as a retail store of at least 90,000 square feet that devotes 10 percent or more of its space to groceries. It will affect Walmart and Target, both of which operate large stores that include groceries.

Under the law, the city or county considering the superstore application must hire a qualified consultant to conduct an economic impact study. The cost of the study is paid by a fee levied on the applicant.

The study must assess a range of impacts enumerated in the law, including:

- the extent to which the proposed superstore retailer will capture a share of retail sales in the market area.
- how the construction and operation of the proposed superstore will affect the supply and demand for retail space in the market area.
- how the construction and operation of the proposed superstore will affect employment in the market area, including an analysis of whether the proposed superstore will result in a net increase or decrease in employment in the market area.
- the effect on wages and benefits of employees of other retail businesses, and community income levels in the market area.
- the costs of public services and public facilities resulting from the construction and operation of the proposed superstore retailer and the incidence of those costs.
- the effect that the construction and operation of the proposed superstore retailer will have on retail operations, including grocery or retail shopping centers, in the same market area.
- the effect that the construction and operation of the proposed superstore will have on average total vehicle miles traveled by retail customers in the same market area.
- the potential for long-term vacancy of the property on which the superstore is proposed in the event that the business vacates the premises

The "market area" is defined as an area around the store large enough to support its operation, but which may not extend further than 25 miles from the store. After the study is complete, the city or county must invite public comment on the study and the application at one of its meetings.

History

In 2010, San Diego enacted a ordinance (/retail/rules/economic-impact-review/community-impact-review-san-diego-ca) requiring an economic impact review of superstores. The measure was repealed in early 2011, after Walmart threatened to organize a referendum campaign to overturn the law.

The repeal prompted San Diego Senator Juan Vargas to introduce the statewide bill. Vargas has said that the legislation does not violate local control; cities are still free to approve superstore applications, regardless of the study's findings. "They will know what they are doing is wrong but at least they will have the facts," he said. "Before they were acting in the dark."

EXHIBIT L

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not hearsay." Walmart and other large retailers often claim their stores will increase employment, but studies indicate these stores often cause more job losses than gains.

By making the requirement apply statewide, the new law ensures that cities that would like to consider economic impacts are not placed at a disadvantage. The preamble to the bill notes: "Currently, local governments that desire to perform due diligence for their constituents by performing an economic analysis are placed at a disadvantage because a neighboring city or county may not perform an economic analysis. This a situation may result in the shifting of sales tax and destruction of the business community in a city or county that simply wants to study the impacts of the development project before making a final approval."

BILL NUMBER: SB 469 ENROLLED BILL TEXT

PASSED THE SENATE MAY 31, 2011

PASSED THE ASSEMBLY SEPTEMBER 1, 2011

INTRODUCED BY Senator Vargas FEBRUARY 17, 2011

An act to amend Section 65950 of, and to add Section 65957.3 to, the Government Code, relating to land use.

LEGISLATIVE COUNSEL'S DIGEST

SB 469, Vargas. Land use: development project review: superstores.

(1) The Permit Streamlining Act requires the lead agency that has the principal responsibility for approving a development project, as defined, to approve or disapprove the project within 60 days from the date of adoption of a negative declaration or the determination by the lead agency that the project is exempt from the California Environmental Quality Act, unless the project proponent requests an extension of time.

This bill would, in addition, require a city, county, or city and county, including a charter city, prior to approving or disapproving a proposed development project that would permit the construction of a superstore retailer, as defined, to cause an economic impact report to be prepared, as specified, to be paid for by the project applicant, and that includes specified assessments and projections including, among other things, an assessment of the effect that the construction and operation of the proposed superstore retailer will have on retail operations and employment in the same market area. The bill would also require the governing body to provide an opportunity for public comment on the economic impact report. By increasing the duties of local public officials, the bill would impose a state-mandated local program.

The bill would also require the lead agency to approve or disapprove the project within 180 days from the date of certification of an environmental impact report and approval of an economic impact report, or within 60 days from the date of adoption of a negative declaration and approval of an economic impact report or the determination by the lead agency that the project is exempt from the California Environmental Quality Act and approval of an economic impact report.

(2) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. It is the intent of the Legislature to promote economic development in all communities of the state and to address the impact on the state's small businesses from the superstore retail model. Therefore, the Legislature finds and declares all of the following:

(a) It is in the interest of local governments to promote economic development in their jurisdictions.

(b) Land use decisions are frequently linked to fiscal policy because local governments receive a share of sales tax revenues generated within their borders. California cities thus often seek large sales tax revenue sources, such as superstores, without taking into account all of the external economic effects that superstores bring to communities.

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What Does the Research Say About Redevelopment?

January 21, 2011

The debate over Governor Brown's proposal to eliminate redevelopment agencies (RDAs) is heating up. To help inform the debate, we pulled together a "quick and dirty" review of independent research on redevelopment – often referred to as "tax-increment financing" (TIF). This preliminary overview of the research, which we will continue to add to over the next few days, points to two general conclusions:

- First, it's unclear whether TIF boosts property values and results in increased property tax revenues. While the research finds mixed results, the most comprehensive independent study of California's RDAs, conducted by the Public Policy Institute of California (PPIC), found that redevelopment activities in most RDAs studied failed to generate enough growth in property values to account for the tax increment revenues diverted to redevelopment. The PPIC study concluded that "the existing tax increment system is not an effective way to finance redevelopment. Few projects generate enough increase in assessed value to account for their share of these revenues."
- Second, some academic research finds evidence that TIF projects simply shift economic activity within municipalities rather than creating additional economic activity. For example, one study suggests that when employment increases in TIF project areas, it decreases in other parts of the city, which could mean that TIF projects draw jobs from elsewhere in the city, rather than generating new jobs.

The findings of this body of research are echoed in the Legislative Analyst's Office's recent review of the economic literature, which concludes, "there is no reliable evidence that redevelopment projects attract businesses to the state or increase overall economic development in California. The presence of a redevelopment area might shift development from one location to another, but does not significantly increase economic activity statewide."

– Alissa Anderson

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- ## California Budget Project

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PROJECTIONS

Projections

We believe these reports should illustrate that although the projects do create some revenue and jobs, the projections are below promises. As taxpayers, we ask that the Town review best to worst case scenarios in both the revenue and expenditures expected including additional police force, staff time, legal fees (since PUD guide is vague). We also ask the Town to do a true economic impact study considering the loss of other jobs within Eagle if this project gets built.

- St. Joseph North County Development (t)
- City of Blue Springs Report (fe)

Note – per Wikipedia, St Jo has a metro population of 127, 329 people, has a 4 year university, and is the training camp location for the Kansas City Chiefs NFL team. Blue Springs has a population of approximately 53,000 and is in the metro area of Kansas City which has a population of 2.1 million.

St. Joseph

North County Development - Project # 1 TIF

Contact Agency:	St. Joseph
Contact Phone:	816-271-4760
Developer(s):	Bob Johnson / RED Development
Senate District:	34
House District:	27

Original Date Plan/Project Approved: 8/1/2003

Plan Description:

Construction of a new general retail shopping center of approximately 646,000sf with all nessary parking, utilities and other infrastructure.

Plan/Project Status: Fully operational

Area Type: Blight

But for Determination:

Unusual/extraordinary costs made the project unfeasible in the market, required significant public infrastructure investment to remedy existing inadequate conditions and capacity to support development and required parcel ass'y and/or relocation costs.

Number of New Jobs:			
Projected:	1640	Actual to Date:	1136
Number of Retained Jobs:			
Projected:	0	Actual to Date:	1108

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St. Joseph

North County Development - Project # 1 TIF

TIF Revenues

Current Amount of Revenue in Special Allocation Fund: $5,727,770.16 As of: 6/30/2010

Payments in Lieu of Taxes:

Total received since inception: $4,423,202.75 Amount on Hand: $0.00

Economic Activity Taxes:

Total received since inception: $10,673,584.28 Amount on Hand: $0.00

Anticipated TIF Reimbursable Costs:

Public Infrastructure/Site Development Costs:		$33,957,346.00
Property Acquisition and Relocation Costs:		$0.00
Project Implementation Costs:		$1,800,619.00
Other:	$1,139,035.00	
Other:	$746,581.00	
Other:		
Other:		
Other:		
Other:		

Total Anticipated TIF Reimbursable Project Costs: $37,643,581.00

Anticipated TOTAL Project Costs: $107,643,091.00

Financing Method: TIF Bond

Original estimated number of years to retirement: 23

Current anticipated estimated number of years to retirement: 23

Blue Springs

Adams Farm TIF Plan, Projects A, B & C

Contact Agency: Blue Springs

Contact Phone: 816-228-0140

Developer(s): Blue Springs Development Three, Inc. RED, LLC

Senate District: 8

House District: 55

Original Date Plan/Project Approved: 2/20/2007

Plan Description:

Approximately 632,000sf retail development to include certain public infrastructure improvements, i.e. widening and new traffic lanes on Adams Dairy Pkwy, Coronado Dr, R.D. Mize Rd & adjustments to the I-70 off ramp.

Plan/Project Status: Under construction

Area Type: Blight

But for Determination:

Unusual/extraordinary costs made the project financially unfeasible in the market, required significant public infrastructure investment to construct adequate capacity to support development and required parcel ass/y and/or relo costs.

Number of New Jobs:

Projected:	1579	Actual to Date:	507

Number of Retained Jobs:

Projected:	0	Actual to Date:	3

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(7 pages)

Blue Springs

Adams Farm TIF Plan, Projects A, B & C

TIF Revenues

Current Amount of Revenue in Special Allocation Fund:		As of:	9/30/2010
Payments in Lieu of Taxes:			
Total received since inception:	$146,752.93	Amount on Hand:	$146,752.93
Economic Activity Taxes:			
Total received since inception:	$576,798.65	Amount on Hand:	$576,798.65

Anticipated TIF Reimbursable Costs:

Public Infrastructure/Site Development Costs:		$13,764,243.00
Property Acquisition and Relocation Costs:		$1,383,933.00
Project Implementation Costs:		$6,041,813.00
Other:	$3,448,974.00	
Other:	$3,400,515.00	
Other:		
Other:		
Other:		
Other:		
Total Anticipated TIF Reimbursable Project Costs:		$28,039,478.00

Anticipated TOTAL Project Costs:

Financing Method: Other Bond

Original estimated number of years to retirement:	23
Current anticipated estimated number of years to retirement:	23

August 19, 2011

Honorable Mayor Ross
Blue Springs City Council Members

Re: Adams Farm Special Obligation Bonds – July 31, 2011 Update

The City has issued two series of Special Obligation Bonds for the Adams Dairy Landing Project.

- 2009 Special Obligation Bonds - $14,500,000 were issued in September 2009 and will be retired in 2038.
- 2010 Special Obligation Bonds - $16,805,000 were issued in April 2010 and will be retired in 2038.

We originally intended to produce this report on a quarterly basis to update you on the progress of the shopping center and how it is performing compared to the projections that were used when the bonds were issued. Numerous assumptions were built into the projections to minimize the City's exposure, including a debt service coverage ratio of 1.5% and capitalizing the first interest payment. After working with the data and becoming familiar with the tracking process, we decided to produce this report on a semiannual basis.

Since the City backed these bonds with the full faith and credit of the City, close monitoring is necessary because if actual collections fall short of the required debt service payments, the City will have to make up the difference.

Bond proceeds from the two bond issues were used to reimburse the developer, the City and a contractor for TIF reimbursable project costs. Costs were reimbursed once the City's audit firm issued cost certification reports that certified the costs were in accordance with the budget and supported with adequate backup documentation.

This report includes a summary of the impact of Adams Dairy Landing on the City's General and Capital Projects Funds, a summary of TIF reimbursable project costs paid, a detailed analysis of each bond issue, and the status of the businesses included in each bond issue.

Adams Dairy Landing Impact on the City's General Fund and Capital Projects Fund

Fund	FY 2011*	Project to Date
General Fund		
50% Sales Tax	$ 219,413	$ 362,980
Administration Fees	15,682	28,848
	$ 235,095	$ 391,828
Capital Projects		
50% Sales Tax	$ 109,707	$ 181,491
Total City Benefit	$ 344,802	$ 573,319

* Amounts through July 31, 2011

City revenues are reported on a FY basis and debt information is reported on a CY basis.

The table above details the revenues the City has received from the Adams Farm TIF District. These revenues consist of sales taxes and administration fees. The sales taxes are equal to 50% of the 1% and ½% City sales taxes generated within the TIF District as allowed in RSMO 99.845. The administration fees include ½% of total revenues as included in the City's TIF policy in effect at the time of the TIF approval and as agreed to in the TIF Redevelopment Contract with the developer, and a 1% collection and administration fee from the Adams Farm TDD, the Coronado Drive TDD (Wal-Mart), and the Adams Dairy Landing CID. The City's ½% Public Safety Sales tax will take effect on October 1, 2011 be subject to TIF and will generate additional revenues within the district to pay debt service on the bonds issued for Adams Farm.

These revenues are included in this report to monitor the impact the Adams Farm TIF District has on the City's funds.

Summary of TIF Reimbursable Project Costs Paid

Total Project Budget per Exhibit I of the First Amended and Restated Tax Increment Financing Contract for Adams Farm - Ord. 4243 (06.01.09):	
Total TIF/TDD/CID Project Budget	$ 49,135,999
Less: Reimbursable Project Costs Paid to Date	$ (27,005,663)
Remaining Project Costs to be Reimbursed as of 7/31/11	$ 22,130,336

Adams Farm - 2009 Special Obligation Bonds

Adams Farm 2009 Special Obligation Bonds Analysis of Bond Revenue Projections & Projected Revenue				
Revenue Source	CY 2011 Bond Revenue Projections	Projected Revenue (based upon 7 mths actual)	Difference	%
PILOTs	$ 176,709	$ 249,713	$73,004	41%
EATs	$ 378,334	$ 280,874	($97,460)	-26%
Home Depot & Wal-Mart TDD Sales Tax Revenues	$ 661,132	$ 657,626	($3,505)	-1%
Adams Farm TDD Sales Tax Revenue	$ 439,987	$ 387,897	($52,090)	-12%
Total	$ 1,656,162	$ 1,576,111	($80,051)	-5%

The revenues from the businesses included in the 2009 Special Obligation Bonds generated are estimated to total $1,576,111 which is ($80,051) or 5% below projections. This table compares the projected revenues for this bond issue to the projections that were used to establish the debt service schedule. The Walmart and Home Depot ½% TDDs are scheduled to last for 10 years or when these revenues repay no more than 30% of the debt service.

Adams Farm 2009 Special Obligation Bonds Debt Service Summary - CY 2011				
Revenues Available for Debt Service:			$ 1,576,111	
Less Administrative Expenses:	$	(5,107)		
Debt Service Payments:				
Interest - 06/01/11		(298,103.13)		
Interest - 12/01/11		(298,103.13)		
Principal - 12/01/11		(475,000.00)		
Total Debt Service & Expenses			$ (1,076,313)	
Revenues in Excess of Debt Service Avail. For Future DS Pmts				$ 499,798
Debt Service Coverage				146.44%
Debt Service Reserve Fund Balance:				$ 1,023,225

The table above provides a debt service recap for the 2009 Special Obligation Bonds.

Adams Farm - 2010 Special Obligation Bonds

Adams Farm 2010 Special Obligation Bonds Analysis of Bond Revenue Projections & Projected Revenue				
Revenue Source	CY 2011 Bond Revenue Projections	Projected Revenue (based upon 7 mths actual)	Difference	%
PILOTs	$ 41,040	$ 142,536	$101,496	247%
EATs	$ 583,481	$ 452,197	($131,284)	-23%
Adams Farm TDD Sales Tax Revenue	$ 521,337	$ 347,395	($173,942)	-33%
Total	$ 1,145,858	$ 942,129	($203,729)	-18%

The revenues from the businesses included in the 2010 Special Obligation Bonds generated totaled $942,129 which is ($203,729) or 18% below projections. The majority of this shortfall can be attributed to several businesses that were projected to open on a specified date that were either delayed in opening or still haven't opened. Those businesses include, Arby's, M&I Bank and Books-A-Million (subsequently replaced by Ulta Beauty – opening date not specified.) This table compares the projected revenues for this bond issue to the projections that were used to establish the debt service schedule.

Adams Farm 2010 Special Obligation Bonds Debt Service Summary - CY 2011			
Revenues Available for Debt Service:		$ 942,129.01	
Less Administrative Expenses:	$ (8,907.93)		
Debt Service Payments:			
Interest - 06/01/11	(362,220.00)		
Interest - 12/01/11	(362,220.00)		
Principal - 12/01/11	(60,000.00)		
Total Debt Service & Expenses		$ (793,348)	
Revenues in Excess of Debt Service Avail. For Future DS Pmts			$ 148,781.08
Debt Service Coverage			118.75%
Debt Service Reserve Fund Balance:			$ 1,145,258

The table above provides a debt service recap for the 2010 Special Obligation Bonds.

Status of Businesses Included in Bond Issue Projections

2009 Special Obligation Bonds - $14,500,000			
Business Name	**Sq. Ft.**	**Opening/Opened Date**	**Jobs Created**
Adams Farm TDD (1% - 30 years – 01-01-09)			
Target (Only business also in TIF)	132,498	10/09/09	120
Meiners Market	6,400		N/A
Coronado Place Shopping Center^			
Adams Dairy Bank - Small Shops	4,550		N/A
AT&T - Small Shops	1,250		N/A
Vintage Stock - Small Shops	3,700		N/A
Panera Bread Co. - Small Shops	3,829		N/A
National Tire & Battery - Out Parcel	7,964		N/A
Panda Express - Out Parcel	2,741		N/A
Taco Bell - Out Parcel	2,780		N/A
Sonic - Out Parcel	1,728		N/A
Texas Roadhouse - Out Parcel	11,359		N/A
Total	178,799		
Wal-Mart TDD (.5% - 10 years- 08-01-09)			N/A
Wal-Mart Supercenter	171,000		
Home Depot TDD (.5% - 10 years– 08-01-09)			N/A
The Home Depot	119,227		
Grand Total Sq. Ft.	**469,026**		**120**

2010 Special Obligation Bonds - $16,805,000			
Business Name	**Sq. Ft.**	**Opening/Opened Date**	**Jobs Created**
Maurice's	5,010	11/5/09	6
Sally Beauty	1,623	11/19/09	3
Gap Outlet	7,500	11/20/09	23
Gamestop	2,160	11/23/09	5
Mattress Firm	3,745	11/27/09	3
Chipotle	2,500	12/04/09	25
Petco	13,500	03/01/10	15
Olive Garden	7,441	03/15/10	120
Famous Footwear	5,942	03/15/10	5
Gordmans	47,500	05/04/20	60
Staples	18,303	11/20/10	13
Kohl's	63,764	09/29/10	112
Arby's	3,000	N/A	
Books-a-Million	12,500	N/A	
M&I Bank	4,240	N/A	
Michaels	21,390	02/11	29
Total	**220,118**		**419**

^ Additional businesses located in the Adams Farm TDD that were not included in the original projections include Planet Sub, Wingstop, and Smoothie Factory.

REPORTS

Reports

As taxpayers, we are confused still if this is a new project or if this is the same project defeated by the majority of voters in January 2010. In reviewing several sources, we would like to understand why there are different numbers related to Red's own website vs their expert retail study vs their expert housing study. Note these were all as of Dec 24th, 2011.

- Red's website states it is a 625,000 square foot lifestyle center
- The retail study from Jeff Green's study states there is 759,000 square feet of commercial recommended (page 7)
- The housing study from Rees Consulting states it is a project of 520,000 square feet
- The Town is reviewing 732,000 square feet in two phases of 582,000 square feet and 150,000 square feet

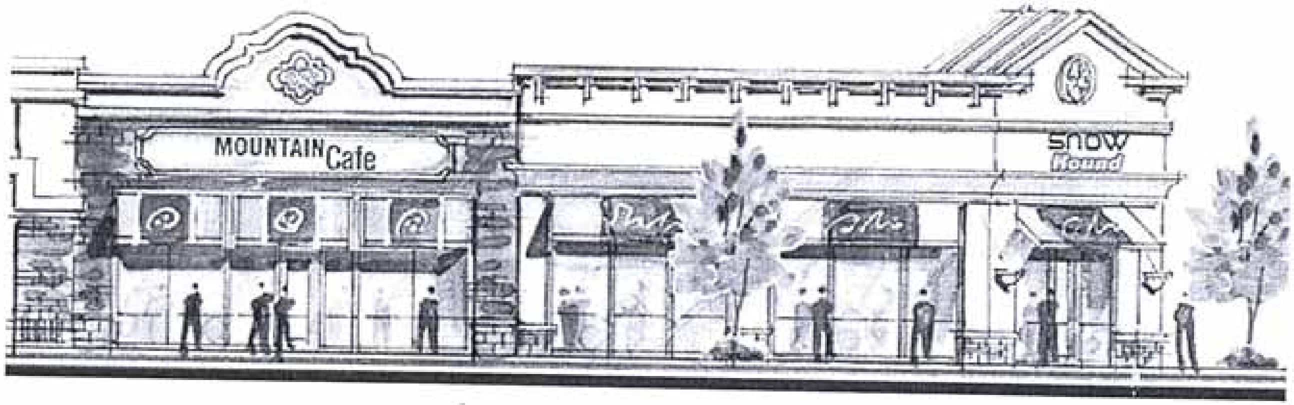
Retail Feasibilty Study – Jeff Green Partners

- The numbers are based on recommendation of 759,000 square feet which is not the square footage of the proposed project.
- Under assumptions on page 4, they stated that „Whole Foods will like NOT open...in Basalt". On page 27, they state it appears to be inline to be built this year. Is this considered a competitor or not in their projections?
- Under assumptions on page 4, they stated that the Tower Center in Gypsum is not considered in the analysis of competitors. This seems to be against common sense and we believe it should be included in the analysis.
- Under assumptions on page 4, they stated The Village of Avon is in early phases of litigation and therefore has not been included in the analysis. Given the recent developments in Avon, this should be reconsidered.
- There is no reference to the proposed Wolcott development even though the Eagle Town Manager referenced it as a concern in the Vail Daily on August 31, 2011. (wp)
- Page 1: references main street. We understood the main street concept was no longer valid.
- On page 7, there is 110,000 square feet for a home improvement store. We question the reality of this projection given Lowe's and Home Depot are located within a short distance of Eagle.
- On page 13 for the primary trade area it references Steamboat Springs to be 27 miles away but mapquest shows it is 84 miles away.
- On page 13, it references it is 20 miles to Basalt but mapquest shows it to be 55 miles away.
- On page 13, it shows Silverthorne to be 50 miles away but mapquest shows it to be 61 miles away.

- On page 13, it shows Aspen to be 45 miles away but mapquest shows it to be 73 miles away.
- The numbers on page 7 do not match the numbers used for the housing study on page 6. For example, there is 35,000 listed for a speciality grocer vs 55,000 listed on the housing study.
- Page 1: references risk. We did not see any risks identified.
- Did the study take into account the two new stores opened in Eagle Ranch?
- Page 7: It notes that the primary trade area will make up 60-65% of sales for the center. Is there a breakdown of dollars for this and an estimate of how often someone would need to come from Steamboat to make this happen?
- Page 26 says there is no shopping mall in the region. How will this center be different than what is in Avon if only the interchange and big boxes are built? It then references Glenwood Springs. Is this considered region or not?

Employee Housing Study

- The numbers are based on 520,000 square feet which is not even the proposed project in Phase I.
- Any housing impact study should be done and included on the whole project, not simply a portion of the project.
- On page 2, it references that a proposed water park has been eliminated on this proposal. We do not recall a water park being voted on in ERS 1.0.
- The numbers on page 7 of the retail feasibility study do not match the numbers used for the housing study on page 6. For example, there is 35,000 listed for a speciality grocer in the retail study vs 55,000 listed on the housing study.
- Under methodology on page 2, it says the study does not analyze the availability of free-market housing that might address some of the demand for housing generated by the development. This seems to be an important consideration that we recommend be looked at by an outside expert.
- Page 8 projects 1,739 jobs will be created. However, this seems ambitious when compared to other Red projects as illustrated on documents x (St Joseph project has created 1,100 jobs since 2003 (9 years later and over 500 less than projected <u>and</u> at full build out) Note – per Wikipedia, St Jo has a metro population of 127, 329 people, has a 4 year university, and is the training camp location for the Kansas City Chiefs NFL team. This project of 1,739 also assumes the full build out of 520,000 square feet (again, this doesn't match proposal) which seems unreasonable given the difficulty financing housing, commercial projects, and comparables in the valley.



Eagle River Station

Currently in development, Eagle River Station will combine shopping, dining, entertainment, hospitality and residential in a unique Colorado destination. The center will bring together junior anchors, fashion, home furnishings, fast-casual eateries, sit-down restaurants and entertainment venues in a pedestrian-friendly atmosphere. The 625,000-square-foot lifestyle center will include vehicular access to a "main street," providing convenience for shoppers and visitors.

Eagle River Station is located along Interstate 70/Highway 6, about halfway between Vail and Glenwood Springs. The center is located within an hour's drive of Vail, Beaver Creek and Copper Mountain ski resorts, and Eagle is surrounded by White River National Forest. Eagle River Station will serve the growing population of Eagle County, as well as visitors to the town of Eagle and these neighboring attractions year-round.

For leasing information, contact:
Sharon Wilkins, Senior Leasing Associate at 425.222.4157
jdavis@reddevelopment.com

The Wolcott proposal from Community Concepts Colorado calls for a realigned U.S. Highway 6 that would be pushed south to intersect with Interstate 70 at a new roundabout. Residential and commercial development is proposed south of the Eagle River and north of the new U.S. 6 route and residential development is proposed north of I-70.

Eagle voices concerns with Wolcott plan

Proposal includes 689 residential units and 175,000 square feet of commercial space

SEPTEMBER, 1 2011

PAM BOYD

EAGLE VALLEY ENTERPRISE

VAIL, COLORADO

EAGLE, Colorado — Leaders of one of the oldest communities in the county have expressed concerns with plans for the valley's newest community.

A proposal to create the newest community center in the Eagle Valley at Wolcott has caught the attention of leaders at the town of Eagle. The Wolcott plan submitted by Community Concepts Colorado calls for 689 homes and 175,000 square feet of commercial space along a re-aligned U.S. Highway 6 in a valley floor area that has historically been pasture land. According to Rick Hermes of the Wolcott development group, the plan actually represents "infill on a relatively level site well suited to a master-planned community."

But as the county contemplates development in Wolcott, Eagle is in the midst of two large land use review processes of its own — Phase I of the revised Eagle River Station project on the east end of town south of I-70 proposes 582,000 square feet of commercial space and up to 550 residential rental units, while the Haymeadow development located in the Brush Creek Valley features plans for 979 residential units, including entry level apartments, townhomes and single family homes. The Eagle Planning and Zoning Commission has launched its review of both Eagle River Station and Haymeadow this summer.

Hermes said the revised Wolcott plan responds to a changed marketplace resulting from the recent national recession and addresses evolving consumer demands and taste.

But in its written response to the Wolcott proposal, the town of Eagle voiced several concerns with the plan, particularly with the commercial component.

Commercial concern

Wolcott Village, the highest density part of the plan, features 234 units at the center of the development parcel, south of the Eagle River and north of the new highway alignment. A Main Street Promenade is proposed as the commercial core in the village section.

While the plan calls for 175,000 square feet of commercial space, Hermes stressed that the commercial is intended for the community use, not as regional shopping.

exhibit WP

"There are no big boxes here. It's not the intent we have at all," he said.

But the town of Eagle is skeptical of that claim.

"The layout of the commercial component in a linear form with buildings and parking lots facing the Interstate appears to be a shopping center that attracts business from the Interstate rather than a commercial component incorporated into a village concept that primarily serves the needs of Wolcott residents as is mentioned in the Wolcott Area Community Plan," noted Eagle Town Manager Willy Powell in the town's written response to the plan.

"There is serious concern that the proposed amount of commercial development goes far beyond serving the proposed Wolcott community," continued Powell's letter. "With commercial development located a short distance away in Eagle and Edwards, is there a demonstrated community need for the 175,000 square feet proposed in Wolcott? Is the commercial development intended to be a regional draw or only serving the local community?"

Town of Wolcott?

In looking at the plan, Eagle leaders also expressed concerns that the development would be in unincorporated Eagle County.

It's been a long-standing complaint of various municipal governments in Eagle County that unincorporated, urban areas in the valley get a break on county services. For example, towns must contract with the county to provide animal control services and typically do so because the contract amount is far lower than the cost of running a municipal animal control department. However, unincorporated areas are not charged an additional fee for animal control services.

"There is a concern that this will develop in a manner similar to Edwards with significant residential and commercial development in unincorporated Eagle county without a sales tax typically associated with town government," said Powell's letter. "Should 'Wolcott' be an incorporated municipality, so that the county does not assume additional burdens?"

The concerns raised by Eagle are only one of the referral agency issues that the county planning commission will look at as part of its Wolcott review. That review is slated to extend through the remainder of 2011. The developers of the proposed Wolcott project have agreed to a schedule that includes at least five hearings before the county planning commission between now and mid-October to hash out details. At those sessions, issues including transportation, phasing, parks and open space, roads, affordable housing, utilities and more will be discussed in detail.

The next session for the proposal is planned for Sept. 7.

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http://www.vaildaily.com/apps/pbcs.dll/article?AID=/20110831/NEWS/110909996&parentprofile=search&template=printart

QUESTIONS

We would like the Town and/or the developer to address these questions.

1. We understand Hillcrest Bank was a huge supporter/lender for Red's projects. It was seized by the fed because of their heavy investment in commercial projects. What was Red's part in the bank's failure?

2. We understand that during ERS 1.0, Red was at the absolute minimum for return (if our memory is correct, that was 9.5%). What is the current return %? If a large portion of the project is not built, how does that impact the return?

3. During 1.0, the Town was supposed to receive a large portion of funds from the for sale units of the housing. Now that the housing is for rent only, how is the development making up those lost funds for the Town?

4. If you require the Town to add their name and credit rating to the bonds, does the Town get to share in the return? If so, what % do they share?

5. Is it possible to finance this project in the bond market if the Town does not give up their 4% sales tax?

6. Does this agreement with the town require any conditional or other approval from the County? If so, what is the nature of that approval?

7. Who pays for the bonds if the sales tax does not meet projections?

8. Has making up of the Town of Gypsum's $485,000 been calculated in the project financial windfall? That is, if the Town decides not to continue the $485,000 because ERS would be considered a direct competitor, has that been considered?

9. Why are you only using GAP analysis instead of projecting financials based on specific tenants which have a known performance? (Again – what was have seen as of the date of this submission).

10. Will there be debt limits on the TIF bonds and if no, do the citizens have any say before debt is granted and/or the Town is needed to fund additional debt?

11. Assuming a fairly short life span of a shopping mall, how does Red plan for replacment and repairs? (ie where does that money come from?)

12. If the Town does not give up the 4% sales tax, does that change what the metro district pays for? If so, what is the difference?

13. We understand that Red does not own 5 of its projects. There are no limits to when and if this project can be sold – is that correct?

14. What is the average lifespan of lifestyle centers?

15. Does Red do a cash flow schedule of the project to help the Town understand the true cash impact from day 1 through opening day of the first store?

16. Is it possible to receiving bond financing before there is a dedicated revenue source (ie until the store opens)?

17. Has Red ever developed a project like this in a high risk area (ie the mountains)?

18. How much of the 732,000 commercial square feet will generate sales tax? That is, will there be some businesses that do not generate sales tax and if so, has that been considered in the financial projections?

19. If TIF is proposed, can you illustrate how the funds on our property tax bill will be allocated? That is, will the monies go to the funds as listed or are these items frozen in the development for the development until paid off? This is very confusing and a detail explanation would be appreciated so that we as taxpayers understand the impact on our community.

20. Red Development's website said the center will be comprised of Junior anchors. Why doesn't this project have major anchors?