

CNU XVI – New Urbanism and the Booming Metropolis

Public / Private Partnerships





Overview

- Introduction to Cherokee
- Current Strategy
- Sustainability
- Case Studies
- Q & A





Introduction to Cherokee



MISSION: To **acquire** environmentally impaired properties, **remediate** them and **return** them to productive use. Cherokee embraces a win-win attitude, enabling our partners, our investors, our employees and the communities we improve to share in the benefits of our work restoring brownfields.



CORE PURPOSE: To become the world's most effective catalyst for environmental and social change while providing excellent returns for our investors.



Introduction to Cherokee

- Cherokee is the only large brownfield redevelopment firm
 - More than \$2.0 billion of assets under management
 - Acquired more than 525 properties since 1990
 - More than \$250 million will be spent on remediation
- Investments encompass a wide variety of property types, sellers, contaminants and regulatory agencies
- In all of our transactions, Cherokee has never reverted to an indemnified party to support the costs of remediation or redevelopment



Transaction Locations (over 525 properties to date)



Cherokee Approach

- **Commitment to safety, remediation and sustainable development**
- **Service provider to corporations and local, regional and national governments**
- **Continuing, active community and stakeholder involvement**
- **Large pool of discretionary capital**
- **No financing contingencies**
- **Use of capital and experience to transfer liability and protect owners**
- **Effective environmental liability management and insurance**



Current Focus

- Increasingly large, complex mixed-use redevelopments
- Partnerships with local developers and contractors who understand the changing and nuanced legal, political and market environment
- Larger equity investments; fewer transactions
- Innovative sources of funds and financing structures
- Long-term commitment to communities
- Strong partnership with city governments and local authorities
- Integration of sustainability principles in horizontal and vertical development



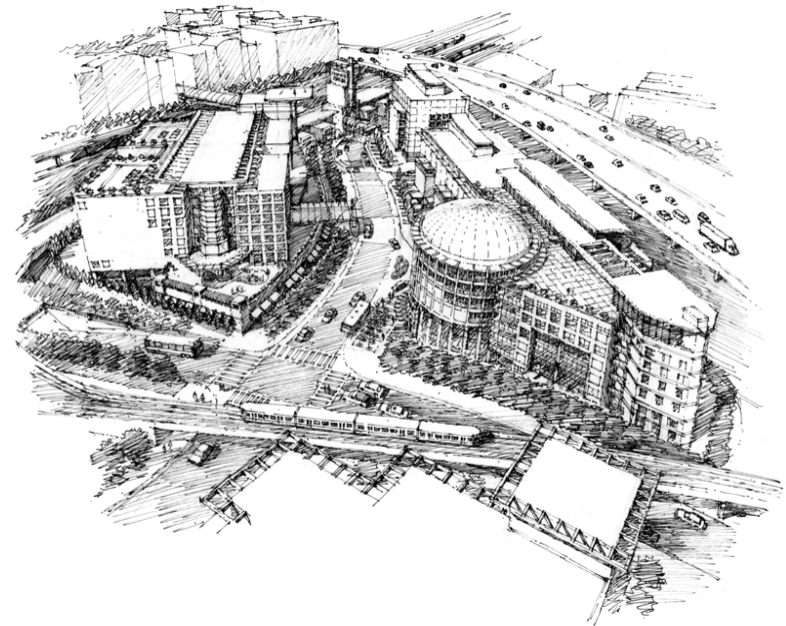
Cherokee Mission Bay– San Francisco, CA

Sustainability at Cherokee

Our intent is to create environmentally friendly, socially equitable, healthy places with broad-based stakeholder input and appeal.

Application of sustainability principles of smart growth/new urbanism

- Mixed use
- Compact neighborhoods with public amenities
- Open space
- Transportation alternatives
- Consideration to aesthetics, a sense of place and history

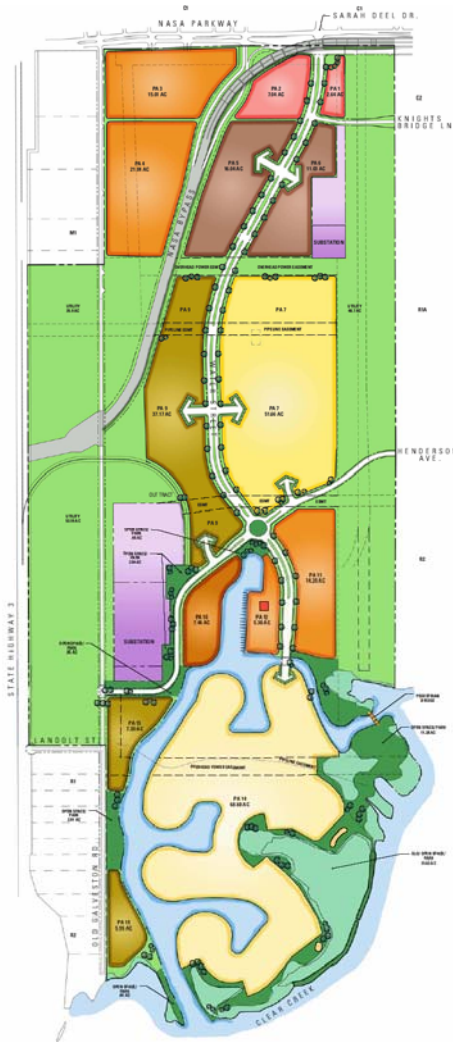


Conducting our business in a sustainable manner enhances the value of our development projects and provides us with a competitive advantage in the marketplace.

- Cherokee Sustainability Guidelines



Cherokee Webster



Location

Webster, TX

Date of Investment

May 2006

Total Acreage

535 acres

Transaction Background

- Former Texas Genco power plant
- Cherokee was selected due to reputation for dealing with environmental issues.
- The project will eventually be home to more than -2,600 residents, 300,000 sq ft of mixed-use, a marina, and a 31 acre public park

Development Partner

- Johnson Development Company

Transaction Highlights

- 20 miles southeast of Houston with direct access onto I-45
- Fronts onto Clear Creek which provides direct boat access to Clear Lake

Redevelopment Progress

- Received the 2006 IEDC Public Private Partnership of the Year Award
- Demolition and asbestos abatement of primary above ground structures complete
- Multi-family parcel sold December 2006 – ahead of schedule



Public Financing

- The redevelopment is not economically feasible without a public-private partnership that can reimburse infrastructure requirements for the following components:

- Parks and Trails
- Roads and Paving
- Water and Sewer
- Demolition and Remediation
- Detention and Excavation



- Cherokee will invest nearly all of the infrastructure costs before receiving substantial reimbursements.

Financing Structure

ESTIMATED TOTAL COSTS - \$67 million

ESTIMATED REIMBURSEABLE COSTS - \$42 million (63%)

3 Funding Sources:

Municipal Utility District ("MUD"): \$30.5 million (45%)

- Funds generated from the District will support these bond issuances (assumes MUD tax of \$0.80 per \$100 of assessed value)

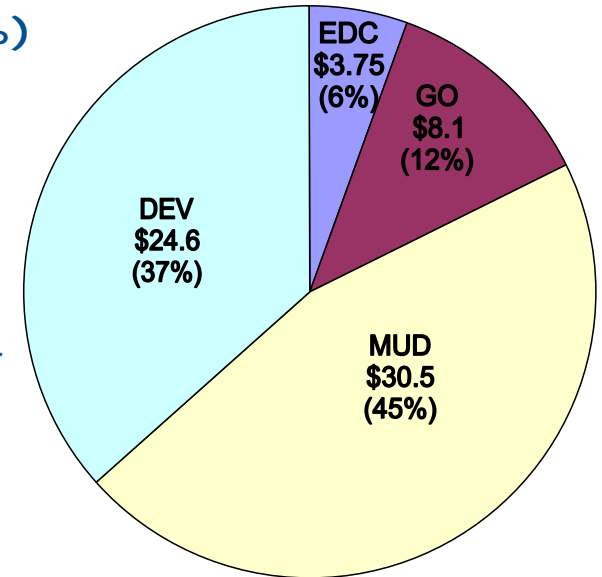
Certificates of Obligation ("COs"): \$8.1 million (12%)

- Bonds issued by city will reimburse Cherokee \$2.7M for every \$90M of assessed value created.

Economic Development Corporation Funds ("EDC"): Capped at \$3.75 million (6%)

- City contributes ½% of sales tax to reimburse costs to construct major thoroughfare

- In addition, **Cherokee** is funding \$24.6 million of costs not eligible for reimbursement



Cherokee Sugar Land

Investment Description

- Closed in July 2007
- Infill site consisting of 651 acres at the corner of HWY 6 and US Highway 90 A in Sugar Land, Texas

Imperial Sugar

- Imperial tract was utilized by Imperial Sugar from 1843 to 2003 to refine and produce sugar
- The plant-site is home to several historic structures that will be preserved and integrated into the redevelopment honoring both the history of Sugar Land and Imperial Sugar

Development Partner

- Southern Land Company – based in Franklin, TN



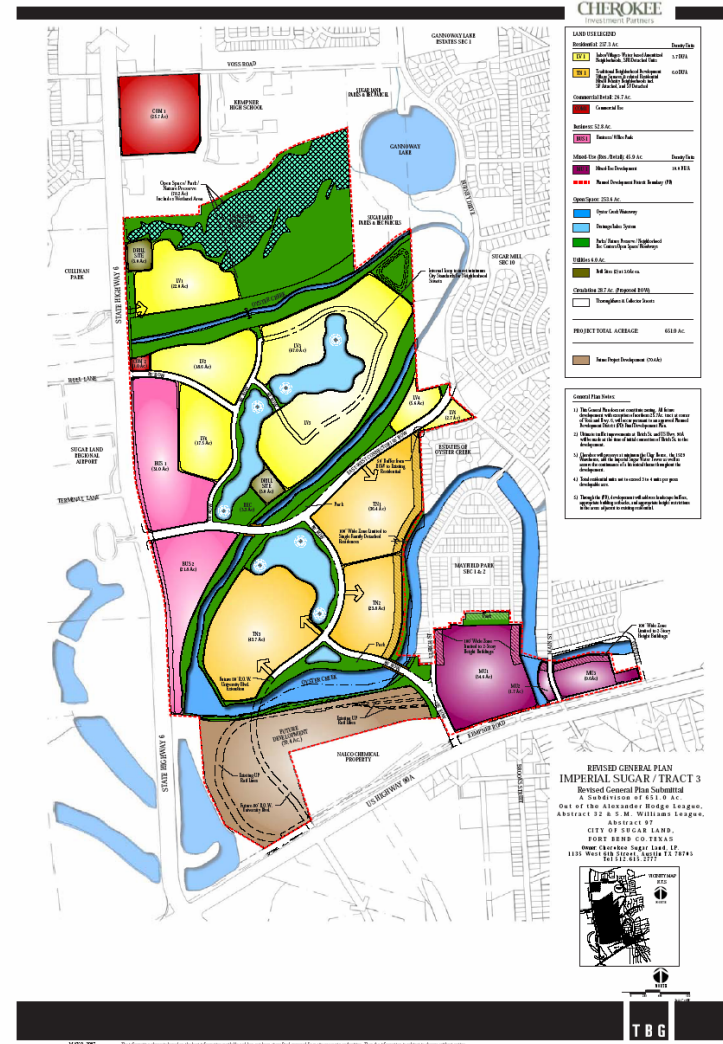
Cherokee Sugar Land

Investment Strategy

- Subdivide and develop a master planned mixed-use community
- Sell finished lots to home builders and commercial property to end users

Development Plan

- 867 single-family units
- 451 mixed-use residential units (townhomes & multi-family)
- 46.4 acres of mixed-use land
- 26.7 acres of commercial retail
- 58.0 acres of office



Imperial Redevelopment District

- **Special Financing District created by the Texas Legislature on June 18, 2005 and consented to by the City of Sugar Land**
- **Purpose: combines powers of both a MUD & TIRZ to facilitate financing of public infrastructure and amenities**
- **Revenue Sources:**
 - **50% of City and County ad valorem taxation**
 - **City also contributes ½ of 1% sales and use taxes generated within the historic Imperial Tract for financing structured parking**
 - **District will have a separate taxing authority similar to a MUD**
- **Developer will pre-fund all infrastructure and amenity costs with reimbursement by Special District**



Imperial Redevelopment District

Items Eligible for Reimbursement

Roads	Landscaping
Water/sewer	Lighting
Utilities	Signs/signals
Drainage	Parks
Pedestrian improvements	

Tax Rate

City	\$0.325
County	\$0.49
Fort Bend ISD	\$1.49
MUD	\$0.76
Total	\$3.065

Bond Issuance

Final Built Out Value	\$630 million
Reimbursement Schedule	
Q3 2010	\$13,479,600
Q3 2011	\$14,602,900
Q3 2012	\$16,849,500
Q3 2013	\$16,849,500
Q3 2014	\$15,726,200
Q3 2015	\$5,616,500
Total Reimbursements	\$83,124,200





Q & A





Thank You



Kyndel Bennett
Managing Director
CHEROKEE

1135 W. 6th Street, Suite 140

Phone: 512-389-5885

E-mail: kbennett@cherokeefund.com

www.cherokeefund.com

