

**REDEVELOPMENT PLAN
TAX ALLOCATION DISTRICT #1: - CITY OF DOUGLAS,
GEORGIA - DOUGLAS SQUARE**

December __, 2019

**Prepared for
City of Douglas, Georgia**



Prepared by:



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Appendix A – List of Tax Parcel ID Numbers (Properties Within the TAD)

*Headings followed by a letter in parenthesis [e.g. (A)] denote information required per Georgia Code Chapter 36, Title 44.

EXECUTIVE SUMMARY

Overview

This redevelopment plan presents the rationale, boundaries, fiscal data and proposed projects which could result from the formation of the Tax Allocation District #1: City of Douglas, Georgia - Douglas Square (TAD #1 or TAD). This redevelopment plan was prepared in conformance with the provisions of the Georgia Redevelopment Powers Law (O.C.G.A. Title 36 Chapter 44) (the Redevelopment Powers Law) which governs the creation of the tax allocation districts in the State. This plan was prepared by Murray Barnes Finister LLP (MBF) in cooperation with the City of Douglas, Georgia and on behalf of the prospective developers of the project, a partnership of Perlis Nease Development and The Jones Company (the Developers), in cooperation with the City of Douglas.

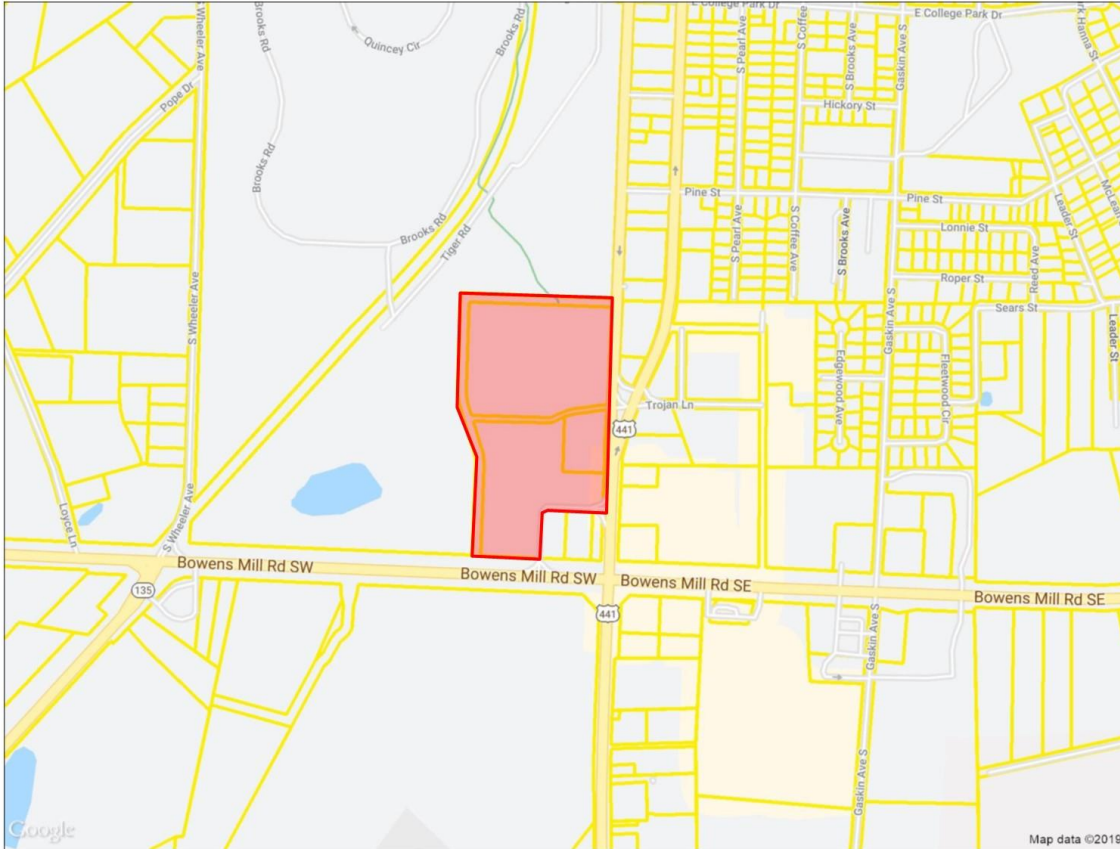
The purpose of the proposed TAD #1 is to support development of the planned Douglas Square commercial development on the former site of the Coffee County High School and adjoining property and to leverage economic opportunities at the intersection of U.S. Hwy 441 and Trojan Lane in Douglas, Georgia.

TAD #1 will enable the Developers to overcome deficient infrastructure, significant transportation and circulation related costs and other impediments which have made redevelopment of this property economically unfeasible to date. In addition, a portion of TAD #1 funds can be used to provide public parking and a trailhead for a walking trail for the residents of Douglas.

The purpose of this redevelopment plan is to outline a strategy to (a) leverage tax increments from the redevelopment of the former high school site and other TAD property to offset the project's high site development costs, (b) enable State-funded improvements to the intersection of U.S. Highway 441 and Trojan Lane, a heavily congested intersection with limited direct access to the site and (c) encourage other commercial development around the site. In addition, a portion of the TAD funds will be used to provide public parking and create a trailhead for a City walking trail that will connect the site to South Georgia State College and downtown Douglas. By leveraging the City's redevelopment powers, the intent of this plan is to achieve a higher quality of development and resulting increased job creation in a much shorter timeline than would be feasible absent the proposed TAD #1.

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Proposed TAD #1: Douglas Square



The map above presents the proposed outlines of TAD #1 which is shaded in pink. The parcels include the site of the former high school and the current offices of the Board of Education of Coffee County (Board of Education).

Why the Douglas Square Qualifies as a TAD

The City of Douglas, Georgia has the authority to exercise all redevelopment and other powers authorized or granted municipalities pursuant to the Redevelopment Powers Law as approved by City voters by referendum on November 5, 2019. The redevelopment area, including the Douglas Square site and other TAD #1 parcels meet the statutory definition of a “Redevelopment Area” under three specific provisions of O.C.G.A Section 36-44-3(7) of the Redevelopment Powers Law cited above:

- B (iii) – The predominance of structures or buildings of relatively low value, or significantly slower growth in the tax digest than is occurring in the political subdivision as a whole.
- B (vi) – Deteriorating or inadequate utility, transportation, or transit infrastructure.
- C (iii) – Deteriorating or inadequate infrastructure at present.

A more detailed justification under each of these provisions appears in the full report. However, in essence, the main justification for creation of TAD #1 is the need to overcome conditions which have hampered the redevelopment of the former high school site (which commenced operations in 1955 and which use was discontinued as a high school in 1994, utilized for other school purposes until 2017 and closed permanently in December 2017) and to leverage opportunities of that site for commercial purposes, consistent with current zoning and the purpose of the TAD.

Proposed Redevelopment Projects

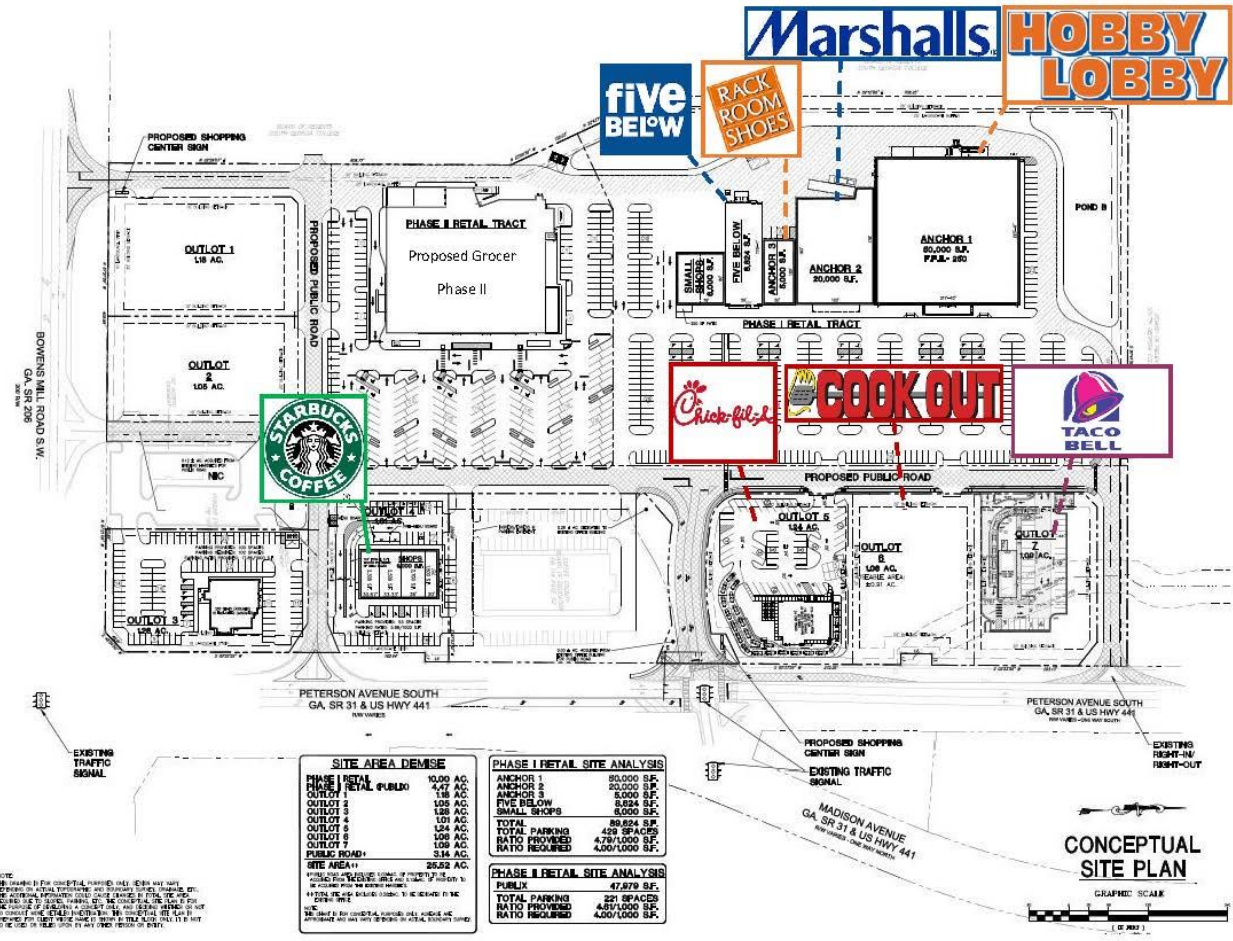
The proposed TAD #1 is intended to support the development of a three parcel site containing approximately 25.8 acres located on western side of U.S. Highway 441, bounded on the north by the South Georgia State College golf course and South Georgia College and bounded on the south by Bowens Mill Road S.W. The TAD currently contains two parcels with approximately 25.3 acres of vacant land, where the site of the former high school has been razed and cleared, a parcel expected to contain a car wash and a parcel containing the Board of Education’s offices, which would be available for commercial retail development if sold by the Board of Education. Coupled with the completion of planned transportation improvements to the area, economic activity generated by the proposed commercial retail center is expected to create additional residential and commercial development opportunities around the TAD.

The primary method of financing the development of Douglas Square will be through private equity and debt. TAD proceeds would be used to supplement private financing and reduce overall development costs in order to make this project financially feasible. TAD proceeds would be applied to address on-site development costs, provide public parking, the construction of transportation and access improvements and creation of internal circulation roadways, public sidewalks, utilities and a trailhead for a City walking trail.

The plan for Douglas Square is illustrated in the site plan shown below. The property can support the development of nearly 175,000 SF of retail uses. As presented, 90,000 SF of anchored retail and 24,000 SF of outparcel retail and restaurants are expected to comprise Phase 1 of the development. The addition of a grocery store, comprising approximately 48,000 SF, will be Phase 2. In addition, the remaining outparcels are expected to support 10,000 SF of retail development. In addition, the parcel containing the Board of Education’s administrative facility would be available for redevelopment if sold by the Board of Education. At build-out of Phase 1 and Phase 2, an estimated 275 permanent employees are expected to be working at Douglas Square in the retail components of the development.

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Douglas Square Conceptual Site Plan



Douglas Square Development Plan

| Development Components | Square Feet |
|--|----------------|
| Grocery and Big Box Anchored Retail Center | |
| Grocery (Phase 2) | 47,979 |
| Retail Anchor A | 50,000 |
| Retail Anchor B | 20,000 |
| Retail Anchor C | 8,824 |
| Retail Anchor D | 5,000 |
| In-Line Retail Space | 6,000 |
| Subtotal | 137,803 |
| Retail Outparcels | |
| Parcels 1-7 | 34,000 |
| Total SF of Development | 171,803 |

Source: Perlis Nease Development and The Jones Company



Potential TAD Revenues and Bonding Capacity

The Redevelopment Powers Law requires that Redevelopment Plans estimate “redevelopment costs to be incurred or made during the course of implementing the redevelopment plan.” Estimating potential costs first requires estimating the amount of revenues which may be realistically generated from successful implementation of the plan. Once estimated, available revenues can be assigned to eligible cost items. The vast majority of the cost of developing the proposed Douglas Square will be privately financed and paid for through land sales of outparcels and lease agreements with tenants. However, existing values for developed commercial sites in the Douglas market are not sufficient to cover “extraordinary” cost items that are necessary to prepare the site for development and make the necessary traffic and circulation improvements, as well as to upgrade and extend utility infrastructure to serve an estimated up to 175,000 SF of potential future development at this location.

TAD Potential of Tax Allocation District #1: Douglas Square

The following section estimates potential tax allocation bond revenues and Pay-As-You-Go financing options from future development projects in TAD #1, assuming that Coffee County, Georgia, the City of Douglas and the Coffee County School District pledge their respective M&O millage to the redevelopment effort and that the City and the County pledge the local option sales tax increment from TAD #1 (the “LOST Increment”). The City projects that the ad valorem property tax increment alone will be insufficient to support debt service on tax allocation bonds.

As shown below, the properties in the proposed TAD have a current taxable value of \$1.4 million. The parcel owned by the Board of Education is tax exempt and is excluded from the existing taxable value in the table below. The development of Douglas Square would result in the growth of \$23.2 million in new taxable value within TAD #1 (approximately \$13.5 million attributable to Phase 1). Net of the base valuation of \$1.4 million, the incremental growth in the tax base of the TAD #1 at build-out is estimated to be more than a five-fold increase in the base value of TAD #1. In addition, after build-out the LOST Increment is estimated to generate approximately \$409,000 annually. The actual amounts generated will depend upon the pace of implementation of the Redevelopment Plan and the impact of the redevelopment activities and other economic factors on the tax base of TAD #1 as a whole.

| Estimated Incremental Property Values TAD #1 | |
|---|-------------------|
| Existing Property Values | |
| Parcels | 3 |
| Acreage | 25.76 |
| Existing Appraised (Market) Value | 3,714,000 |
| Taxable Value | 1,455,600 |
| New Property Values from Redevelopment | |
| Retail | |
| Retail SF | 175,000 |
| Market Value per SF | \$132 |
| Taxable Value per SF | 53 |
| Total Taxable Value | 10,731,600 |
| Less Existing Taxable Value | 1,455,600 |
| New Incremental Taxable Value | 9,280,000 |



Retail sales estimates for expected tenants were provided to the Developers and the City by Retail Strategies, LLC, Birmingham, Alabama, a nationally recognized consultant and recruiter of businesses to communities. Retail Strategies, LLC projects that upon build out, Douglas Square will generate approximately \$40.9 million in annual sales.

By applying the M&O millage rates for Coffee County, the City of Douglas and the Coffee County School District it appears that the increase in property values in TAD #1 is expected to generate approximately \$303,000 in additional property taxes annually. In addition, LOST Increment is expected to generate \$409,000 annually. This is the critical increment that will go to the TAD Special Fund, which will then be available for investment back into the TAD for qualified projects.

| Tax Allocation District #1: Douglas Square TAD Revenue/Financing | |
|---|------------------|
| New Incremental Taxable Value from Development | 9,280,000 |
| 2019 Millage Rates (M&O only) | |
| City of Douglas | 7.387 |
| Coffee County | 7.754 |
| Coffee County School District | 16.032 |
| Total TAD millage rate | 32.673 |
| Estimated Incremental Property Taxes | 303,205 |
| TAD Bond Estimate | |
| Property Taxes and LOST Increment for Debt Service | 712,205 |
| Debt Coverage Ratio | 135% |
| Bondable Property Taxes | 527,559 |
| Interest Rate | 5.25% |
| Bond Term-Years | 25 |
| Estimated Bond Amount (two series) | \$7,790,000 |
| Issuance Costs (5%) | 393,300 |
| Capitalized Interest (18 months) | 613,462 |
| Debt Service Reserve (1 year) | 657,812 |
| Net Bond Proceeds | |
| TAD Pay As You Go (PAYGO) Amount | |
| Estimated Incremental Property Taxes | 303,205 |
| Estimated LOST Increment | 409,000 |
| 10 year PAYGO Option Proceeds | 7,122,050 |
| 15 year PAYGO Option Proceeds | 10,683,075 |

Source: Stifel, Nicolaus & Company Incorporated; Coffee County Tax Assessor

Stifel, Nicolaus & Company Incorporated (Stifel) estimated the amount of proceeds this revenue stream could leverage using the following financing assumptions:

- **Bond Financing**—It is assumed the bonds will be issued as two series. The first tax allocation bond is assumed to be issued in 2020, in order to provide funding which may be needed to support site preparation, public parking, road and infrastructure extensions and internal circulation. This bond is assumed to have a 25-year term, a 1.35 debt coverage ratio, and a 5.25% interest rate. It is assumed that available increment will increase over the life of the bond issue at a rate of 1% per year. Calculations assume that the first 18 months of interest payments and a one-year debt service reserve would be capitalized into the bond. We have also assumed an approximate 5% issuance cost to cover any financing fees and potential reimbursements the City may wish to recover. Under this financing approach the total bond

amount financed would be approximately \$4.4 million and the net proceeds available to invest in the development would be approximately \$3.4 million. A second bond is assumed to be issued in 2024 after full buildout of Phase 1 and Phase 2 and increments have been determined. The proceeds of the second bond will be used to reimburse the Developers for parking and infrastructure improvements needed to support phase 2 of the development of Douglas Square. The assumptions are the same for the first bond, and the total bond amount financed would be approximately \$3.4 million and net proceeds available to the development would be approximately \$2.7 million.

- **PAY-GO Financing**— Under this second approach, it is assumed that a qualified project would receive the amount of incremental property taxes and LOST increment of approximately \$712,000 (at buildout and assuming no increases in tax increment) from the TAD Special Fund after property taxes and LOST have been paid on an annual basis for either a term of ten years or fifteen years. Over a ten-year period, this would result in total payments of approximately \$7.1 million and over fifteen years approximately \$10.7 million from the PAY-GO approach. The developer would have the option to either finance these future payments with their debt and equity lenders or self-finance the future stream of payments.

Utilizing alternative terms, interest rates and debt coverage ratios would also produce differing estimates of bonding potential. The following estimates are intended to be representative and conservative. Any number of realistic alternative scenarios could also be modeled and could easily produce results which vary by a factor of 25% or more depending on future market conditions.

Redevelopment Costs – Proposed Uses Of TAD Proceeds

Priorities for the use of TAD proceeds would evolve as project planning proceeds, more detailed site development budgets are prepared and actual costs become better known. The intent is to employ TAD proceeds as available and necessary to make site development financially feasible and to attract the types of end-users that would positively impact the redevelopment area and the regional economy. Uses of TAD proceeds may include (a) supporting site development (including access roads, public parking, site preparation, utility improvements, etc. and (b) facilitating enhancements and signalization at the main entrances to the property. Three specific uses for TAD proceeds are described below.

1. **Access Roads and Internal Circulation:** With the active uses planned on site and up to 175,000 SF of retail space the creation of main access roads into the development and an internal street network to handle traffic that allows ready access to all parts of the development is essential.
2. **Site Preparation Costs:** The Developers have previously razed the high school and related improvements and cleared the resulting debris. A portion of the site development costs to be funded include grading and erosion control. Given its past use, the site lacks sufficient water, sanitary sewer, street lights and specialty infrastructure that the planned uses may require.
3. **Public Parking/Sidewalks/Landscaping Enhancements:** TAD proceeds will be used to construct related to Phase 1 public parking for approximately 612 vehicles, sidewalks and



enhanced landscaping. TAD proceeds would also be used to fund parking, sidewalks and landscaping for Phase 2.

A representative funding allocation for the potential TAD Funds is itemized below. The estimated \$6.1 million in TAD proceeds (assuming bond financing) could be used in numerous combinations as specific needs arise. The table contains a representative distribution of fund uses among eligible categories of redevelopment costs. In reality, TAD proceeds will be allocated to specific purposes as development opportunities arise and specific agreements are negotiated between the Developers and the City and with prospective end users.

| Potential Uses of TAD #1 Proceeds | | |
|--|----------------------|--------------------|
| Potential Expenditure | Estimated Allocation | Total Funds |
| 1. Access Roads and Internal Circulation | 21.6% | \$ 1,315,475 |
| 2. Site preparation costs/Infrastructure | 32.2 | 1,964,000 |
| 3. Public Parking/Sidewalks/Landscaping | 46.2 | 2,820,525 |
| Total TAD Funding | 100.0% | \$6,100,000 |

School District Impacts

As demonstrated in the analysis provided later in this Redevelopment Plan, the economic impacts to the Coffee County School District from participating in TAD #1 are as follows:

1. The TAD #1 redevelopment area will affect the future appreciation on 0.17% of the School District’s current tax digest. The current amount of School District property taxes generated from within the TAD, approximately \$23,300, will continue to go to the school system—only taxes associated with incremental real estate digest growth above the current base amount are pledged to the TAD.
2. The TAD #1 redevelopment area will not directly add any school children and therefore impose service costs to the School District.
3. There are no Coffee County School District facilities located inside the TAD boundary (other than the School District’s administrative building). However, nearby schools would benefit from the improvement of surrounding properties.
4. By the end of 2023, proposed redevelopment in TAD #1 should generate roughly \$513,000 per year in School District revenues in base real estate taxes, personal property taxes and ESPLOST, representing a 21-fold increase over current revenues of \$23,300 per year.

Thus, we conclude that the potential gains to the Coffee County School District from participating in TAD #1 will be substantially net positive from a financial perspective due to the future growth in its tax digest and ESPLOST revenues, with no resulting impacts on the demand for school services.

Benefits of TAD #1: City of Douglas, Georgia - Douglas Square (S)

In conclusion, the creation of TAD #1: City of Douglas, Georgia - Douglas Square could leverage \$23.2 million in new investment over a three-year period. Future development is expected to increase the



current \$1.4 million taxable digest value of the TAD by an additional \$9.3 million. This increase would be expected result in approximately \$303,000 in new annual property tax receipts from real estate receipts and an additional \$409,000 in LOST increment annually when Douglas Square is fully built out (without taking into account future increases in property values). In addition, the City, Coffee County and the School District would be estimated to collectively receive personal property tax increments from TAD #1, estimated based on a personal property tax digest of \$5 million, of approximately \$163,000 annually. The personal property tax receipts are not part of the tax allocation increment, and so would go directly to the City, Coffee County and the Coffee County School District. Upon buildout of Phase 1 and Phase 2, the proposed commercial development is expected to create approximately 275 new jobs.

Summary of TAD Benefits at Build-Out

| Summary TAD #1: Douglas Square at Build-out | |
|---|--------------|
| Value of private investment in Douglas Square | \$23,200,000 |
| Additional Ad Valorem tax digest | 9,280,000 |
| Additional Personal Property tax digest | 5,011,200 |
| Estimated real estate tax increments | 303,205 |
| Estimated LOST increment benefit | 409,000 |
| Estimated ESPLOST benefits | 409,000 |
| Estimated New jobs created | 275 |

The following redevelopment plan for TAD #1 explains the plan’s findings in detail.

INTRODUCTION—TAD #1 - REDEVELOPMENT PLAN

This plan presents the rationale, boundaries, fiscal data and proposed projects which could result from the formation of Tax Allocation District #1: City of Douglas, Georgia - Douglas Square. This redevelopment plan was prepared in conformance with the provisions of the Georgia Redevelopment Powers Law (O.C.G.A. Title 36 Chapter 44) which governs the creation of tax allocation districts in the State. This plan was prepared by Murray Barnes Finister LLP (MBF) on behalf of the prospective developers of the project, a partnership of Perlis Nease Development and The Jones Company (the Developers), in cooperation with the City of Douglas, Georgia.

The purpose of the proposed TAD #1 is to support development of the planned Douglas Square commercial development on the former site of the Coffee County High School and adjoining property and to leverage economic opportunities at the intersection of U.S. Hwy 441 and Trojan Lane in Douglas, Georgia.

The TAD will enable the Developers to overcome deficient infrastructure, significant transportation and circulation related costs and other impediments which have made redevelopment of this property economically unfeasible to date. In addition, a portion of TAD funds can be used to provide public parking and a trail-head

Definition and Contents of a Redevelopment Plan
 Sec. 36-44-3(9) of the Redevelopment Powers Law defines a redevelopment plan as “a written plan of development for a redevelopment area or a designated portion thereof which:” in summary:

- (A) Specifies the boundaries of the proposed redevelopment area;
- (B) Explains the grounds for a finding by the local legislative body that the redevelopment area on the whole has not been subject to growth and development through private enterprise and would not reasonably be anticipated to be developed without the approval of the redevelopment plan;
- (C) Explains proposed uses after redevelopment of real property;
- (D) Describes proposed redevelopment projects, estimates the cost, and explains the proposed method of financing;
- (E) Describes any contracts, agreements, or other instruments which are proposed to be entered into for the purpose of implementing the plan;

for a walking trail for the residents of Douglas.

The purpose of this redevelopment plan is to outline a strategy to (a) leverage tax increments from the redevelopment of the former Coffee County High School site and other TAD property to offset the project's high site development costs, (b) enable State-funded transportation improvements to the intersection of U.S. Highway 441 and Trojan Lane, a heavily congested intersection with limited direct access to the site and (c) encourage other commercial development around the site. In addition, a portion of the TAD funds will be used to provide public parking and create a trailhead for a City walking trail that will connect the site to South Georgia State College and downtown Douglas. By leveraging the City's redevelopment powers, the intent of this plan is to achieve a higher quality of development and resulting increased job creation in a much shorter timeline than would be feasible absent the proposed TAD #1.

Although the immediate objective is to develop Douglas Square commercial development, the major investment that would result should have a direct benefit to the tax base of the surrounding commercial areas in Douglas and the proposed transportation enhancements should have a positive impact on the significant traffic congestion in the area. The Redevelopment Area for this Plan solely encompasses the proposed TAD.

Required information to support creation of the Tax Allocation District is outlined in the text box at right. The redevelopment plan follows this general outline. Section headings followed by a letter in parenthesis [e.g. (A)] refer to the relevant section in the Redevelopment Powers Law (Georgia Code Chapter 36, Title 44, § 3(9)) which defines the required contents of redevelopment plans.

Sec. 36-44-3(9) continued:

- (F) Describes the type of relocation payments proposed to be authorized, if any;
- (G) Includes a statement that the proposed redevelopment plan conforms with the local comprehensive plan, master plan, zoning ordinance, and building codes of the political subdivision or explains any exceptions thereto;
- (H) Estimates redevelopment costs to be incurred or made during the course of implementing the redevelopment plan;
- (I) Recites the last known assessed valuation of the redevelopment area and the estimated assessed valuation after redevelopment;
- (J) States that if any property to be redeveloped is defined or eligible to be defined as a historic property, such historic property will not be substantially altered in any way that is inconsistent with technical standards for rehabilitation; or demolished unless feasibility for reuse has been fully evaluated;
- (K) Specifies the proposed effective dates for the creation and termination of the TAD;
- (L) Contains a map specifying the boundaries of the proposed TAD and showing existing uses and conditions of real property;
- (M) Specifies the estimated tax allocation increment base of the proposed TAD;
- (N) Specifies ad valorem property taxes to be used for computing tax allocation increments, supported by a required resolution;
- (O) Specifies the amount of the proposed tax allocation bond issue or other financing and the term and assumed interest rate for such financing;
- (P) Estimates positive tax allocation increments for the period covered by the term of the proposed tax allocation bonds or other financing;
- (Q) Specifies the property proposed to be pledged for payment or security for payment of tax allocation bonds;
- (R) Includes a school system impact analysis if the plan proposes to include in the tax allocation increment, ad valorem taxes levied by a board of education; and
- (S) Includes such other information as may be required by resolution of the political subdivision whose area of operation includes the proposed redevelopment area.

Overview of Tax Allocation Districts

Tax allocation districts are Georgia’s version of tax increment financing. Tax increment financing (TIF) is a redevelopment funding mechanism that reinvests future taxes derived from real estate development back into a project as an incentive to attract new private investment into an area. As described by the Council of Development Finance Agencies. (www.cdfa.net), TIF was created and first used in California in 1952. Hundreds of TIF districts have helped spur urban redevelopment in cities across the country. Today, 49 states and the District of Columbia use tax increment financing.

In 1985, the Georgia General Assembly authorized formation of Georgia’s form of tax increment financing utilizing tax allocation districts. The purpose of a Georgia tax allocation district is similar to tax increment financing in any other state. Tax allocation districts use the increased property taxes generated by new development in a designated redevelopment area to finance costs related to the development such as building construction, demolition, public infrastructure, land acquisition, relocation, utilities, debt service and planning costs. Other costs it might cover include:

- Sewer expansion and repair
- Storm drainage
- Street construction and expansion
- Water supply
- Other Utilities (electric, fiber optic, etc.)
- Park improvements
- Landscaping
- Bridge construction and repair
- Curb and sidewalk work
- Grading and earthwork
- Traffic control
- Lighting
- Signage

Cities and counties throughout Georgia have created tax allocation districts to stimulate major new construction and renovation or rehabilitation in underdeveloped or blighted areas. Numerous Georgia cities and counties have either created or are considering establishing tax allocation districts in their communities. A tax allocation district offers local governments the opportunity to promote worthwhile redevelopment projects that would otherwise not be financially viable, or are located in areas which would otherwise be unattractive to private investment.

Other Georgia tax allocation districts such as Atlantic Station (Midtown Atlanta), the Atlanta BeltLine and Camp Creek Marketplace (East Point), demonstrated the economic benefits which TADs can generate. These benefits include:

- **A stronger economic base**— TAD incentives can attract private development that would not otherwise have occurred absent of the TAD designation.
- **The halo effect**—Several Georgia TADs have generated significant new investment in areas surrounding the TAD as well as within the tax allocation districts, further expanding positive economic impacts to the host taxing jurisdictions.
- **No impact on current tax revenues**—Redevelopment is effectively promoted without tapping into existing ad valorem property tax revenues.
- **Expands the local tax base**—By stimulating economic activity, TADs expand the local tax digest, create additional demand for retail sales and as a result, local sales taxes.

- **Is self-financing**—TADs are self-financing, since they are funded by the increased tax revenues from new development within the TAD.
- **High leverage**—Typically TAD funds represent a fraction of project costs, leveraging multiple times their value in private investment.

In summary, a tax allocation district is a financing mechanism that can be used to pay for public infrastructure or reduce private development costs or to make an underutilized area attractive to private investment and development, at no additional cost to local taxpayers. Establishing a TAD does not create a tax increase for either the community or property owners within the TAD. Nor does a TAD reduce tax revenues to the community below levels which existed at the time the TAD was certified. In many cases, TADs can increase general fund revenues from new business personal property taxes, added county sales taxes, hotel/motel taxes, business license fees and other revenues which are not pledged for redevelopment purposes and would not otherwise occur.

Purpose and Vision for the Proposed TAD #1

The proposed site of Douglas Square is substantially located on the site of the former Coffee County High School. The high school occupied approximately 25 acres of the site from its opening in 1955 until its discontinuance as a high school in 1994 and was subsequently utilized for other school purposes until the facility was closed permanently in 2017, at which time it was sold by the Board of Education to The Jones Company. The Jones Company partnered in 2017 with Perlis Nease Development who have a vision for its redevelopment into a major retail commercial center to be known as Douglas Square.

The vision for the Douglas Square Redevelopment Plan is to:

- Develop the Douglas Square commercial development to provide a major new retail center that will attract and retain retail spending by Douglas area residents in the City that otherwise might be diverted to new retail offerings outside of the City and attract new tax dollars into the City;
- Provide public parking;
- Through development of Douglas Square, make available State of Georgia funding for transportation and traffic control improvements immediately adjacent to the site that are crucial for access to Douglas Square and to lessen the traffic impacts in the area;
- Through successful development of Douglas Square, increase demand and encourage new commercial and/or housing development within the larger commercial area around TAD #1;
- Through the creation of Douglas Square, increase jobs; and
- Provide the opportunity for the City of Douglas to use the funding mechanism of the TAD to leverage private reinvestment through targeted incentives that will help make development of Douglas Square financially feasible. If successful, the development would turn an underutilized, property into a major commercial center containing up to 175,000 SF of retail space and generating an estimated 275 permanent jobs.

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Geographic Boundaries of the Proposed Redevelopment Area (A)

The proposed boundaries for the Redevelopment Area and TAD #1 are shown on the map below. The Redevelopment Area is coterminous with TAD #1 and includes three properties covering roughly 26 acres within three individual tax parcels.¹

Distribution Of Proposed Redevelopment Area Parcels For TAD #1

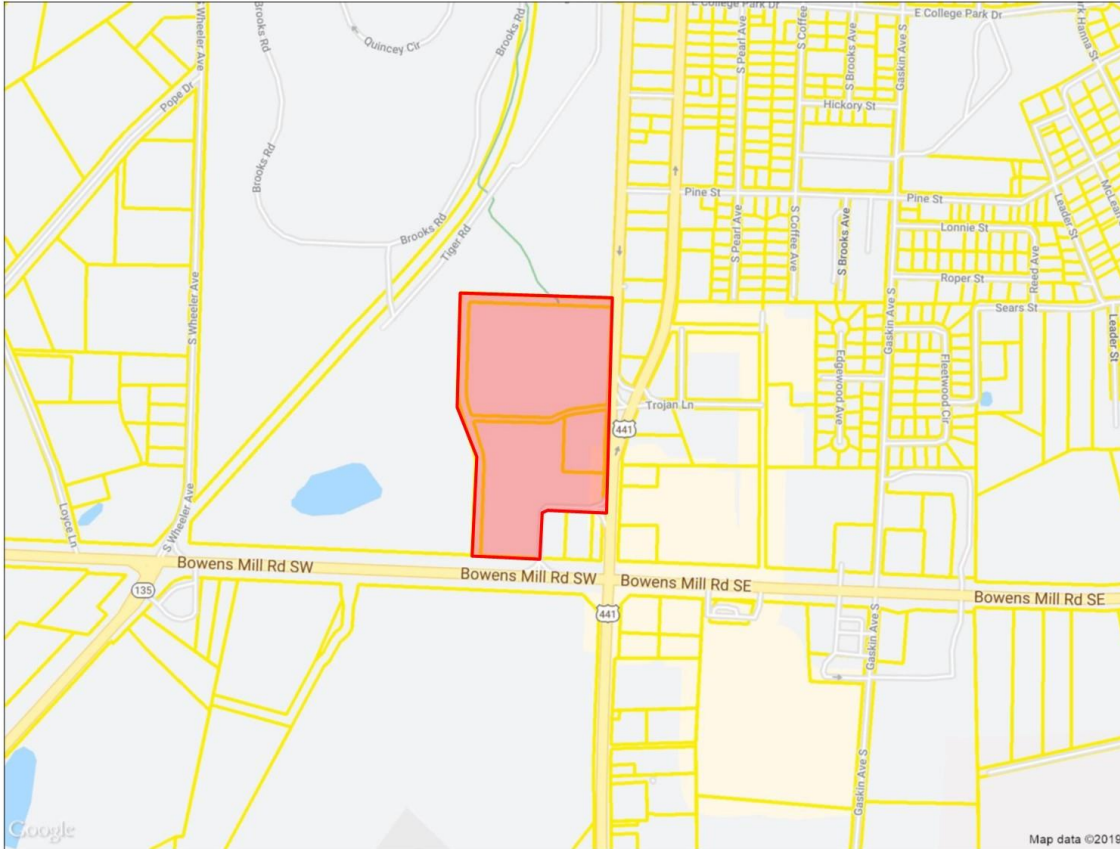
| Parcel I.D. | Owner | Acres | Appraised Value | Assessed Value |
|--------------|---------------------|--------------|--------------------|--------------------|
| 0117A002B | The Jones Company | 13.57 | \$2,035,500 | \$ 814,200 |
| 0117A002 | SSI Properties Inc. | 10.69 | 1,603,500 | 641,400 |
| 0117A002C | Coffee County BOE | 1.50 | 75,000 | 0 |
| Total | | 25.76 | \$3,714,000 | \$1,455,600 |

The table above shows distribution of redevelopment area properties by land use. This distribution shows that more than 25 acres within the proposed area, in three parcels, will comprise Douglas Square. The Board of Education will continue to maintain its offices within the TAD. However, the Board of Education would of course relocate if it made a decision to sell its parcel for redevelopment.

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¹This estimate represents the sum of the acreage within individual tax parcels and does not include area associated with streets, rail lines or polygons which contained no data. Most of these “empty” parcels are located adjacent to roads are assumed to be rights of way or utility easements.

Proposed Redevelopment Area for TAD #1



Through the creation of TAD #1, the City, and with the consent of Coffee County and the Coffee County School District, Coffee County and the Coffee County School District would dedicate a portion of future ad valorem taxes and the City’s and County’s LOST Increment to be invested in the area in order to make development of the commercial development financially feasible. The successful development of Douglas Square would, in turn, generate tax revenues from the redevelopment and result in an increase in value of nearby properties. The development and expansion of this underutilized property would therefore generate significant fiscal benefits for the City, Coffee County and the Coffee County School District, as well as provide employment opportunities for Douglas area residents.

GROUNDS FOR EXERCISE OF REDEVELOPMENT POWERS (B)

Tax allocation districts are authorized in Georgia by the Redevelopment Powers Law to be created within a “redevelopment area.” The Redevelopment Powers Law defines “redevelopment area” as:

‘Redevelopment area’ means an urbanized area as determined by current data from the US Bureau of the Census or an area presently served by sewer that qualifies as a ‘blighted or distressed area’, a ‘deteriorating area,’ or an ‘area with inadequate infrastructure’ as follows:

- (A) A 'blighted or distressed area' is an area that is experiencing one of more conditions of blight as evidenced by:**
- (i) The presence of structures, buildings, or improvements that by reason of dilapidation; deterioration; age; obsolescence; inadequate provision for ventilation, light, air, sanitation, or open space; overcrowding; conditions which endanger life or property by fire or other causes; or any combination of such factors, are conducive to ill health, transmission of disease, infant mortality, high unemployment, juvenile delinquency, or crime and are detrimental to the public health, safety, morals, or welfare;*
 - (ii) The presence of a predominant number of substandard, vacant, deteriorated, or deteriorating structures, the predominance of a defective or inadequate street layout, or transportation facilities; or faulty lot layout in relation to size, accessibility, or usefulness;*
 - (iii) Evidence of pervasive poverty, defined as being greater than 10 percent of the population in the area as determined by current data from the U.S. Bureau of the Census, and an unemployment rate that is 10 percent higher than the state average;*
 - (iv) Adverse effects of airport or transportation related noise or environmental contamination or degradation or other adverse environmental factors that the political subdivision has determined to be impairing the redevelopment of the area; or*
 - (v) The existence of conditions through any combination of the foregoing that substantially impair the sound growth of the community and retard the provision of housing accommodations or employment opportunities;*
- (B) A 'deteriorating area' is an area that is experiencing physical or economic decline or stagnation as evidenced by two or more of the following:**
- (i) The presence of a substantial number of structures or buildings that are 40 years old or older and have no historic significance;*
 - (ii) High commercial or residential vacancies compared to the political subdivision as a whole;*
 - (iii) The predominance of structures or buildings of relatively low value compared to the value of structures or buildings in the surrounding vicinity or significantly slower growth in the property tax digest than is occurring in the political subdivision as a whole;*
 - (iv) Declining or stagnant rents or sales prices compared to the political subdivision as a whole;*
 - (v) In areas where housing exists at present or is determined by the political subdivision to be appropriate after redevelopment, there exists a shortage of safe, decent housing that is not substandard and that is affordable for persons of low and moderate income;*
 - (vi) Deteriorating or inadequate utility, transportation, or transit infrastructure; and*
- (C) An area with 'inadequate infrastructure' means an area characterized by:**
- (i) Deteriorating or inadequate parking, roadways, bridges, pedestrian access, or public transportation or transit facilities incapable of handling the volume of traffic into or through the area, either at present or following redevelopment; or*
 - (ii) Deteriorating or inadequate utility infrastructure either at present or following redevelopment.*

Why Douglas Square Qualifies as a Redevelopment Area

The City of Douglas has the authority to exercise all redevelopment and other powers authorized or granted municipalities pursuant to the Redevelopment Powers Law, as approved by Douglas voters by referendum on November 5, 2019. The redevelopment area, coterminous with the TAD #1 parcels, meets the statutory definition of a Redevelopment Area under three specific provisions of the Redevelopment Powers Law cited above:

- B (iii) – The predominance of structures or buildings of relatively low value, or significantly slower growth in the tax digest than is occurring in the political subdivision as a whole.
- B (vi) – Deteriorating or inadequate utility, transportation, or transit infrastructure.
- C (ii) Deteriorating or inadequate infrastructure at present.

Information justifying designation of the redevelopment area is presented below.

- **B (iii) – The predominance of structures or buildings of relatively low value, or significantly slower growth in the tax digest than is occurring in the political subdivision as a whole.**

The proposed TAD #1 consists primarily of the former Coffee County High School and associated facilities.



In 2017, the property was acquired by The Jones Company for approximately \$3,600,000.

Because of the unique design and construction of a school building, the existing structures were not suitable for reuse for the best and highest use of retail. Due to vandalism and arson, the property was demolished in 2019 in the interest of public safety. The high cost of asbestos abatement and demolition of the main school structure and associated facilities has increased the basis in the property, negatively affecting its ability to be developed and thereby growing the tax digest.

From 1952 to 2017, the City of Douglas received no property tax revenue from the site. Putting this property back into productive use through its redevelopment and thereby significantly enhancing its contribution to the City's tax digest are two key objectives in creating a TAD to support the redevelopment of the property.

B (VI) – Deteriorating or inadequate utility, transportation, or transit infrastructure

The development of Douglas Square on the former Coffee County High School site will result in additional traffic on U.S. Highway 441 which is already attracting over 19,000 vehicles per day. As early as 2012, the City administration indicated that improvements to the traffic flow along U.S. Highway 441 would be needed to support the development of the former high school site. The Developers have been in discussions with the City of Douglas regarding a series of traffic enhancements which will mitigate the impacts from the development of the site and generally improve traffic flow on U.S Highway 441 and the nearby interchange. Improvements on U.S. Highway 441 will be funded by the State of Georgia subject to the development of Douglas Square. These improvements, both on site and along U.S. Highway will include:

- creation of a deceleration lane;
- installation of smart signalization at key access points into Douglas Square on U.S. Highway 441;
- creating an internal circulation system to move cars efficiently around the site and into the key intersections and provide secondary access at Bowen’s Mill Road thereby bypassing the U.S. Highway 441 intersection; and
- other improvements on Trojan Lane to enhance traffic movement and access.

Because of this limited accessibility and inadequate transportation infrastructure, the ability to develop this property is negatively impacted.

C (ii) – Deteriorating or inadequate infrastructure

The proposed TAD #1 has virtually no usable infrastructure available onsite. The previous use as a school, provided no stormwater detention, and the water and sewer distribution on site are not adequate and are outdated for new development. There are existing storm water conveyance lines bisecting the property from the South Georgia State College Golf Course to the west of the property in a manner that limits development and will require relocation. There are also sanitary sewer lines along US 441 from South Georgia State College that will need to be relocated in order for the property to be fully developed. The lack of infrastructure for domestic water, fire line water, sanitary sewer and storm sewer has negatively affected the ability to develop this property.

Contained within TAD #1 will be the trailhead to a City walking trail connecting Douglas Square to downtown Douglas. It is the intention of the City and the developers that a portion of the TAD proceeds will be used to provide trailhead infrastructure for the walking trail to enhance the experience for the visitors and residents that will use this public facility.

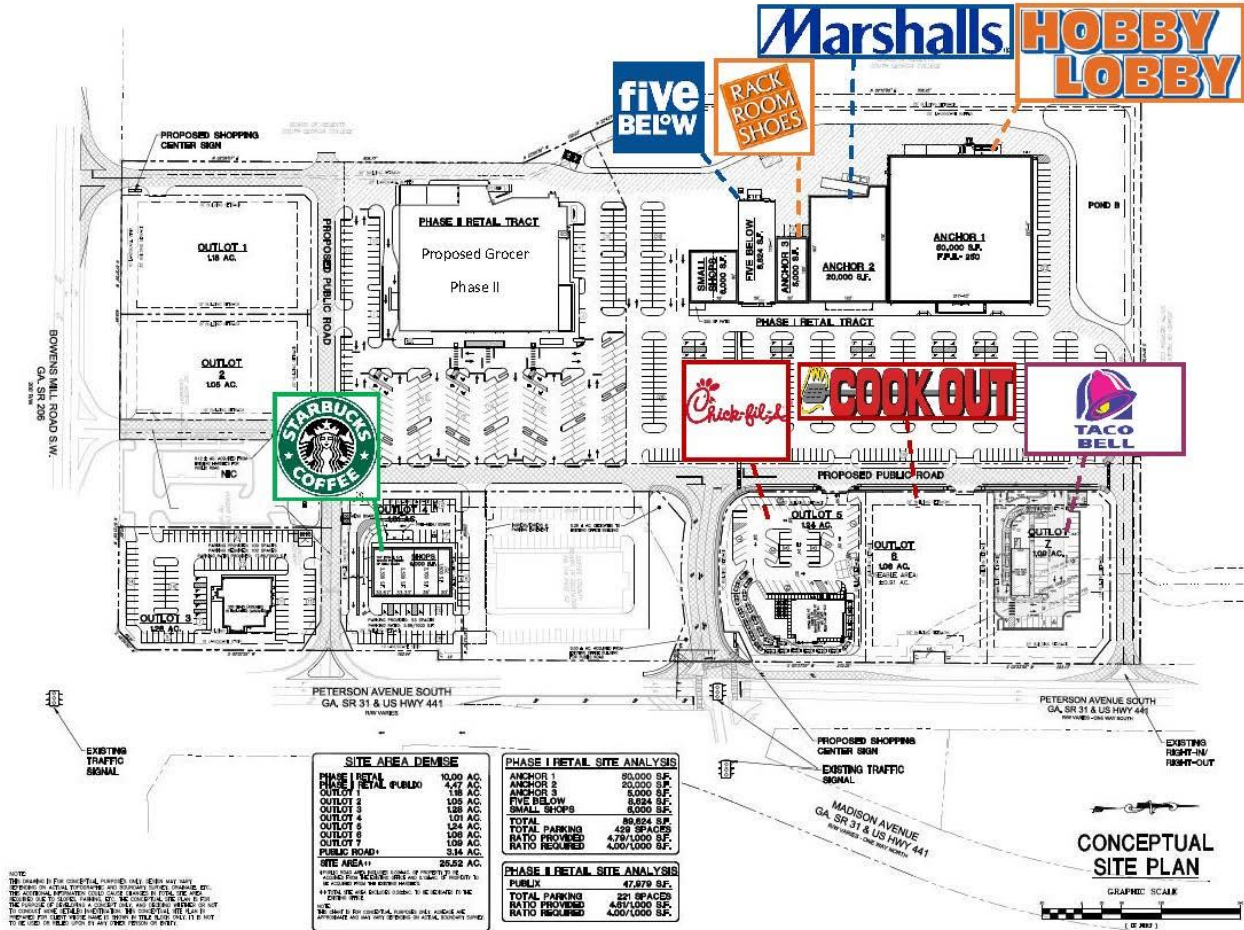
PROPOSED LAND USES AFTER REDEVELOPMENT (C)

The proposed TAD #1 is intended to support the ultimate development of approximately 26 acres located on the western side of U.S. Highway 441 into a major commercial development. Coupled with the completion of planned transportation improvements to the area, economic activity generated by the proposed commercial center is expected to create more residential and commercial development opportunities around the site.

PROPOSED REDEVELOPMENT PROJECTS AND METHOD OF FINANCING (D)

The plan for Douglas Square is illustrated in a site plan, which appears below. The property can support the development of nearly 175,000 SF of retail uses. At build-out an estimated 275 permanent employees will be working at Douglas Square.

Douglas Square Conceptual Site Plan



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| Douglas Square Development Plan | |
|--|----------------|
| Development Components | Square Feet |
| Grocery and Big Box Anchored Retail Center | |
| Grocery (Phase 2) | 47,979 |
| Retail Anchor A | 50,000 |
| Retail Anchor B | 20,000 |
| Retail Anchor C | 8,824 |
| Retail Anchor D | 5,000 |
| In-Line Retail Space | 6,000 |
| Subtotal | 137,803 |
| Retail Outparcels | |
| Parcels 1-7 | 34,000 |
| Total Retail | |
| Total SF of Development | 171,803 |

Source: Perlis Nease Development and The Jones Company

The table above summarizes the proposed development program for Douglas Square, showing the distribution of proposed retail development by land use. (The locations of these development components are shown on the conceptual site plan above.) It is anticipated that the project would require approximately three years to reach build-out and the proposed density and distribution of land uses are subject to change as market conditions evolve.

Public access to the Douglas Square site will be made chiefly from several points of intersection with U.S. Highway 441, Trojan Lane and at Bowens Mill Road S.W. This will allow for easy access into all portions of the Douglas Square site.

This report does not attempt to forecast any future development in the area around TAD #1, beyond Douglas Square. However, it can be reasonably assumed that if the commercial development is successful, additional development could be attracted to areas around TAD #1 which, since they are not included in the TAD, would immediately generate additional property tax and sales tax revenues to the City, Coffee County and the Coffee County School District. This phenomenon, known as the “halo effect” has occurred in many other TAD districts around the State of Georgia.

It is anticipated that the primary method of financing development of Douglas Square will be through private equity and debt. TAD proceeds would be used to supplement private financing and reduce overall development costs in order to make this project financially feasible. TAD proceeds would be applied to reduce the cost of constructing access roads and internal infrastructure. In addition, a portion of TAD funds will be used to provide public parking and make trailhead improvements for a City walking trail. Forecasts of potential TAD proceeds and proposed uses of those proceeds are addressed in detail, later in this report.

CONTRACTUAL RELATIONSHIPS (E)

Pursuant to O.C.G.A. §36-44-4(a), the Douglas City Commission will act as the redevelopment agent and will exercise redevelopment powers as needed to implement this plan. In doing so, the City Commission, either directly or through its designee, may conduct or delegate the following activities and enter into the following contracts:

1. Coordinate implementation activities with other major participants in the redevelopment plan and their respective development and planning entities involved in implementing this redevelopment plan.
2. Enter into development agreements with private developers to construct infrastructure and vertical developments to implement the redevelopment plan.
3. Negotiate and enter into commercial financing agreements and intergovernmental agreements as needed.
4. Coordinate public improvement planning, design and construction among local governmental and State agencies and departments.
5. Prepare (either directly or through subcontract to other appropriate entities) economic and financial analyses, project-specific feasibility studies and assessments of tax base increments in support of the issuance of tax allocation bonds or other forms of financing by the City.
6. Enter into contractual relationships by the City with qualified vendors for the provision of professional and other services required in qualifying and issuing the bonds or other forms of financing, including, but not limited to, legal, underwriting, financial analysis and other related services.
7. Perform other duties as necessary to implement the redevelopment plan.

RELOCATION PLANS (F)

Other than the existing Board of Education administration building, the site of the proposed Douglas Square is undeveloped and therefore, no existing businesses will need to be relocated (and there are currently no residences within TAD #1). The Board of Education would relocate its facility if the existing facility was acquired and the parcel incorporated into the commercial development. However, if at any time in the life of TAD #1 relocation of any businesses is required, relocation expenses may be provided for under all applicable federal, state and local guidelines.

CONFORMANCE WITH LOCAL COMPREHENSIVE PLANS, ZONING & LAND USE CODES (G)

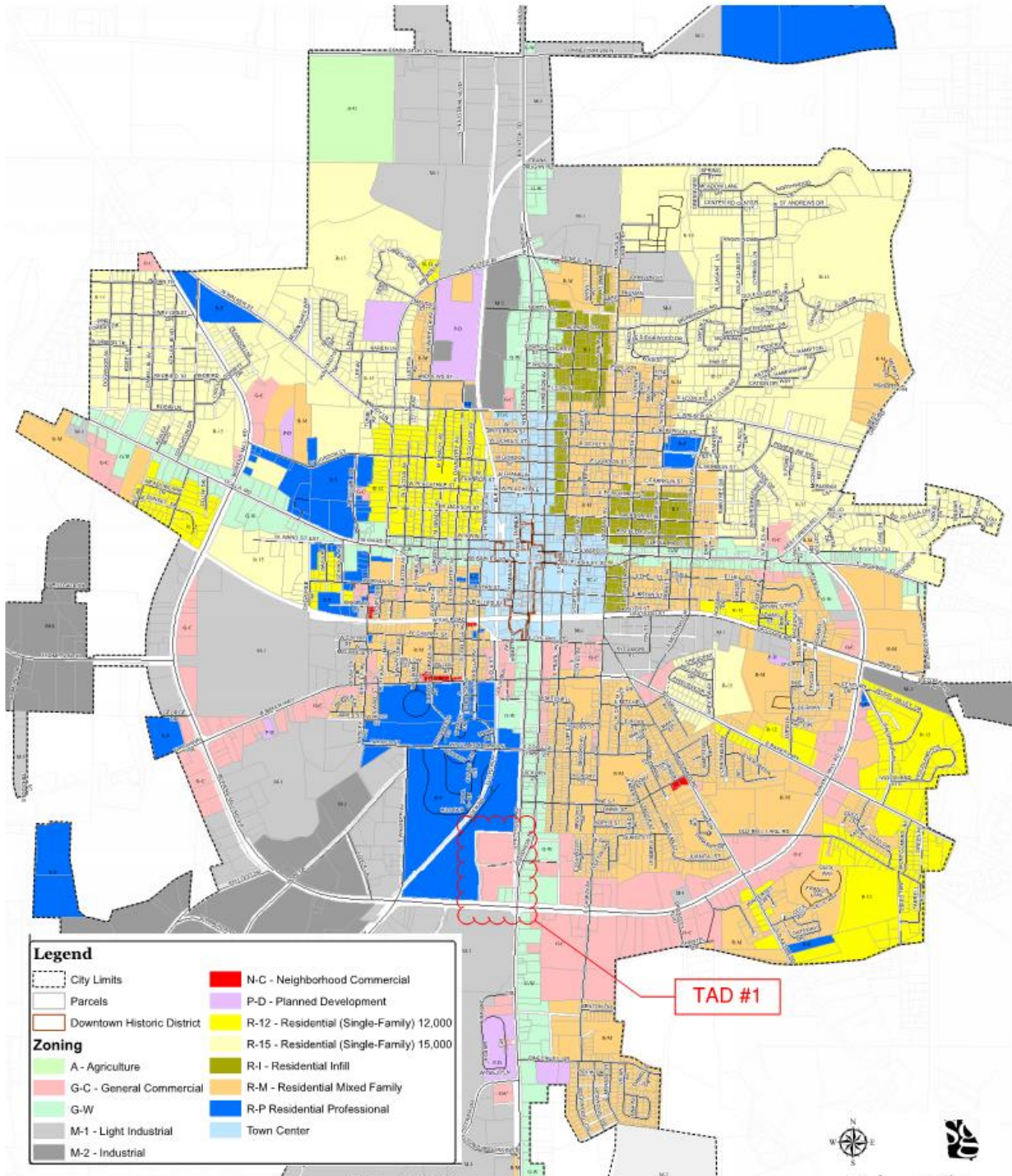
Current zoning reflects the City's desired future use of this site. As shown in the following zoning map, TAD #1 is currently zoned General Commercial District (G-C) and General Gateway (G-G).

Appropriate development regulations and design standards will be prepared to support implementation of the proposed Douglas Square development as part of the site planning, permitting, and engineering process. The following maps are provided from the City and the Comprehensive Plan. Relevant observations from each of these maps include the following:

Zoning

Zoning within the redevelopment area is General Commercial and General Gateway. TAD #1 is located entirely in the Gateway Overlay District .

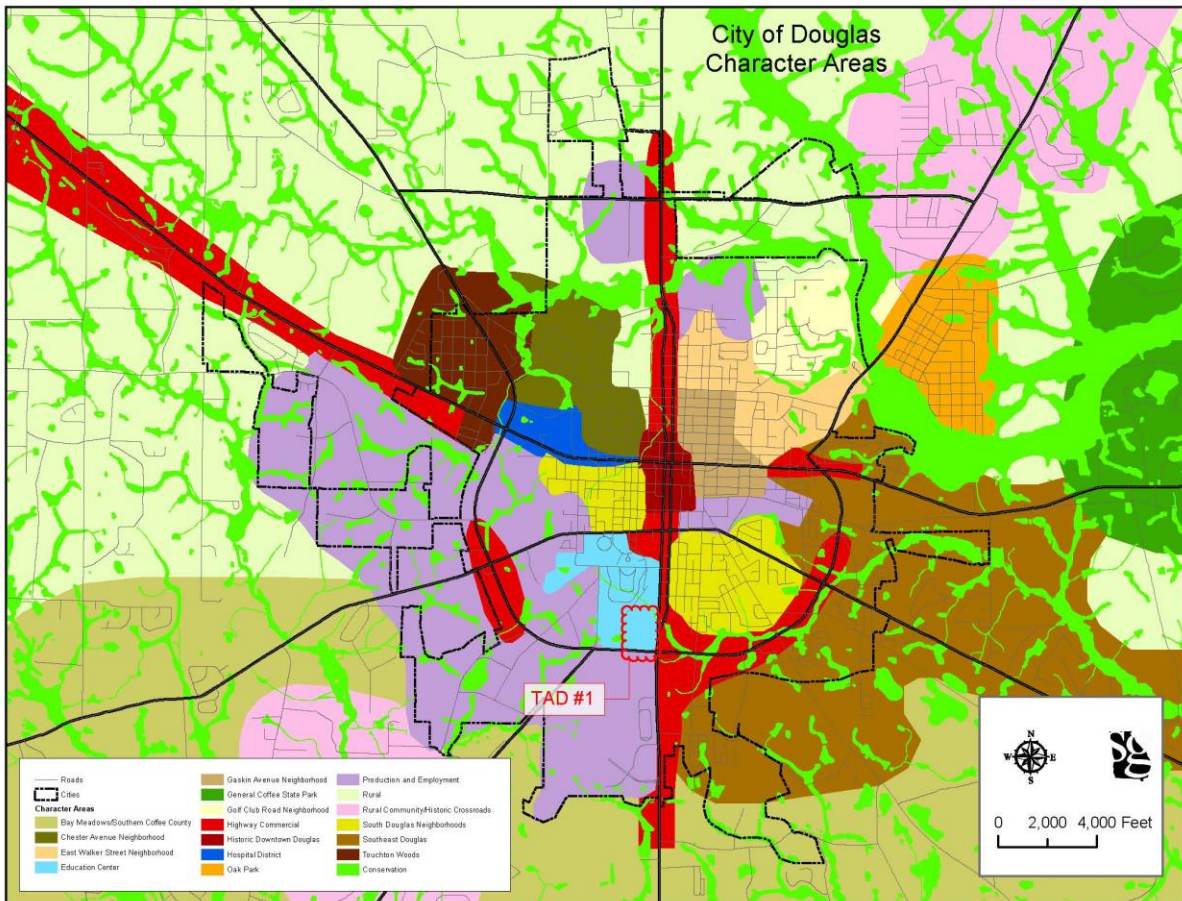
**City of Douglas: Existing Zoning Map
 (Approximate Redevelopment Area boundaries shown inside the red squiggly line)**



Character Area

The redevelopment area is designated in the Comprehensive plan’s Character Area map as “Education Center Character Area,” consistent with the prior use of the property within the TAD.

**Coffee County and Cities of Ambrose, Broxton, Douglas and Nicholls 2018 Comprehensive Plan:
 City of Douglas Character Areas (Approximate Redevelopment Area
 boundaries shown inside the red squiggly line)**

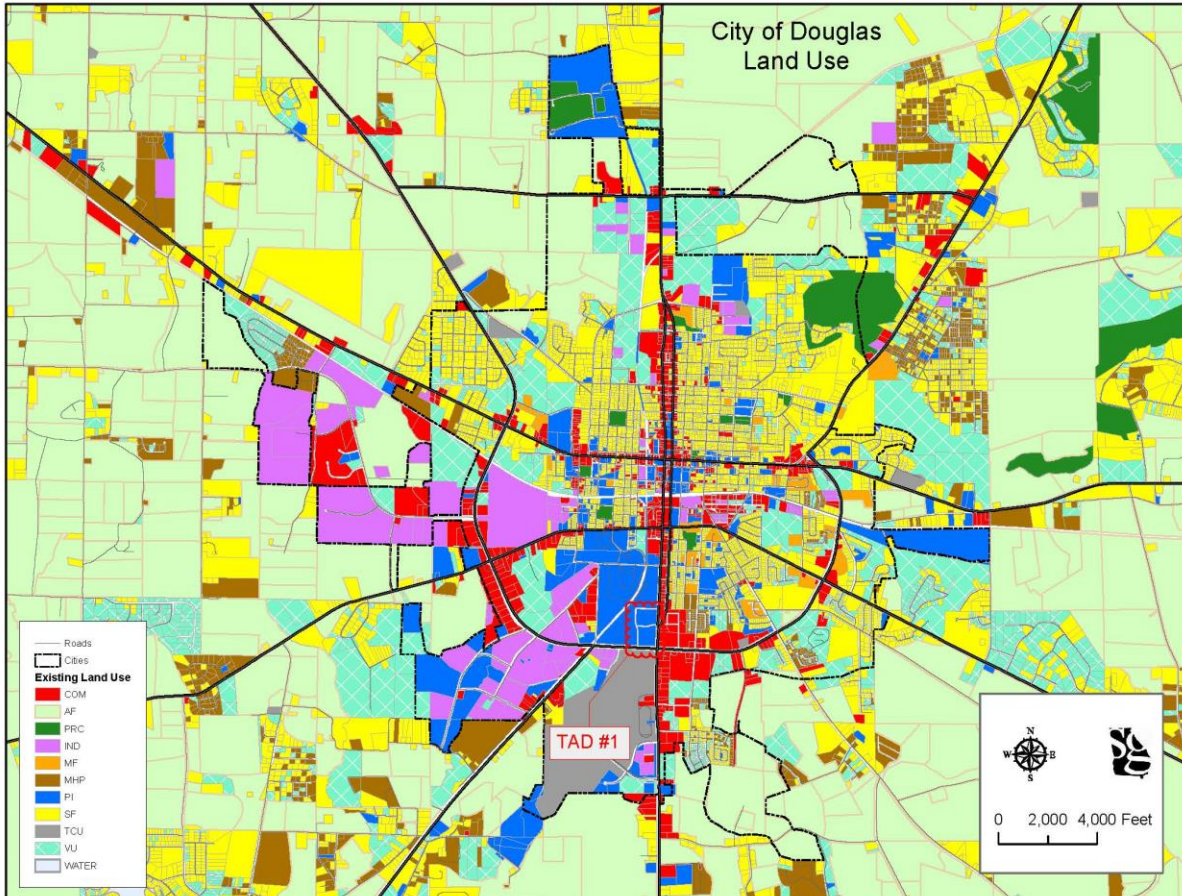


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Existing Land Use

The redevelopment area’s current land use is “Public Institutional,” consistent with the prior use of the property within the TAD.

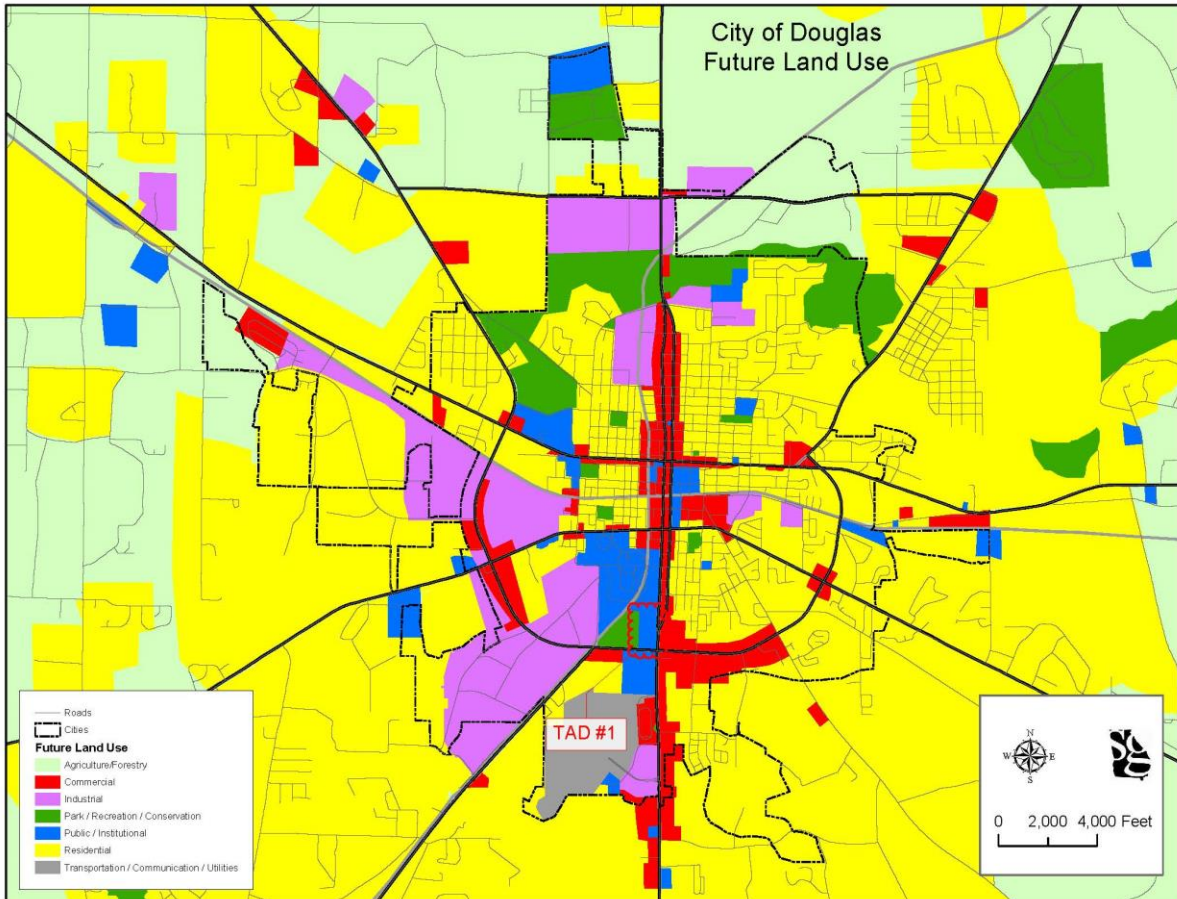
**Coffee County and Cities of Ambrose, Broxton, Douglas and Nicholls 2018 Comprehensive Plan:
Existing Land Use (Approximate Redevelopment Area boundaries shown inside the red squiggly line)**



Future Land Use

The City of Douglas designates the redevelopment area’s future land use as “Public/Institutional;” however, the City has provided for commercial zoning within the TAD consistent with the projects proposed in this Redevelopment Plan. It is expected once the Redevelopment Plan is approved, the future land use map will be updated reflecting commercial use.

**Coffee County and Cities of Ambrose, Broxton, Douglas and Nicholls 2018 Comprehensive Plan:
Future Land Use (Approximate Redevelopment Area boundaries shown in the red squiggly lines)**



ESTIMATED REDEVELOPMENT COSTS/METHOD OF FINANCING (H)

The law requires that Redevelopment Plans estimate “redevelopment costs to be incurred or made during the course of implementing the redevelopment plan.” Estimating potential costs first requires estimating the amount of revenues which may be realistically generated from successful implementation of the plan. Once estimated, available revenues can be assigned to eligible cost items. The vast majority of the cost of developing the proposed Douglas Square will be privately financed and paid for through land sales and profits from building construction. However, existing values for developed commercial sites in the Douglas market are not sufficient to cover “extraordinary” cost items that are necessary to provide prepare the site for development and make the necessary traffic and circulation improvements, as well as to upgrade and extend utility infrastructure to serve an estimated up to 175,000 SF of potential future development at this location.



TAD Potential of Tax Allocation District #1: Douglas Square

The following section estimates potential bond revenues and Pay As You Go (PAYGO) financing options from future development projects in TAD #1, assuming that the City of Douglas, Coffee County and the Coffee County School District pledge their respective M&O millage and Coffee County and the City of Douglas pledges their LOST Increment from TAD #1 to the redevelopment effort. The City projects that the ad valorem property tax increment alone will be insufficient to support debt service on tax allocation bonds.

As shown below, the properties in the proposed TAD have a current taxable value of approximately \$1.4 million. The largest portion of the proposed TAD is the former site of the high school, which was previously exempt from property taxes, was purchased from the School District in 2017 and is presently undeveloped. The development of Douglas Square would result in the growth to \$10.7 million in new taxable value within TAD #1. Net of the base valuation of \$1.4 million, the incremental growth in the tax base of the TAD #1 at build-out is estimated to be \$9.3 million, **more than a five-fold increase in the base value of TAD #1.**

| Estimated Incremental Property Values TAD #1 | |
|---|-------------------|
| Existing Property Values | |
| Parcels | 3 |
| Acreage | 25.76 |
| Existing Appraised (Market) Value | 3,714,000 |
| Taxable Value | 1,455,600 |
| New Property Values from Redevelopment | |
| Retail | |
| Retail SF | 175,000 |
| Market Value per SF | \$132 |
| Taxable Value per SF | 53 |
| Total Taxable Value | 10,735,600 |
| Less Existing Taxable Value | 1,455,600 |
| New Incremental Taxable Value | 9,280,000 |

By applying the M&O millage rate for the City of Douglas, Coffee County and the Coffee County School District, it appears that the increase in property values in TAD #1 will generate approximately \$303,000 in additional property taxes annually (without taking into account future increases in property values). Based on estimated sales at build-out of Douglas Square, it is estimated that the LOST Increment will generate \$409,000 annually. Retail sales estimates for expected tenants were provided to the Developers and the City by Retail Strategies, LLC, Birmingham, Alabama, a nationally recognized consultant and recruiter of businesses to communities. Retail Strategies, LLC projects that upon build out, Douglas Square will generate approximately \$40.9 million in annual sales.

The property tax increment and LOST increment are the critical increments that will go to the TAD Special Fund and is available for investment back into the TAD for qualified projects.



| Tax Allocation District #1: Douglas Square TAD Revenue/Financing | |
|--|------------------|
| New Incremental Taxable Value from Development | 9,280,000 |
| 2019 Millage Rates (M&O only) | |
| City of Douglas | 7.387 |
| Coffee County | 7.754 |
| Coffee County School District | 16.032 |
| Total TAD millage rate | 32.673 |
| Estimated Incremental Property Taxes | 303,205 |
| TAD Bond Estimate | |
| Property Taxes and LOST Increment for Debt Service | 712,205 |
| Debt Coverage Ratio | 135% |
| Bondable Property Taxes | 527,559 |
| Interest Rate | 5.25% |
| Bond Term-Years | 25 |
| Estimated Bond Amount (two series) | \$7,790,000 |
| Issuance Costs (5%) | 393,300 |
| Capitalized Interest (18 months) | 613,462 |
| Debt Service Reserve (1 year) | 657,812 |
| Net Bond Proceeds | |
| TAD Pay As You Go (PAYGO) Amount | |
| Estimated Incremental Property Taxes | 303,205 |
| Estimated LOST Increment | 409,000 |
| 10 year PAYGO Option Proceeds | 7,122,050 |
| 15 year PAYGO Option Proceeds | 10,683,075 |

Source: Stifel, Nicolaus & Company, Incorporated; Coffee County Tax Assessor

Based on this growth in the tax increment from TAD #1, we have estimated the amount of TAD financing that could be supported. Two financing alternatives are illustrated: The first, assumes that the City of Douglas issues tax allocation bonds with a term of 25 years based on the incremental property taxes and LOST Increment which are paid into the Special Fund each year. The second approach, assumes that the City of Douglas and the Developers enter into a Pay-As-You-Go (PAYGO) financing approach. Under this approach the Developers would receive an amount equal to the incremental taxes they pay into the special fund for the property taxes from the special fund each year for a specified period—we have modeled both a ten year and fifteen-year PAYGO approach for illustrative purposes.

Stifel, Nicolaus & Company, Incorporated, on behalf of the Developers estimated the amount of proceeds this revenue stream could leverage using the following financing assumptions:

- Bond Financing**—The first bond is assumed to be issued in 2020 in order to provide funding which may be needed to support site preparation, public parking, road and infrastructure extensions and internal circulation. This bond is assumed to have a 25-year term, a 1.35 debt coverage ratio and a 5.25% interest rate. Calculations assume that the first 18 months of interest payments and a one-year debt service reserve would be capitalized into the bond. We have also assumed an approximate 5% issuance cost to cover any financing fees and potential reimbursements the City may wish to recover. In sizing the bond issue, it is assumed that available increment will increase over the life of the bond issue at a rate of 1% per year. Under this financing approach the total bond amount financed would be approximately \$4.4 million and the net proceeds available to invest in the development would be approximately \$3.4 million A second bond is assumed to be issued in 2024 after

full buildout of Phase 1 and Phase 2 and increments have been determined. The proceeds of the second bond will be used to reimburse the Developers for parking and infrastructure improvements needed to support phase 2 of the development of Douglas Square. The assumptions are the same for the first bond, and the total bond amount financed would be approximately \$3.4 million and net proceeds available to the development would be approximately \$2.7 million.

- **PAY-GO Financing**— Under this second approach, it is assumed that a qualified project would receive the amount of incremental property taxes and LOST increment of approximately \$712,000 (at buildout and assuming no increases in tax increment) from the TAD Special Fund after property taxes and LOST have been paid on an annual basis for either a term of ten years or fifteen years. Over a ten-year period, this would result in total payments of approximately \$7.1 million and over fifteen years approximately \$10.7 million from the PAY-GO approach. The developer would have the option to either finance these future payments with their debt and equity lenders or self-finance the future stream of payments.

Utilizing alternative terms, interest rates and debt coverage ratios would also produce differing estimates of bonding potential. The preceding estimates are intended to be representative and conservative. Any number of realistic alternative scenarios could also be modeled and could easily produce results which vary by a factor of 25% or more depending on future market conditions.

Proposed Redevelopment Costs (Uses of TAD Proceeds)

Priorities for the use of TAD proceeds would evolve as project planning proceeds, more detailed site development budgets are prepared and actual costs become better known. The intent is to employ TAD proceeds as available and necessary to make site development financially feasible and to attract the types of end-users that would positively impact the redevelopment area and the regional economy. Uses of TAD proceeds may include (a) supporting site development (including access roads, public parking, site preparation, utility improvements, etc. and (b) facilitating access enhancements and signalization at the main entrances to the property. Three specific uses for TAD proceeds are described below.

1. **Access Roads and Internal Circulation:** With the active uses planned on site and up to 175,000 SF of retail space the creation of main access roads into the development and an internal street network to handle traffic that allows ready access to all parts of the development is essential.
2. **Site Preparation Costs:** The Developers have previously razed the high school and related improvements and cleared the resulting debris. A portion of the site development costs to be funded include grading and erosion control. Given its past use, the site lacks sufficient water, sanitary sewer, street lights and specialty infrastructure that the planned uses may require.
3. **Public Parking/Sidewalks/Landscaping Enhancements:** TAD proceeds will be used to construct related to Phase 1 public parking for approximately 612 vehicles, sidewalks and



enhanced landscaping. TAD proceeds would also be used to fund parking, sidewalks and landscaping for Phase 2.

A representative funding allocation for the potential TAD Funds is itemized below.

| Potential Uses of TAD #1 Proceeds | | |
|--|----------------------|--------------------|
| Potential Expenditure | Estimated Allocation | Total Funds |
| 1. Access Roads and Internal Circulation | 21.6% | \$ 1,315,475 |
| 2. Site preparation costs/Infrastructure | 32.2 | 1,964,000 |
| 3. Public Parking/Sidewalks/Landscaping | 46.2 | 2,820,525 |
| Total TAD Funding | 100.0% | \$6,100,000 |

Conclusion

The estimated \$6.1 million in TAD proceeds could be used in numerous combinations as specific needs arise. The above table contains a representative distribution of fund uses among the priorities described above. In reality, TAD proceeds will be allocated to specific purposes as development opportunities arise and specific agreements are negotiated between the Developers and the City of Douglas and with prospective end users.

The calculations made above provide one reasonable forecast of achievable future redevelopment within the proposed TAD #1, resulting in gains in the area’s real estate tax digest, corresponding tax allocation increments, supportable TAD financing proceeds and potential uses for those proceeds to reduce redevelopment costs. As noted above, numerous combinations of equally reasonable inputs and assumptions could be applied to produce marginally different results. This report sets an achievable expectation for the TAD’s future financial performance, which is intended to help the City of Douglas make decisions moving forward.

ASSESSED VALUATION FOR TAD (I)

The redevelopment area for Tax Allocation District #1 – City of Douglas, Georgia - Douglas Square as defined in this Redevelopment Plan includes three tax parcels and 25.76 acres within those parcels. The proposed TAD #1 has an estimated 2019 fair market value of \$3,714,000 and a taxable assessed (40% digest) value of \$1,455,600, according to Coffee County tax assessment records.

Pursuant to the Redevelopment Powers Law, upon adoption of the Redevelopment Plan and the creation of TAD #1, the City will request that the Commissioner of Revenue of the State of Georgia certify the tax base for December 31, 2019, the base year for the proposed tax allocation district.

The tax base will increase in the future through the private investment stimulated by the implementation of this Redevelopment Plan and the reinvestment of TAD increments back into the project. Upon build-out of Douglas Square, this tax allocation district is projected to have a market value of approximately \$26.7 million and a taxable value of \$10.7 million at the end of an estimated 3-year absorption period. This represents an incremental digest growth of \$9.3 million over existing conditions or more than a four-fold increase in taxable value.



| Change in Taxable Value of TAD #1 | |
|--|------------------|
| Market Value of New Investment in TAD | \$27,379,000 |
| Taxable Value of New Investment in TAD | 10,735,600 |
| Base Taxable Value of TAD | 1,445,600 |
| Total Incremental Taxable Value of TAD at Build-Out | 9,280,000 |

HISTORIC PROPERTY WITHIN BOUNDARIES OF TAD (J)

The proposed redevelopment area for TAD #1 does not contain any “historic” properties listed locally or on the National Register of Historic Places. In the highly unlikely event that any historic properties are identified within the TAD, they will not be substantially altered in any way inconsistent with technical standards for rehabilitation; or demolished unless feasibility for reuse has been evaluated based on technical standards for the review of historic preservation projects, which technical standards for rehabilitation and review shall be those used by the State of Georgia historic preservation officer.

CREATION & TERMINATION DATES FOR TAD (K)

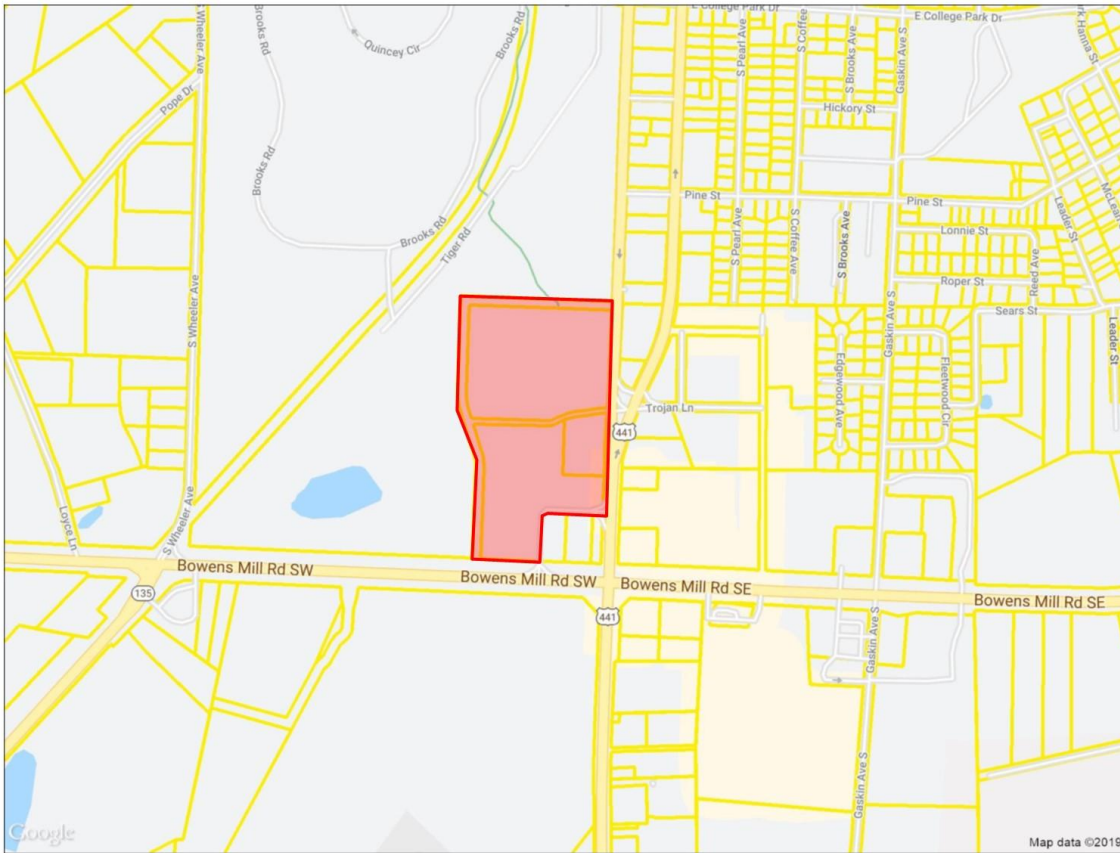
TAD #1 will be created effective December 31, 2019. The Redevelopment Powers Law provides that TAD #1 will be in existence until all redevelopment costs, including debt service, are paid in full. For analysis purposes, this report assumes that TAD #1 will remain in existence for a maximum of 30 years.

TAD BOUNDARIES EXISTING USES OF REAL PROPERTY (L)

The proposed TAD #1 boundaries are shown on the following map. Existing land use within the proposed TAD #1 is predominantly vacant. The prior uses of the site (educational) are shown on the Existing Land Use Map presented earlier in this report. The boundaries of the TAD include the totality of the three parcels listed as shown in pink on the map below.

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Proposed TAD #1: Douglas Square



The TAD includes three tax parcels located within the pink shaded area plus associated public rights of way. (A complete list of TAD parcels appears in Appendix A.) For any section roadway that is used as a boundary in the TAD map, including but not limited to U.S. Highway 441 and Bowens Mill Road, the entire section of ROW is intended to be included inside the TAD boundary in order to maintain flexibility to use TAD proceeds for public improvements to those rights of way, if desired by the redevelopment agency.

TAX ALLOCATION INCREMENT BASE (M)

On or before December 31, 2019, the City of Douglas, acting as the redevelopment agent, will apply to the State Revenue Commissioner for a determination of the tax allocation increment base of the proposed tax allocation district. The base is estimated as follows:



| Tax Allocation District #1: Douglas Square | |
|---|-------------|
| Number of Parcels | 3 |
| Total Acres | 25.76 |
| 2019 Appraised (Market) Value –Estimated | 3,714,000 |
| 2019 Taxable Digest (TAD #1) | 1,455,600 |
| City of Douglas Digest | 327,157,068 |
| TAD #1 as Percent of City of Douglas Digest | 0.44% |

Source: Coffee County Tax Assessor and GA Department of Revenue

Property Taxes Collected Within Tax District to Serve as Base
 Total Taxable (\$1,455,600) x Usable (M&O) Millage (.032673) = \$47,559.

The Redevelopment Powers Law caps the percentage of tax digest in any taxing jurisdiction which can be located within one or more tax allocation districts to 10%.

As shown, the total taxable digest contained within the proposed TAD is insignificant, consuming only 0.44% of the City of Douglas’s tax digest. This is the City’s sole TAD. Approval of the proposed TAD will therefore leave ample flexibility to address other priorities in the future.

AD VALOREM PROPERTY TAXES AND LOCAL OPTION SALES TAXES FOR COMPUTING TAX ALLOCATION INCREMENTS (N)

As provided in the Redevelopment Powers Law, the taxes that will be included in the tax increment base for the tax allocation district are based on the following authorized millage rates and will include only real estate ad valorem property taxes:

| 2019 M&S Millage Rates* | |
|-------------------------------|---------------|
| City of Douglas | 7.387 |
| Coffee County | 7.754 |
| Coffee County School District | 16.032 |
| Total Millage Rate | 32.673 |

*Levies for bonded indebtedness are not included for TAD purposes.
 Source: Coffee County Tax Commissioner.

In addition, the City and Coffee County will include its share of the 1% LOST Increment generated within TAD #1 in the tax allocation increments.

Creation of the tax allocation district will not affect any existing or planned business improvement districts within the boundaries of the redevelopment area.

TAX ALLOCATION BOND ISSUES (O, P, Q)

Amount of Bond Issues

Upon adoption of this Redevelopment Plan, the City of Douglas may, at its sole discretion, issue tax allocation bonds or other financing instruments, in one or more issues. Estimated supportable levels of future financing could range from \$7.0 to \$7.8 million assuming the County and the School District consent to participate, terms available at the time of issuance (the given bond sizing assumes interest

rates of 5.25% to 6.00% and increment increases of 1% per year) and the types of financing methods used. See “Estimated Redevelopment Costs/Method of Financing “ in this Redevelopment Plan.

Term of the Bond Issue or Issues

The City of Douglas proposes to issue tax allocation bonds or alternative forms of financing for a term no longer than 30 years. Given current market conditions, the calculations made in this report assume a 25 year term.

Rate of Bond Issue

The City of Douglas intends to either (a) seek fixed-rate tax-exempt and/or taxable bonds; (b) obtain comparable forms of commercial financing as available, or (c) enter into a development agreement to remit certain tax allocation increments to the Developers, to enable the Developers to secure commercial financing or make improvements on a pay-as-you-go basis. Should financing be sought in the future, the actual rate, terms and issuance costs would be determined at the time of issuance based upon general market conditions, anticipated development within the TAD, assessed taxable property values and federal tax law considerations. The City of Douglas reserves the right to consider a range of potential financing options, as appropriate.

Property Proposed to be Pledged for Payment of Tax Allocation Increments Financing

Bonds or pay-as-you-go agreements will be secured by the positive tax allocation increment from eligible ad valorem taxes and the LOST Increment levied for these purposes. Based on current millage rates and commercial property values in Douglas, positive annual tax allocation increments from development of real estate is estimated at approximately \$303,000 when build-out is completed within three years. The estimated LOST Increment once build-out is completed is estimated at \$409,000 annually. The actual amount of collected tax increments will depend upon the pace at which this Redevelopment Plan is implemented and the impact of the redevelopment activities and other economic factors on the tax base in the TAD as a whole. The City projects that the ad valorem property tax increment alone will be insufficient to support debt service on tax allocation bonds.

School System Impact Analysis (R)

The Redevelopment Power Law was amended during the 2009 legislative session to include a new provision under section 36- 44-3(9)(R) for preparation of a “School System Impact Analysis.” This section presents the school impacts of TAD #1 in order to address the requirements of this portion of the Redevelopment Powers Law.

Current Value of TAD #1 Versus the Coffee County School District Tax Digest

The current tax digest of TAD #1 is estimated to be \$1,455,600. According to the Georgia Department of Revenue, the most recent published value (2019) for the Coffee County School District’s net taxable



digest (M&O) is nearly \$873 million.² Thus, the proposed TAD #1 represents roughly 0.17% of the School District’s total tax digest.

The amount of ad valorem school taxes collected from the properties in TAD #1, as determined by the tax assessor on December 31, 2019, will continue to flow to the Coffee County School District throughout the operation of TAD #1.

The TAD Special Fund will receive any additional property taxes collected above the 2019 base amount for use to attract redevelopment in TAD #1.

| TAD Digest as a Percent of Coffee County School District | |
|--|------------------------|
| Taxing Jurisdiction | Net Taxable M&O Digest |
| TAD #1: Douglas Square | \$ 1,455,600 |
| Coffee County School District | 872,426,882 |
| TAD #1 Taxable Digest as a Percent of School Digest | 0.17% |

Source: Coffee County Tax Commissioner/MBF

Estimated Number of Public School Students from TAD #1

The development plan for Douglas Square calls for a commercial development. At this time, there are no specific proposals to introduce any residential development within the proposed TAD. Thus, there will be no school aged children living at Douglas Square that would impact the Coffee County School District.

The Location of School Facilities Within the Redevelopment Area

There are no Coffee County School District facilities located within TAD #1, other than the School District’s administration building. The closest schools to TAD #1 are Indian Creek Elementary School and George Washington Carver Freshman Campus. Since there will be no residential development within TAD #1, neither of these schools would be directly impacted by development of Douglas Square in terms of enrollment. The location of more employers and potential job opportunities for area residents should have a positive impact on area schools.

Proposed Redevelopment in TAD #1: Douglas Square

As detailed earlier in this plan, the proposed TAD #1 will support development of Douglas Square on a site that is currently underutilized. Build-out could reach nearly 175,000 SF of retail, restaurants and service businesses. At buildout of Phase 1 and Phase 2 of Douglas Square in 2023, it is estimated that up to 275 new jobs will be created at Douglas Square.

Estimate of School District Revenue Impacts from TAD Development

Currently, the entire approximate 26-acre TAD #1 generates roughly \$23,336 per year in property taxes levied on real estate for the school system. **These annual real estate taxes associated with the base value of the TAD would continue to flow to the School District’s general fund throughout the operation**

² Published tax digest information used for this report is for 2019 as reported by the Tax Commissioner of Coffee County. The taxable digest reported in the table is for general fund (M&O) expenditures.



of the TAD, as would current and future personal property taxes levied on business furnishings, inventories, and equipment.

In 2019, the value of commercial and industrial personal property throughout Coffee County averages 54% of commercial and industrial real estate value, so a similar ratio is likely to apply to the value of additional personal property digest created from development of Douglas Square. At build-out, the digest value (40%) of commercial personal property could exceed \$5 million and generate an additional \$80,000 in personal property taxes for the School District each year—significantly increasing its revenue from TAD #1 from personal property each year.

In addition, the new retail development at Douglas Square will generate additional sales taxes for the School District during years in which a special purpose local option sales tax for educational purposes (ESPLOST) is in effect. At completion, this annual revenue from sales at Douglas Square is estimated to generate approximately \$409,000 in ESPLOST revenue annually.

The following table estimates total annual School District revenues from development of Douglas Square, at build-out, (which is forecast to occur in 2023) including real estate digest from the base value of the TAD, plus personal property and sales taxes. By foregoing incremental future real estate taxes from a currently underdeveloped site, the School District could receive roughly \$513,000 per year in combined tax revenues from the above sources. This is approximately 21 times what the School District is currently receiving from TAD #1--while TAD#1 is still in effect. After TAD #1 is dissolved, the School District would receive an additional estimated \$148,000 in annual property taxes on real estate that were pledged to the TAD, for a total annual payment of \$661,000 per year from its participation in the TAD.

Estimated Taxes to the Coffee County School District at Build-out of TAD #1

| Revenues to Coffee County School District from TAD #1 | |
|---|--------------------|
| Property Taxes | |
| Base Taxable Value of TAD #1 | 1,455,600 |
| Coffee County School District Millage | 16.032 |
| Annual Property Taxes to CCSD | \$23,336 |
| Personal Property Value of Douglas Square | 5,011,200 |
| Coffee County School District Millage | 16.032 |
| Annual Personal Property Taxes to CCSD | \$ 80,339 |
| Total Annual Property Taxes to CCSD | \$ 103,675 |
| ESPLOST Revenue to CCSD | |
| ESPLOST Revenue to CCSD | \$ 409,000 |
| Total Annual Property and Sales Taxes to CCSD | \$ 512,675 |
| Total Property and Sales Taxes for 10 Years | \$5,126,750 |

Source: Perlis Nease Development and The Jones Company.

Since there will be no residential development in TAD #1, with no direct increase in educational service costs, the School District would clearly financially benefit, both short and long term, by consenting to participate in the TAD.

Conclusion Regarding School District Impacts

As demonstrated in the preceding analysis, the economic impacts to Coffee County Public Schools from participating in TAD #1 are as follows:



1. The TAD #1 redevelopment area will affect the future appreciation on 0.17% of the School District’s tax digest. The current amount of property taxes generated from within the TAD, approximately \$23,300, will continue to go to the school system—only taxes associated with incremental real estate digest growth above the current base amount are pledged to the TAD.
2. The TAD #1 redevelopment area will not directly add any school children and therefore impose service costs to the School District.
3. There are no Coffee County School District facilities located inside the TAD boundary. However, nearby schools in the larger nearby redevelopment area would benefit from the improvement of surrounding properties.
4. By 2023, proposed redevelopment in TAD #1 should generate roughly \$513,000 per year in School District revenues in base real estate taxes, personal property taxes and ESPLOST, representing a 21-fold increase over current revenues of \$23, 300 per year.

Thus, we conclude that the potential gains to the Coffee County School District from participating in TAD #1 will be substantially net positive from a financial perspective due to the future growth in its tax digest and ESPLOST revenues, with no resulting impacts on the demand for school services.

Benefits of TAD #1: Douglas Square (S)

In conclusion, the creation of TAD #1: City of Douglas, Georgia - Douglas Square could leverage \$23.2 million in new investment over a three-year period. Future development is expected to increase the current \$1.4 million taxable digest value of the TAD by an additional \$9.3 million. This increase would be expected result in approximately \$303,000 in new annual property tax receipts from real estate receipts and an additional \$409,000 in LOST increment annually when Douglas Square is fully built out (without taking into account future increases in property values). In addition, the City, Coffee County and the School District would be estimated to collectively receive personal property tax increments from TAD #1, estimated based on a personal property tax digest of \$5 million, of approximately \$163,000 annually. The personal property tax receipts are not part of the tax allocation increment, and so would go directly to the City, Coffee County and the Coffee County School District, The proposed commercial development is expected to create approximately 275 new jobs.

| Summary TAD #1: Douglas Square Benefits at Build-Out | |
|--|--------------|
| Value of private investment in Douglas Square | \$23,200,000 |
| Additional Ad Valorem tax digest | 9,280,000 |
| Additional Personal Property tax digest | 5,011,200 |
| Estimated annual real estate tax increments | 303,205 |
| Estimated annual LOST Increment benefit | 409,000 |
| Estimated ESPLOST benefits | 409,000 |
| Estimated New jobs created | 275 |



APPENDIX A. LIST OF TAX PARCEL ID NUMBERS (PROPERTIES WITHIN TAD #1)

| Parcel I.D. | Owner | Acres | Appraised Value | Assessed Value |
|--------------|---------------------|--------------|--------------------|--------------------|
| 0117A002B | The Jones Company | 13.57 | \$2,035,500 | \$814,200 |
| 0117A002 | SSI Properties Inc. | 10.69 | 1,603,500 | 641,400 |
| 0117A002C | Coffee County BOE | 1.50 | 75,000 | 0 |
| Total | | 25.76 | \$3,714,000 | \$1,455,600 |