



Development Opportunities in Today's Challenging Market

I. Case Study Background

(i) Case Study 1 – Restructured existing municipal debt levied against property by refinancing through a newly created land secured special taxing district. Refinancing extended repayment term, reduced annual debt service, and created ability to fund additional public infrastructure. Reducing debt obligation provided developer more time to entitle and begin development.



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(ii) Case Study 2 – Negotiated public/private partnership to fund major road facility with regional impact. Public assistance reduced initial capital outlay for developer which allowed development to commence sooner than otherwise possible. Project was named “Master Planned Community of the Year” by the National Association of Home Builders.



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II. Basic Goals and Objectives of Engagement:

- (i) Maximize the value of project in an effort to provide reasonable returns in a challenging residential marketplace;
- (ii) Determine strategies for lowering existing property tax payments including, but not limited to, land secured special taxing districts if it could improve project's economic performance;
- (iii) Determine if new installations of special taxing districts, debt, and equity are available that can serve to lower the existing costs of such capital currently in use;
- (iv) Determine if onerous development conditions could be reduced, phased and/or delayed.



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III. Basic Overview of Land Secured Special Taxing Districts

(i) Land secured special taxing districts are used to finance the construction of basic public infrastructure such as, but not limited to,

- ▲ Water supply, sewer and waste water facilities;
- ▲ Roads, sidewalks, and street lights;
- ▲ Conservation areas, recreational facilities.

(ii) Impact on Capital Stack as a result of land secured financing

- ▲ Increase degree of creditworthiness/financial strength by providing alternate exit strategy;
- ▲ Reduce equity contribution from owner, or other sources, while retaining ownership;
- ▲ Reduce overall cost of capital.



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IV. Basic Strategies Employed

- (i) Delay, reduce, or eliminate onerous development obligations;
- (ii) Negotiate private/public partnership for mutual benefit;
- (iii) Buy distressed property at lower costs basis, for example from lender, investor or property owner, and restructure existing debt obligations to provide reasonable returns in lackluster market environment;
- (iv) Provide new capital to assist in negotiating settlement between issuer, lender, bondholder and borrower, in return receive ownership interest of profit participation.

- ▲ Negotiate debt restructuring plan with issuer, bondholder and/or lender.
- ▲ Preserve equity and allow fresh capital to participate.





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V. Measure of Success

- (i) Ability to accelerate timing of funding;
- (ii) Ability to increase amount of funding for upfront public infrastructure requirements.

VI. Retooling for the Future

- (i) Given number of distressed projects, use case studies as models to help assist developers/builders negotiate current market conditions;
- (ii) Seek public/private partnerships to enhance economic performance of project.



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VII. For Further Information

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