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**From:** Hollis Fitch [REDACTED]  
**Sent:** Monday, November 4, 2019 8:47 AM  
**To:** McMillan, Chris 6-9196  
**Cc:** Charlie Irick; Jay Bernstein  
**Subject:** Developer Fee in TEB Program

Chris,

We are going to have some additional comments later this morning, but I wanted to point out something with regard to developer fee on TEB projects like Killian Terrace and The Assembly. Unless a development has a very healthy amount of soft money, the full development fee on a TEB transaction is most likely not going to be paid out. By have a 15% development fee for TEB bond transactions, the agency is essentially helping to close funding gaps. Please see my example below from Killian Terrace:

Killian Terrace SC LLC	Current 15% Development Fee	New QAP with \$2,000,000 Cap
Maximum Allowed Development Fee	\$5,250,000	\$2,000,000
Amount Deferred	\$3,518,574	0
Equity Generated on Development Fee	\$1,633,321.65	\$622,218
Actual Fee Paid	\$1,731,426	\$2,000,000
Difference in Equity Generated for Project	\$0	-\$1,011,103

By allowing for a development fee on TEB projects of 15% the developer is generally not going to receive all of the funds, but it is highly beneficial to the overall transaction. I would respectfully request that the agency reconsider their stance on this specific item for the TEB program. I believe the position the agency is taking on this will actually lead to few TEB developments produced in SC. Thanks you for your consideration.

**\*PLEASE NOTE MY EMAIL ADDRESS HAS CHANGED TO [REDACTED]**

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