

**CITY OF GAUTIER
PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT**

MEMORANDUM

DATE: September 28, 2011

TO: Sidney Runnels, City Manager

FROM: Samantha D. Abell, Planning and Economic Development Director

SUBJECT: Approval of a Resolution to Set a Public Hearing for October 18, 2011 to Adopt the *Tax Increment Financing Plan, Town Center Project*

REQUEST:

Approval of a Resolution to Set a Public Hearing for October 18, 2011 to Adopt the *Tax Increment Financing Plan, Town Center Project*.

BACKGROUND:

September 2010, the City adopted its *Gautier Tax Increment Financing Redevelopment Plan*, for the purpose of enticing redevelopment and new construction projects within the City, especially in proximity to the Town Center. The fruit of these efforts has culminated in the attached TIF financing plan, which establishes the designated Town Center comprising ±592 acres, as eligible for Tax Increment Financing under the laws of the State.

The Gautier Town Center Master Plan includes the vision of a redeveloped Singing River Mall with shopping and entertainment venues, anchored by natural amenities including festival lawns, an outdoor amphitheatre, and multi-use boardwalks around spring-fed tributaries. The now-underway \$6 million streetscape project was the first major step towards implementing the plan for a revitalized Town Center. The next step—a redeveloped regional mall—will create significant economic stimulus in Jackson County and the Mississippi Gulf Coast. The plan to develop land north of Dolphin Drive will further result in transforming Gautier’s Town Center into a coastal tourist destination.

DISCUSSION:

The general scope of the TIF Plan is a proposal that the City, acting on behalf of itself and Jackson County will issue one or more series of Tax Increment Financing Revenue Bonds or Notes in an amount not to exceed Twenty Million Dollars (\$20,000,000) in order to provide funds necessary to acquire real property, construct public and/or private parking facilities, and various public infrastructure and other improvements to serve the project as described in detail in the TIF Plan; engineering; TIF Plan preparation fees; other incidental costs; and related

professional fees. The construction of the aforementioned improvements will be undertaken to provide for the public convenience, health, and welfare. A more detailed scope of work including budgets will be identified in a development agreement and/or security and reimbursement agreement with the Singing River, LLC (see attached Resolution for additional detail).

RECOMMENDATION:

Staff requests the City Council approve a resolution to set a duly noticed public hearing for Tuesday, October 18, 2011, to consider adoption of the *Tax Increment Financing Plan, Town Center Project*.

RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF GAUTIER, MISSISSIPPI, DETERMINING THE NECESSITY FOR AND INVOKING THE AUTHORITY GRANTED TO MUNICIPALITIES AND COUNTIES BY THE LEGISLATURE WITH RESPECT TO TAX INCREMENT FINANCING AS SET FORTH IN CHAPTER 45 OF TITLE 21, MISSISSIPPI CODE OF 1972, AS AMENDED, DETERMINING THAT THE TOWN CENTER PROJECT IS A PROJECT ELIGIBLE FOR TAX INCREMENT FINANCING UNDER THE LAWS OF THE STATE, THAT A PUBLIC HEARING BE CONDUCTED IN CONNECTION WITH THE TAX INCREMENT FINANCING PLAN, AND FOR RELATED PURPOSES.

WHEREAS, the Mayor and City Council (the “**Governing Body**”) of the City of Gautier, Mississippi, (the “**City**”), acting for and on behalf of the City, hereby finds, determines and adjudicates as follows:

1. The Mississippi “Tax Increment Financing Act,” Title 21, Chapter 45, Mississippi Code of 1972, as amended (the “**Act**”), authorizes municipalities and counties in the State of Mississippi to undertake and carry out redevelopment projects as defined therein with the use of Tax Increment Financing as set forth in detail in the Act, and also to carry out such projects jointly with other local governmental units, including foreign governmental units from other states, pursuant to the Regional Economic Development Act, Title 57, Chapter 64, Mississippi Code, as amended (the “**REDA Act**”)

2. The Governing Body has previously conducted hearings on and approved and adopted the Tax Increment Financing Redevelopment Plan, Gautier, Mississippi, December 2010 (the “**Redevelopment Plan**”) for the City. The Redevelopment Plan constitutes a qualified plan under the Act.

3. Singer River, LLC (the “**Developer**”) is proposing to develop a project to be known as the Town Center Project (the “**Project**”) in the City of Gautier and in the proposed TIF District as such term is defined herein. The City will enter into an interlocal agreement with Jackson County (the “**County**”), to support the Project and to allow proceeds from bonds issued pursuant to the TIF Plan (defined below) to be used to acquire real property, construct public and/or private parking facilities, and various public infrastructure and other improvements to serve the Project as described in detail in the TIF Plan; engineering; TIF Plan preparation fees; other incidental costs; and related professional fees. These costs will not exceed the sum of Twenty Million Dollars (\$20,000,000). The Developer is requesting the assistance of the City and the County in providing the funding for the infrastructure by the utilization of Tax Increment Financing.

4. The Redevelopment Plan previously adopted by the Governing Body includes all land and real property located within the boundaries of the City. The Project appears to be a project of economic significance within the City and County and to qualify as a project eligible for Tax Increment Financing under the Redevelopment Plan; and the participation on the

part of the City and County is necessary and would be in the public interest and would benefit the economic and financial well-being and the public health, safety and welfare of the City and County.

5. It is anticipated that there will be substantial increases in ad valorem tax revenues and retail sales tax revenues within the TIF District within the next several months and years as a result of the construction of the Project and that bonds may be sold and issued at a time or times in the reasonably near future as a result of such development. The Governing Body has been presented with a tax increment financing plan entitled "Tax Increment Financing Plan, Town Center Project, Gautier, Mississippi, October 2011" (the "**TIF Plan**"), which has attached as exhibits the map and legal description of the land included in the proposed TIF District. It appears to the Governing Body that the TIF District should be established by the Governing Body as described in the TIF Plan.

6. The City, acting on behalf of itself and the County, proposes to issue one or more series of Tax Increment Financing Revenue Bonds or Notes in an amount not to exceed Twenty Million Dollars (\$20,000,000), which will be secured solely by a pledge by the City of up to one hundred percent (100%) of the increased ad valorem taxes on real and personal property, a pledge by the City of up to thirty-five percent (35%) of the increased retail sales taxes rebated to the City from the State of Mississippi, and a pledge by the County of up to seventy-five percent (75%) of the increased ad valorem taxes on real and personal property generated by construction and development in the TIF District, which funds will be used to pay the cost of construction of various public infrastructure improvements in connection with the Project, including, but not limited to acquire real property, construct public and/or private parking facilities, and various public infrastructure and other improvements to serve the Project as described in detail in the TIF Plan; engineering; TIF Plan preparation fees; other incidental costs; and related professional fees. If deemed necessary and appropriate, the City and County may require additional security from the developers of the project.

7. The construction of the aforementioned improvements will be undertaken to provide for the public convenience, health, and welfare. A more detailed scope of work, along with budgets, will be identified in a development and/or security and reimbursement agreement with the Developer. It is the intent of the TIF Plan that the City will pledge up to one hundred percent (100%) of the increased ad valorem taxes on real and personal property, a pledge by the City of up to thirty-five percent (35%) of the increased retail sales taxes rebated to the City from the State of Mississippi, and a pledge by the County of up to seventy-five percent (75%) of the increased ad valorem taxes on real and personal property generated by construction and development in the TIF District. If deemed necessary and appropriate, the City may require additional security from the developers of the project.

8. The City may exercise its authority as authorized by Section 21-45-3 of the Act.

NOW, THEREFORE, BE IT RESOLVED by the Governing Body of the City, as follows:

SECTION ONE: That the Governing Body of the City does hereby declare its intention to approve and adopt the TIF Plan and establish the TIF District as described in the TIF Plan and, jointly with the County, to issue one or more series of Tax Increment Financing Revenue Bonds or Notes in an amount not to exceed Twenty-Million Dollars (\$20,000,000) (the "**Bonds**") for the purpose of providing funds necessary to pay for the construction of various public infrastructure improvements in connection with the Project, including, but not limited to acquiring real property, constructing public and/or private parking facilities, and various public infrastructure and other improvements to serve the Project as described in detail in the TIF Plan; engineering; TIF Plan preparation fees; other incidental costs; and related professional fees. If deemed necessary and appropriate, the City and County may require additional security from the developers of the project.

SECTION TWO: When and if issued, the Bonds shall be secured solely by a pledge by the City of up to one hundred percent (100%) of the increased ad valorem taxes on real and personal property and a pledge by the City of up to thirty-five percent (35%) of the increased retail sales taxes rebated to the City from the State of Mississippi, such increased taxes generated by construction and development in the TIF District. The County shall pledge not more than seventy-five percent (75%) of the real and personal property ad valorem tax increase generated by the development in the TIF District. The Bonds shall not be secured by the full faith, credit, and the taxing power of the City or County nor create any other pecuniary liability on the part of the City or the County other than the pledge of the incremental increase in ad valorem taxes heretofore set forth. If deemed necessary and appropriate, the City and County may require additional security from the developers of the project.

SECTION THREE: A public hearing shall be held with respect to the TIF Plan in the regular meeting place of the Governing Body in the City Hall Council Chambers, 3330 Highway 90, Gautier, Mississippi, at 6:30 P.M. on the 18th day of October 2011.

SECTION FOUR: The City Clerk is hereby directed to publish a notice of the public hearing in the *Mississippi Press*, a newspaper in which the City is authorized to publish legal notices, one (1) time not less than ten (10) days nor more than twenty (20) days prior to the date set forth in Section Three hereof, pursuant to and in compliance with the requirements of Section 21-45-11 of the Act.

SECTION FIVE: The City Clerk is hereby directed to publish a notice of the intent of the City to issue TIF bonds jointly with the County in the *Mississippi Press*, a newspaper published in the City, at least one (1) time not less than thirty (30) days prior to the date set forth in paragraph 3 hereof, pursuant to and in compliance with the requirements of Section 57-64-15 of the REDA Act.

The foregoing Resolution, having first been reduced to writing, was read by the Clerk, and motion was made by Council Member _____, seconded by Council Member _____ to approve, and upon a call for a vote, the following was recorded:

YEAS:

NAYS:

The motion having received the affirmative vote of a majority of the members present, the Mayor declared the motion carried and the resolution adopted this, the 4th day of October, 2011.

ATTEST

Tommy Fortenberry, Mayor

Wendy McClain, City Clerk

(SEAL)

TAX INCREMENT FINANCING PLAN

TOWN CENTER PROJECT

***GAUTIER,
MISSISSIPPI***

OCTOBER 2011

JIMMY G. GOURAS
URBAN PLANNING CONSULTANTS, INC

**TAX INCREMENT FINANCING PLAN
TOWN CENTER PROJECT
GAUTIER, MISSISSIPPI
OCTOBER 2011**

ARTICLE I. PURPOSE AND INTENT.

Section 1.01 Preamble.

(a) The administration and implementation of this *Tax Increment Financing Plan, Town Center Project, Gautier, Mississippi, October 2011* (this "**TIF Plan**"), will be a joint undertaking of Jackson County, Mississippi (the "**County**") and the City of Gautier, Mississippi (the "**City**").

(b) The County and the City will enter into an interlocal agreement or a regional economic development alliance agreement under the REDA Act (as defined below), which will designate the City as the primary party in interest in carrying forward the redevelopment of the Singing River Mall (the "**Mall**") by Singing River, LLC (the "**Developer**"), the development of a regional discount retail store (the "**Regional Store**") by Fred's Stores of Tennessee, Inc. (or its affiliate), the redevelopment of a retail shopping center (the "**Shopping Center**") by Gautier Associates, and the development a town center by the City (the "**Town Center**") (the Mall, the Regional Store, and the Town Center are collectively referred to as the "**Project**") all of which are located in Gautier, Jackson County, Mississippi. The issuance of bonds, notes, indentures or other debt obligations (the "**TIF Debt Obligations**") to provide funds to finance the costs of acquiring real property and construction of public and/or private parking facilities, public infrastructure and related site improvements identified in this TIF Plan shall be a joint undertaking of the City and the County whereby the City will issue, in one or more series, TIF Debt Obligations as authorized herein to finance the Project as more fully described herein.

(c) The funds received from the TIF Debt Obligations and other funds as identified herein will be used to defray the costs of acquiring real property, and construction of public and/or private parking facilities, public infrastructure and related site improvements and other activities to serve the Project and the community as a whole.

(d) The total cost of the infrastructure, site improvements, and other activities making up the Project as defined below, is estimated to be approximately Ninety Million Dollars (\$90,000,000), part of which will be funded through (i) Tax Increment Financing Revenue Bonds issued in an amount not to exceed Twenty Million Dollars (\$20,000,000) by the City pursuant to this TIF Plan and the Tax Increment Financing Act codified at Mississippi Code Annotated § 21-45-1, *et seq.*, as amended (the "**TIF Act**"), and (ii) the Regional Economic Development Act codified at Mississippi Code Annotated § 57-64-1, *et seq.*, as amended (the "**REDA Act**").

(e) The Project will be a high quality mixed-use development that is expected to feature retail and commercial businesses, office buildings, public and/or private parking facilities, and related uses. The Mall is located at 2800 U.S. Highway 90, Gautier, Jackson County, Mississippi (the "**Mall Site**"). The 2800 block of U.S. Highway 90 begins

approximately five hundred fifty (550) yards west of the intersection with Gautier-Vanceleave Road. The Town Center is located on approximately thirty-two (32) ± acres immediately to the north of the Mall Site (the "Town Center Site"). The Retail Store is also located on U.S. Highway 90 at the southwest corner of U.S. Highway 90 and Johnston Road (the "Regional Store Site"). The Shopping Center is commonly known as the Gautier Plaza Shopping Center, and is located on the southeast corner of Gautier-Vanceleave Road and U.S. Highway 90 (the "Shopping Center Site")

(f) The descriptions of the Project and the tax revenue projections were developed by the City and the County with the assistance of the Developer.

Section 1.02 Statement of Intent. As provided in the Section 1.01 of this TIF Plan, the City, acting on behalf of itself and on behalf of the County, proposes to issue Tax Increment Financing Revenue Bonds, pursuant to the authority outlined hereinabove, in one or more series, in an amount not to exceed Twenty Million (\$20,000,000), which will be secured by the City's pledge of up to one hundred percent (100%) of the increased real and personal property ad valorem taxes and up to thirty-five percent (35%) of City's retail sales tax rebate from the State of Mississippi, and a pledge by the County of up to seventy percent (75%) of the increased real and personal property ad valorem taxes generated by the construction and development of the Project within the Tax Increment Financing District ("TIF District") proposed herein, which funds will be used to defray the costs of acquiring real property, and construction of public and/or private parking facilities, public infrastructure and related site improvements and other activities to serve the Project and the community as a whole including, but not limited to, installation of utilities such as water, sanitary sewer, and natural gas lines, relocation of utilities; installation and relocation of electrical services; installation of storm drainage; construction of roadways with curb and gutter, sidewalks; installation of traffic signalization and signage; grading; landscaping and lighting of parking areas and rights-of-way; purchase of rights-of-way necessary for the installation of the infrastructure improvements described hereinabove; capitalized interest; engineering; preparation fees for this TIF Plan; other incidental costs; and related professional fees. If deemed necessary and appropriate, the City and the County may require additional security from the Developer. The construction of the aforementioned improvements will be undertaken to provide for the public convenience, health, and welfare. A more detailed scope of work, along with budgets, will be identified in development agreements and security and reimbursement agreements with the Developer.

Section 1.03 Public Convenience and Necessity. The public convenience and necessity requires participation by the City and the County in this Project. The public interest will be served by the City's and the County's participation in the public infrastructure and other public improvement and facilities' costs of the Project. The Project will accomplish the following, which will provide for the public convenience and necessity and serve the best interests of the citizens of the City and the County:

(a) **Private Investment.** Construction of the Project is expected to represent a private investment in excess of Ninety Million Dollars (\$90,000,000).

(b) **Increase in City Ad Valorem Taxes.** Increased City real and personal property ad valorem taxes generated from the Project are anticipated to be as follows:

<u>Entity</u>	<u>Current Tax</u>	<u>Taxes After Improvements</u>	<u>Total Increase</u>
City (25.770 mils)			
Real Property & Personal Property	\$56,378	\$439,612	\$383,234

(c) **Increase in County Ad Valorem Taxes.** Increased County real and personal property ad valorem taxes generated from the Project are anticipated to be as follows:

<u>Entity</u>	<u>Current Tax</u>	<u>Taxes After Improvements</u>	<u>Total Increase</u>
County (51.369 mils)			
Real Property & Personal Property	\$112,383	\$876,306	\$763,923

(d) **Increase in School District Ad Valorem Taxes.** Increased School District real and personal property ad valorem taxes generated from the Project are anticipated to be as follows:

<u>Entity</u>	<u>Current Tax</u>	<u>Taxes After Improvements</u>	<u>Total Increase</u>
School Dist. (48.390 mils)			
Real Property & Personal Property	\$105,865	\$825,487	\$719,622

(e) **Restoration of Dilapidated and Blighted Property.**

(i) **Statement of Issues Related to the Mall.** Currently, the Mall is functionally obsolete and in a rapid state of decline. The Mall is an underachieving regional retail-shopping complex with high vacancy and is in a state of rapid physical deterioration. The following issues have been identified as specific problems associated with the Mall as it currently stands:

- (1) The building, parking lot, and general surroundings are in a deteriorated state.
- (2) Occupancy is declining rapidly and is expected to fall to forty percent (40%) by the end of October 2011.
- (3) Retail sales have decreased dramatically in the past ten (10) years.
- (4) The annual retail sales of one anchor tenant in the Mall have decreased from a high of Twenty Million Dollars (\$20,000,000) to a current low of Eight Million Dollars (\$8,000,000).
- (5) Ad valorem property taxes paid to the City and County have declined significantly in the past ten (10) years.

(6) The Mall will likely lose at least one of its current anchor tenants, and unless major renovations are undertaken, the Mall will likely lose another. If both of these tenants vacate the Mall, every tenant will be on month-to-month lease, which will very likely lead to many of those tenants leaving the Mall.

(7) Currently, at least seventy percent (70%) of the in-line shop space is either vacant or on month-to-month temporary leases. If the Project is not undertaken, then this number will continue to increase.

(8) The Mall has four (4) to five (5) undeveloped outparcels that are not likely to be developed without a major renovation.

(9) The decline of the Mall and the loss of major anchor tenants projects a strong negative image for the City. Current circumstances surrounding the Mall make it difficult, if not impossible, to attract national retailers to the community.

(ii) **Solution to the Problem—De-Malling the Mall.** The redevelopment plan calls for de-malling the Mall and conversion to an open-air, well-landscaped, and lighted shopping venue. Major redevelopment components are:

(1) Demolition of approximately three hundred ninety thousand (390,000) square feet of gross leasable area, plus demolition of seventy-five thousand (75,000) square feet of enclosed common area.

(2) Construction of an additional one hundred fifty thousand (150,000) square foot major anchor tenant space, which is anticipated to be leased or sold to a well-known national retailer.

(3) Construction of new junior anchor tenant spaces in excess of one hundred thousand (100,000) square feet.

(4) Construction of new shop spaces in excess of one hundred thirty thousand (130,000) square feet.

(5) Development of the four (4) to five (5) outparcels as restaurants and/or other retail space.

(6) Reconstruction of parking areas, lighting and landscaping.

(7) Improvement of signage to reflect a more positive image of the area.

(8) Major improvements to Singing River Boulevard, which runs on the north side of the Mall and to Dolphin Drive, which runs on the west side of the Mall.

The proposed injection of at least Ninety Million Dollars (\$90,000,000) into the Project by the Developer and others affiliated with the Project will insure that major anchors will stay in the Mall and a major well-known national retailer will come to the Mall. Failure to make this investment will result in the loss of all anchors and further deterioration in the Mall.

(f) **Stimulus to Region.** The redevelopment of the Mall, the development of the Regional Store, and the development of the Town Center will involve a private investment of over Ninety Million Dollars (\$90,000,000) by the Developer, Fred's Stores of Tennessee, Inc., and Gautier Associates in the Mall, the Regional Store, the Shopping Center, respectively, and a public investment by the City of over Twenty Million Dollars (\$20,000,000) in the Town Center, thereby creating major economic stimulus for Gautier, Jackson County, and the Mississippi Gulf Coast Region.

(g) **Part-Time Construction Jobs.** The project will create literally hundreds of construction jobs and generate a construction payroll of about Thirty-One Million Five Hundred Thousand Dollars (\$31,500,000), much of which will be expended in Gautier, Jackson County and the Mississippi Gulf Coast Region.

(h) **Full-Time and Part-Time Permanent Jobs.** The Project will create approximately two hundred (200) additional full-time and part-time permanent jobs with an annual payroll in excess of Six Million Dollars (\$6,000,000).

(i) **Economic Catalyst.** The Project will act as a catalyst for additional high-quality development in the Gautier and Jackson County, Mississippi region.

(j) **Increase in State Sales Tax.** Assuming seventy-five percent (75%) of the projected One Hundred Twenty-Five Million Dollars (\$125,000,000) of retail sales are new to the State of Mississippi and the City, the Project will place approximately Six Million Five Hundred Sixty-Two Thousand Five Hundred Dollars (\$6,562,500) of additional sales taxes in the State Treasury annually.

(k) **Increase in Sales Tax Rebate to the City.** The annual retail sales generated by the Project are anticipated to be approximately One Hundred Twenty-Five Million Dollars (\$125,000,000) after the Project is completed, which will result in a sales tax rebate to the City of approximately One Million Six Hundred Eighteen Thousand Seven Hundred Fifty Dollars (\$1,618,750) annually. Assuming seventy-five percent (75%) of that number is new to the City, then the Project will provide an additional One Million Two Hundred Fourteen Thousand Sixty-Three (\$1,214,063) to the City in sales tax rebates from the State of Mississippi.

(l) **Increase in State Income Tax.** With over two hundred (200) full-time and part-time permanent jobs with an anticipated annual payroll of approximately Six Million Dollars (\$6,000,000), income taxes payable to the State of Mississippi as a result of the Project could reach Three Hundred Thousand Dollars (\$300,000) annually.

(m) **New Retailers and Restaurants.** The Project will bring new retailers and restaurants into the Gautier, Mississippi market, thereby improving the quality of life in the area.

ARTICLE II. PROJECT AND DEVELOPER INFORMATION.

Section 2.01 Project Description.

(a) **The Mall.** The Project will be a high quality mixed-use development that is expected to feature commercial businesses, office buildings, parking facilities, and related uses. The redevelopment of the Mall will be undertaken by the Developer and will be located at the current site of the Singing River Mall. The Mall will be converted to an open air shopping venue by a complete reconfiguration of the layout, including demolition of approximately three hundred ninety thousand (390,000) square feet of the existing leasable area and the demolition of seventy-five thousand (75,000) square feet of enclosed common area. However, the demolished space will be replaced with the construction of over three hundred thousand eighty (380,000) square feet of open-air anchor, junior anchor, and smaller retail spaces. The Developer also plans to develop the four (4) to five (5) outparcels that have remained vacant since the Mall was originally built over thirty (30) year ago.

(b) **The Town Center.** The Town Center Site is located immediately north of the Mall Site. The City is making extraordinary efforts to revitalize the area that comprises the TIF District. The Governing Body of the City has approved the acquisition of the Town Center Site from a private citizen.

(i) **Nature's Playground.** The Town Center will feature an area that is referred to as "Nature's Playground." The Governing Body of the City appropriated grant funds for an outdoor amphitheatre, festival lawns and boardwalks along natural water tributaries located within the Town Center Site. A local nonprofit, Gautier Pride Inc., embarked on a massive public art project, commissioning more than fifty local artists to decorate fiberglass alligators, to be displayed within the Mall. The decorated alligators will be auctioned in November. Proceeds from the auction will fund permanent art sculptures along Singing River Boulevard as part of the Project.

(ii) **Town Center Streetscape.** The City has received Six Million Dollars (\$6,000,000) from the Mississippi Development Authority for the Town Center revitalization. The proposed streetscape improvements are to be located along Highway 90 between Beasley Road and Shamrock Road and around the Mall. These improvements include:

- (1) A multi-use pathway;
- (2) Decorative lighting;
- (3) Banners;
- (4) Decorative and hardscape features,
- (5) Landscaping and irrigation;
- (6) Roadway Improvements

(7) Drainage improvements; and

(8) A gateway sculpture designed by world-renowned Gulf Coast artist Dean Mosher, encircled by a 2-lane traffic roundabout at the intersection of Dolphin Drive and Singing River Boulevard.

(c) **The Regional Store.** The Regional Store Site is located a short distance from the Mall Site and the Town Center Site on U.S. Highway 90. The Regional Store is being developed as a Fred's Super Dollar. The Regional Store will offer a wide variety of merchandise in an improved, customer-centric shopping venue. The Regional store will have modern a design with unique lighting, shelving, aisle widths and signage. The owner and operator of the Regional Store has conducted extensive qualitative and quantitative research in an effort to deliver the ideal size, product mix and store flow to accommodate the citizens of the City, the County, and the region.

(d) **The Shopping Center.** The Shopping Center Site is located across U.S. Highway 90 from the Mall Site and the Town Center Site. The Shopping Center currently holds a large grocery store and other in-line retailers. The Shopping Center is in great need of being redeveloped and improved to modern standards.

Section 2.02 Project Location.

(a) **Legal Description and Map.** Shown on Exhibit A are maps and legal descriptions of the TIF District from which the tax revenues will be generated to service the TIF Debt Obligations.

(b) **Environmental Characteristics and Zoning.** The Project site is comprised of previously developed prime commercial property that has become dilapidated and obsolete with a significant amount of vacant undeveloped property. As stated above in Section 1.03(e), the Mall as it currently exists is in need of a major renovation. The Mall Site is currently zoned Town Center Mixed-Use District (TCMU), which permits the proposed redevelopment of the Mall and the development of the Town Center. In fact, the City Council recently amended its zoning ordinance to create the Town Center Mixed-Use District to encourage certain types of development in the area in which the Project is located. The purpose and intent of the Town Center Mixed-Use District as expressly stated in the ordinance is as follows:

Purpose and Intent. The purpose of the TCMU Town Center Mixed-Use District is to encourage the development of a new downtown area that offers shopping, entertainment venues, cultural and community uses and specialized types of residential units to serve residents and visitors to Gautier.

This district will be the core area of the city with quality designed and built structures, streetscapes and amenities. New development and changes to existing buildings should be consistent with recognized pedestrian scale improvements in terms of structural orientation, height, lot dimensional requirements and other site spatial relationships.

The Project as proposed would not only meet the minimum standards provided in the Town Center Mixed Use District zoning ordinances, it would further the intent of such ordinances by developing the Project in a manner that achieves the City's ultimate objective when it created the Town Center Mix Use District. The developer has committed to work with the City in redeveloping the Mall so that the Mall will be compatible with the development of the Town Center. The Retail Store Site is zoned C-3, which permits the development of the Retail Store as it is proposed. The Shopping Center Site is zoned C-3, which permits the redevelopment of the Shopping Center as it is proposed.

Section 2.03 Developer Information.

- (a) **Name of Developer:**
Singing River, LLC
- (b) **Address of Company:**
2800 U.S. Highway 90
Gautier, Mississippi 39553
- (c) **Local Contractors or Agents**
None known

ARTICLE III. ECONOMIC DEVELOPMENT IMPACT DESCRIPTION.

Section 3.01 Job Creation.

(a) **Part-Time Construction Jobs.** The development of the Project will create hundreds of construction jobs and will result in a construction payroll of approximately Thirty-One Million Five Hundred Thousand Dollars (\$31,500,000). Although these jobs or temporary, much of this money will be spent in Gautier, Jackson County, and the Mississippi Gulf Coast region.

Section 3.02 Permanent Full-Time and Part-Time Jobs. At completion of the development, it is expected that the Project will create approximately two hundred (200) new full-time and part-time jobs with an annual payroll of in excess of Six Million Dollars (\$6,000,000).

Section 3.03 Financial Benefit To The Community.

(a) **Ad Valorem Property Tax Increases.** The construction and redevelopment of the Mall and the development of the Retail Store will generate significant increases in ad valorem property tax revenues for the City, the County, and the School District. The following are estimates of new ad valorem property tax revenues projected from the redevelopment of the Mall and the development of the Retail Store.

AD VALOREM TAXES

<u>Entity</u>	<u>Current Tax</u>	<u>Taxes After Improvements</u>	<u>Total Increase</u>
City (25.770 mils)			
Real Property & Personal Property	\$56,378	\$439,612	\$383,234
County (51.369 mils)			
Real Property & Personal Property	\$112,383	\$876,306	\$763,923
School Dist. (48.390 mils)			
Real Property & Personal Property	\$105,865	\$825,487	\$719,622

The ad valorem real and personal property revenue projections were developed by the County and the City with the assistance of Singing River, LLC.

Section 3.04 Retail Sales Taxes. It is expected that the total retail sales from the Project could reach approximately One Hundred Twenty-Five Million (\$125,000,000) annually. Retail sales taxes for the State of Mississippi are anticipated to total approximately Eight Million Seven Hundred Fifty Thousand Dollars (\$8,750,000), of which One Million Six Hundred

Eighteen Thousand Seven Hundred Fifty Dollars (\$1,618,750) will be rebated to the City. Assuming that seventy-five percent (75%) of the retail sales will be new sales in the City and State (*i.e.*, Ninety-Three Million Seven Hundred Fifty Thousand Dollars (\$93,750,000)), this will be an annual increase of sales taxes of Six Million Five Hundred Sixty-Two Thousand Five Hundred Dollars (\$6,562,500) payable to the State Treasury before the rebate to the City. The increase in rebates to the City would be One Million Two Hundred Fourteen Thousand Sixty-Three Dollars (\$1,214,063) annually. A summary of the increase in sales tax revenue is provided below:

<u>Estimated New Sales*</u>	<u>New State of Mississippi Retail Sales Tax*</u>	<u>New Retail Sales Tax Rebate To City*</u>
\$93,750,000	\$6,562,500	\$1,214,063

*Assuming that 75% of the retail sales will be new sales to the City.

ARTICLE IV. A STATEMENT OF THE OBJECTIVE OF THE TAX INCREMENT FINANCING PLAN

Section 4.01 Primary Objective.

(a) The primary objective of this TIF Plan is to serve the public convenience and necessity by participating in the Project. This TIF Plan will provide financing to acquire real property, construct public and/or private parking facilities, and various public infrastructure and other improvements to serve the Project as described in detail in the Preamble to this TIF Plan. The public and/or private parking facilities, and the public infrastructure improvements will be constructed in accordance with standards, codes, and ordinances of the City.

(b) The improvements will provide for the health and welfare of the public by providing for public green spaces and recreational areas, safe and adequate utilities, which may include electrical, water, gas, sanitary sewer systems, and drainage systems. The area will be landscaped in a manor to accomplish the goals and objectives of the City as expressed in the Town Center Mixed-Use District zoning ordinances.

ARTICLE V. A STATEMENT INDICATING THE NEED AND PROPOSED USE OF THE TAX INCREMENT FINANCING PLAN IN RELATIONSHIP TO THE REDEVELOPMENT PLAN.

The proposed use of this TIF Plan, is to provide a financing mechanism for the acquisition of real property and construction of public and/or private parking facilities, and public infrastructure and other improvements necessary to serve the public that will utilize the induced development of the Project.

Draft

ARTICLE VI. A STATEMENT CONTAINING THE COST ESTIMATE OF THE REDEVELOPMENT PROJECT, PROJECTED SOURCES OF REVENUE TO MEET THE COSTS, AND TOTAL AMOUNT OF INDEBTEDNESS TO BE INCURRED.

Section 6.01 Cost Estimate of Redevelopment Project. The redevelopment of the Mall and other project components is expected to represent a private investment in excess of Ninety Million Dollars (\$90,000,000). As set forth in Section 1.01 hereof, this TIF Plan, will be a joint undertaking of the City of Gautier and Jackson County, Mississippi whereby the City and the County will enter into an interlocal agreement or a Regional Economic Development Alliance Agreement, which will designate the City as the primary party in interest in carrying the Project forward. The City and the County propose that the City is to issue TIF Debt Obligations as authorized in the Preamble of this TIF Plan, in one or more series, in an amount not to exceed Twenty Million Thousand Dollars (\$20,000,000). The funds will be used to pay the cost of acquiring real property, constructing public and/or private parking facilities, and various public infrastructure improvements of the Project including, but not limited to, installation of utilities such as water, sanitary sewer, and natural gas lines, relocation of utilities; installation and relocation of electrical services; installation of storm drainage; construction of roadways with curb and gutter, sidewalks; installation of traffic signalization and signage; grading; landscaping and lighting of parking areas and rights-of-way; purchase of rights-of-way necessary for the installation of the infrastructure improvements described hereinabove; capitalized interest; engineering; preparation fees for this TIF Plan; other incidental costs; and related professional fees. The construction of the aforementioned improvements will be undertaken to provide for the public convenience, health, and welfare. A more detailed scope of work including budgets will be identified in development agreements and/or security and reimbursement agreements with the Developer. Proceeds of the TIF Debt Obligations may also be used to fund capitalized interest and/or a debt service reserve fund as may be permitted under Mississippi Code Annotated § 21-45-1, *et seq.*, as amended.

Section 6.02 Projected Sources of Revenue to Meet Costs. The Developer will secure financing for the private investment for redevelopment of the Mall, Fred's Stores of Tennessee, Inc., and Gautier Associates will secure financing for the private investment for the development of the Retail Store Site, and the City will secure any other sources of financing necessary for the development of the Town Center. The City will pledge up to one hundred percent (100%) of the ad valorem tax increases on the real and personal property and up to thirty-five percent (35%) of the increases of retail sales tax rebates from the State of Mississippi generated in the TIF District to finance the TIF Debt Obligations. The County will pledge up to seventy-five percent (75%) of the ad valorem tax increases on the real and personal property. If deemed necessary and appropriate, the City and the County may require additional security from the Developer.

Section 6.03 Total Amount of Indebtedness to be Incurred. As set forth in Section 1.01 hereof, the City will issue up to Twenty Million Dollars (\$20,000,000) in TIF Debt Obligations, in one or more series, which will be secured by the City with a pledge of up to one hundred percent (100%) of the ad valorem tax increases of the real and personal property and up to thirty-five percent (35%) of the increases of retail sales tax rebate generated in the TIF District

to finance the TIF Debt Obligations. The County will pledge up to seventy-five percent (75%) of the ad valorem tax increases from the real and personal property. If deemed necessary and appropriate, the City and County may require additional security from the developers of the Project. The *Tax Increment Financing Redevelopment Plan, Gautier, Mississippi, December 2010*; and the *Tax Increment Financing Plan, Town Center Project, Gautier, Mississippi, October 2011*; and *The Tax Increment Financing Redevelopment Plan, Jackson County, Mississippi, _____ 20__*, and *The Tax Increment Financing Plan, Town Center Project, Jackson County, Mississippi, November 2011*, shall be a joint undertaking by the City and the County including, but not necessarily limited to, the issuance of the TIF Debt Obligations to provide funds to defray the cost of the improvements.

Section 6.04 Description of Interest Rate and Required Payments on the TIF Debt Obligations. It is expected that TIF Debt Obligations can be obtained at an annual interest rate of not more than six and twenty-five hundredths percent (6.25) with a repayment schedule of up to twenty (20) years. Annual principal and interest payments are estimated to be up to approximately One Million Dollars (\$1,000,000), assuming a six and twenty-five hundredths percent (6.25%) interest rate and a repayment schedule of up to twenty (20) years.

Section 6.05 Pledge of Taxes to Service the TIF Debt Obligations. The annual increase in ad valorem real and personal property tax revenues to be generated for the City after the Project is completed is estimated to be Three Hundred Eighty-Three Two Hundred Thirty-Three Dollars (\$383,234). The annual increase in ad valorem real and personal property tax revenues to be generated for the County after the Project is completed is estimated to be Seven Hundred Sixty-Three Thousand Nine Hundred Twenty-Three Dollars (\$763,923). It is requested of the City that up to one hundred percent (100%) of these increased ad valorem real and personal property taxes be pledged to the payment of the TIF Debt Obligations. Also, it is requested of the City that up to thirty-five percent (35%) of the retail sales tax rebate from the State of Mississippi be pledged to the payment of the TIF Debt Obligations. The only obligation of the City with respect to the payment of the TIF Debt Obligations will be a pledge of up to one hundred percent (100%) of the increased ad valorem real and personal property tax revenues of the City within the TIF District and up to thirty-five percent (35%) of the increased retail sales tax rebate from the State of Mississippi generated from the from the Project. The only obligation of the County with respect to the payment of the TIF Debt Obligations will be a pledge of up to seventy-five percent (75%) of the increased ad valorem real and personal property tax revenues of the City within the TIF District. If deemed necessary and appropriate, the City and the County may require additional security from the developers of the Project.

Section 6.06 Excess Taxes to be Added to General Funds. Of the total estimated principal and interest payments of One Million Dollars (\$1,000,000) on the TIF Debt Obligations, the City will pledge up to one hundred percent (100%) of the added increments of ad valorem tax on the real and personal property and up to thirty-five percent (35%) of the added increases of sales tax rebates from the State of Mississippi generated by the development of the Project within the TIF District to service the TIF Debt Obligations. Any surplus of ad valorem real and personal property tax and sales tax rebates from the State of Mississippi received by the City that is not used or needed for the repayment of the TIF Debt Obligations is to be deposited in the general funds of the City, to be used for any lawful purpose. Of the total estimated

principal and interest payments of One Million Dollars (\$1,000,000) on the TIF Debt Obligations, the County will pledge up to seventy-five percent (75%) of the added increments of ad valorem tax on the real and personal property generated by the development of the Project within the TIF District to service the TIF Debt Obligations. Any surplus of ad valorem real and personal property taxation and retail sales tax rebates received by the City from the State of Mississippi that is not used or needed for the repayment of the TIF Debt Obligations is to be deposited in the general funds of the County, to be used for any lawful purpose.

Section 6.07 TIF Debt Obligations to be Issued in an Amount that is Commensurate with Pledged Tax Revenue. The TIF Debt Obligations will be issued proportionate to the level of the City's and the County's pledged ad valorem real and personal property taxes and retail sales tax rebates generated within the TIF District in amounts and percentages to be defined in the development agreements and/or the security and reimbursement agreements between the Developer, the County, and the City. If deemed necessary and appropriate, the City and the County may require additional security from the Developers. The amount of TIF Debt Obligations, the timing of the issuance, and the percentage of debt service to be repaid by the County and City shall be determined pursuant to further proceedings of the City and the County.

ARTICLE VII. LIST OF ALL REAL PROPERTY TO BE INCLUDED IN TAX INCREMENT FINANCING PLAN

The real property to be included in this TIF Plan, from which the increases in ad valorem real and personal property tax revenues and sales tax rebates from the State of Mississippi will be generated to finance the TIF Debt Obligations will be the TIF District as more particularly described on Exhibit A.

Draft

**ARTICLE VIII. DURATION OF THE TAX INCREMENT FINANCING PLANS
EXISTENCE.**

The duration of this *Tax Increment Financing Plan, Town Center Project, Gautier, Mississippi, October 2011*, will not exceed twenty-five (25) years.

Draft

ARTICLE IX. A STATEMENT OF THE ESTIMATED IMPACT OF TAX INCREMENT FINANCING PLAN UPON THE REVENUES OF ALL TAXING JURISDICTIONS IN WHICH A REDEVELOPMENT PROJECT IS LOCATED.

(a) **Ad Valorem Tax Increases.** The construction and development of the Project will generate significant increases in ad valorem tax revenues for the City, the County, and the School District. The following are estimates of new ad valorem tax revenues expected to be generated by the development.

AD VALOREM TAXES

<u>Entity</u>	<u>Current Tax</u>	<u>Taxes After Improvements</u>	<u>Total Increase</u>
City (25.770 mils)			
Real Property & Personal Property	\$56,378	\$439,612	\$383,234
County (51.369 mils)			
Real Property & Personal Property	\$112,383	\$876,306	\$763,923
School Dist. (48.390 mils)			
Real Property & Personal Property	\$105,865	\$825,487	\$719,622

The ad valorem real and personal property revenue projections were developed by the County and the City with the assistance of Singing River, LLC.

Section 9.02 Retail Sales Taxes. It is expected that the total retail sales from the Project could reach approximately One Hundred Twenty-Five Million (\$125,000,000) annually. Annual retail sales taxes for the State of Mississippi, before any rebate to the City, are anticipated to total approximately Eight Million Seven Hundred Fifty Dollars (\$8,750,000). Of that amount, One Million Six Hundred Eighteen Thousand Seven Hundred Fifty Dollars (\$1,618,750) will be rebated to the City from the State of Mississippi. Assuming that seventy-five (75%) of the retail sales will be new sales in the City and the State, the State will receive an addition Six Million Five Hundred Sixty-Two Thousand Five Hundred Dollars (\$6,562,500), and of that amount, One Million Two Hundred Fourteen Thousand Six Three Dollars (\$1,214,063) will be rebated to the City. A summary of the new retail sales tax estimates are provided below:

Retail Sales Taxes

<u>Estimated New Sales*</u>	<u>New State of Mississippi Retail Sales Tax*</u>	<u>New Retail Sales Tax Rebate To City*</u>
\$93,750,000	\$6,562,500	\$1,214,063

*Assuming that 75% of the retail sales will be new sales to the City.

ARTICLE X. A STATEMENT REQUIRING THAT A SEPARATE FUND BE ESTABLISHED TO RECEIVE ADDED INCREMENTS OF AD VALOREM TAXES AND THE PROCEEDS OF ANY OTHER FINANCIAL ASSISTANCE.

A separate fund entitled the "Tax Increment Financing Fund, Town Center Project" shall be established by the City and County to receive real and personal property ad valorem taxes and the proceeds of any other financial assistance received in connection with this Tax Increment Financing Plan.

Draft

ARTICLE XI. THE GOVERNING BODY SHALL BY RESOLUTION FROM TIME TO TIME, DETERMINE (i) THE DIVISION OF AD VALOREM TAX RECEIPTS, IF ANY, THAT MAY BE USED TO PAY FOR THE COST OF ALL OR ANY PART OF A REDEVELOPMENT PROJECT; (ii) THE DURATION OF TIME IN WHICH SUCH TAXES MAY BE USED FOR SUCH PURPOSES; (iii) IF THE GOVERNING BODY SHALL ISSUE BONDS FOR SUCH REDEVELOPMENT PROJECT; AND (iv) SUCH OTHER RESTRICTIONS, RULES AND REGULATIONS AS IN THE SOLE DISCRETION OF THE GOVERNING BODY OF THE CITY SHALL BE NECESSARY IN ORDER TO PROMOTE AND PROTECT THE PUBLIC INTEREST.

Through the adoption of the *Tax Increment Financing Plan, Town Center Project, Gautier, Mississippi, October 2011*, the Governing Body of the City acknowledges the above and shall adopt the necessary resolutions when deemed necessary and appropriate.

ARTICLE XII. PLAN OF FINANCING.

Section 12.01 Pledge of Increases in Taxes. This TIF Plan provides for the City, acting on behalf of itself and on behalf of the County, to issue the TIF Debt Obligations, which will be secured by the City with the pledge of up to one hundred percent (100%) of incremental increases in ad valorem taxes, generated by the Project, and by the County with the pledge of up to seventy-five percent (75%) of incremental increases in ad valorem taxes, generated by the Project. Additionally, the City will pledge up to thirty-five percent (35%) of incremental increases in retail sales tax rebates from the State of Mississippi generated within the TIF District. If deemed necessary and appropriate, the County and the City may require additional security from the Developer. Such decision on the most advantageous method for the County and City to incur the debt will be made pursuant to further proceedings of the County and the City.

Section 12.02 Funding Through Issuance of TIF Debt Obligations. The project may be funded in whole or in part through the following sources: Tax Increment Financing Revenue Bonds issued in, one or more series, in an amount not to exceed Twenty Million Dollars (\$20,000,000) by the City issued pursuant to this TIF Plan, the TIF Act, and the REDA Act.

Section 12.03 Amount, Timing and other Terms of TIF Debt Obligations. The amount of TIF Debt Obligations, the timing of the issuance, and the percentage of debt service to be repaid by the County and the City shall be determined pursuant to further proceedings of the County and the City.

EXHIBIT A

TO

TAX INCREMENT FINANCING PLAN

TOWN CENTER PROJECT

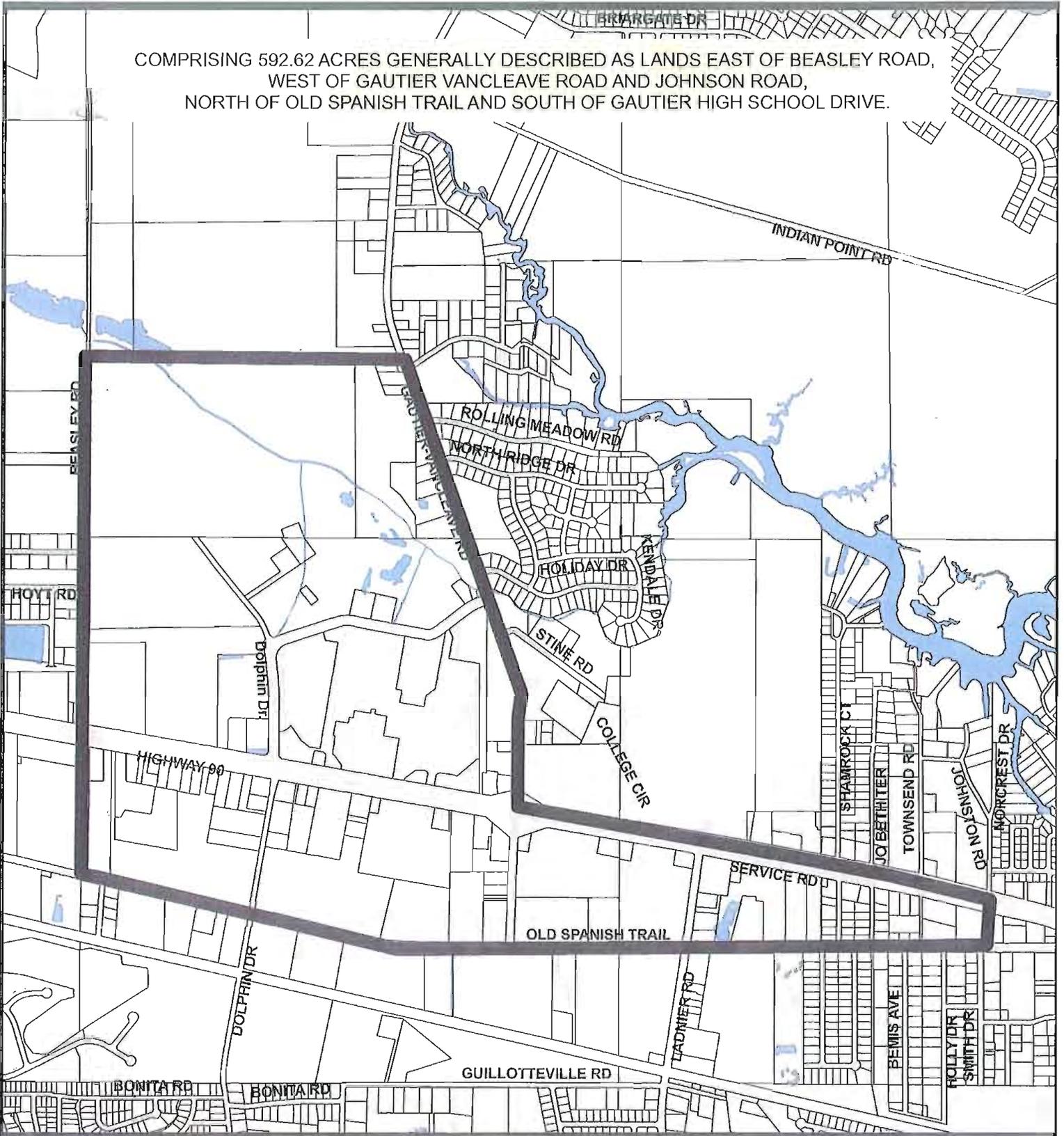
***GAUTIER,
MISSISSIPPI***

OCTOBER 2011

JIMMY G. GOURAS
URBAN PLANNING CONSULTANTS, INC

**GAUTIER TOWN CENTER
TAX INCREMENT FINANCE DISTRICT**

COMPRISING 592.62 ACRES GENERALLY DESCRIBED AS LANDS EAST OF BEASLEY ROAD,
WEST OF GAUTIER VANCELEAVE ROAD AND JOHNSON ROAD,
NORTH OF OLD SPANISH TRAIL AND SOUTH OF GAUTIER HIGH SCHOOL DRIVE.



City of
Gautier



Drawing by
the City of Gautier
GIS Division