

TIF District/Project Status Report
Fiscal Year Ending June 30, 2004
(Pursuant to WV Code 7-11B-15)

Municipality: City of Morgantown
389 Spruce Street
Morgantown, WV 26505

Contact: Dan Boroff, City Manager
304-284-7405/(fax) 304-284-7430
citymanager@morgantown.com

District: Falling Run Development/Redevelopment District #1
Project: Phase 1 of the Square at Falling Run

- | | |
|--|-----------------|
| 1) Aggregate amount and amount by source of revenue | \$ 0 |
| 2) Amount and purpose of expenditures: | |
| Appraisal fees | \$ 9,900.00 |
| Appraisal review | 1,125.00 |
| Surveying & drafting | 2,821.40 |
| Engineering – right-of-ways | <u>1,446.02</u> |
| | \$15,292.42 |
| 3) Amount of any pledge of revenues, including principal and interest on any outstanding tax increment financing indebtedness: | |
| | \$ 0 |
| 4) Base-assessed value of the development/redevelopment project area: | |
| | \$6,778,455 |
| 5) Assessed value for the current year of the taxable property having a tax situs in the development/redevelopment project area: | |
| | \$6,949,990 |
| 6) Assessed value added to base-assessed value of the taxable property having a tax situs in the development/redevelopment project area: | |
| | \$171,535 |
| 7) Payments made in lieu of taxes received and expended: | |
| | \$ 0 |
| 8) Contracts made incidental to the implementation and furtherance of a development/redevelopment project: | |
| | Attachment 1 |
| 9) Copy of any development/redevelopment plan, including required findings and cost-benefit analysis: | |
| | Attachment 2 |

- | | |
|--|---|
| 10) Cost of any property acquired, disposed of, rehabilitated, reconstructed, repaired, or remodeled: | \$ 0 |
| 11) Number of parcels of land acquired by or through the initiation of eminent domain proceedings: | None |
| 12) Number and types of jobs projected by the project developer to be created, estimated annualized wages and benefits to be paid to persons filling those jobs: | Attachment 3 |
| 13) Number, type and duration of jobs created and annualized wages and benefits paid: | None |
| 14) Amount of disbursements from the tax increment financing fund during the most recently completed fiscal year: | \$ 15,292.42 |
| 15) Annual statement showing payments made in lieu of taxes received and expended during the fiscal year: | None |
| 16) Status of the development/redevelopment project: | Attachment 4 |
| 17) Amount of outstanding tax increment financing obligations: | \$ 0 |
| 18) Additional information: | All expenditures listed in 2) and 14) above were paid by advances from the City of Morgantown to the TIF Fund |

I hereby certify that the information contained in this report, including all attachments, is true and accurate to the best of my knowledge.

September 13, 2004
Date


Dan Boroff, City Manager

MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING (“MOU”), is made and entered into as of this 4th day of December, 2003, by and between the CITY OF MORGANTOWN, a municipal corporation of the State of West Virginia (“City”), and THE BOARD OF GOVERNORS OF WEST VIRGINIA UNIVERSITY, on behalf of West Virginia University, an agency of the State of West Virginia (“WVU”).

WHEREAS, the City has received a request from The Square at Falling Run, LLC, a West Virginia limited liability company (“Company”), to jointly develop a project in the vicinity of Falling Run Road, near the campus of WVU in the City of Morgantown, Monongalia County, West Virginia;

WHEREAS, the project consists generally of the demolition of existing residences and buildings and the acquisition, construction and equipping of a new business and residential community to be known as “The Square at Falling Run,” which will include apartment complexes, commercial and retail facilities, a Cineplex, a parking garage, a town square, the construction of a connector road between University Avenue and U.S. Route 119, and other facilities (collectively, the “Project”);

WHEREAS, the City has agreed to cooperate with the Company in the development of the Project and specifically, to finance a portion of the Project, consisting primarily of a parking garage (approximately 1700 spaces) and the site thereof (the “Parking Garage”), through the issuance of tax increment financing bonds or other obligations, pursuant to the West Virginia Tax Increment Financing Act, Chapter 7, Article 11B of the West Virginia Code of 1931, as amended (the “TIF Act”);

WHEREAS, a portion of the proposed site of the Parking Garage is currently owned by WVU;

WHEREAS, a portion of the land through which the proposed connector road (the “Connector Road”) must pass is currently owned by WVU;

WHEREAS, in order to proceed with the financing, design, acquisition, construction and equipping of the Parking Garage and the Connector Road, it is necessary for the City to obtain land from WVU;

WHEREAS, pursuant to Chapter 1, Article 5, Section 3 of the West Virginia Code of 1931, as amended (the "Property Transfer Act"), any public body is authorized and empowered to acquire or dispose of by sale, transfer or exchange to or with any other public bodies, any real property owned by it, any such acquisition or disposition to be upon such terms and conditions as may be agreed upon by and between such public bodies;

WHEREAS, the City has determined that such property is needed by the City to enable it to acquire, construct and equip the Parking Garage and the Connector Road;

WHEREAS, WVU is willing to convey such property to the City of Morgantown following agreement with respect to the purchase price thereof and taking into consideration the conditions and acceptable design for such sale set forth herein, its intended use, and allowing provisions for reacquiring such real estate in the event that the commencement of construction of the Parking Garage does not occur on a timely basis;

WHEREAS, the City and WVU have determined to set forth the following agreements and understandings with respect to the conveyance of such real estate in this MOU so that both parties and the Company may proceed in good faith to take such actions as necessary to proceed with the financing, design, acquisition, construction, and equipping of the Project;

NOW, THEREFORE, WITNESSETH: That in consideration of the foregoing premises, the mutual benefits to be derived by each of the parties hereto and the mutual understandings hereinafter set forth, the City and WVU hereby agree as follows:

1. Purchase and Sale of Property. Subject to and in accordance with the terms and provisions of this MOU, and approval of such disposition by the West Virginia University Board of Governors and the West Virginia Board of Public Works, WVU hereby agrees to sell to the City and the City, subject to approval of such purchase by the Morgantown City Council, hereby agrees to purchase from WVU, the Property, which term "Property" shall mean and include the following:

- (a) Parcel A: That certain tract or parcel of land designated on Map 20, Parcel 402 and 402.1 in Third Ward, City of Morgantown, Monongalia County, West Virginia. The exact acreage will be determined by survey and agreement of the parties.
- (b) Parcel B: That certain tract or parcel of land designated on Map 20, Parcel 400 in Third Ward, City of Morgantown, Monongalia County, West

Virginia. The exact acreage will be determined by survey and agreement of the parties.

- (c) Parcel C: A strip of land, the exact route and dimensions of which will be determined by subsequent survey and agreement of the parties, through and across those certain tracts or parcels of land designated on Map 21, Parcel 73 in Fifth Ward of the City of Morgantown and Map 58 Parcel 3 in the Fifth Ward of the City of Morgantown, Monongalia County, West Virginia.
- (d) All rights, privileges and easements appurtenant to the above-described properties, including all water rights or other appurtenances thereto, and all right, title and interest of WVU, if any, in and to any land lying in the bed of the street or road adjacent to or abutting such properties.

2. Purchase Price; Closing. The Purchase Price (the "Purchase Price") to be paid by Purchaser to Seller for the Property shall be determined as follows:

(a) Upon the completion of two independent appraisals, such appraisals will be reviewed by a third appraiser, who will make the final determination of the fair market value of each of the parcels constituting the Property, and communicate such findings to the City and WVU. The parties shall each select one independent appraiser and the third appraiser shall be agreed to by both parties. All costs for such appraisals shall be paid by the City, or by the Company, subject to reimbursement via TIF proceeds;

(b) Upon determination of the fair market value of each of the parcels constituting the Property to the satisfaction of the City and WVU and as funds become available, the City will purchase the Property or portions thereof from WVU at such times as shall be determined by the City, with proper approval by City Council. The City shall take possession of the Property, or any portion thereof, upon the closing of the purchase of such parcels. Said closings shall be scheduled at a mutually convenient time for the parties.

3. Development Plans. The parties hereto acknowledge that the City intends to develop the Property for use as the Parking Garage and Connector Road (the "City's Intended Use"), and that the City will develop the Property and secure all approvals and permits necessary to develop the Property for the City's Intended Use, including all subdivision plats and permits.

4. Inspection and Survey. The exact lines of the Property and the description thereof shall be determined by a boundary survey to be done by a surveyor selected by the City and who is reasonably acceptable to WVU. WVU agrees that the deed or deeds shall convey the Property as agreed to by the parties and described by the surveyor. All costs for the survey will be paid by City, or by the Company, subject to reimbursement via TIF proceeds.

At any time prior to the closing of the purchase of the Property as contemplated by this MOU, the City, or City's representatives, agents, and employees, shall have reasonable access to enter and inspect the Property such that the City may conduct all independent investigations and surveys desired by City in regard to any and all matters concerning the Property.

5. WVU's Title. At each closing for the parcels constituting the Property or portions thereof, WVU shall convey such parcels or portions to the City by special warranty deed conveying title to the surface, subject to any and all easements, covenants, and restrictions of record. The City will acquire the Property "AS IS" based on such independent inspection, investigation and analysis as the City, at its option, shall have made with respect to all aspects of the acquisition, condition, use, utilization, development, improvement and disposition of the Property.

6. Design and Engineering. As to Parcels A and B, City and WVU agree that WVU reserves the right to oversee the architecture, engineering, and design of the construction of the parking garage and to approve the degree of set back from existing buildings, the location of the ramps, entrances, and exits, and the look of the resulting new construction that abuts the WVU campus. The parties shall accept and approve said architecture, engineering, and design prior to any commencement of construction. These parcels of property may not be used for a surface parking lot at any time. Furthermore, the parties agree that WVU reserves the right to oversee the engineering and design of the Connector Road, which shall be constructed on Parcel C. The parties shall accept and approve said engineering and design prior to the commencement of construction.

7. Repurchase Option. In the event the acquisition and construction of the Parking Garage is not commenced by August 31, 2008, or the acquisition and construction of the Connector Road is not commenced by August 31, 2010, or in the event that the Property is used or an attempt is made to use the Property for any purpose other than the City's Intended Use,

WVU shall have the right, but not the obligation, to exercise, by delivery of notice thereof to the City within sixty (60) days following such date, the right to purchase the applicable portion of the Property for the same amount previously paid by the City (the "Repurchase Price"), unless such failure to commence the acquisition and construction of the Parking Garage or the Connector Road prior to such date is caused by an unavoidable delay. The Connector Road is a requirement for the garage to alleviate traffic on University Avenue.

8. Notices. Wherever any notice or other communication is required or permitted hereunder, such notice or other communication shall be in writing and shall be delivered by hand or sent by facsimile or by U.S. mail to the addresses set out below or at such other addresses as are specified by written notice delivered in accordance herewith:

CITY:

Mr. Dan Boroff, City Manager
389 Spruce Street
Morgantown, WV 26505

WVU:

Scott C. Kelley
Vice President of Administration, Finance and Human Resources
West Virginia University
P.O. Box 6205
Morgantown, WV 26506-6205

9. Authority. The undersigned persons executing this MOU on behalf of the City and WVU represent and certify that: (a) they are fully empowered and duly authorized by all necessary action of the City and WVU, respectively, to execute and deliver this MOU and (b) they have full capacity, power and authority to enter into and carry out this MOU.

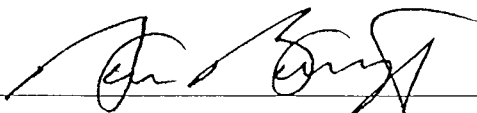
WITNESS the following signatures:

WEST VIRGINIA UNIVERSITY
BOARD OF GOVERNORS on behalf of West
Virginia University
David C. Hardesty, Jr., President

By: Scott C. Kelley

Its Vice President of Administration, Finance,
and Human Resources

CITY OF MORGANTOWN

By: 
Its CITY MANAGER

Section II.A: Detailed Description of Project

Project Plan

The City's Project Plan for Phase 1 of SFR and Phase 2 of The Square at Falling Run ("Phase 2 of SFR") centers around (i) the construction and equipping of a multi-level parking garage, consisting of approximately 1,750 parking spaces, (ii) the acquisition of land upon which the parking garage is to be constructed and equipped, (iii) the widening of and improvement to existing public roads within the TIF District, and (iv) the acquisition and construction of infrastructure within the TIF District. The parking garage may be constructed in a manner to permit the City to lease or otherwise convey air space above the parking garage for commercial development by the Project Developer. The Project Plan includes expected land acquisition and/or easements from West Virginia University ("WVU"). The City is seeking approval for the Phase 1 of SFR Project Plan only.

Tax Increment Revenue Bonds

The City plans to issue two series of tax-exempt revenue bonds to complete the Project Plan. Proceeds of the first series of tax increment revenue bonds ("Phase 1 TIF Bonds") are to be used, among other things (i) for the widening of and improvement to existing public roads within the TIF District, (ii) to provide for the acquisition and construction of infrastructure within the TIF District, (iii) to acquire real property within the TIF District for development, redevelopment and/or rehabilitation in accordance with the Project Plan, (iv) to fund reserves for the bonds, (v) to fund capitalized interest on the bonds, and (vi) to pay costs of issuance of the bonds.

Proceeds of the second series of tax-exempt revenue bonds ("Phase 2 TIF Bonds") are planned to be used, among other things to (i) construct and equip the above described parking garage, (ii) acquire additional land upon which the parking garage is to be constructed and equipped, (iii) to fund reserves for the Phase 2 TIF Bonds, (v) to fund capitalized interest on the Phase 2 TIF Bonds, and (vi) to pay costs of issuance of the Phase 2 TIF Bonds.

Land Acquisition and Easements

The City plans to acquire land from proceeds of the Phase 1 TIF Bonds and Phase 2 TIF Bonds for construction and equipping of the parking garage. Should the Project Plan not be developed substantially as planned, any land acquired by the City will revert to the original owners.

Boundaries of the Phase 1 of SFR Project Plan Area

A map highlighting the land parcels of the proposed Boundaries of the Phase 1 of SFR Project Plan Area is provided in **Attachment 1**. The boundaries include a total of 62 land parcels, comprising of approximately 7 acres within the TIF District. A general description of the Boundaries of the TIF District is provided in Attachment 1 of the **Application for Creation of a Development/Redevelopment District**.

Section II.B: Estimates**Projected Increase in Taxable Property within the TIF District**

The Base Assessed Value of the real and personal property within the TIF District will be certified by the Monongalia County Assessor prior to the publication of the first notice of the public hearing. Upon completion of Phase 1 of SFR, the value of the taxable real property within the TIF District (as of July 1, 2006) is projected to increase at least \$25,390,376. The construction of The Augusta (see description below under **Job Creation within the TIF District**) is expected to account for the projected increase in taxable real property within the TIF District as follows:

| | | |
|-----------------------------------|--------------|------------------------------------|
| Construction cost | \$24,397,000 | |
| Less Site-Related Costs | \$ 772,000 | |
| Less Demolition Costs | \$ 70,004 | |
| Plus Interest During Construction | \$ 800,172 | |
| Total Building Value | \$24,355,160 | |
| Plus Appraised Value of Land | \$ 1,035,208 | (42,689 sq ft @ \$24.25 per sq ft) |
| Total Building and Land Value | \$25,390,376 | |

Job Creation within the Boundaries of the Project Plan Area

There will be job creation within the Boundaries of the Phase of SFR Project Plan Area as a result of the planned Public Improvements (detailed in **Section II.C**) to be made from proceeds of the Phase 1 TIF Bonds. Most of the jobs to be created are anticipated to be construction related, though the City may create full or part-time jobs to operate and maintain a surface parking lot if constructed from proceeds of the Phase 1 TIF Bonds.

Job Creation within the TIF District

When overall development within the TIF District is completed it is estimated to generate approximately 2,200 jobs. During the three phases of construction within the TIF District, an estimated 1,029 construction jobs and an estimated 350 construction-related jobs will be created. The construction-related jobs are generated by the demands on equipment and supplies and the income generated by the construction workers. The permanent jobs will include many high-paying, technical jobs associated closely with the biometrics, forensic identification, and other WVU-oriented fields.

The Augusta will be constructed during Phase 1 development within the TIF District. The Augusta will be a 15-story apartment house (outside of the Boundaries of the Phase 1 of SFR Project Plan Area but within the TIF District) and will include approximately 176 units of housing, which have been designed to be university oriented and appealing to the general market in the City. The Project Developer estimates that 100 to 200 workers will be required to complete construction. These are classified as full-time temporary jobs. The chart on the next page details the estimated job creation from The Augusta.

Section II.C: Public Improvements

The following is a preliminary description and estimated cost of public improvements to be completed within the Boundaries of the Project Plan Area from proceeds of the Phase 1 TIF Bonds:

| <u>Anticipated Public Improvements</u> | <u>Estimated Cost</u> |
|--|-----------------------|
| Streets Widening of and/or improvement to streets in the Boundaries of the Project Area | S 545,000 |
| Public Infrastructure Acquisition of and/or improvements to public infrastructure, including sewer, storm water, fire safety, erosion and sediment control, sidewalks, and/or lighting | S 116,000 |
| Parking Acquisition of real property for purposes of construction and equipping of parking facilities. Demolition of existing buildings. | \$2,113,000 |
| Total: | \$2,774,000 |

Section 5. Job Creation Information

This section needs to be completed only if the project will create new jobs.
The Square at Falling Run will generate a significant number of temporary construction jobs as well as a number of full time jobs. The Full-Time equivalents listed below represent the Construction and building related jobs in the years 1 and 2, and year 3 represents jobs created to maintain and operate the facilities.

A. FULL-TIME OR FULL-TIME EQUIVALENTS (FTE) TO BE CREATED

| CATEGORY | Number of FTE Employees for the West Virginia Project after | | | | SALARY/WAGE RANGE | HEALTH BENEFITS Yes or No |
|-------------------|---|-------|-------|-------|-------------------|---------------------------|
| | Current | 1 YR. | 2 YR. | 3 YR. | | |
| Professional | 0 | 25 | 51 | 123 | \$40-\$55K | Yes |
| Clerical & Admin. | 0 | 34 | 36 | 212 | \$25-\$35K | Yes |
| Skilled | 5 | 896 | 923 | 75 | \$20-\$30K | Yes |
| Semi-Skilled | 0 | 749 | 770 | 285 | \$17-\$25K | Yes |
| Unskilled | 0 | 498 | 4222 | 128 | \$17-\$25K | Yes |
| TOTAL | 0 | 2202 | 2202 | 823 | | |

B. DESCRIBE BENEFIT PACKAGES

The Square at Falling Run, LLC. Commits to the Committee that our benefit package will be competitive with benefit packages offered by similar projects.

C. IF APPLICABLE, EXPLAIN HOW THE PROJECT WILL RETAIN EXISTING JOBS

NOT APPLICABLE



The City of Morgantown

389 SPRUCE STREET
MORGANTOWN, WEST VIRGINIA 26505
(304) 284-7405 TDD (304) 284-7512

OFFICE OF CITY MANAGER

There has been no physical activity at this time on the Square at Falling Run Tax Increment Financing District Developments. Developments continue to be in the planning phase. Property acquisition through the West Virginia Economic Development Grant will soon provide the land that will be occupied by the

Estimated Job Creation from The Augusta

| | |
|----------------------------|--------------------------------------|
| Job Category | Professional |
| Wages: | \$75,000 to \$150,000 |
| Benefits: | Industry Standards |
| Construction Jobs: | 3 |
| Permanent: | 1 |
| Subtotal: | 4 |
| 2. Job Category | Clerical & Administration |
| Wages: | \$25,000 to \$75,000 |
| Benefits: | Industry Standards |
| Construction Jobs: | 5 |
| Permanent: | 2 |
| Subtotal: | 7 |
| 3. Job Category | Skilled |
| Wages: | \$40,000 to \$75,000 |
| Benefits: | Industry Standards |
| Construction Jobs: | 30 |
| Permanent: | 3 |
| Subtotal: | 33 |
| 4. Job Category | Semi-Skilled |
| Wages: | \$20,000 to \$40,000 |
| Benefits: | Industry Standards |
| Construction Jobs: | Est. 85 -117 |
| Permanent: | 1 |
| Subtotal: | 86-118 |
| 5. Job Category | Unskilled |
| Wages: | \$15,000 to \$20,000 |
| Benefits: | Industry Standards |
| Construction Jobs: | Est. 27-45 |
| Permanent: | 3 |
| Subtotal: | 29-47 |
| Full Time Subtotals | |
| Construction: | 100-200 |
| Permanent: | 10 |
| Total: | 110-210 |

Section II.D: Estimated Breakdown of Project Costs

The City plans to issue Phase 1 TIF Bonds to finance the costs of public improvements described in **Section II.C**. An estimate of the sources and uses of funds from the issuance of Phase 1 TIF Bonds is provided below.

| The City of Morgantown (West Virginia) Tax Increment Revenue Bonds, Series 2003 | | |
|---|-------------|-------------|
| Source of Funds: | | |
| Estimated Par Amount of Phase 1 TIF Bonds | | \$3,835,000 |
| Uses of Funds: | | |
| Deposit to Debt Service Reserve Fund | \$383,500 | |
| Deposit to Capitalized Interest Fund | \$427,500 | |
| Deposit to Project Fund (see Section II.C) | \$2,774,000 | |
| Estimated Costs of Issuance (1) | \$250,000 | |
| Estimated Uses of Funds | | \$3,835,000 |
| <p>(1) Costs of Issuance of the Phase 1 TIF Bonds include (but are not necessarily limited to): underwriter's discount, legal fees (Bond Counsel, Underwriter's Counsel, Issuer's Counsel), accounting fees, appraisal fees, feasibility study fees, and/or printing.</p> | | |