DevelopmentAdvisors

Location Analysis & Selection

Incentive Analysis & Negotiations

Real Estate Advisory

# Company Overview

Founded in 1996, Development Advisors applies its expertise in site selection and incentive negotiations to increase project ROI and IRR for manufacturing, distribution, office, and real estate development projects. Since 1996, Development Advisors has negotiated incentive packages on projects representing over $9 billion in capital investment and 7,500 jobs in 42 states.

# Characteristics of Incentive Opportunities

In most cases, projects meeting the following metrics are excellent candidates to pursue the negotiation of an incentive package:

1. **Project Type:** Greenfield, Expansion, or Routine Capex
2. **Industry Type:** Manufacturing, Distribution, Back Office, Headquarters, etc…
3. **Investment:** $3 Million +
4. **Job Creation:** 15 jobs +

It is important to note that the negotiation and approval of an incentive package must occur prior to:

1. Publicly announcing the project
2. Breaking ground (if expansion)
3. Purchasing a site (if Greenfield)
4. Submitting for permits

# Negotiated Incentives - Types

To assist our clients, we focus on securing incentives that will have a direct impact on project ROI by reducing up-front capital costs and on-going operational costs. Generally, incentives can be categorized into three classifications:

1. Statutory by Right
2. Statutory-Negotiated
3. Case-by-Case Discretionary

***Statutory by Right*** incentives are those which are granted to a particular project outside of the negotiation process and are given automatically to the company. In almost all cases, statutory by right incentives are in the form of income tax credits. Development Advisors will ensure that the client receives this category of incentives, but does not charge a fee for this work.

***Statutory Negotiated***incentives are those which are made available by statute, however, the value of the incentive is determined through negotiations on a case-by-case basis. For example, a statute may state that a property tax abatement is available in a particular jurisdiction, however, the term and % of the abatement is determined by confidential negotiations. Relying on over 20 years of negotiations in 42 different states, Development Advisors consistently secures two and three times the value of what our clients would otherwise receive on their own.

***Case-by-Case Discretionary***incentives are those which are not available on the public record and are only given during the negotiation process. Depending on the project, discretionary incentives are in the form of cash grants, land gifts, infrastructure reimbursements, permit and tap fee waivers, utility grants, rail grants, and site preparation grants. It is in this category of incentives that Development Advisors can add the most value to a project as these incentives typically offset upfront capital costs of the project.

# Packaging the Project

The most important factor in determining how successful an incentive negotiation will be is the way the project is packaged and presented to government officials. Whether it is jobs, capital investment, industry type, wages, or utility usage, every governmental agency uses a different set of parameters to determine what incentives they can contribute to a project. Development Advisors knows the correct way to present the project to the various groups to maximize the amount of support.

**Common Mistakes in Project Packaging and Presentation:**

* Failure to present investment and job growth over proper period
* Failure to utilize qualifying investment in negotiations
* Failure to present project costs that can be offset directly by incentives
* Failure to properly utilize competing locations to maximize incentives

# Project Timeline

Typically, the timeline for an incentive negotiation will proceed as follows:

1. **Week 1-2:** Identify project metrics and incentive opportunities. Present project to governmental agencies and request incentive proposals
2. **Week 2-4:** Receive & evaluate incentive proposals
3. **Week 3-5:** Negotiate incentive proposals to maximum value
4. **Week 6-8:** Negotiate incentive contracts, secure incentive approvals from government agencies, and announce the project
5. **Week 8-10:** Distribute incentive compliance information to all parties to ensure incentive benefit is received by client

\**This timeline can be altered to fit client’s needs.*

1. **Selected Case Studies**

The following case studies are a broad sampling, designed to provide background on the variety of industry types, companies, and the geographic areas DAI provides services. It is important to note that the incentive amounts quoted in each case study exclude statutory tax credits.

Greenfield Projects

**French, German, and Japanese Joint Venture (KY, OH, TN):**

**Project Details:** Client investing $150 million and creating 85 jobs for new manufacturing facility.

**Results:** Over the course of the project, DAI secured incentives for the client in the amount of $20.9 million.

**German Tape Manufacturer (SC, GA):**

**Project Details:** German auto manufacturer constructing $12 million facility in Rock Hill, SC, creating 150 jobs over five year period.

**Results:** DAI successfully negotiated an incentive package of over $5.2 million, with approximately $750,000 to be received by the client in the first year of operation.

**European Chemicals Company (TX, LA, AL)**

**Project Details:** Client investing $250 million to construct a chemical facility, creating 180 jobs.

**Results:** DAI negotiated and secured an incentive package worth $22 million, with approximately $5 million to be received by Client in first year of operation.

**Automotive Manufacturer (MI, IN):**

**Project Details:** Startup Company investing a total of $205 million for two manufacturing facilities in Michigan and Indiana, creating over 600 jobs.

**Results:** DAI secured an incentive package worth approximately $30 million in each location.

Expansion/Routine CapEx Projects

**German Automotive Supplier (South Carolina):**

**Project Details:** German auto manufacturer investing $164 million throughout their three facilities in South Carolina, creating 500 jobs.

**Results:** DAI successfully negotiated an incentive package of over $60 million, including $15 million in discretionary value that the Client had not secured on previous projects.

**Retail Distribution Center (NY, OH, PA):**

**Project Details:** Client undergoing $26 million expansion to distribution center.

**Results:** DAI secured an incentive package of over $4.1 million.

**Furniture Manufacturer (Washington):**

**Project Details:** Client investing $1.5 million and creating 90 jobs.

**Results:** DAI secured an incentive package worth approximately $500,000.

**Textile Manufacturer (North Carolina):**

**Project Details:** Client investing $33 million on equipment for an existing manufacturing operation, creating 55 jobs.

**Results:** DAI secured incentives for the client in the amount of approximately $2.4 million.

**U.S. Saw Mill Operation (North Carolina)**

**Project Details:** Client investing $10 million to retrofit an existing mill operation, creating 114 jobs.

**Results:** DAI negotiated and secured an incentive package worth $1.5 million, with approximately $540,000 to be received by Client in first year of operation.

**Energy Company (California):**

**Project Details:** Client investing $4 million and creating 50 jobs.

**Results:** DAI secured an incentive package worth $535,000.

Real Estate Development Projects

**Hotel Development (Virginia):**

**Project Details:** Client constructing a $16.5 million hotel on top of a public parking deck.

**Results:** Over a two month period, DAI secured incentives for the client in the amount of $1.9 million enabling the project to continue without delay.

**Mixed-Use Development (North Carolina):**

**Project Details:** Client investing $100 million in residential, commercial, retail, and industrial development project.

**Results:** DAI secured $5.6 million in incentives for infrastructure and roadway improvements.