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September 21, 2018

Mr. Todd E. Hooker, Sr. Manager
Financial Programs and National Accounts
West Virginia Development Office
1900 Kanawha Blvd East
Charleston, WV 25305-0311

Dear Mr. Hooker:

Pursuant to WV Code §7-11B-15, the City of Huntington Finance Division is providing the enclosed Annual Report for TIF District No. 1, City of Huntington Downtown Tax Increment Financing District. An approved Project Plan for The City of Huntington Downtown Tax Increment Financing Project No. 1 is on file with the West Virginia Development Office (approved August 3, 2005).

Should you have any additional questions, please do not hesitate to contact me at the following address:

City of Huntington
Finance Division
PO Box 1659
Huntington, WV 25717

Sincerely,

Kathy Moore
Finance Director
City of Huntington

Cc Mayor Steve Williams – City of Huntington
Fred Williams – City of Huntington TIF Counsel
Thomas Provenzano – United Bank – Bond Trustee

Annual Report by City of Huntington
City of Huntington Downtown Tax Increment Financing District No. 1
June 30, 2018

(1) The aggregate amount and the amount by source of revenue in the tax increment financing fund:

As of June 30, 2018 the tax increment financing fund had balances at United Bank, Inc. as follows:

TIF Increment Fund-Bank	\$ 999.70	(From Tax Increment and Earnings)
<u>TIF Increment Fund-Trust</u>	<u>\$ 28,780.66</u>	<u>(From Tax Increment and Earnings)</u>
TOTAL	\$ 29,780.36	

As of the fiscal year ended June 30, 2018 the TIF received the following funds:

<u>Revenue Category</u>	<u>FY2018</u>	<u>Aggregate Project</u>
TIF Bond Proceeds	\$ 0.00	\$2,450,000.00
TIF Interest Earnings	\$ 3,171.32	\$ 153,566.26
TIF Grant Revenue	\$ 0.00	\$ 300,000.00
TIF Fund Collections	\$ 521,442.45	\$3,301,879.24
TIF Miscellaneous Revenue	\$ 0.00	\$ 0.00
Total	\$ 524,613.77	\$6,205,445.50

(2) The amount and purpose of expenditures from the tax increment financing fund:

As of the fiscal year ended June 30, 2018 the following funds were expended:

<u>Expense Category</u>	<u>FY2018</u>	<u>Aggregate Project</u>
TIF Costs of Bond Issuance	\$ 0.00	\$ 244,784.61
TIF Construction Costs	\$ 0.00	\$2,658,465.73
TIF Bond Principal Reduction	\$ 448,000.00	\$1,861,042.96
TIF Bond Interest Expense	\$ 62,217.44	\$1,172,347.12
TIF Administration	\$ 2,500.00	\$ 24,526.13*
Total	\$ 512,717.44	\$5,961,166.55

* \$0.63 in the Project Fund was written off by the bank as a service fee in Feb, 2013 and has been recorded above as an administrative fee.

(3) The amount of any pledge of revenues, including principal and interest on any outstanding tax increment financing indebtedness:

As of the date of this report, there is one \$2,450,000 Series 2006 City of Huntington (West Virginia) Tax Increment Revenue Bond (Downtown Project No. 1) which was issued June 28, 2006. As of June 30, 2018 the principal balance of this bond was \$588,957.04 plus accrued interest.

(4) The base-assessed value of the development or redevelopment project, or the development or redevelopment project area or district, as appropriate:

The base-assessed value of the City of Huntington Downtown Tax Increment Financing District No. 1 is \$66,819,450 (July 1, 2003 Assessment Date - Less Conversions to Non-Taxable).

(5) The assessed value for the current tax year of the development or redevelopment project property or of the taxable property having a tax situs in the development or redevelopment district, as appropriate:

The current assessed value of the City of Huntington Tax Increment Financing District #1 is \$88,457,951 (July 1, 2017 Assessment Date).

(6) The assessed value added to base-assessed value of the development or redevelopment project, or the taxable property having a tax situs in the development or redevelopment district, as the case may be:

The net increase in the assessed value is \$21,638,501.

(7) Payments made in lieu of taxes received and expended:

As of the date of this report, there are no payments made in lieu of taxes in the district.

(8) Reports on contracts made incidental to the implementation and furtherance of a development or redevelopment plan or project:

As of the date of this report, no incidental contracts have been signed.

(9) A copy of any development or redevelopment plan, which shall include the required findings and cost-benefit analysis:

The Project Plan for The City of Huntington Downtown Tax Increment Financing Project No. 1, as approved on August 3, 2005, is on file with the West Virginia Development Office.

(10) The cost of any property acquired, disposed of, rehabilitated, reconstructed, repaired or remodeled:

As of the date of this report, no property has been acquired, disposed of, rehabilitated, reconstructed, repaired or remodeled.

(11) The number of parcels of land acquired by or through initiation of eminent domain proceedings:

As of the date of this report, no land has been acquired by or through initiation of eminent domain proceedings.

(12) The number and types of jobs projected by the project developer to be created, if any, and the estimated annualized wages and benefits paid or to be paid to persons filling those jobs:

The project projections for job creation are outlined in Section B (2) of the Project Plan for The City of Huntington Downtown Tax Increment Financing Project No. 1 (on file with the WV Development Office.)

(13) The number, type and duration of the jobs created, if any, and the annualized wages and benefits paid:

Employment numbers and wages remained steady with no major changes in FY2018.

(14) The amount of disbursements from the tax increment financing fund during the most recently completed fiscal year, in the aggregate and in such detail as the executive director of the development office may require:

During the fiscal year ended June 30, 2018 the following funds were expended:

<u>Expense Category</u>	<u>FY2018</u>	<u>Aggregate Project</u>
TIF Costs of Bond Issuance	\$ 0.00	\$ 244,784.61
TIF Construction Costs	\$ 0.00	\$2,658,465.73
TIF Bond Principal Reduction	\$ 448,000.00	\$1,861,042.96
TIF Bond Interest Expense	\$ 62,217.44	\$1,172,347.12
TIF Administration	\$ 2,500.00	\$ 24,526.13
Total	\$ 512,717.44	\$5,961,166.55

(15) An annual statement showing payments made in lieu of taxes received and expended during the fiscal year:

There were no payments made in lieu of taxes received and expended during the most recently completed fiscal year.

(16) The status of the development or redevelopment plan and projects therein:

The City of Huntington Downtown Tax Increment Financing Project No. 1 was approved by the West Virginia Development Office on August 3, 2005. Subsequently, on August 22, 2005, the City Council enacted an ordinance approving the project plan for the Development District consisting generally of certain infrastructure improvements, including, but not limited to, street resurfacing, utilities, sidewalks, lighting and landscaping together with all necessary related facilities. In addition to TIF Funds, the Huntington – Iron-ton Empowerment Zone, Inc. has pledged \$400,000 and the City of Huntington Community Development Block Grant program over \$390,000 toward project expenses.

City Council, on June 12, 2006, adopted an ordinance authorizing the Mayor to enter into a contract with C.J. Hughes Construction Company of Huntington, West Virginia to furnish labor and material for improvements to Ninth Street between 3rd and 5th Avenues. The total contract cost was \$1,543,997. Construction began in July, 2006 and was completed in March, 2007.

In the mid 1970's, during the time of "urban renewal", the thoroughfare, known as 9th Street Plaza, was converted from a through street into a pedestrian mall with no parking and no vehicle access. The lack of vehicular traffic led to the decline and demise of many of the retail merchants along the plaza. An effort was made during the 1990's to open the plaza back up to one-way traffic with parallel parking. This approach helped bring signs of life back to the plaza. However, the existing design still was a magnet for vagrants and did not create a positive shopping atmosphere.

With the completion of the first phases of Pullman Square in 2004, it was apparent that 9th Street needed improvements to offer better access to pedestrians and vehicles. The project returned low-speed two-way traffic to 9th Street between 3rd and 5th Avenues. In addition to new sidewalks, streetlights and landscaping, a new traffic signal was installed at 9th Street and 4th Avenue. New parking is primarily angled versus parallel. Sidewalks are wide enough to maintain outdoor dining. The plaza is now an attractive area for shopping, employment and housing adjacent to Pullman Square.

Construction was completed under budget utilizing TIF Bond, CDBG and Empowerment Zone funds. Savings in the contract allowed for a change order to complete additional sidewalk repairs to the south side of 3rd Avenue between 8th and 10th Streets.

After completion of the 9th Street portion of the project, bids were accepted for work on 3rd Avenue between 12th Street and 10th Street, including a new signal at 11th Street. Construction costs of approximately \$761,000 were awarded to C.J. Hughes Construction Company, McDaniel Electric, Blacktop Industries and Landscaping by Hillcrest. New sidewalks, street lighting and street improvements were made. Angled parking replaced parallel parking in a large segment of the project area creating more parking spaces and increased revenue for the Municipal Parking Board. Construction was completed by spring 2008. Existing TIF funds along with CDBG and Empowerment Zone funds were utilized.

The final phase of TIF construction began in the fall of 2008. This construction was completed spring 2010 on 4th Avenue between 8th and 10th streets. A construction contract in excess of \$997,000 was awarded to Hager Construction of Huntington, WV. Included were sidewalk improvements, new street lighting, road resurfacing and aesthetic public improvements in front of the historic Keith-Albee Theater and Frederick Hotel. This began the first phase of Huntington's long planned improvements to the Old Main Corridor linking Downtown Huntington and Marshall University. This phase of construction was funded from existing TIF Funds along with CDBG and Empowerment Zone funds.

Additional construction was completed on 4th Avenue between 16th Street and 14th Streets in spring 2010. This project was the second phase of the Old Main Corridor and utilized funds other than TIF funds. In FY2012, completion of the third phase of the Old Main Corridor between 14th and 13th streets on 4th Avenue occurred in fall 2011. The city received grant funds of \$350,000 for the fourth phase for a block between 12th and 13th streets and construction was completed in FY2014. The city also received a \$500,000 award of Federal Transportation Enhancement Funds to complete the fifth phase between 12th and 10th streets.

Additional improvements were made in Fiscal Year 2011 by the Huntington Municipal Parking Board. New paving and landscaping were added to three municipal lots within the TIF District at HMPB's expense (Lots at 4th Ave and 8th Street, 4th Ave and 10th Street, and 10th Street behind Mack & Dave's and Red Lobster). The HMPB continued progress in fiscal year 2012 with additional landscaping, new signage and overhead lighting to match the appearance of the City lighting on all lots within the district.

A project to connect Pullman Square with the Convention and Visitor's Bureau Visitors Center at Heritage Station was also completed in FY2011 using federal CDBG Recovery funds. The visitor's center has undergone renovations and the tenant mix is now primarily small shops, restaurants and local artisans. The corridor between the two shopping centers features a sidewalk formed in the shape of a railroad line, informative water towers with the history of Huntington, a large decorative artist's rendering of Huntington and a series of panels explaining the importance of coal to the historic and current economy of the nation. This corridor has transformed a blighted area to an inviting stroll between the two shopping centers.

The Big Sandy Superstore Civic Arena, located in the heart of the district, has completed a \$5 million dollar renovation from taxable improvement bond funds (not TIF bonds) secured in late 2010. The improvements include all new seating, enhanced ventilation including a new furnace, updated meeting areas and planned improvements to the plaza.

In FY2012, Marshall University purchased (with assistance from the Huntington Municipal Development Authority) the former Stone and Thomas Building located at 3rd Avenue directly across from Pullman Square. Renovations of \$11 million were made for the building to serve as a fine arts incubator and the location of the College of Fine Arts (COFA.) The project was completed and the building opened to 300 students and faculty in August, 2014. In 2016, Marshall University relocated their Dietetics Program to downtown Huntington by leasing classroom/office/and commercial kitchen space directly across the street from Pullman Square.

In FY2013, the TIF District (and other areas of Huntington) competed in the America in Bloom contest. Volunteers, city employees, and shopkeepers spent hundreds of hours maintaining the district's flowers, trees, shrubs and sidewalks. The city received a coveted four out of five blooms at the annual conference. The city has continued its beautification efforts and added more plantings within the district. Additionally, the Huntington Municipal Development Authority has purchased over \$200,000 in new holiday decorations, in addition to adding new seasonal banners (designed by Marshall University College of Fine Arts) and fall decorations.

In FY2015 the city completed the \$293,500 first phase construction (non-TIF funded) of the skateboard park in Harris Riverfront Park. Phase two of the skateboard park will be completed in the near future with a donation from CDBG.

The city has completed conceptual plans for a new marina complex at the Harris Riverfront Park and is in the process of procuring design consultants for the work. The city entered an agreement with Riverwalk, LLC to create a public – private partnership for the creation of a new marina and other river related activities. As part of the marina development, a city-owned boat house was constructed with an investment of \$1 million dollars in 2016 to house the fire and police rescue boats.

In 2016 the Pullman Plaza Hotel sold and will receive a multi-million dollar make-over, including a national chain marquee.

During FY2017, several substantial property improvements occurred along the TIF roadways on Third Avenue and Ninth Street. 933/935 3rd Avenue had an estimated improvement of \$178,697.00; 937 3rd Avenue received \$382,894.00 in updates; 801 3rd Avenue was updated by \$797,077.48; 819 3rd Avenue was improved by \$19,500.00; improvement value for 821 3rd Avenue was \$1,329,075.87; on 319 9th Street \$100,000.00 in improvements occurred; and 321 9th street was updated by \$204,000.00.

As of June 30, 2018, Capital Venture Corp.'s extensive investment of \$6,650,000 on the 3rd Avenue corridor is underway including the existing parking lot on 4th Avenue; the downtown Holiday Inn is being renovated to a Marriott product; and new housing construction is underway on 4th Avenue in the former Elks Lodge.

The final phase of Old Main Corridor is expected to be completed in spring of 2019 funded by State grants and CDBG matching funds.

The investments in these properties will continue to enrich our historic building stock by providing spaces for new business locations and the retention or creation of jobs. These improvements also enhance our downtown area as well as create space for living, dining, and entertainment-all of which brings new life to our downtown area.

(17) The amount of outstanding tax increment financing obligations:

As of the date of this report, there is one \$2,450,000 Series 2006 City of Huntington (West Virginia) Tax Increment Revenue Bond (Downtown Project No. 1) which was issued June 28, 2006. As of June 30, 2018 the principal balance of this bond was \$588,957.04 plus accrued interest.

(18) Any additional information the county commission or the municipality preparing the report deems necessary or that the executive director of the development office may by procedural rule require:

The State Legislature recently passed an increase in the state historic tax credit and two downtown census tracts received Federal Opportunity Zone designation for the purposes of tax investment.

This annual report will be published on the City of Huntington web site:

<http://www.cityofhuntington.com/>