

DECIDE DEKALB DEVELOPMENT AUTHORITY
POLICY GUIDELINES FOR PROPERTY TAX INCENTIVES
TO ENCOURAGE ECONOMIC DEVELOPMENT

Background

The purposes of the Decide DeKalb Development Authority (“Decide DeKalb”) are to develop and promote, for the public good and general welfare, trade, commerce, industry and employment opportunities in DeKalb County. Decide DeKalb has power to operate within both unincorporated and incorporated areas of DeKalb County.

In Georgia, a principal tool for fulfilling these economic development purposes is the application of property tax incentives. Use of these incentives involves the issuance by Decide DeKalb of revenue bonds either to the Applicant or other purchasers it identifies. The proceeds of the bonds enable Decide DeKalb to take title to the Applicant’s economic development project (the “Project”). The Project then is leased or rented by Decide DeKalb to the Applicant, and the Applicant pays rentals that repay the bonds.

The result of such a transaction (a “Bond-Lease Transaction”) is that the Applicant will receive a reduction in the amounts it otherwise would pay as ad valorem taxes on the Project (the “Tax Incentive”). The Tax Incentive can be applied over a 10-, 15- or 20-year period, as the Applicant chooses. The Tax Incentive is designed to produce approximately the same present value to the Applicant regardless of the term selected. The specific Tax Incentive for which the Applicant may be qualified can be detailed by Decide DeKalb’s staff, and a schedule of estimated property tax savings can be provided.

Prerequisites

Tax Incentives through Decide DeKalb Bond-Lease Transactions are possible for projects of \$1,500,000 and above. However, because the Applicant will pay all associated legal costs and Authority fees, the Applicant must weigh the costs against estimated savings, and a Project may need to exceed approximately \$10,000,000 before significant net savings are projected.

Decide DeKalb is charged by DeKalb County with providing Tax Incentives only to significant Projects determined by resolution of its board of directors to be worthy and appropriate to achieve its economic development purposes. Prior to providing Decide DeKalb’s preliminary approval (the “Inducement”) to provide Tax Incentives to a Project, several prerequisites must be met:

- Decide DeKalb requires that a fiscal impact analysis of the Project be conducted, at the cost of the Applicant, by a professional Decide DeKalb selects. The fiscal impact analysis measures the estimated revenues to be derived by the principal jurisdictions that would tax the Project and the estimated service costs of such jurisdictions, as a result of the Project.

- With respect to primarily retail Projects, Decide DeKalb must obtain a market analysis or review (which may be conducted by an outside consultant or at the staff level, as Decide DeKalb deems appropriate) examining market absorption and the impact of the Project on similar retail establishments within the projected service area.
- For Projects with a capital investment of \$75,000,000 or greater, Decide DeKalb must obtain a recommendation from its business alliance before providing a final Inducement.

Further prerequisites for considering an Inducement for Tax Incentives are:

- The Project qualifies as an eligible “project” under Georgia’s Development Authorities Law;
- Decide DeKalb judges that a Bond-Lease Transaction is appropriate for the Project;
- Decide DeKalb considers that the Applicant can meet its obligations pursuant to all relevant agreements;
- The Project complies with applicable ordinances, include zoning requirements;
- The Project is found consistent with existing local and regional planning efforts;
- Decide DeKalb judges the Project feasible.

Decide DeKalb will consult with such of its economic development partners as it deems suitable, or as required by its procedures, in accessing an application for Tax Incentives.

Considerations in Providing an Inducement

In evaluating whether an application that meets all prerequisites should be awarded the Tax Incentive, the Decide DeKalb staff and board will examine several principal factors described below. While all factors need not be present, all are weighted:

- (a) The extent that the Project creates primary jobs in a target industry. The DeKalb County Economic Development Strategic Plan identifies as among target industries the life sciences, tourism, logistics, construction materials, advanced manufacturing, and professional and business services;
- (b) The number of new or retained permanent jobs;
- (c) How well the new and retained jobs pay;
- (d) The extent that the fiscal impact analysis anticipates that the Project will produce new positive revenues to the taxing jurisdictions;

(e) The extent to which the Tax Incentive is critical to causing the investment in the Project to occur; and

(f) The further community benefits to be derived from the Project. Such benefits could include, but are not limited to:

- A set-aside of multifamily housing for low and moderate income or for workforce housing – a minimum reservation of 10% of units for residents with family income not exceeding 80% of the DeKalb area median income is expected
- Care for seniors
- The contribution of public infrastructure or facilities such as parks, traffic improvements or police/fire facilities
- Commitment to utilize the DeKalb First Hiring Program and DeKalb’s MFBE contracting
- Commitment to sustainable design
- Preservation of historic structures
- Environmental remediation

In addition to these primary factors, the Decide DeKalb staff and board will consider additional factors such as:

(g) The extent to which the Project supports the expansion of an existing DeKalb business.

(h) The extent that a Project imposes low service costs on the taxing jurisdictions, such as an investment in equipment or other personal property.

(i) Other concrete factors not otherwise considered, such as:

- The extent that the Project furthers governmental development initiatives
- The extent that a Project is a “seed project,” furthering additional development
- The extent that the Project is expected to have “multiplier” effects, fostering further economic development
- Whether the Project is strategically located, for example in a Opportunity Zone, a Livable Communities Initiative area, a designated development corridor, a blighted area, or a census tract eligible for New Markets Tax Credits

Limitations

Decide DeKalb will not provide Tax Incentives to Projects located in an established tax allocation district, other than in extraordinary circumstances.

Further, Projects utilizing Decide DeKalb’s other principal incentive, tax-exempt bond financing, will not receive Tax Incentives, except in extraordinary circumstances.

Decide DeKalb’s board of directors is vested with legal authority for determining whether or not to enter into any Bond/Lease Transaction and so provide Tax Incentives. Decide DeKalb’s board of directors may make exceptions to these policies or alter them from time to time, and its judgments and decisions in any instance are not subject to challenge or review.

Process and Timetable

The Decide DeKalb Board meets monthly on the second Thursday of each month at 8:30 a.m.

Bond-Lease Transactions receive two formal approvals by the full Decide DeKalb Board: (1) the Inducement Resolution, at which time the transaction is approved in principle, and (2) the final Bond Resolution, at which time the full legal documentation is approved in substantial form.

Prior to the Inducement Resolution, the Applicant must file a complete application, Decide DeKalb must obtain the fiscal impact analysis and any other necessary reports or prerequisites, and the Decide DeKalb Project Incentive Review (PIR) Committee must meet and consider recommending the Bond-Lease Transaction to the full Decide DeKalb Board.

The Applicant will be expected to make knowledgeable representatives available by telephone for the PIR Committee meeting and in person for both full Board meetings.

Following the approval of an Inducement Resolution by the Decide DeKalb Board, the Applicant will work with the deal team (Applicant’s attorneys, its advisors and Decide DeKalb attorneys) to prepare and complete the legal documentation, to obtain the final Bond Resolution at a subsequent meeting of the Decide DeKalb Board, and to validate the necessary bonds through the required validation proceedings in the Superior Court of DeKalb County.

Following the successful bond validation, the Bond-Lease Transaction may be closed.

The timetable for this process may be variable, depending on issues encountered and the schedules of the deal team, but generally is as follows:

TIMETABLE

<u>Step</u>	<u>Timing</u>
1. Preliminary discussions between Applicant and Decide DeKalb staff	Variable
2. Complete Application, with check for costs and fees	At least 4 weeks prior to Decide DeKalb Board meeting to consider Inducement

<u>Step</u>	<u>Timing</u>
3. Staff orders final impact analysis and obtains other requisites	At least 3 weeks prior to Decide DeKalb Board meeting to consider Inducement
4. Fiscal Impact Analysis and other prerequisites provided to PIR Committee	At least 3 days prior to PIR Committee meeting
5. Meeting of PIR Committee for Recommendation	Approximately 1 week prior to Decide DeKalb Board meeting for Inducement
6. Decide DeKalb Attorney circulates draft Inducement Resolution	Approximately 1 week prior to Decide DeKalb Board meeting for Inducement
7. Full Decide DeKalb Board meeting to adopt Inducement Resolution	2nd Thursday of appropriate month
8. Preparation of full legal documentation	Variable, following Inducement Resolution, to be completed at least 1 week prior to Board meeting for final Bond Resolution
9. Full Decide DeKalb Board adoption of final Bond Resolution	2nd Thursday of a subsequent month
10. Filing of Bond Validation papers in Superior Court	Wednesday following Decide DeKalb Board adoption of final Bond Resolution
11. Publication of notice to the public of bond validation hearing	2nd and 3rd Thursdays following adoption of Bond Resolution
12. Bond validation hearing in DeKalb Superior Court	Monday, Tuesday or Wednesday of 4th week following adoption of Bond Resolution
13. Closing of Bond-Lease Transaction	Following the Bond Validation, at the convenience of the parties

The usual period elapsing from filing of Application to closing is 90 days. The Decide DeKalb Board will consider holding special-called meetings to accelerate the schedule only in extraordinary circumstances.

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