

**ANNUAL REPORT OF THE LOST RABBIT URBAN RENEWAL DISTRICT
TO THE MADISON COUNTY BOARD OF SUPERVISORS
REGARDING ITS ACTIVITIES DURING CALENDAR YEAR 2014**

PURSUANT to § 43-35-33 Mississippi Code of 1972 (Annotated) and the by-laws of the Lost Rabbit Urban Renewal District (URD) the URD is obligated to make an annual report to the Madison County Board of Supervisors (BOS) by March 31st of each year of its operation. Accordingly, this report is being submitted for review and consideration by the Madison County BOS and includes general activities of the URD during 2014, including a financial report:

1. **Formation of the URD-** The Lost Rabbit Urban Renewal District (URD) was officially formed on July 7, 2014 by majority vote of the Madison County Board of Supervisors, upon the recommendation of the Madison County Planning and Zoning Commission. The URD was created pursuant to the Lost Rabbit Urban Renewal Plan with authority to manage, govern, and conduct activities for the benefit of all areas within the Lost Rabbit “District”, and for the benefit of Madison County, at large. The LR URD is considered as a “sub-agency” of the Madison County local government and empowered, under statute (§ 43-35-33 MS Code 1972) to oversee the rehabilitation, conservation, restoration, redevelopment, or a combination thereof of the Lost Rabbit Urban Renewal District Area.
2. **Membership of the Board:** Pursuant to § 43-35-33 (b) MS Code of 1972 (Annotated) the following persons were appointed by the Madison County Board of Supervisors to become Commissioners of the Lost Rabbit Urban Renewal District Agency: John Sigman; Jim Turner; Robert Trigg; Dianne Dyar; Stacey Wall. During the meeting of August 5, 2014, Stacey Wall was elected President of the URD, Jim Turner as VP, Dianne Dyar as Secretary, Shelton Vance, Comptroller of Madison County was appointed to serve as ex-officio Treasurer, and Mike Espy, Counsel to Madison County was asked to serve as Counsel to the URD.
3. **Activities of the Board:** At a meeting held on August 5, 2014 by-laws were adopted and a series of documents were approved which effectuated and authorized the issuance of a bond in the amount of \$5.2mm which pursuant to prior negotiation was purchased by Allstate Insurance Company in a private sale. The following documents were approved: Indenture of Trust; County Tax Pledge Agreement; Property Fee Agreement; Debt Servicing Payment Funding Agreement; Assignment and Conveyance; and Limited

Offering Memorandum. The transaction was closed on August 22, 2014. The URD bond, pursuant to negotiation with Allstate, has certain technical features which guarantees that the URD bond can never “default”, and will never require shortfalls in bond payments, under the bond schedule, to ever be made either by the URD or the BOS. In subsequent meetings, the URD learned that all lawsuits were settled; that developers were preparing to plat the first phase of their 82 lot Plan; and Allstate was preparing its land for sale. The URD board was kept informed regarding all material matters involving Lost Rabbit Urban Renewal District in calendar year 2014.

4. **Financial Status of URD:** By design, the URD itself has no funds, and operates through the facility, offices, staff and officers of Madison County and the Madison County Board of Supervisors. All of the property, utilities and assets as valued and identified in the Indenture Bond documents, formally “owned” by the Lost Rabbit PID and transferred to the LR URD, have been pledged as collateral to underwrite the \$5.2mm URD bond. With respect to the dedicated roads within the URD District, many are considered as county roads subject to inclusion in the Madison County Road Plan and managed and improved from time to time by Madison County BOS. Generally speaking, the URD collects funds only for the purpose of satisfying payments due under the URD bond. These payments (limited ad valorem taxes and URD fees) are collected by the Madison County Tax Collector. The URD fees are remitted by the collector directly to the URD Bond Trustee, while ad valorem taxes are remitted to the trustee from the County’s treasury. All appraisals and assessments of real property (lots) within the District are conducted by the Madison County Tax Assessor, and/or, by the Pearl River Valley Water Supply District. The URD collects, or intends to collect the URD fee in accordance with accordance with the published schedule based on the size of lots within the eligible URD Plan area.

5. **Financial Status of URD Payments Under the URD bond:** The Lost Rabbit Urban Renewal District is due to make annual payments under the URD bond Indenture Agreement. The payments originate from two sources only: (1) from ad valorem tax payments collected from leasees within the Lost Rabbit District area (17.19 mills); (2) from annual “URD Renewal Fees”(1% fee) from non-exempt leasees that are collected pursuant to a published schedule based on the various sizes of lots within the URD area. Under the negotiated plan, Allstate Insurance Company is not assessed any URD fees for any property it owns within the URD area unless and until its lands are sold. Once leasehold title passes to the Allstate lots and lands within the URD area, the URD fees are due to be collected and remitted towards payment of the URD bond. Pursuant to state law, URD fees are not due from any developer until the Final Plat has been approved by the Pearl River Valley Water Supply District, and the Madison County Board of Supervisors. At the time of this report, although work has commenced pursuant to the Preliminary Plat on lots within what is known as Lost Rabbit South (LR Phase B-1) no Final Plat

has yet been submitted or approved. As the preexisting lots and properties within the Lost Rabbit 'District' are not eligible for URD fee mandatory payments, and as the Allstate lands have not yet been sold, the URD is not due to collect, and has not collected any URD fees on any lands which are eligible for the payment. Therefore, at this time, the only remittance due to be made by the URD originated from the singular source of ad valorem taxes, which were paid and collected by the Madison County Tax Collector, and transmitted to the URD Trustee, under the Indenture Agreement. The initial amount, which was collected and transferred in payment of the URD bond, was in the amount of \$61,549.92. This amount is below the anticipated approximate amount of 86,000,00 as described in the URD bond schedule. However, the URD bond documents only mandate that the URD only remit what it collects- and that any shortfalls that might occur, are not obliged to be "covered" by any entity. Furthermore, under the negotiated agreements, there are no default provisions. Neither the URD, its board, nor the Madison County Board of Supervisors can be held liable for shortfalls in collections, which are used as remittances towards retirement of the URD bond.

6. **Prognosis Going Forward:** The Lost Rabbit URD believes that development activity within the Lost Rabbit District is positive and moving forward at a more rapid pace. The URD has observed that new homes are currently being built that will accrue increased ad valorem taxes. It also points to the fact that a developer has made a substantial payment to PRV for leasehold fees that authorized the initiation of LR Phase B-1 development work. The URD board continues to believe that upon completion of Lost Rabbit development, there will be over 600 lots, parcels, and uses- of which 530 will be subject to the 1% URD fee. The URD believes that over the 25-year life of the URD bond, the creation and organization of the Lost Rabbit Urban Renewal District and the financing of the \$5.2m URD bond will be considered by all objective persons as an inherently good deal for all of Madison County. The URD anticipates that Madison County will receive new revenue of \$33 million dollars based upon creation of the Lost Rabbit Urban Renewal District, and that a prime destination area within Madison County would have been rehabilitated, achieving the purpose for which the URD was created.

THIS ANNUAL REPORT was approved by vote of the Commissioners of the Lost Rabbit Urban Renewal on March 25, 2015. The Board authorized its President and Secretary to sign said report, and further to submit said Annual Report to the Madison County Board of Supervisors with addendum, for its review, consideration and inclusion into the official Minutes of Madison County Board of Supervisors.

Witness our signatures, this the 25th day of March, 2015.

For: **Lost Rabbit Urban Renewal District:**

Stacey Wall, President

Dianne Dyar, Secretary

ATTEST:

Ronny Lott
Chancery Clerk

ADDENDUM
Lost Rabbit Neighborhood Association

- A year ago....for the last 5+ years...the prior PID and related issues had everything in Lost Rabbit so encumbered that nothing could happen. People were working hard and trying to accomplish good things... but there were just too many problems that were bigger than us. Nothing could get done.
- Now that a functional environment is in place... many good things are happening.
- 5 sales of old lots/houses have closed in the last 6 months.
- 1 other house was recently put up for sale and is now under contract – Sold in under a month – that hasn't happened in years!
- MCAS has presold a large number of lots.
- 55 lots that had been delinquent for years have now started paying their HOA assessments.
- HOA finances are now in good shape.
- So good that we have had multiple banks pursuing the HOA wanting to make us loans!
- Maintenance is now being done on property in Town Center...which is making a huge difference in the look and feel of the place.
- The HOA is going to break ground on a pool complex within days.
 - Pool
 - Buildings for restrooms and equipment
 - Tower building as an iconic structure
 - Event lawn – can be used for HOA events... or events for the larger community
 - Concerts, weddings, festivals, etc.
 - Future phases could include
 - Summer kitchen – use of residents at pool or suitable for use by caterers for larger events
 - Second pool
 - Beach
 - Land available to the south for other things
- MCAS just talked about the infrastructure work being done on the 80+ new lots of the next phase.
- All of these good things are private projects being funded by Lost Rabbit property owners...either individual owners of property or collectively (through the HOA).
- All of these good things are happening because the prior encumbrances were resolved.
- We want to thank all of those who worked together to clean up the legal mess and made it possible for us to FINALLY be able to help ourselves.