

Summary of Beltline TAD Contract between APS, City and ADA

Initial Contract Effective 12-31-2005

Key Financial Provisions of Agreement

- PILOT totaling \$150 million shall be paid over 20-year period starting 1-1-11 @ \$7.5 million/year
- QBE Make-whole Payments shall be made to replace the amount by which QBE payments are reduced by the 5 mills of taxes that are levied on the TAD increment (effectively beginning in 1-31-08)
- Recreational facilities shall be provided by conveying to APS land that is suitable and acceptable for such facilities and \$10 million for development of such facilities by 12-31-2008 [no property conveyed, no funds received]

Other Provisions of Agreement

- Each developer shall pay APS \$25,000 [No developers are identified in Invest Atlanta 1st Qtr. 2014 Report]
- No less than 15% of the Beltline Affordable Housing Trust Fund shall be made available for the benefit of APS educators and staff [no housing units are identified in Invest Atlanta 1st Qtr. Report]
- City will make best effort with governing transportation authority to provide free or substantially subsidized transportation for APS students
- APS shall be reimbursed for all costs associated with the transaction, including legal fees
- APS shall be indemnified by ADA against any and all claims that arise from these agreements

Penalties For Failure to Pay/Convey

- Late PILOT payments share accrue interest at rate of prime plus 3%, as set forth in OCGA 7-4-12
- PILOT payment deficit of \$15 million over 2-year period shall be considered material breach of PILOT provision
- No bonds may be issued using APS increment if land is not conveyed on schedule
- No bonds may be issued using any tax increment if PILOT is not paid with interest

First Amendment

- Effective 8-17-2009
- Reflecting impact of Feb. 2008 court decision that suspended TAD from inception to until April 2009 and required remittance of all “Retroactive Increment” to APS (\$26 million):
 - amends PILOT payments to total \$162,436,302 over 18-year period beginning 1-1-13 as described in schedule of payments
 - Extends deadline for recreational facilities land conveyance, but not the \$10 million for the erection of recreational facilities, to 12- 31-09
 - Restarts QBE Make-whole Payments on 1-31-11

Second Amendment

- Effective 11-9-09
- Establishes **pro rata provision for PILOT** in the event that increment is inadequate to pay debt service and all PILOT payments [Fulton PILOT of \$1.35 million paid in FY12, 13 and 14; APS PILOT for FY13 of \$1.95 million paid in arrears in FY14, APS FY 14 PILOT of \$6.75 million unpaid]
- Establishes PILOT payments to be subordinate to debt service and **senior to any other redevelopment costs** incurred for the Beltline, such as the purchase of Morris Brandon property [FY13 total expenses, \$16.4 million, Debt Service \$7.5 million; FY14 total expenses (through 3rd qtr.) \$19.3 million, Debt Service \$7.4 million]
- Provides for a four-year period to cure a material breach of contract due to failure to make PILOT payments
- Increases interest rate penalty by 2% when PILOT payment material breach occurs

Status as of 6-2-14

- Initial PILOT was received nearly one-year past due, interest was not included
- APS was reimbursed for legal costs associated with TAD agreement
- **No other provision has been honored**
- APS is due approximately \$19 million associated with QBE Make-whole Payments for increment from 2010, PILOT due 1-1-14, interest on past due PILOT payments, and \$10 million for recreational facilities; and land for recreational facilities
- Beltline, ADA and City asked to renegotiate agreement for **third time**
- APS has identified alternative considerations for PILOT

Alternative Considerations for PILOT

- APS identified on 3-24-14:
 - Civic Center
 - Water
 - School Resource Officer Services (Police)
 - Unfunded Pension Obligation Relief
 - Land for Bus Yard in Industrial Corridor
- City replied on 5-15-14 with:
 - School Resource Officer Services (Police)
 - Wide-area network connectivity