



GREATER CRISFIELD ACTION COALITION

THOMAS | MICHAEL LLC

Improving Communities Through Smart Decisions by the Public and Private Sectors



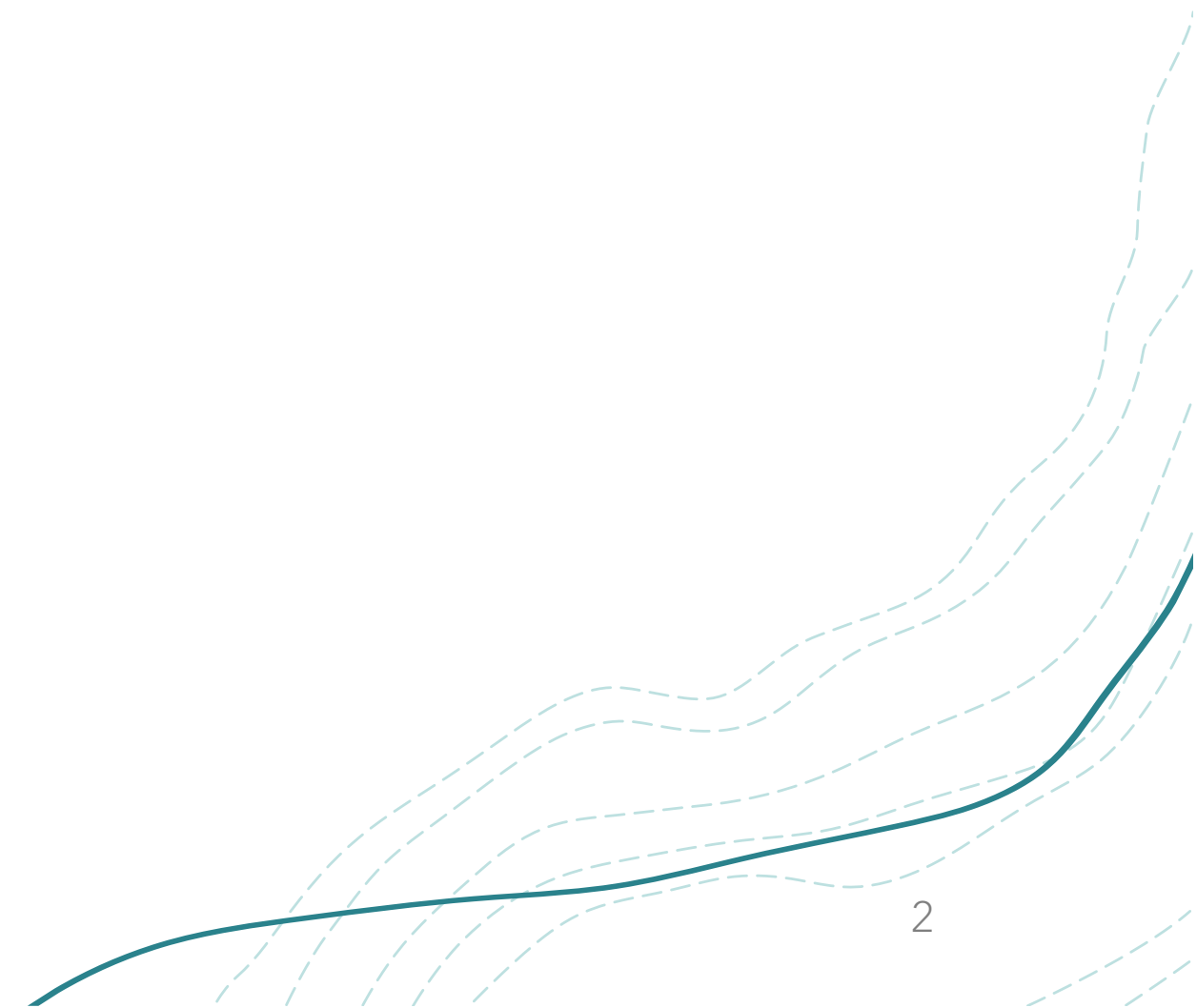
WORKING WITH GCAC TO ATTRACT PUBLIC AND PRIVATE INVESTMENTS TO THE CRISFIELD AREA

November 17, 2022

GCAC Reception and Update
Crisfield Library

AGENDA

- Using Municipal Bonds to Attract Private Investment
- Expanding Economic Development Opportunities in Crisfield
- The Future Starts Now





GCAC
GREATER CRISFIELD ACTION COALITION

SOMERSET COUNTY
ECONOMIC DEVELOPMENT COMMISSION

Municipal Bond Seminar
August 2021

THOMAS | MICHAEL, LLC

STIFEL | Public Finance

USING MUNICIPAL BONDS TO ATTRACT PRIVATE INVESTMENT

DEVELOPMENT FINANCE TOOLS

- Local governments have traditionally used real estate taxes as a source of revenue to pay for public infrastructure improvements for the benefit of their citizens.
- Increasing taxes, however, has become less and less of a viable option over time.
- Local governments, in partnership with developers, have come up with new funding sources to support growth and the development of public infrastructure improvements.
- Special taxing districts and tax increment financing districts provide low-cost, long-term sources of capital.
 - Special Taxing Districts - impose an additional special tax only on property which benefits from the public infrastructure improvements to finance infrastructure costs.
 - Tax Increment Financing Districts - uses the additional real property tax revenue generated by the new development to finance public infrastructure costs.

CASE STUDY 1

Prince George's County, Maryland HAMPTON PARK PROJECT | \$14,215,000 *Special Obligation Bonds, Series 2019A & 2019B*

Location	<ul style="list-style-type: none"> Prince George's County, Maryland, at the intersection of Central Avenue and the Capital Beltway
Project	<ul style="list-style-type: none"> Upon completion, the Project is expected to consist of a mix of office, multifamily residential, retail and hotel uses, including approximately 198 multifamily units, approx. 120 hotel rooms, approx. 96,000 square feet of retail space and approx. 115,000 square feet of office space (which is expected to include the County's Health and Human Services Department) and an associated parking garage with approx. 291 parking spaces, with anticipated completion of all phases in 2022.
Purpose	<ul style="list-style-type: none"> Finance or refinance the costs of certain public improvements including site demolition and earthwork, road and sidewalk improvements, utilities, and a parking garage, within or reasonably related to other infrastructure improvements.
Developer	<ul style="list-style-type: none"> Joint venture between ARCTRUST and Velocity Capital
Security	<ul style="list-style-type: none"> Incremental Property Tax Revenue Transient occupancy taxes levied on hotels within the District Special Property Taxes levied in the event that TIF revenues are insufficient to cover debt service Debt service reserve fund
Special Features	<ul style="list-style-type: none"> A letter of credit in the amount of \$1.1 million is also pledged as security for the Senior Series A Bonds. In the event the special taxes are not paid on the hotel parcel, the full amount of the letter of credit will be drawn and used to redeem Series A Bonds. While there was existing neighborhood retail operating in the District at the time of the offering, no construction related to the project had commenced Series B Bonds are subordinate and purchased by an affiliate of the Developer. Bonds were issued in denominations of \$100,000 and sold only to Qualified Institutional Buyers and Accredited Investors. The County also issued Certificates of Participation to finance a portion of the public infrastructure related to the project



- Road and sidewalk improvements
- Utilities
- Parking
- Site demolition
- Grading and erosion control
- Landscaping
- Stormwater

CASE STUDY 2

Revenue Authority of Prince George's County, MD SUITLAND-NAYLOR ROAD PROJECT | \$28,000,000 *Special Obligation Bonds, Series 2016*



Location	<ul style="list-style-type: none"> Two miles southeast of the District of Columbia surrounding the Suitland and Naylor Road Metrorail.
Project	<ul style="list-style-type: none"> 1,800 acres consisting primarily of retail properties, single-family housing and rental apartments
Purpose	<ul style="list-style-type: none"> To fund the purchase and assembling of land for the purpose of encouraging the development of various properties in the Development District.
Security	<ul style="list-style-type: none"> Tax Increment Revenues Debt Service Reserve Fund - \$2.8 million Working Capital - \$2.3 million Surplus Reserve Fund - \$2.0 million from the Issuer
Special Features	<ul style="list-style-type: none"> The non-rated issue was structured using super sinking bonds with an all-in rate of 4.88% After payment of interest and expenses, net revenues go to call Bonds in order of maturity Redemptions limited to Maximum Cumulative Redemption schedule, which is based upon 2% annual growth in assessed value A minimum overall inflation rate of 0.954% of growth of existing development was required in order for there to be sufficient revenues to pay debt; historical growth rate in the District was 4%. The District had not experienced any significant development in the past decade with extremely low wealth indicators and a historic reputation for a high crime rate



- Land acquisition
- Building demolition



EXPANDING ECONOMIC DEVELOPMENT OPPORTUNITIES IN CRISFIELD



PROJECT GOALS AND OBJECTIVES

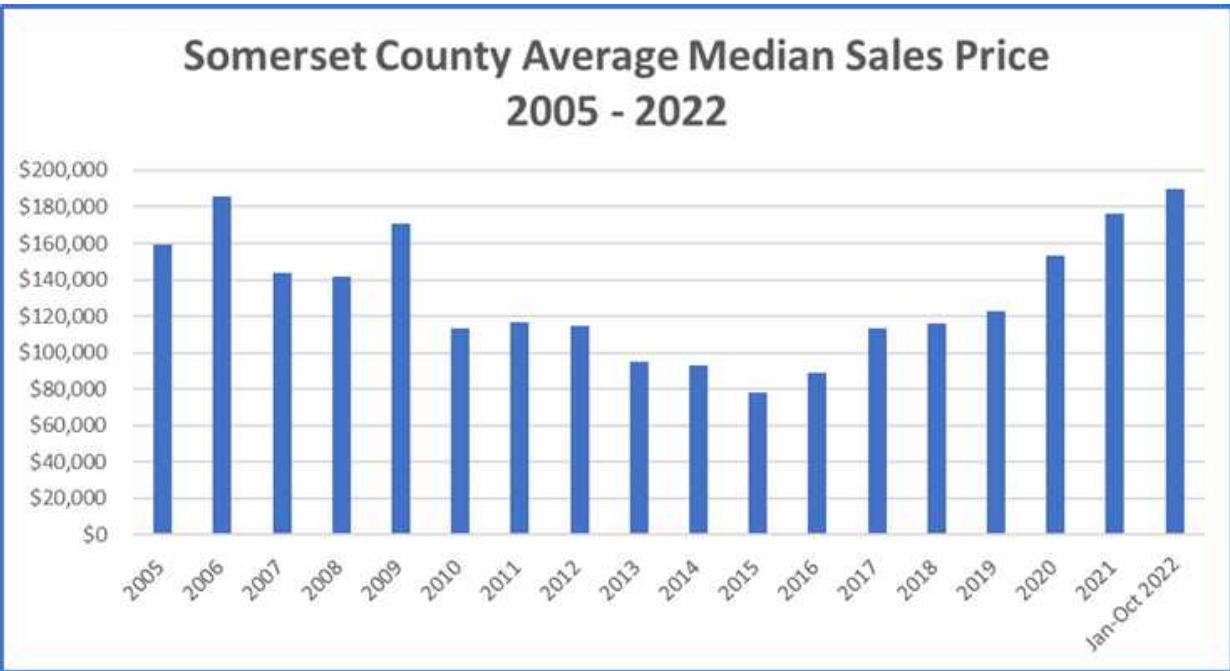
Expand private sector investments, especially in housing and tourism areas, in the City of Crisfield and nearby vicinity that will:

- Bolster, and potentially expand, the City's economy, especially the retail and restaurant industries
- Expand the City's tax base (real property and income)
- Enhance tourism opportunities for the City (e.g., increase in visitors)
- Create a more vibrant downtown

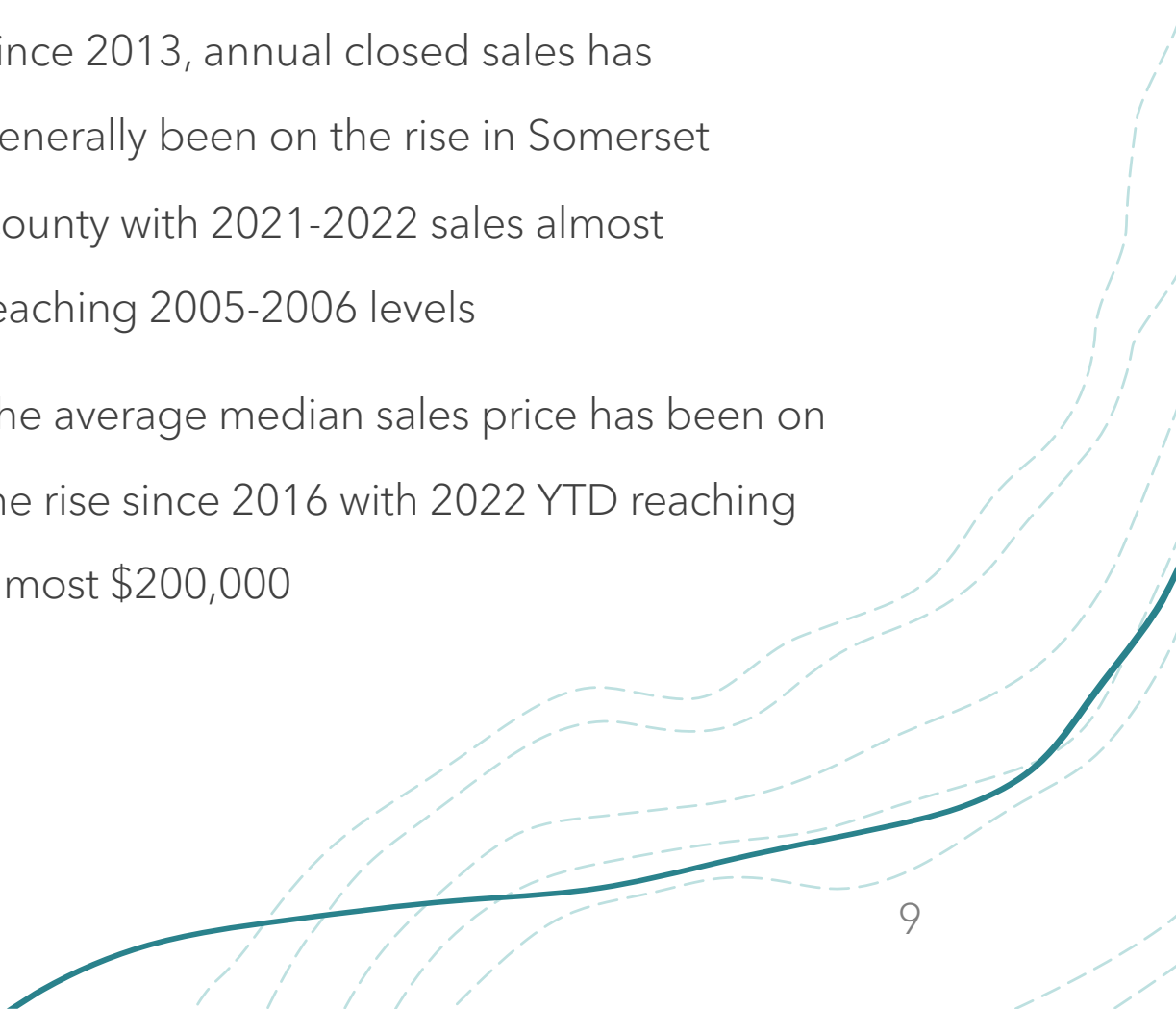




SOMERSET COUNTY RESIDENTIAL MARKET



- Between 2005 and 2022 YTD, the Somerset County residential real estate market experienced ups and downs - ups (2005-2006 housing bubble, 2021 to present) and downs (2007-2009 Great Recession)
- Since 2013, annual closed sales has generally been on the rise in Somerset County with 2021-2022 sales almost reaching 2005-2006 levels
- The average median sales price has been on the rise since 2016 with 2022 YTD reaching almost \$200,000



Promising Opportunities



Waters Edge

- Almost 9 acres comprised of 66 vacant parcels
 - subdivided into 66 lots (28 townhouse and 38 single-family)
- Asking Price: \$1.35 million
- Current assessment: \$608,000

Tangier Sound

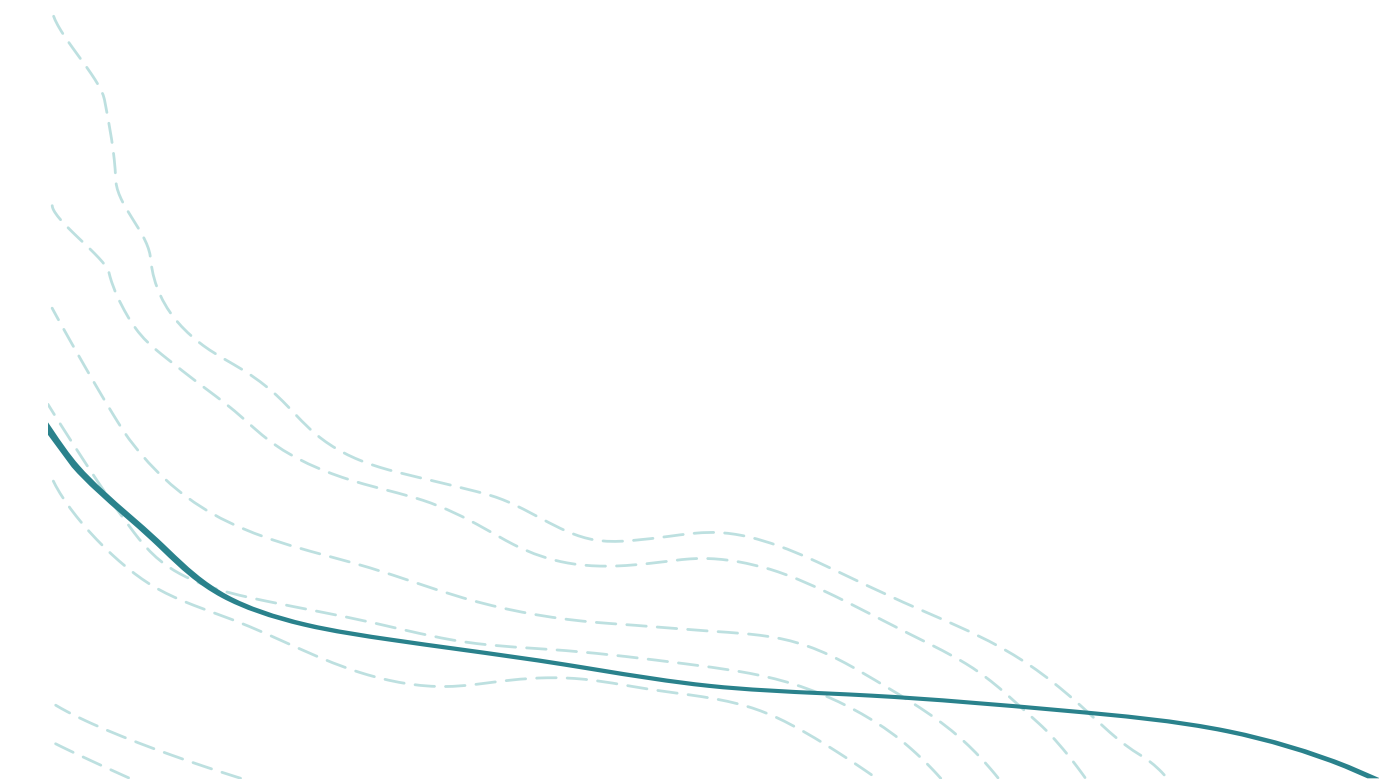
- Almost 8 acres of vacant land
- Entitled for up to 216 additional residential units across 10 additional buildings
- Current owners purchased the property in December 2019 at auction for approximately \$340,000
- Current assessment: \$3.4 million



RESIDENTIAL TAKEAWAYS

- The Somerset County residential real estate market has rebounded from the negative impacts of the Great Recession
- Two existing parcels - 1 in Tangier Sound and 1 in Waters Edge - have reasonably strong market potential
- The parcels have the potential:
 - to attract additional private investment (residential and tourism-related);
 - to assist the City in growing its tax base (real property and income); and
 - to strengthen, and potentially expand, the City's economy, especially the retail and restaurant sectors through the addition of new residents (part-time and permanent) and additional visitors

THE
FUTURE
STARTS NOW



NEXT STEPS

- Enhance the branding, marketing strategy of the City in collaboration with GCAC, City of Crisfield, Somerset County, and the State of Maryland with a focus on the area's assets (waterfront access, affordability, natural areas, small-town charm, etc.).
- Conduct outreach to Governor-elect Moore and his Transition Team.
- Develop a comprehensive redevelopment plan, including State/Federal funding requests that will assist in the plan's implementation, and identify key stakeholders and their roles.
- Focus on 2-3 areas in the short-term to develop/redevelop through Public-Private partnerships.
- Continue outreach efforts with private partners (developers, investors, etc.), especially a focus on Tangier Sound and Waters Edge in order to attract additional residents (part-time or permanent) and expand tourism-related opportunities.
- Continue to pursue State, Federal, and foundation grant opportunities to assist in redevelopment opportunities through a coordinated effort by the City, GCAC, and County.
- Consider additional public investments (land acquisition, blighted property acquisition, incentives, fee waivers, etc.) to assist in attracting private investment.