

Tax Revenues to DeKalb County & School Board From Town Brookhaven Project

<u>Revenue</u>	<u>Year One²</u>	<u>Year 5 Cumulative</u>	<u>Year 10 Cumulative</u>	<u>Year 15 Cumulative</u>	<u>Year 20 Cumulative</u>
Sales Tax ³					
DeKalb County - HOST	\$ 1,776,565	\$ 8,882,827	\$ 17,765,654	\$ 26,648,482	\$ 35,531,309
School Tax - ESPLOST	\$ 2,003,491	\$ 10,017,455	\$ 20,034,910	\$ 30,052,365	\$ 40,069,820
Business Licenses	\$ 154,157	\$ 770,787	\$ 1,541,574	\$ 2,312,361	\$ 3,083,148
Property Tax (After ad valorem property tax savings) ⁴					
Commercial ⁴	\$ -	\$ -	\$ -	\$ -	\$ -
Residential B "Trammel Crow" ⁵	\$ 584,146	\$ 2,991,767	\$ 6,282,273	\$ 9,915,258	\$ 13,926,367
Residential C "Lincoln" ⁵	\$ 756,989	\$ 3,877,002	\$ 8,141,138	\$ 12,849,088	\$ 18,047,045
Residential D "TBD Developer" ^{4, 5}	\$ -	\$ -	\$ -	\$ -	\$ -
NET TAX REVENUE	<u>\$ 5,275,349</u>	<u>\$ 26,539,838</u>	<u>\$ 53,765,549</u>	<u>\$ 81,777,553</u>	<u>\$ 110,657,689</u>

Footnotes:

¹ The analysis for Town Brookhaven, DeKalb County, GA is based on a proposed site plan ("The Plan") prepared by The Sembler Company dated June 2, 2008.

² The analysis assumes that the first full year of operation for Town Brookhaven will begin January 2010 (opening is planned for Fall 2009).

³ The DeKalb Board of Education Special Purpose Local Option Sales Tax (ESPLOST) was extended for the second time in March 2007, it is scheduled to expire March 2012. As this ESPLOST has been extended twice, KPMG assumes that the ESPLOST will be extended throughout the project period with no additional millage increases.

⁴ For escalation purposes, it is assumed that FMV increases 2% after the end of each year and the millage rate remains constant throughout the 20 year period. The DeKalb County combined millage rates for 2009 are projected to be at 0.04001 (per Mike Bell, DeKalb County CFO). A savings of 100% of ad valorem taxes for the 20-year period is assumed for the commercial buildings and the residential-D building.

⁵ Residential building "D" is will be completed by The Sembler Company and a developer in the future. Residential buildings "B" and "C" are owned by other developers, not Sembler. The above analysis assumes that residential buildings "B" and "C" do not receive the benefit of any ad valorem property tax savings.

⁶ Includes DeKalb Co. HOST, Business Licenses and County levied millage.

⁷ Includes ESPLOST and school levied millage.

Sales Tax Revenues

Store Type	Total Square Feet	Revenue Per Sq Ft ¹	Yearly Sales Revenue	State	DeKalb Co. HOST	ESPLOST ²
Sales tax rates				4%	1%	1%
Anchor Stores	66,356	\$ 175	\$ 11,612,300	\$ 464,492	\$ 116,123	\$ 116,123
Specialty Shops	97,492	\$ 350	\$ 34,122,200	\$ 1,364,888	\$ 341,222	\$ 341,222
Restaurants	90,807	\$ 450	\$ 40,863,150	\$ 1,634,526	\$ 408,632	\$ 408,632
Grocery	56,031	\$ 450	\$ 25,213,950	\$ -	\$ -	\$ 252,140
Large Format	10,000	\$ 225	\$ 2,250,000	\$ 90,000	\$ 22,500	\$ 22,500
Theatre	30,243	\$ 70	\$ 2,117,010	\$ 84,680	\$ 21,170	\$ 21,170
Warehouse Club	152,045	\$ 700	\$ 106,431,500	\$ 4,257,260	\$ 1,064,315	\$ 1,064,315
Total	502,974					
Gross Sales Tax Revenue			\$ 222,610,110	\$ 7,895,846	\$ 1,973,962	\$ 2,226,101
Reduced Occupancy Rate ³	90%					
Net Sales Tax Revenue			\$ 200,349,099	\$ 7,106,262	\$ 1,776,565	\$ 2,003,491

Footnotes:

¹ Revenues per square foot are provided by The Sembler Company.

² The DeKalb ESPLOST was extended for the second time in March 2007, it is scheduled to expire March 2012.

Since the ESPLOST has been extended twice, KPMG assumes that the ESPLOST will be extended throughout the project period.

³ The total sales tax revenues were reduced 10% to account for temporary vacancies. On average, vacancies at similar retail developments range from 6% - 10%. The 10% vacancy rate reflects Sembler's current occupancy levels in DeKalb County.

Property Tax Revenue
County and School levied millage
(with 2% annual escalation after 2011)²

Commercial					Building "B" ⁶						
		FMV ²	Assessed Value ³	Millage ⁴	Annual Property Tax ⁵		FMV ²	Assessed Value ³	Millage ⁴	Annual Property Tax ⁵	
Year 1	2010	\$ 101,000,000	\$ 40,400,000	0.04001	\$ 1,616,404	\$ 36,500,000	\$ 14,600,000	0.04001	\$ 584,146		
	2011	\$ 101,000,000	\$ 40,400,000	0.04001	\$ 1,616,404	\$ 36,500,000	\$ 14,600,000	0.04001	\$ 584,146		
Year 5	2012	\$ 103,020,000	\$ 41,208,000	0.04001	\$ 1,648,732	\$ 37,230,000	\$ 14,892,000	0.04001	\$ 595,829		
	2013	\$ 105,080,400	\$ 42,032,160	0.04001	\$ 1,681,707	\$ 37,974,600	\$ 15,189,840	0.04001	\$ 607,745		
	2014	\$ 107,182,008	\$ 42,872,803	0.04001	\$ 1,715,341	\$ 38,734,092	\$ 15,493,637	0.04001	\$ 619,900		
	2015	\$ 109,325,648	\$ 43,730,259	0.04001	\$ 1,749,648	\$ 39,508,774	\$ 15,803,510	0.04001	\$ 632,298		
Year 10	2016	\$ 111,512,161	\$ 44,604,864	0.04001	\$ 1,784,641	\$ 40,298,949	\$ 16,119,580	0.04001	\$ 644,944		
	2017	\$ 113,742,404	\$ 45,496,962	0.04001	\$ 1,820,333	\$ 41,104,928	\$ 16,441,971	0.04001	\$ 657,843		
	2018	\$ 116,017,252	\$ 46,406,901	0.04001	\$ 1,856,740	\$ 41,927,027	\$ 16,770,811	0.04001	\$ 671,000		
	2019	\$ 118,337,597	\$ 47,335,039	0.04001	\$ 1,893,875	\$ 42,765,567	\$ 17,106,227	0.04001	\$ 684,420		
	2020	\$ 120,704,349	\$ 48,281,740	0.04001	\$ 1,931,752	\$ 43,620,879	\$ 17,448,352	0.04001	\$ 698,109		
	2021	\$ 123,118,436	\$ 49,247,375	0.04001	\$ 1,970,387	\$ 44,493,296	\$ 17,797,319	0.04001	\$ 712,071		
	2022	\$ 125,580,805	\$ 50,232,322	0.04001	\$ 2,009,795	\$ 45,383,162	\$ 18,153,265	0.04001	\$ 726,312		
Year 15	2023	\$ 128,092,421	\$ 51,236,969	0.04001	\$ 2,049,991	\$ 46,290,826	\$ 18,516,330	0.04001	\$ 740,838		
	2024	\$ 130,654,270	\$ 52,261,708	0.04001	\$ 2,090,991	\$ 47,216,642	\$ 18,888,657	0.04001	\$ 755,655		
	2025	\$ 133,267,355	\$ 53,306,942	0.04001	\$ 2,132,811	\$ 48,160,975	\$ 19,264,390	0.04001	\$ 770,768		
	2026	\$ 135,932,702	\$ 54,373,081	0.04001	\$ 2,175,467	\$ 49,124,194	\$ 19,649,678	0.04001	\$ 786,184		
	2027	\$ 138,651,356	\$ 55,460,542	0.04001	\$ 2,218,976	\$ 50,106,678	\$ 20,042,671	0.04001	\$ 801,907		
Year 20	2028	\$ 141,424,383	\$ 56,569,753	0.04001	\$ 2,263,356	\$ 51,108,812	\$ 20,443,525	0.04001	\$ 817,945		
	2029	\$ 144,252,871	\$ 57,701,148	0.04001	\$ 2,308,623	\$ 52,130,988	\$ 20,852,395	0.04001	\$ 834,304		
					\$ 38,535,974						\$ 13,926,367

Building "C" ⁶					Building "D" ⁶						
		FMV ²	Assessed Value ³	Millage ⁴	Annual Property Tax ⁵		FMV ²	Assessed Value ³	Millage ⁴	Annual Property Tax ⁵	
Year 1	2010	\$ 47,300,000	\$ 18,920,000	0.04001	\$ 756,989	\$ 34,500,000	\$ 13,800,000	0.04001	\$ 552,138		
	2011	\$ 47,300,000	\$ 18,920,000	0.04001	\$ 756,989	\$ 34,500,000	\$ 13,800,000	0.04001	\$ 552,138		
Year 5	2012	\$ 48,246,000	\$ 19,298,400	0.04001	\$ 772,129	\$ 35,190,000	\$ 14,076,000	0.04001	\$ 563,181		
	2013	\$ 49,210,920	\$ 19,684,368	0.04001	\$ 787,572	\$ 35,893,800	\$ 14,357,520	0.04001	\$ 574,444		
	2014	\$ 50,195,138	\$ 20,078,055	0.04001	\$ 803,323	\$ 36,611,676	\$ 14,644,670	0.04001	\$ 585,933		
	2015	\$ 51,199,041	\$ 20,479,616	0.04001	\$ 819,389	\$ 37,343,910	\$ 14,937,564	0.04001	\$ 597,652		
Year 10	2016	\$ 52,223,022	\$ 20,889,209	0.04001	\$ 835,777	\$ 38,090,788	\$ 15,236,315	0.04001	\$ 609,605		
	2017	\$ 53,267,482	\$ 21,306,993	0.04001	\$ 852,493	\$ 38,852,603	\$ 15,541,041	0.04001	\$ 621,797		
	2018	\$ 54,332,832	\$ 21,733,133	0.04001	\$ 869,543	\$ 39,629,856	\$ 15,851,862	0.04001	\$ 634,233		
	2019	\$ 55,419,489	\$ 22,167,795	0.04001	\$ 886,933	\$ 40,422,249	\$ 16,168,899	0.04001	\$ 646,918		
	2020	\$ 56,527,878	\$ 22,611,151	0.04001	\$ 904,672	\$ 41,230,694	\$ 16,492,277	0.04001	\$ 659,856		
	2021	\$ 57,658,436	\$ 23,063,374	0.04001	\$ 922,766	\$ 42,055,307	\$ 16,822,123	0.04001	\$ 673,053		
	2022	\$ 58,811,605	\$ 23,524,642	0.04001	\$ 941,221	\$ 42,896,414	\$ 17,158,565	0.04001	\$ 686,514		
Year 15	2023	\$ 59,987,837	\$ 23,995,135	0.04001	\$ 960,045	\$ 43,754,342	\$ 17,501,737	0.04001	\$ 700,244		
	2024	\$ 61,187,594	\$ 24,475,037	0.04001	\$ 979,246	\$ 44,629,429	\$ 17,851,772	0.04001	\$ 714,249		
	2025	\$ 62,411,345	\$ 24,964,538	0.04001	\$ 998,831	\$ 45,522,017	\$ 18,208,807	0.04001	\$ 728,534		
	2026	\$ 63,659,572	\$ 25,463,829	0.04001	\$ 1,018,808	\$ 46,432,458	\$ 18,572,983	0.04001	\$ 743,105		
	2027	\$ 64,932,764	\$ 25,973,106	0.04001	\$ 1,039,184	\$ 47,361,107	\$ 18,944,443	0.04001	\$ 757,967		
Year 20	2028	\$ 66,231,419	\$ 26,492,568	0.04001	\$ 1,059,968	\$ 48,308,329	\$ 19,323,332	0.04001	\$ 773,126		
	2029	\$ 67,556,048	\$ 27,022,419	0.04001	\$ 1,081,167	\$ 49,274,486	\$ 19,709,798	0.04001	\$ 788,589		
					\$ 18,047,045						\$ 13,163,278

Footnotes:

¹ Total construction cost provided by Heather Correa, The Sembler Company.

² For escalation purposes, it is assumed that FMV increases 2% (per Mike Bell) each year after 2011 when the current property tax freeze is set to expire.

³ The assessed value is 40% of the FMV.

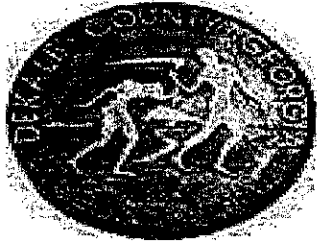
⁴ The assumed millage rate remains constant over the 20 year period.

⁵ Annual property tax is the assessed value multiplied by the millage rate.

⁶ Estimated FMV of the buildings provided by The Sembler Company

DeKalb County Business and Occupational Tax Certificate ¹

Store Type	Estimated Gross Receipts (90% Occupancy)	Rate ²	Total Estimated Employees	Fee Per Employee ³	Business License Revenue
Theatre	\$1,905,309	0.00078			\$ 1,486
Restaurants	\$36,776,835	0.00078			\$ 28,686
Anchors	\$10,451,070	0.00078			\$ 8,152
Specialty Shops	\$30,709,980	0.00078			\$ 23,954
Grocery	\$22,692,555	0.00078			\$ 17,700
Large Format	\$2,025,000	0.00078			\$ 1,580
Warehouse Club ⁴	\$95,788,350	0.00078			\$ 50,000
			900	\$ 14.00	\$ 12,600
				Fee ⁵	\$ 10,000
			Total Yr. 1 Revenue		<u>\$ 154,157</u>
			X 20 yrs		<u>\$ 3,083,148</u>



*** This Business License Revenue model differs in that (1) retail store occupancy levels have been adjusted to more accurately reflect Sembler's actual occupancy levels in DeKalb, (2) total estimated employees used is the low end of anticipated jobs created, and (3) Business License Revenue has been broken out by Store Type to account for the \$50,000 cap which was not reflected in previous versions.*

Footnotes:

- ¹ Formerly known as DeKalb County Business License. There is a minimum gross receipts tax of \$50 and exempted up to \$20,000 of the estimated gross receipts. For the purpose of this analysis it is assumed that all stores will exceed \$20,000 in gross receipt.
- ² DeKalb County uses six classes, the rates run from .00018 up to .00078 based on estimated gross receipts. Given the provided information for this analysis, this calculation uses the maximum rate.
- ³ DeKalb County uses a set fee per employee, ranging up to \$14 per employee.
- ⁴ The fee based on gross receipts for the Warehouse Club was \$74,715. It has been modified to reflect the \$50,000 cap.
- ⁵ Fee consists of the \$50 flat fee and \$75 non-refundable administrative fee, due each year for all stores.

Store Details

Store Type	Total Sq Feet	Annual Revenues Per Sq Ft ¹	Annual Store Revenue
Theatre	30,243	\$70	\$ 2,117,010
Restaurants	90,807	\$450	\$ 40,863,150
Anchor	66,356	\$175	\$ 11,612,300
Specialty Shops	97,492	\$350	\$ 34,122,200
Grocery	56,031	\$450	\$ 25,213,950
Large Format	10,000	\$225	\$ 2,250,000
Warehouse Club	152,045	\$700	\$ 106,431,500
Subtotal	502,974		\$ 222,610,110
Building D	297,558		\$ -
Building B	271,339		\$ -
Building C	381,798		\$ -
Residential Subtotal	950,695		

Annual Store Revenue for Business and Occupational Tax Certificate

	Number of Stores	Annual Revenue Per Store	Rounded to Nearest Thousand
Theatre	1	2,117,010	2,117,000
Restaurants	24	1,702,631	1,703,000
Anchor Stores	2	5,806,150	5,806,000
Specialty Shops	50	682,444	682,000
Grocery	1	25,213,950	20,714,000
Large Format	1	2,250,000	2,250,000
Warehouse Club	1	106,431,500	106,432,000
	80		

Cumulative Totals

	Number of Stores	Total Sq. Ft Per Details	Total Store Revenue Per Details
Theatre	1 #	30,243	\$ 2,117,010
Restaurants	24 #	90,807	\$ 40,863,150
Anchor Stores	2 #	66,356	\$ 11,612,300
Specialty Shops	50 #	97,492	\$ 34,122,200
Grocery	1	56,031	\$ 25,213,950
Large Format	1 #	10,000	\$ 2,250,000
Warehouse Club	1 #	152,045	\$ 106,431,500
Building D	1	297,558	\$ -
Building B	1	271,339	\$ -
Building C	1	381,798	\$ -
	83	1,453,669	\$ 222,610,110

Footnotes:

¹ Revenues per square foot were provided by The Sembler Company.



**The Sembler Company, Inc.
Tax Revenue Analysis**

TOWN BROOKHAVEN, Dekalb County, Georgia

April 14, 2009

Tax

AUDIT • TAX • ADVISORY

KPMG

HAND-OUT

04.14.09

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Project Overview

All information provided by the Sembler Companies; current and accurate as of 4-14-09 superseding all previous analyses.

The Sembler Company

The Sembler Company is a second generation, family-run, private retail development organization founded by Mel Sembler in the early 1960's. Headquartered in St. Petersburg, FL with offices in Atlanta, GA and Caguas, Puerto Rico, Sembler is a nationally recognized leader in retail development, leasing, and management. Sembler has been named *Sixth Fastest Growing Developer in the Nation* by *Chain Store Age Magazine*.

TOWN BROOKHAVEN, DeKalb County, Georgia

Proposed Master Plan: Town Brookhaven is a mixed use project featuring a retail center, three residential buildings, restaurants, and signature specialty shops. The retail components include:

- 473 net new apartments, 1000 total rental units
- 2 Anchor Department Stores – 66,356 sq. ft.
 - Signed agreements are in place with anchor tenants
- Large Format Retailers – 10,000 sq. ft.
- Specialty Shops – 97,492 sq. ft.
- Restaurants – 24, including full service and fast casual
 - 80,000 of total 90,000 sq. ft. have signed agreements in place
- Warehouse Club Store – 152,045 sq. ft.

Total Retail Space: 502,974 square feet.

Project Location: 54 acre site on Peachtree Road just north of Phipps Plaza and Lenox Square Mall, and south of Oglethorpe University.

Employment

- The developed retail space will provide for 900 - 1100 jobs
- Approximately 200 construction jobs created during the construction phase
- Potential Headquarters office space for a prospective national retailer; ~ 130 HQ jobs

¹Residential properties are rental units; therefore not subject to homestead exemption

Executive Summary Analysis

The following is a financial evaluation of the Sembler Town Brookhaven project and its impact on DeKalb County and the DeKalb County School Board. The cost portion of the analysis is derived from the company's request for a 20-year property tax abatement on a portion of the buildings located on the site.

Abatement	Cost to County ¹		Benefit to County ²		
	Year 1 Total	20 Year Total	Revenue Source	Year 1	20 Year Total
Reduced Property Tax (Commercial Bldg.)	\$ 1,616,404	\$ 38,535,974	HOST Revenue	\$ 1,776,565	\$ 35,531,309
Reduced Property Tax (Bldg. D)	\$ 552,138	\$ 13,163,278	ESPLOST Revenue	\$ 2,003,491	\$ 40,069,820
			Job Growth - Payroll	TBD	TBD
			Property Tax on Buildings	\$ 1,341,135	\$ 31,973,412
			Property Tax on personal property of renters	TBD	TBD
			Business Licenses	\$ 154,157	\$ 3,083,148
TOTAL ABATEMENT AMOUNT (all bldgs.)	\$ 2,168,542	\$ 51,699,253	TOTAL BENEFIT (all bldgs.)	\$ 5,275,349	\$ 110,657,689

¹ County defined as DeKalb County Governing Authority and School Board levied millage rates

² County defined as DeKalb County Governing Authority and School Board combined revenues

Indirect Economic Benefits

	Year 1	<u>20 Year Total</u>
A) 900 - 1100 potential jobs at prevailing wages		
B) MARTA Optional Sales Tax (1%)	\$ 2,003,491	\$ 40,069,820
C) Keeps DeKalb Dollars in County		
- Town Brookhaven to be only major retail establishment in area (as opposed To Buckhead or other outside of county)		
D) Personal Property Taxes (automotive tax and tag fees) related to 1,000 apartment units		
E) Personal Property Taxes paid by commercial tenants		

Services Provided By Sembler

- A) Town Brookhaven to provide security for tenants 24-7.
- B) All utility infrastructure provided by developer
- C) Modern fire prevention and detection systems to be installed by Developer

