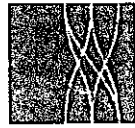


**DEVELOPMENT AUTHORITY OF DEKALB COUNTY
TOWN BROOKHAVEN PROJECT
ANALYSIS OF FISCAL IMPACTS**

**WACHOVIA BANK, N.A.
PUBLIC FINANCE DEPARTMENT**

JUNE 18, 2009



WACHOVIA

DEVELOPMENT AUTHORITY OF DEKALB COUNTY
TOWN BROOKHAVEN PROJECT
ANALYSIS OF FISCAL IMPACTS

Objectives

1. Determine reasonableness of KPMG Tax Revenue Analysis of the Town Brookhaven Project.
2. Assess Project's *incremental* impact on DeKalb County and DeKalb County Schools, assuming it is completed as proposed.
3. Assess Project's *incremental* impact on DeKalb County and DeKalb County Schools, assuming it is not completed.



DEVELOPMENT AUTHORITY OF DEKALB COUNTY
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Caveats

1. Difficulties in projecting future results
2. Analyst's perspective
3. Analytical focus
4. Primacy of *policy* over numbers



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Town Brookhaven

Summary of Analyses



Over 20-Year Life of Abatement Agreement

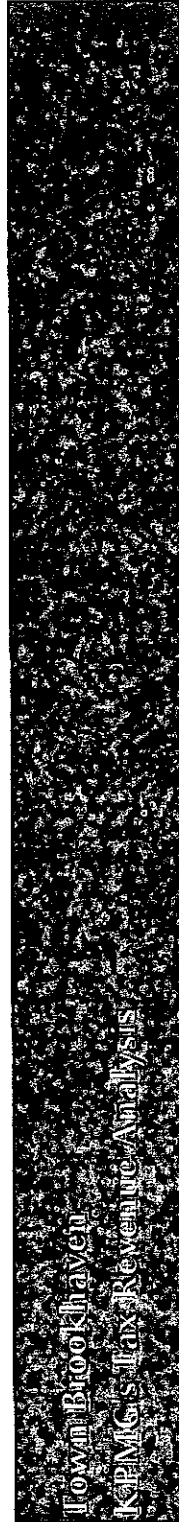
	KPMG Analysis	Wachovia Review	Incremental Impact of Completing Project	Incremental Impact of Not Completing Project
Taxes Abated	\$ 51,699,253	\$ 42,409,722	\$ 42,409,722	\$ -
County and County School Taxes Paid	96,384,099	96,543,162	72,091,066	24,452,096
Increased Costs to County and County Schools	(22,311,760)	(27,105,854)	(13,735,643)	(13,370,211)
Benefit to County and County Schools	74,072,339	69,437,308	58,355,422	11,081,886
Benefit to County/County Schools (w-ESPLOST)	78,170,626	73,296,128	62,214,243	11,081,886
Benefit to County/County Schools/MARTA (w-ESPLOST & MARTA)	119,153,499	119,711,565	108,629,679	11,081,886



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Town Brookhaven

KPMG's Tax Revenue Analysis



Town Brookhaven
KPMG's Tax Revenue Analysis

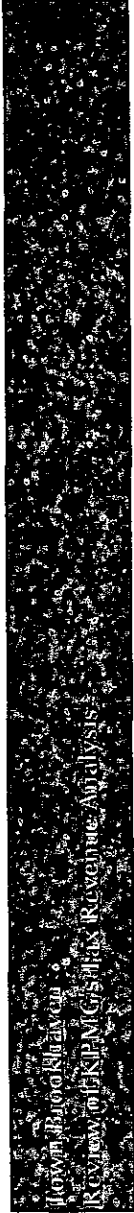
	2010	2010-2029
Total Real Property Taxes Abated	\$ 2,168,542	\$ 51,699,253

Real Property Taxes Paid	\$ 1,912,478	\$ 45,594,544
Personal Property Taxes Paid	578,972	14,579,437
County Business License Taxes Paid	159,288	3,183,760
County HOSI Taxes Paid	1,633,218	34,024,362
MARFA Taxes Paid	2,049,144	49,982,873
ESPLOSI Taxes Paid	2,049,144	4,098,287
Total Taxes Paid	\$ 8,582,244	\$ 141,463,263
Cost of Additional County Services	(566,088)	(11,321,760)
Cost of Additional Educational Services	(549,500)	(10,990,000)
Total Service Costs	(1,115,588)	(22,311,760)
Benefit to County	\$ 7,466,656	\$ 119,151,503



Town Brookhaven

Review of KPMG's Tax Revenue Analysis



2010 2010-2029⁸ Present Value at 6%

County/Real Property Taxes Abated	\$ 732,955	\$ 17,452,605	\$ 10,221,411
School Property Taxes Abated	1,046,834	24,957,117	14,616,555
Subtotal - County/Schools	1,778,890	42,409,722	24,837,966

Fiscal Impact on DeKalb County			
Real Property Taxes Paid ¹	0	18,194,892	0
Personal Property Taxes Paid ²	245,931	5,841,681	3,421,479
County Business License Taxes Paid	159,288	3,185,760	1,936,642
County/HOST Taxes Paid ³	1,438,373	3,494,679	20,456,362
Subtotal - County Taxes Paid	2,093,883	62,117,012	30,479,427
Cost of Additional County Services ⁴	(566,088)	(13,754,449)	(8,050,834)
Benefit to County	1,527,795	48,362,563	28,428,593

Fiscal Impact on DeKalb County Schools			
Real Property Taxes Paid ¹	0	26,018,583	0
Personal Property Taxes Paid ²	839,393	8,330,568	4,892,497
ESP/OST Taxes Paid ³	1,910,397	3,853,820	3,748,527
Subtotal - School Taxes Paid	3,352,998	38,202,970	23,979,454
Cost of Additional Educational Services ⁴	(549,500)	(13,331,495)	(7,814,921)
Benefit to County Schools	2,803,498	24,871,475	16,064,533

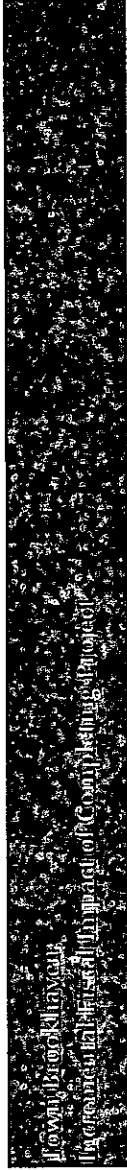
Combined Fiscal Impact on DeKalb County Governments			
Taxes Paid to County and County Schools	0	100,401,982	0
Costs to County and County Schools	(1,115,588)	(27,105,854)	(15,865,755)
Benefit to DeKalb County Governments	0	73,296,128	0

Benefit to DeKalb County (including MARTA)⁵ \$ 6,752,660 \$ 119,711,565 \$ 71,651,977



Town Brookhaven

Incremental Fiscal Impact of Completing Project



	2010	2010-2025 ^a	Present Value at 6%
County Real Property Taxes Abated	\$ 732,055	\$ 17,452,605	\$ 10,223,411
School Real Property Taxes Abated	1,046,834	24,957,117	14,616,555
Total Real Property Taxes Abated	\$ 1,778,890	\$ 42,409,722	\$ 24,839,966
Fiscal Impact on DeKalb County			
Incremental Real Property Taxes Paid ^b	\$ 499,527	\$ 9,763,346	\$ 5,718,067
Incremental Personal Property Taxes Paid ^b	174,615	4,210,613	2,466,015
Incremental County Business License Taxes Paid	159,288	3,185,760	1,936,642
Incremental County HOSI Taxes Paid ^c	1,438,373	34,948,679	20,456,362
Subtotal - Incremental County Taxes Paid	2,271,803	52,108,398	30,577,086
Incremental Cost of Additional County Services ^d	(400,464)	(9,710,222)	(5,695,349)
Incremental Benefit to County	\$ 1,871,339	\$ 42,378,176	\$ 36,272,436
Fiscal Impact on DeKalb County Schools			
Incremental Real Property Taxes Paid ^b	\$ 565,621	\$ 13,961,523	\$ 8,176,801
Incremental Personal Property Taxes Paid ^b	252,559	6,021,147	3,526,386
Subtotal - Incremental County School Taxes Paid	818,180	19,982,670	11,703,187
Incremental Cost of Additional Educational Services ^d	(164,830)	(4,005,421)	(2,344,476)
Incremental Operating Benefit to County Schools	673,350	15,977,249	9,358,711
Incremental ES/OSI Taxes Paid ^e	19,103,907	3,858,820	3,748,527
Total Incremental Benefit to County Schools	\$ 215,337	\$ 19,836,069	\$ 13,107,238
Combined Fiscal Impact on DeKalb County Governments			
Incremental Taxes Paid to County and County Schools	\$ 493,299	\$ 7,594,866	\$ 4,628,800
Incremental Costs to County and County Schools	(55,314)	(1,375,643)	(335,873)
Incremental Benefit to DeKalb County Governments	\$ 437,985	\$ 6,219,223	\$ 4,292,927
Incremental Benefit to DeKalb County (including MARTA ^f)	\$ 6,277,283	\$ 108,629,679	\$ 76,547,824



Town Brookhaven

Incremental Fiscal Impact of Not Completing Project



	2010	2010-2029 ⁶	Present Value at 6%
County Real Property Taxes Abated*	\$ -	\$ -	\$ -
School Real Property Taxes Abated	\$ -	\$ -	\$ -
Total Real Property Taxes Abated	\$ -	\$ -	\$ -
Fiscal Impact on DeKalb County			
Incremental Real Property Taxes Paid ²	0	8,431,547	0
Incremental Personal Property Taxes Paid ³	68,416	1,631,070	493,827
Incremental County Business License Taxes Paid	0	0	953,264
Incremental County HOV1 Taxes Paid	0	0	0
Subtotal - Incremental County Taxes Paid	68,416	10,062,617	5,893,343
Incremental Cost of Additional County Services ⁴	(165,624)	(4,024,228)	(2,355,484)
Incremental Benefit to County	236,456	6,038,389	3,537,857
Fiscal Impact on DeKalb County Schools			
Incremental Real Property Taxes Paid ²	0	12,957,059	0
Incremental Personal Property Taxes Paid ³	97,834	2,332,420	7,061,419
Subtotal - Incremental County School Taxes Paid	97,834	15,289,479	13,666,021
Incremental Cost of Additional Educational Services ⁵	(524,659)	(9,245,983)	(6,472,441)
Incremental Operating Benefit to County Schools	218,921	5,043,496	2,956,996
Incremental ES/PLOSIT Taxes Paid	0	0	0
Incremental Benefit to County Schools	218,921	5,043,496	2,956,996
Confined Fiscal Impact on DeKalb County Governments			
Incremental Taxes Paid to County and County Schools	0	24,487,996	0
Incremental Costs to County and County Schools	(550,274)	(13,370,211)	(7,825,929)
Incremental Benefit to DeKalb County Governments	475,377	11,081,886	6,491,852
Incremental Benefit to DeKalb County (including MARTA)	\$ 475,377	\$ 11,081,886	\$ -6,494,852



Town Brookhaven

Comparison with KPMG Analysis



	KPMG Analysis		Wachovia Review		Incremental Impact of Completing Project		Incremental Impact of Not Completing Project	
	2010	2010-2029	2010	2010-2029	2010	2010-2029	2010	2010-2029
Total Total Property Taxes Abated	\$ 2,685,512	\$ 51,699,252	\$ 3,177,859	\$ 42,409,722	\$ 3,177,859	\$ 42,409,722	\$ -	\$ -
Real Property Taxes Paid	0	458,945,14	0	442,314,73	0	437,246,69	0	404,438,66
Personal Property Taxes Paid	5,972	11,779,237	5,972	12,105,249	439,174	12,932,778	839,491	0
Business License Taxes Paid	1,537,218	3,157,735	1,537,218	3,157,735	139,288	3,157,735	166,359	0
HOS/TI Taxes Paid	4,283,926	16,025,562	1,438,373	3,428,672	1,438,373	3,428,672	0	0
Total Taxes Paid	\$ 6,606,588	\$ 18,331,766	\$ 3,081,621	\$ 9,128,436	\$ 3,081,621	\$ 9,128,436	\$ 1,005,850	\$ 244,520,96
Increased County Service Cost	0	10,990,000	0	10,990,000	0	10,990,000	0	0
Increased County School Cost	0	12,317,601	0	12,317,601	0	12,317,601	0	0
Total Increased Costs	\$ 0	\$ 23,307,601	\$ 0	\$ 23,307,601	\$ 0	\$ 23,307,601	\$ 0	\$ 0
Benefit to County and County Schools (ex ESPLOST & MARTA)	\$ 3,624,368	\$ 74,074,339	\$ 4,939,016	\$ 69,437,308	\$ 2,456,669	\$ 58,355,422	\$ 475,377	\$ 11,081,886
Benefit to County/County Schools (w-ESPLOST)	\$ 5,217,512	\$ 78,176,656	\$ 4,842,353	\$ 73,296,128	\$ 4,366,976	\$ 62,214,243	\$ 475,377	\$ 11,081,886
Benefit to County/County Schools/MARTA (w-ESPLOST & MARTA)	\$ 7,566,656	\$ 119,153,499	\$ 6,752,600	\$ 119,711,505	\$ 6,377,283	\$ 108,669,679	\$ 475,377	\$ 11,081,886



DEVELOPMENT AUTHORITY OF DEKALB COUNTY
TOWN BROOKHAVEN PROJECT
ANALYSIS OF FISCAL IMPACTS

Observations

1. Completed as planned, Town Brookhaven should generate far more tax revenue for, than costs to, the local governments serving it.
2. This should be true whether real estate taxes on most of the remaining retail and residential components of the project are abated or not.
3. If *not* completed as planned, the project's two large residential buildings already under construction also should generate a "profit" to County government and County schools – albeit a much smaller one – and no net benefit to MARTA.
4. Abating real estate taxes on economic development projects is a time-honored tool; its use in the current very difficult economic climate is even more valuable – even for projects already underway.
5. Abating *all* such taxes, however, constitutes a break from traditional policy and procedure and should involve intergovernmental cooperation.



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