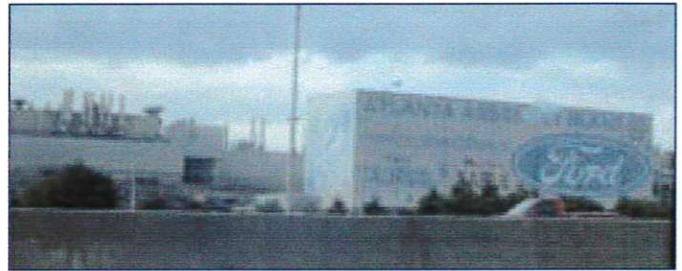


REDEVELOPMENT PLAN FOR THE CITY OF HAPEVILLE

TAX ALLOCATION DISTRICT #1: FORMER FORD ASSEMBLY PLANT SITE

DECEMBER 11, 2008



PREPARED FOR:

THE CITY OF HAPEVILLE
FULTON COUNTY AND THE
FULTON COUNTY SCHOOL DISTRICT



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* Headings followed by a letter in parenthesis [e.g. (A)] denote information required per Georgia Code Title 36, Chapter 44.

EXECUTIVE SUMMARY



THE OPPORTUNITY AND VISION

"Just as the Ford assembly plant has been an economic engine for the region for more than half a century, this redevelopment will build upon the powerful economic engine that is Hartsfield-Jackson Atlanta International Airport."

Jim Jacoby, Chairman and CEO of Jacoby Development, Inc. Excerpt from Ford Motor Company's June 12, 2008 press release announcing the sale of its 122-acre Atlanta Assembly Plant.

In June of 2008, the Ford Assembly Plant was sold to Jacoby Development, Inc. (JDI), developers of Atlantic Station in Midtown Atlanta. JDI has formed Airport Station, L.L.C. as the ownership entity to undertake the redevelopment of the site. Redevelopment of the former Ford Assembly Plant offers a similar opportunity to Atlantic Station to undertake a "smart growth" initiative on an environmentally impaired site and redevelop it into a valuable multi-use property combining office, retail, and hotel components.

KEY CHALLENGES

In 2006 and 2007, Hapeville officials and residents recognized that the Ford property was no longer viable for heavy industrial use and allowed the property to be rezoned for "Urban Village", mixed-use office and commercial development of the type envisioned in this redevelopment plan. However, the untested nature of the area as an office/retail location, coupled with the absence of nearby amenities for workers and visitors, requires the development of those amenities within the plan in order to attract tenant interest. Due to weaknesses in the surrounding sub-market, the proposed redevelopment will need to become a signature project for Hartsfield-Jackson Atlanta International Airport and

Atlanta's south side in order to be successful. This factor increases both development cost and marketing risk. The exorbitant up-front cost of building parking structures, amenities and infrastructure necessary to create a signature development at this location cannot be justified based on prevailing market values and rents. An expansive abandoned industrial site constitutes an economically-depressed area which contributes to unemployment, limits the tax resources of the City, Fulton County and the Fulton Board of Education while creating a greater demand on the tax resources of the taxing jurisdictions and has a deleterious effect on public welfare; therefore it has been determined that the economic development of the redevelopment area is in the public interest and that such redevelopment would not occur without successful implementation of this redevelopment plan and, as such, qualifies the site as a redevelopment area under the provisions of the Redevelopment Powers Law.

THE DEVELOPMENT PROGRAM

Redevelopment of the former Ford Assembly Plant site offers the opportunity to undertake a "smart growth" initiative on an environmentally impaired site and redevelop it into a valuable multi-use property combining office, retail, entertainment and hotel components. That potential is presented by the site's proximity to Hartsfield-Jackson International Airport and the opportunity to attract national and international employers that would not otherwise locate on the south side of Metro Atlanta. "Aerotropolis" – an aviation-intensive, amenity-laden business district that includes corporate headquarters, general office, restaurants and retail space, hotels and airport parking, will set a new standard for future redevelopment around the airport and become a catalyst for attracting global companies to the region. A realistic development scenario for the entire Ford site is illustrated in the following table.

Site Plan Development Components	Completion/ Tax Year	Project Totals		
		Building Units/S.F	Hotel Rooms	Estimated Market Value[2]
Parcels/Uses				
Airport Parking	2009			\$ 6,640,496
Corporate Office 1	2010	500,000		\$ 100,000,000
Neighborhood Retail	2010	88,000		\$ 12,760,000
Office 2	2010	278,000		\$ 50,040,000
Airport Concession/Support	2010	130,000		\$ 15,600,000
Corporate Office 2	2011	500,000		\$ 100,000,000
Hotel Pad 3/Conference	2011	557,800	483	\$ 125,505,000
Neighborhood Retail	2012	83,000		\$ 12,035,000
Office 3	2012	152,000		\$ 27,360,000
Regional Retail - Home Improvement Big Box	2012	135,000		\$ 19,575,000
Regional/National Big Box Discounter*	2012	208,000		\$ 30,160,000
Hotel Pad 2/Conference	2013	287,000	343	\$ 64,575,000
Regional Retail/Entertainment	2013	60,000		\$ 9,000,000
Corporate Office 3	2014	500,000		\$ 100,000,000
Office 4	2014	91,000		\$ 16,380,000
Hotel Pad 1	2014	293,000	310	\$ 58,600,000
Office 1	2015	385,000		\$ 69,300,000
Regional Retail/Entertainment	2015	316,000		\$ 47,400,000
Regional Retail/Entertainment	2015	152,000		\$ 22,800,000
Data Center*	2015	500,000		\$ 62,500,000
Neighborhood Retail	2016	120,000		\$ 17,400,000
Neighborhood Retail	2016	90,000		\$ 13,050,000
Green Building Mart - Conference	2016	751,000		\$ 150,200,000
Multi-Story Regional Retail Center*	2018	410,000		\$ 67,650,000
Total Value		6,586,800	1,136	\$ 1,198,530,496
				\$ (19,524,300)
Net New Real Property Tax Digest at Build Out				\$ 1,179,006,196

City of Hapeville Tax Allocation District #1: Former Ford Assembly Plant Site

NOTE: Development parcels marked with an asterisk [*] are partially or entirely located within the City of Atlanta. All other buildings would be located within Hapeville and the proposed TAD. More detailed site information is provided later in this report.

The total redevelopment project envisioned for the former Ford Assembly Plant site covers a total of roughly 122 acres in 4 tax parcels which were all part of the original Ford property. Two of these tax parcels totaling approximately 94 acres are located in the City of Hapeville, one parcel in Atlanta and one parcel in unincorporated Clayton County. Based on initial conceptual plans, the project has the potential to eventually encompass nearly 6.6 million SF of total building construction, including more than 1,100 hotel rooms.

The total development is expected to take nearly a decade to complete. Using current market values for comparable construction, the project is projected to have a market value of nearly \$1.2 billion at completion. Of this total program, it is estimated that approximately 6.2 million SF of development and approximately 91% of the property's total value would be physically located within the City of Hapeville and within the boundaries of the proposed Tax Allocation District. The balance of the planned development would occur within the City of Atlanta and unincorporated Clayton County.

HAPEVILLE TAD FORD ASSEMBLY PLANT SITE BOUNDARY

While the proposed project would span the entire Ford site, the redevelopment area and boundary for the proposed Tax Allocation District include only the two former Ford properties which are located within the City Limits of Hapeville, plus five other small parcels located along Henry Ford II Avenue. These five out parcels are not currently owned by Airport Station, L.L.C. but could eventually be incorporated into the overall redevelopment program. In total, the TAD contains approximately 102 acres plus rights-of-way and has a current digest value of \$7.8 million. The list of tax parcels forming the TAD and a map showing the TAD boundaries are provided in the Appendix of this report. The characteristics of the total redevelopment area and the TAD are summarized below.

Area	Acres	Existing Building SF	2008 Appraised Value	2008 Digest (40%) Value
Total Ford Redevelopment Site	122	2,278,259	\$22,803,800	\$9,121,520
Less Ford Parcels in Atlanta and Clayton County	(28)	(78,681)	(\$4,568,300)	(\$1,827,320)
Portion of Ford Property within the Hapeville City Limits and Proposed TAD	94	2,199,578	\$18,235,500	\$7,294,200
Additional Out Parcels included within the Proposed TAD	8	3,884	\$1,288,800	\$515,520
Total Boundaries: Hapeville TAD #1	102	2,203,462	\$19,524,300	\$7,809,720

POTENTIAL TAD FUNDING

At the time this redevelopment plan was prepared, Georgia law limited the participation of school districts in TADs to certain education purposes. In November 2008, a proposed constitutional amendment passed by statewide referendum, which enables Georgia school districts to consent to the use of school tax increment for broader redevelopment purposes. However, it is likely that in early 2009, the Georgia Legislature will amend the Redevelopment Powers Law to impose certain financial parameters on school district participation in TADs. If imposed, those amendments won't be known until April or May of 2009. However, this plan also anticipates that the City of Hapeville will ask the Fulton County School Board to consent to the proposed Hapeville TAD after the new rules are

known. In light of the current uncertainty over school district participation, this plan presents two scenarios, one relies only upon the consent of the City of Hapeville and Fulton County to pledge their respective real property tax increments to support the issuance of TAD bonds.

In total, the \$1.2 billion proposed redevelopment project would generate roughly \$418 million in new taxable property within the City of Hapeville and the proposed TAD when completed in 2017. This digest growth is projected to generate roughly \$17.7 million in new annual real property taxes for the three taxing jurisdictions at projected millage rates.¹ This total includes \$6.2 million for the City of Hapeville, \$4.3 million for Fulton County and \$7.1 million for the School District. Based upon the anticipated phasing of redevelopment, this projected investment could potentially support more \$88.7 million in total TAD funding if supported by City and County increment only. These proceeds would be phased over two bond issues beginning in 2011. If the school district participates, total supportable TAD funding increases to \$125.7 million and the phasing of bond issues could be accelerated by a year. Of these total anticipated TAD bond proceeds, approximately \$66 million to \$93.5 million could be made available to support infrastructure costs or pay other redevelopment.²

The successful redevelopment of the Ford Assembly Plant site would have dramatic economic impact on the City of Hapeville, Fulton County and the Fulton County School District. The \$1.2 billion project would increase the tax digest of Hapeville and the Fulton County School District by \$418.6 million, which is equivalent to 132% of Hapeville's current digest of \$317.6 million. Fulton County is projected to experience an additional \$42.7 million in digest growth outside of the TAD, which would produce tax increment that would flow directly to the County's general fund.³ Fiscal benefits to the taxing jurisdictions are summarized in the following table.

Key Economic Benefits of Ford Assembly Plant Site		
1.	Market Value of Project at Completion	\$1,177,238,000
2.	Incremental Increase in Hapeville Tax Digest	\$418,568,900
	% of Current Hapeville Tax Digest	132%
	Incremental increase in Fulton County Tax Digest	\$461,307,000
3.	Incremental Annual Real Property Tax Revenues at Build Out (2017)	
	City of Hapeville	\$6,174,300
	Fulton County	\$4,344,800
	Fulton County School District	\$7,143,300
4.	Estimated Annual LOST Revenues (2020)	\$3,646,000
5.	Estimated Annual Hotel/Motel Taxes (2020)	\$4,009,000
6.	Leverage	\$9 -\$13 in private investment per \$1 of TAD funding

¹ Financial projections contained in this plan are based on 2007 data for Fulton & School District and projects a reduced millage for Hapeville.

² The range of funds available for redevelopment costs is determined with and without school district participation. The amount of funding available for project costs represents the net bond proceeds after deducting issuance costs, capitalized interest and reserves.

³ The City of Atlanta and Atlanta Public Schools would also benefit from the \$42.7 million in digest growth projected on the Atlanta portion of the Ford Assembly Plant redevelopment site.

At this time, JDI is requesting \$60 million in TAD proceeds to offset approximately 50% of the developer's anticipated investment in on-site infrastructure improvements to directly support the proposed redevelopment plan. The balance of bonding capacity would be available for contingencies or invested by the City for other supportive public improvements within the TAD or for other redevelopment costs. The reinvestment of these future TAD revenues in the project would provide the needed financial support to deal with several challenging issues faced by the development team in creating this project such as:

- High land acquisition and demolition costs
- Significant site preparation costs
- The substantial cost of providing many public amenities on site
- The cost of providing structured parking to achieve the vision for the project and
- Necessary public improvements to support development.

ASSESSED VALUATION FOR TAD AND TAX ALLOCATION INCREMENT BASE

The tax allocation district defined in this Redevelopment Plan contains seven tax parcels, including one tax-exempt property owned by the City of Hapeville. These TAD parcels have a combined 2008 appraised value of \$20,120,200, and an assessed value of \$7,809,720 according to tax data from the Fulton County GIS system. At the time this plan was prepared, Hapeville's 2008 complete digest and 2008 millage rate were not yet available. In 2007 however, the City's net M&O digest was \$317,580,058. Therefore, the proposed TAD represents roughly 2.5% of Hapeville's tax digest, well below the 10% maximum value limitation for all TADs in a given jurisdiction set forth in the Redevelopment Powers Law. Total 2008 real estate taxes paid by properties within the proposed redevelopment area and TAD are estimated at \$129,700 to the City of Hapeville, \$89,300 to Fulton County and \$132,000 to the School District.

Upon completion of the proposed redevelopment within Hapeville TAD #1, as presented in this plan, the tax allocation district is projected to have an estimated digest value of \$425,863,000, a 57-fold increase over the 2008 taxable value.

These findings are described in more detail in the following sections.