

Notes of TIF District 2015

Ovation project

Parcels that make up the Ovation Project are:

62-1806, 62-1807, 62-1808, 62-1809, 62-1810, 62-1811, 62-1812, 62-1813, 62-1814

Highwoods is listed as owner on 62-1806 through 1811

SouthStar is listed as owner on 62-1812

Parcels 1813 & 1814 show up on the 2015 map, but not on the Assessor's tax roll

All parcels are listed as land only. Expenditure on infrastructure (streets, bridges, water, sewer, lighting, etc.) do not appear to be included in the 2015 values (\$45 million.) Roughly \$72,000 in recurring taxes have been added due to land valuation.

It is expected that some construction will begin in the fall of 2016. It is unlikely that anything other than partial completion (pro-rated value) be added to the tax rolls until 2017. If the full amount of projected investment (\$700 million) is delivered, the potential taxes on the Ovation projects will total \$1.13 million per year.

Ovation-adjacent

South Star has acquired the Mars Petcare property that adjoins the Ovation project on the south. Fronting on Liberty pike, this parcel (79-4012) lies between the Columbia State site and the Duke property on the corner of Liberty & Carothers. Acquisition of this parcel allows access to the Ovation site from Liberty Pike. An access road known as Knoll Top Lane will be constructed, running along the property line shared by Columbia State and South Star.

The Duke property (79-4000), adjacent to the above parcel, was under option to CHS for an office tower, but failed to develop when CHS moved instead to Antioch. South Star is rumored to have an interest in that property to complete ownership of the entire area bordered by West McEwen, Carothers and Liberty.

Homewood Suites

Diagonally across the McEwen/Carothers intersection is Parcel 62-01600, the new Homewood suites hotel which is now completed and open for business. 2015 tax rolls showed land only. A comparable new hotel (TownePlace suites) was constructed for \$19.4 million and valued for tax purposes at \$10.5 million.

Franklin Park

Immediately west of Homewood Suites is the second largest development in the TIF District. Franklin Park is comprised of a parking garage, and ten story office building, and over 500 apartment complex with over 500 unites. The parking garage and the first ten-story office building appear to be fully valued on the 2015 tax rolls. Parcel 62-1426 is listed at \$56.8 million in value and \$92,365 in city taxes.

Parcel 62-1422 comprise the Cameron apartment complex. Only partially complete, the project is listed as \$34.9 million in valuation and \$56,770 in taxes. Construction difficulties and a fire event have slowed the final delivery of the development.

Parcel 62-01427 is the formerly vacant land set aside to develop four additional ten story office buildings and parking structures for each of the buildings. The first of the four additional buildings in under construction, with steel raised up to the fourth story. For 2015, only the land was included in the valuation of \$11.5 million. That resulted in recurring city taxes of \$18,712 per year. It is estimated that each of the four office building upon completion will generate another \$80,000 per year in city taxes.

The second ten story building is believed to be fully leased already. City staff understands that plans are to pull permits for third building this fall.

Crescent Apartments

Across Carothers from Franklin Park, on the northeast quadrant of Carothers & West McEwen, are the Venue and the Crescent Apartments. Venue is comprised of parcel 62-01408 (and several other small, open space parcels with zero assessments) and joined the tax rolls as completed construction in 2014. It is valued at \$54.5 million.

The Crescent Apartments were not entirely on the tax rolls until 2015. They are comprised of parcels 62-01420 and valued at \$35.6 million. We will not know until receiving the 2016 tax rolls whether that valuation is for the partial or completed project.

Jackson National Life

The Jackson National building on Innovation Drive was completed in 2010. It remains under a PILOT agreement and the taxes collected on that property are listed in the "in lieu of tax" section of the property listing.

A second building in the Innovation Park, just east of the existing building, is nearing completion. That building should be added to the 2016 tax rolls as partially completed, and fully completed in 2017. It shows on the TIF District map as parcel 62-01415.

Vanderbilt property

On the southwest corner of Carothers and West McEwen is parcel 62-01802. This is the site announced by Vanderbilt as their future headquarters for all Williamson county operations. That have been some delays due to reorganization and prioritization of capital projects as a result of the Affordable are Act. However, we have not seen any signs that the project will be canceled; only delayed.

Vanderbilt-adjacent

Immediately west of the Vanderbilt property lies several parcels that are proposed to be incorporated in a road system with Vanderbilt development. Parcels include 62-1801, 62-1901, 62-1902, 62-1903, and 62-2000

There is one project in the pipeline for this area, but delays in obtaining easements for street connections has thus far slowed the development

“Four Corners” of Liberty & Carothers

I am inaugurating a new name, the Four Corners, for the group of parcels the area between I-65 and Columbia State Community college along Liberty Pike. There appears to be accelerated development interest in this crossroads area.

On the Northeast corner of this intersection, the former Duke property (parcel 79-04000) is under contract to develop a large fitness center and additional retail space. [Note: I referenced this parcel under “Ovation-Adjacent” parcels on page 1.]

On the northwest corner, the Porter family property remains in the greenbelt (annual taxes = \$11) but there have been “for sale or lease” signs up numerous times. No development on this site is known at this time.

On the southwest corner, parcel 79-4007 was split. John W Landers is listed as the owner of a two-story office building that joined the tax rolls in 2015. Parcel 79-4017 is the vacant portion of the original parcel and is being promoted for development.

On the southeast corner, parcel 79-4015 is a six-acre parcel owned by SSI. It, too, has signage offering lease or sale of the property for development.

Edward Curd Lane properties

Two parcels, 79-04200 and 79-04102, are on Curd Lane between Liberty Pike on the north and the hospital on the south. There is no knowledge available on the development of these parcels at this time.

Data Center

62-4104 A data center is almost completed on this site along Carothers, south of Liberty. Ownership is shown as C&Y Partners LLC. For 2015 the land value was listed as \$3,184,900 for 8.93 acres; purchase price was \$4.9 million in May, 2015. There was no improvement value. There is no indication at this time of how the massive building will be valued.

Rehab center (Parcel 79-04002)

Construction is now complete on the drug rehabilitation center on this parcel. The land value was \$2.7 million on the 2015 tax rolls. None of the improvements were included in the 2015 assessment. The assumption is that the full value will be included for 2016.

Proton therapy center

There is a proton therapy cancer treatment center being proposed for the parcel adjacent to the data center on the east side of Liberty Pike. This is a \$95 million project and will be difficult to fund, but our understanding is that progress is being made. The City's Industrial Development Board has met twice with the developers to discuss an IDB roll in issuing bonds for the project. Nothing is expected in the 2016 time frame.

Columbia State Community College

The college facility is set to open in June of this year. While this parcel is owned by the State of Tennessee and therefore tax-exempt, there are two properties along Liberty that will likely gain from the school activity.

Parcel 79-04018 is directly opposite Knoll Top Lane, which provides the main entrance to Columbia State. There has been some grading completed and leasing signs are up. A site plan originally submitted in 2007 is now being revived and modified. No contribution to the TIF district is expected until 2018.

Parcel 79-04008 lies in the curve of Liberty pike heading east toward McKay's Mill subdivision. Due to power lines crossing the property, very little is expected to develop.

McEwen Towne Place/Duke Property

The largest parcel east of I-65 is the former Brown Farm property on the north side of East McEwen, adjacent to Dwell Apartment Complex. Originally thought to be the keystone project of the TIF District, this property has changed hands twice in the last decade without any significant development. The most recent purchaser is working

with local firms to start development, using a working site plan created by the former owner.

There is the possibility that this project could begin development starting in 2018. The potential for this area for retail, office and high rise residential is very strong and would be the third largest tax contributor to the TIF District, after Ovation and Franklin Park.

Adjacent to the two McEwen Towne Place properties is parcel 62-02100. That parcel, known as the Duke property, fronts Mallory Lane and could possibly be a connecting entrance to the Towne Place venture.

Levels of taxation

The latest wrinkle to complicate an understanding of the TIF District is the level of taxation. When originally created, twenty-year funding forecasts were made with a variety of assumptions. The pace of development of each original parcel was estimated and there have been numerous surprises along the way. It was thought that McEwen Towne Place would be first to develop and provide base funding for the debt service; that did not happen. The real estate collapse in 2008/2009 was not anticipated; that certainly did happen, delaying some of the cash flow that was expected. Also, a slowly increasing tax rate was assumed. The model called for an average tax increase of 1% per year was used; the increase was intended to come either from direct rate increases or, more likely, from slowly increasing property values. The Board of Mayor & Aldermen have not elected to make those gradual increases, raising the tax rate only once during the existence of the TIF District and then by only three cents.

The budget proposal for Fiscal Year 2017 (tax year 2016) calls for a sizable increase in the property tax rate, the first in almost thirty years. If approved, the current year tax collections in the TIF District of approximately \$1.3 million will increase by roughly \$400,000 by virtue of the tax rate alone. We have assumed an annual bump in the tax collections of \$100,000 per year, based solely on completion of projects that are in the pipeline.

Based on these potential additions, it is possible that the 2016 tax collections could total \$1.8 million. We will not know with certainty until September, when the Tax Assessor completes the tax rolls and we know how the partial completion of current construction will be valued. We will not know until the end of June whether the Board of Mayor & Aldermen will implement the proposed tax rate increase. It is the opinion of City staff that the proceeds from the TIF district will continue to move up on an accelerated rate over the next five years.