

INNOVATE. PROSPER. GROW.



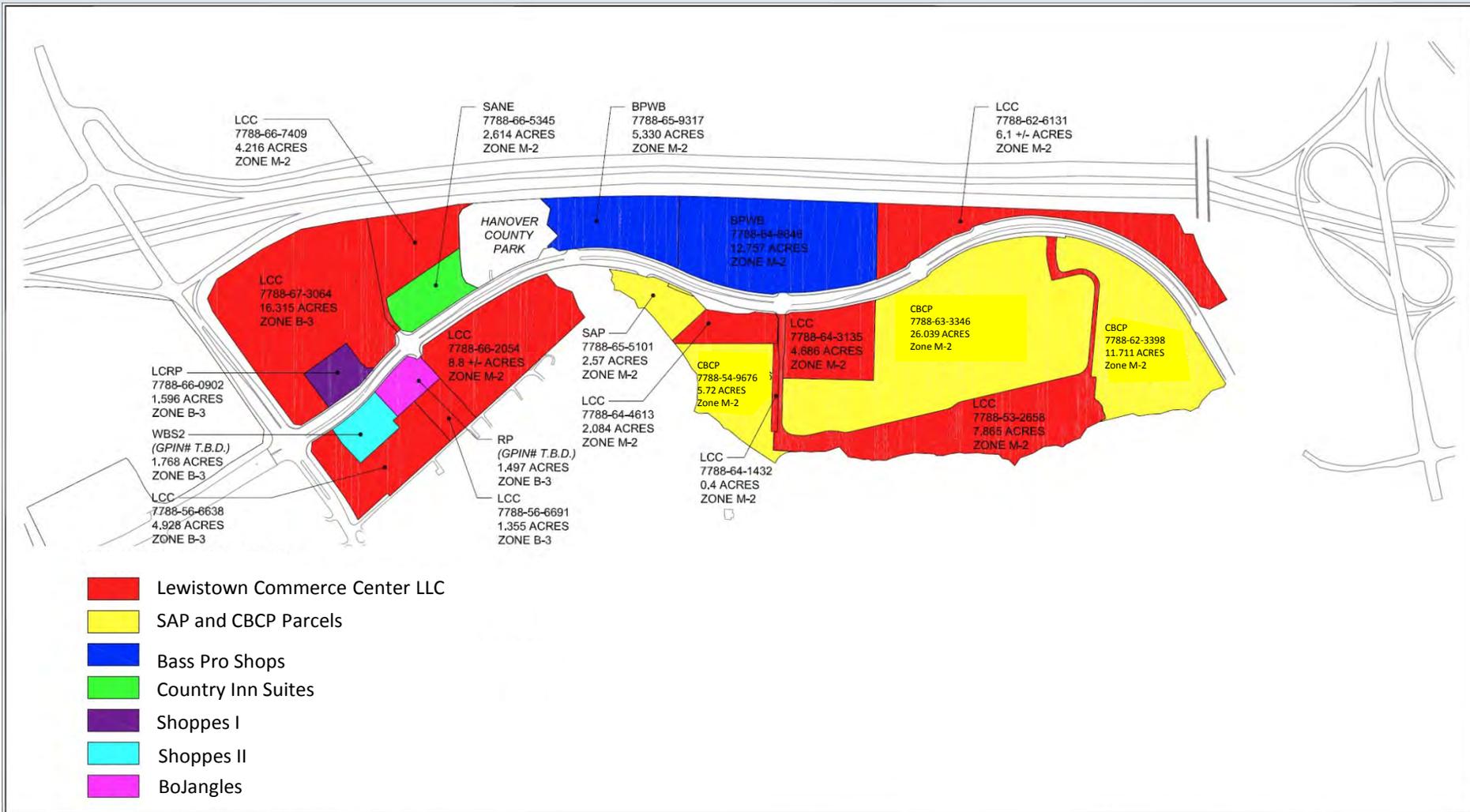
Hanover County
Board Of Supervisors Meeting
May 28, 2014

**Lewistown Commerce Center
Community Development Authority
Proposed 2014 Restructuring Summary**

Lewistown Commerce Center Community
Development Authority
\$37,675,000 Revenue Bonds, Series 2007

- CDA created October 2006
- Bonds issued September 2007
- Bond-financed improvements built (roads, water, sewer, etc.)
- Improvements help attract Bass Pro
- Recession begins 2008
- Bond Default in March 2014
- Holders: USAA (\$ 17,175,000), Wells Fargo (\$13,000,000),
Oppenheimer Funds (\$5,000,000), PIMCO (\$1,250,000), Others
(\$1,250,000)... Total : \$37,675,000

CDA LAND OWNERSHIP:



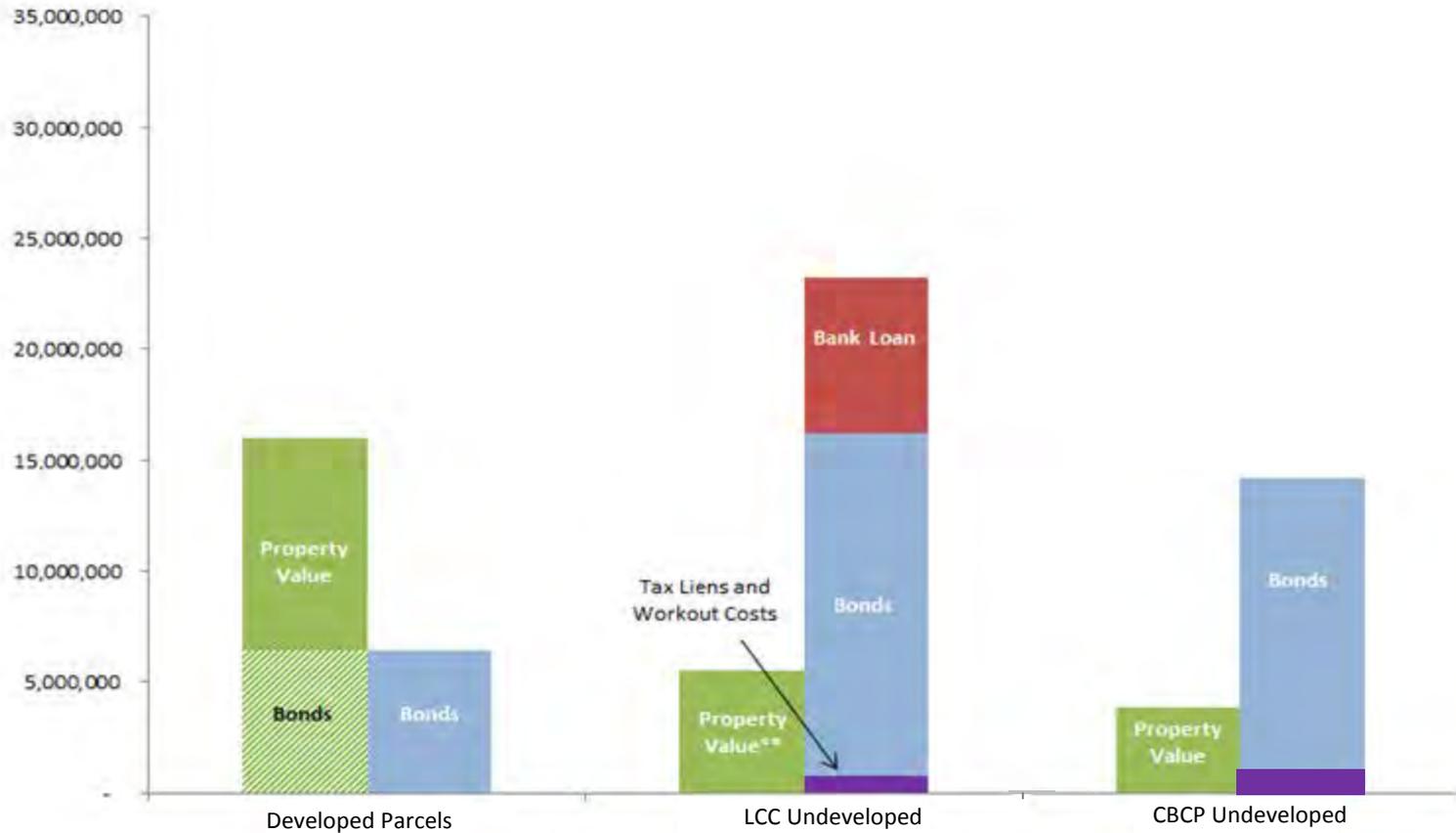
LEWISTOWN COMMERCE CENTER
COMMUNITY DEVELOPMENT AUTHORITY (CDA)

HANOVER COUNTY, VIRGINIA

ACREAGE & PARCEL ID PLAN

02-21-13

CDA LAND IS FINANCIALLY UNDERWATER:



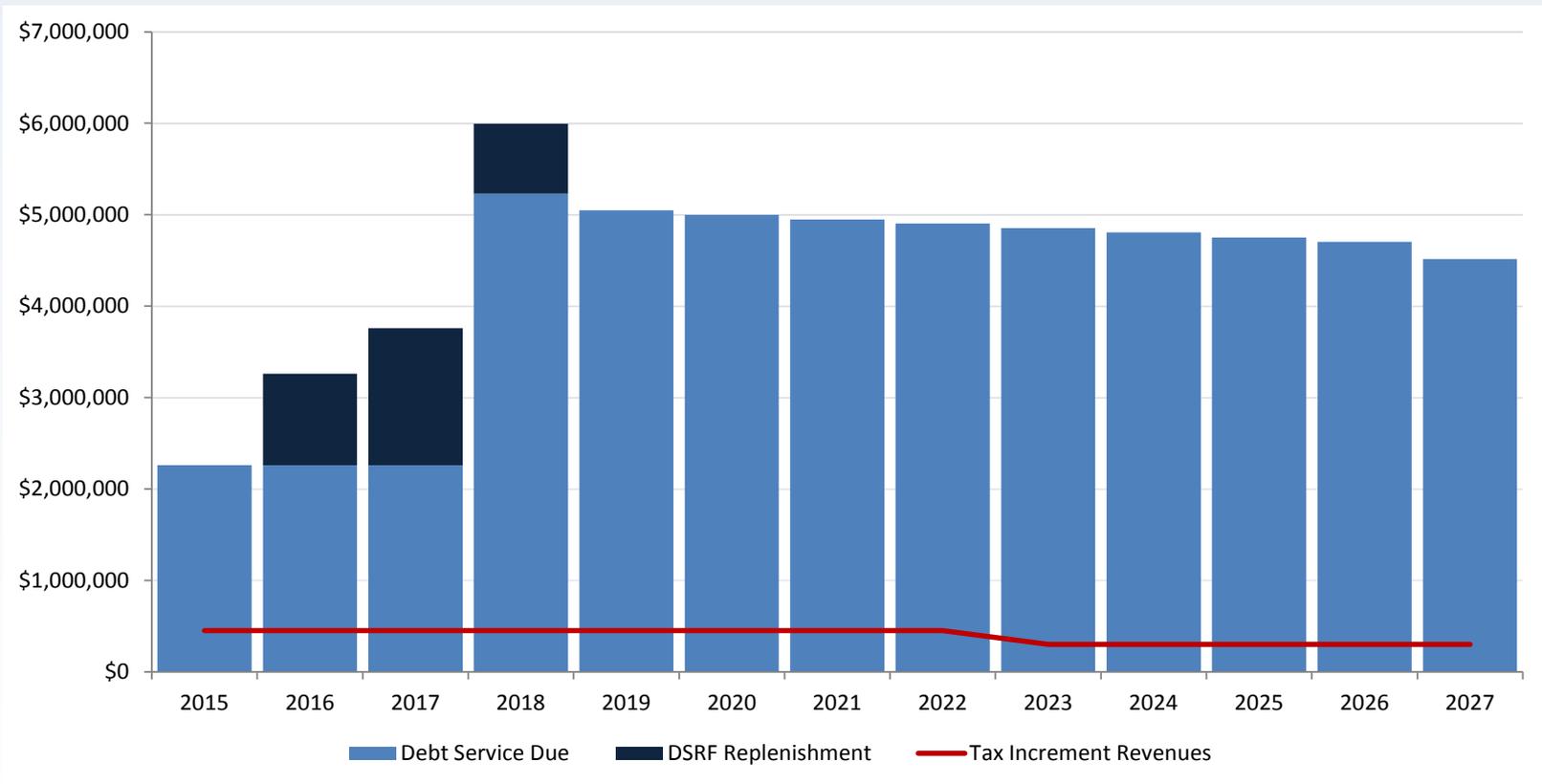
Property Value	\$9.50 million*	\$5.5 million**	\$3.85 million**
Bond Lien	\$6.38 million	\$15.7 million	\$14.18 million
Tax Liens/Costs	-	\$750,000	\$950,000
Bank Loan	-	\$6.1 million	-

*Subject to Bond lien

**If free and clear of Bond lien

W/NO RESTRUCTURING BOND PAYMENTS GO UP 265% OVER NEXT 4 YEARS:

- Reserve Reimbursement (calendar year's 2015-2017)
- Principal Amortization (bond year 2018)
- Pledge Drops 75% to 50% in the end of calendar year 2021



RESTRUCTURING GOALS:

- Reduce complexity of CDA for marketing
- Spur development by reducing CDA assessment debt to \$100,000/acre (average)
- Enable full repayment of Bonds
- Increase Tax Revenues to County

COMPARISON	CURRENT BONDS	RESTRUCTURED
Total Bonds	\$37,675,000	\$37,675,000 In 3 series
Bonds Secured By Land	\$0	\$12,300,000
Bonds Secured By Increm. Tax Revenues	\$37,675,000	\$25,275,000
% of Pledged Tax Revenues (Increm.)	75% declining to 50% in 2022, pledged until fully paid off	75% declining to 50% in 5% increments until 2054
Limit of County Pledge	Perpetual – however long until all P & I are paid	Earlier of (a) Bond payoff, (b) 40 years, (c) \$59M paid in

PROPOSED RESTRUCTURING:

- \$37,575,000 Old Bonds exchanged for \$37,575,000 New Bonds
 - \$ 12,300,000 Series A Assessment Bonds Secured by Land
 - \$ 25,275,000 Tax Increment Revenue Bonds
 - \$6,045,000 Series B (1st Lien)
 - \$19,230,000 Series C (2nd Lien)
- County Pledge of Tax Increment from CDA to Bonds
 - Payment towards Series C is capped at \$59.0 million
 - Pledge %: 2015-31: 75%, 2032-36: 70%, 2037-41: 65%, 2042-46: 60%, 2047-51: 55%, 2052-54: 50%
 - County pledge ends 2054 at latest (unlike current pledge)

RESTRUCTURING ENABLES DEVELOPMENT:

Currently bonds are in default, these consequences have yet to play out fully barring a restructuring.

RESTRUCTURING:

- Heads off further default issues
- Reduces cost of site investment
- Reduces complexity that has clouded marketing efforts
- Reduces CDA burden per acre from \$300K to \$100K
- More commercial development increases tax revenues

RESTRUCTURING SCHEDULE:

May 28 Request to Authorize Public Hearing for 6/25

June 25 Public Hearing for “Ordinance Amending Special Assessments” and “Amended and Restated Special Assessment Agreement”

© QUESTIONS?



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