

Murdock Village Redevelopment Initiative

The Murdock Village redevelopment initiative is a proactive attempt to transform a platted but substantially vacant area into a new economic and social hub that will provide long-term benefits for all of Charlotte County. Charlotte County established Murdock Village as a Community Redevelopment Area ("CRA") in 2003 to spur economic development. The plan anticipated the involvement of a willing and capable redevelopment partner who could implement the project under the general redevelopment principles identified by Charlotte County.

The Process

Once a proposed Redevelopment Agreement is submitted to the County, the steps necessary for approval are as follows: 1) The County will provide the required 30 day public notice of the County's intent to consider proposals relating to the disposition of the land and consider all responses and alternatives at a public hearing, the date of which will be set by the Board of County Commissioners ("BCC"); 2) On May 24 at 1:00 p.m. the BCC will hold a workshop to discuss the specific elements of the proposed Redevelopment Agreement; 3) In June, the BCC will set a date to hold a public hearing; and 4) The BCC will hold a public hearing (anticipated in early July 2007).

Financial Overview

The success of Murdock Village relies on the use of many different financial tools available to support redevelopment. The objective is for the County to recoup its land acquisition costs through the purchase price and the sharing of future tax increment financing ("TIF") revenues over time. In addition to the increase in property values associated with the redevelopment of the property, the County will also benefit from the anticipated increase in sales taxes, gasoline taxes, and job creation that the redevelopment project will generate.

One unique aspect of the proposed agreement with Kitson & Partners is a provision calling for the developer to create a Community Development District ("CDD") for Murdock Village and for the County to share the TIF revenue with the CDD. CDD's are a common financing vehicle for land development in Florida. In addition to the traditional bond financing available to a CDD, the County's agreement to share the TIF revenue with the CDD also enables the CDD to issue TIF Bonds. The TIF Bonds will be used to fund infrastructure costs and assure that growth pays for itself by earmarking TIF dollars to pay off the bonds. The CDD, a quasi-governmental entity, will be responsible for making the master infrastructure improvements and other public improvements in Murdock Village. The County's agreement with the CDD, and both parties' dependence on TIF revenue, establishes a partnership between Kitson & Partners and Charlotte County. Both parties' interests will be aligned in seeing that Murdock Village is developed in the most efficient manner to generate TIF revenue as quickly as possible. The proposed agreement will detail the split of TIF dollars, with the CDD initially receiving 75%, and a maximum contribution of \$60 million.

Another unique aspect of the proposed Redevelopment Agreement is that Charlotte County will have two purchase price options:

Option 1

Under the first option, the purchase price is set at \$82 million, with \$15 million in cash paid at closing and the remainder due in annual installments over a period of ten years. This option includes an accelerator provision which would speed up payment to the County if Kitson & Partners' real estate sales revenues outpace projections.

Option 2

Under the second option, the purchase price is set at \$72 million, with \$15 million paid at closing and the remainder paid in annual installments over a period of ten years. Under this option, in addition to the \$72 million of fixed payments, the County would receive a percentage of the home sale revenues within Murdock Village. It is projected the County's share would be in excess of \$18 million, for a total purchase price of more than \$90 million. This option enhances the public/private partnership since both parties share in the success of the redevelopment.

In both scenarios, the objective is for the County to protect its investment by maintaining a first mortgage position on the redevelopment district.

Conditions

The proposed Redevelopment Agreement includes more than 30 conditions which must be satisfied prior to closing.

Key conditions include:

- Final adoption of the DCA Settlement Agreement and the Comprehensive Plan Amendment
- Approval of the Equivalency Matrix
- Final adoption of the Core Area Zoning Ordinance
- Rezoning of redevelopment property
- Final adoption of concurrency vesting for the redevelopment property
- Final adoption of the Development Agreement
- Final adoption of Utility Agreements
- Plat approval of the redevelopment property
- Final adoption of an interlocal agreement between the County, CDD and the developer detailing payment of Tax Increment Revenue
- Establishment of a CDD by Kitson & Partners

Another condition is that as of the closing date, there is no currently pending or enacted legislation or adopted law by the Florida Legislature which would adversely or materially impact the Tax Increment Revenue or the existing ad valorem property tax structure relied upon by the parties to the agreement.

Timeline

At the conclusion of the 30 day public notice period, the Board of County Commissioners will consider the proposed Redevelopment Agreement. Approval would mark the beginning of a 90 day inspection period, when work toward satisfaction of the purchase conditions will commence. The agreement sets closing for 60 days after the satisfaction of all purchase conditions.