



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

Assuming no further ESPLOST renewal

TOWN BROOKHAVEN, DeKalb County, Georgia

April 30, 2009

Tax

AUDIT ■ TAX ■ ADVISORY

KPMG
UPDATED
HAND-OUT
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Project Overview

This analysis assumes that the ESPLOST, which is currently set to expire March 2012, will not be extended.

All information provided by the Sembler Companies; current and accurate as of 4/30/2009 superseding all previous analyses. Per discussions with the County, this 4/30/09 version is amended to reflect revenues of additional properties part of the Project but not properties where the Sembler Company is seeking any abatement.

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 buildings¹, restaurants, and signature specialty shops. The retail components include:

- 458 net new residential units, 981 total residential units.
- 2 Anchor Stores – 82,163 sf
 - Signed agreements are in place with anchor tenants.
- Large Format Retailers – 10,000 sf
- Specialty Shops Retail – 117,492 sf (includes specialty retailer of 60,000 sf)
- Restaurants – 18, including full service and fast casual
 - Nearly 90% of total square footage has signed agreements in place.
- Warehouse Club Store – 152,045 sf

Total Retail Space: 522,974 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 specialty retailer; ~ 130 HQ jobs.

¹ Residential 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 project.

Tax Abatement			Benefit to DeKalb Community ¹		
Abatement	Year 1 Total	20-Year Total	Revenue Source	Year 1 Total	20-Year Total
Reduced Property Tax (Commercial Bldg.)	\$ 1,616,404	\$ 38,535,974	HOST Revenue	\$ 1,633,218	\$ 36,024,362
Reduced Property Tax (Bldg. D)	\$ 552,138	\$ 13,163,278	MARTA Tax	\$ 2,049,144	\$ 40,982,873
			ESPLOST Revenue	\$ 2,049,144	\$ 4,098,287
			Job Growth - Payroll	TBD	TBD
			Property Tax on Buildings ("B", "C", and Townhomes)	\$ 1,912,478	\$ 45,594,544
			Property Tax on personal property of retailers	\$ 290,900	\$ 5,817,997
			Property Tax on personal property of renters	\$ 268,072	\$ 5,761,440
			Business Licenses	\$ 159,288	\$ 3,185,756
			Cost of Services	\$ (566,088)	\$ (11,321,760)
			Cost to Educate	\$ (549,500)	\$ (10,990,000)
TOTAL ABATEMENT AMOUNT:	\$ 2,168,542	\$ 51,699,253	TOTAL COMMUNITY BENEFIT:	\$ 7,266,655	\$ 119,153,498
			TOTAL Benefit with ESPLOST renewal:	\$ 7,266,655	\$ 159,153,498

Indirect Economic Benefits

- A) 900 - 1100 potential jobs at prevailing wages
- B) Keeps DeKalb Dollars in County
 - Town Brookhaven to be only major retail establishment in area (as opposed to Buckhead or other outside of county)
- C) Personal Property Taxes (auto tax & tag fees) related to 981 residential units
- D) Personal Property Taxes paid by commercial tenants

Property Tax Abatement Analysis				
	2008 Property Taxes Paid	2010 Property Taxes Paid (project buildout)	2010 Property Taxes Abated (project buildout)	Abatement %
Property Tax Amount	\$ 458,271	\$ 1,912,478	\$ 2,168,542	
Abatement %				53.14%

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

¹ Community defined as DeKalb County Governing Authority, School Board, and MARTA combined revenues.

² Assuming the ESPLOST, which is currently set to expire in March 2012, will not be renewed.

³ Used \$0.50 - \$0.89 of property tax per square foot, based on other similar Sembler locations.

⁴ Estimate - 1500 cars w/ a value of \$12,000, 40% assessed rate and a millage of 0.04001.

⁵ 981 new residential units less 523 previously existing yields 458 net new units. Assuming 1.5 persons per unit with \$824 cost per person (per M. Bell DeKalb Co. CFO).

⁶ Based upon 100 total students with an annual cost to the DeKalb School Board of \$5,495; cost provided by Georgia Department of Education FY 2008 Annual Report.

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

Revenue	Year One ¹	Year 5 Cumulative	Year 10 Cumulative	Year 15 Cumulative	Year 20 Cumulative
Sales Tax					
DeKalb County - HOST ²	\$ 1,633,218	\$ 8,376,090	\$ 17,592,181	\$ 26,808,271	\$ 36,024,362
MARTA Tax	\$ 2,049,144	\$ 10,245,718	\$ 20,491,436	\$ 30,737,154	\$ 40,982,873
School Tax - ESPLOST ³	\$ 2,049,144	\$ 4,098,287	\$ 4,098,287	\$ 4,098,287	\$ 4,098,287
Business Licenses	\$ 159,288	\$ 796,439	\$ 1,592,878	\$ 2,389,317	\$ 3,185,756
Property Tax (After ad valorem property tax savings) ⁴					
Commercial ⁴	\$ -	\$ -	\$ -	\$ -	\$ -
Townhomes ^{4, 5}	\$ 571,343	\$ 2,926,194	\$ 6,144,580	\$ 9,697,937	\$ 13,621,132
Residential B ^{4, 5}	\$ 584,146	\$ 2,991,767	\$ 6,282,273	\$ 9,915,258	\$ 13,926,367
Residential C ^{4, 5}	\$ 756,989	\$ 3,877,002	\$ 8,141,138	\$ 12,849,088	\$ 18,047,045
Residential D ⁴	\$ -	\$ -	\$ -	\$ -	\$ -
NET TAX REVENUE	\$ 7,803,271	\$ 33,311,497	\$ 64,342,773	\$ 96,495,313	\$ 129,885,822

Footnotes:

¹ The analysis assumes that the first full year of operation for Town Brookhaven will begin in 2010.

² A specialty retailer is considering moving their national headquarters to this site. A HOST (1% of sales) rebate/refund is being considered for the first 4 years of operation; the remaining 16 years will be net revenue to DeKalb County.

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. This analysis accounts for the ESPLOST in Years 1 and 2 (2010 & 2011) and does not take it into account for 2012 and beyond.

⁴ For escalation purposes, it is assumed that FMV increases 2% after the end of year two 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 building and the residential D building only.

⁵ The above analysis assumes that residential buildings "B", "C", and "Townhomes" do not receive the benefit of any ad valorem property tax savings.