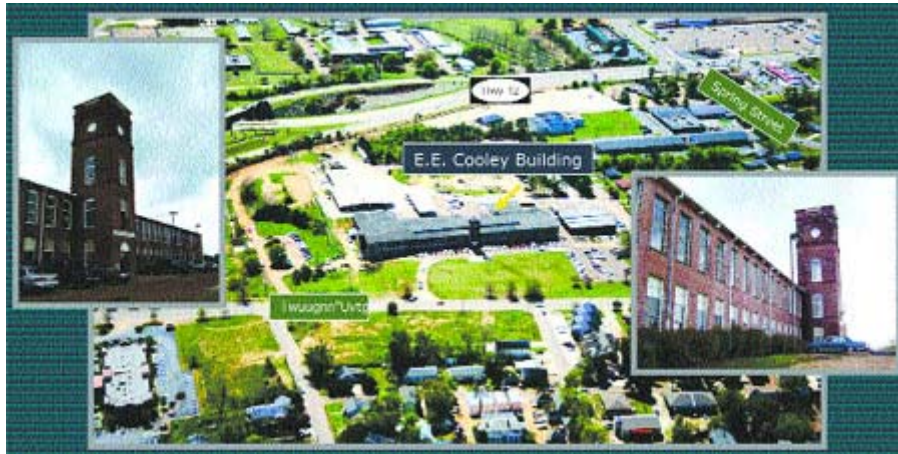


An economic and lifestyle impact

Tuesday, 10 June 2008



Artwork courtesy of Comvest Properties LLC and Nicholas Properties LLC Promotional information for the Cotton Mill Marketplace shows Mississippi State's E.E. Cooley Building — formerly the John M. Stone Cotton Mill — as the anchor for a conference center and hotel for the mixed use development.

Editor's note: This is the second of two stories dealing with the development of the proposed Cotton Mill Marketplace development. This story is the continuation of an interview with one of the two principal developers involved in the project.

By BRIAN HAWKINS
Starkville Daily News

The developers spearheading the proposed Cotton Mill Marketplace say they see the project as having the potential to be a regional retail draw for Starkville and Mississippi State University. The Marketplace, which is being developed in a partnership by Comvest Properties of Biloxi and Nicholas Properties of Ridgeland, involves the development of 957,600 square feet of space for retail, restaurant, office, hotel and conference center facilities on the 25 acres of land bordered to the east and south by Highway 12, to the west by Spring Street and to the north by Russell Street and existing commercial property there. The site is located across Highway 12 from the Mississippi State University campus.

"What we hope and what our vision comes down to is that this project will have the same economic and lifestyle impact that North Park Mall and Renaissance Center has had on Jackson," said D. Brooks Holstein, partner with Comvest Properties, in a telephone interview on Friday. "We hope this project will be viewed as a public amenity that will enable the citizens of Starkville and Oktibbeha County to have different restaurant and shopping options that also allow the university to recruit and retain higher quality faculty and students."

The site's location next to MSU and Starkville's historic Cotton District and close proximity to the historic downtown neighborhoods are a key component of initial marketing efforts, Holstein said. "We see the combined marketing effort between the Cotton Mill Marketplace and the other areas to make that intersection with the university a regional — if not super regional — draw for attraction," Holstein said.

"Right now, the university, with its SEC athletic programs, has 675,000 sporting events attendees each year, and it's not all football, but year-round with baseball, basketball and other sports, as well as several sports camps.

What could be more important to retailers than that kind of draw? What makes retail in university towns so healthy and showing positive sales is that universities now leverage athletic staff and teaching staff 12 months a year. It's no longer, 'Graduation's over, the university is dead until August.'" We have a year-round market."

The project builds momentum

The Starkville Board of Aldermen, at its June 17 meeting, is scheduled to adopt resolutions backing the tax increment financing (TIF) bonds to help finance needed infrastructure upgrades on and around the proposed site.

The support shown by the Board of Aldermen, the Oktibbeha County Board of Supervisors and MSU officials has been critical to the project's momentum, Holstein said.

"We have taken enormous financial risks to get us where we've gotten this fast," Holstein said. "If you look across the United States for 2009 and 2010, there are not going to be more than a half-dozen million-square-foot mixed use developments. This project is going to be one of the largest ever done in the country. We will be a leader in showing the nation that this can be done."

In one week, Holstein and partner Mark Nicholas with Nicholas Properties are set to receive the results of a detailed retail market survey for the project. That survey will allow them to more specifically target the types of retailers for the Cotton Mill Marketplace, he said.

"There are two components, our analyst has to quantify: Retail sales potential and areas of retail leakage, which are retail areas where dollars are being spent outside the defined trade area," Holstein said. "We are using the consultant who does sales projections for major department stores, and we are very optimistic. We've been able to do some potential sales projections based upon the number of MSU students and the university community."

Holstein said he, Nicholas and their staffs recently attended the International Council of Shopping Center's Real Estate Conference in Las Vegas, Nev., and received a tremendous response from potential retailers and other development firms interested in joining the project.

"We had a great show, and we literally, without sounding pretentious, we were the stars. We've already gotten a tremendous amount of notoriety with this project," Holstein said. "Our next door neighbor at the trade show was a firm who specializes in similar types of mixed-use developments, Fairmount Properties in Cleveland, Ohio. Three of their board members are former college presidents. They looked at all of the marketing materials and said, 'We really need to talk.' They said they had seen this project."

The ICSC conference yielded "very productive meetings with retailers," Holstein said.

"The interesting thing is that the retail facilities are only about one-fourth of the total project. The rest of the project is developable in and of itself," Holstein said. "We've had interest from more restaurants than we can accommodate, and we're working to hard to make sure we don't overload the marketplace. We're also talking with some existing restaurants interested in relocating into the development."

The use of TIF bonds

The TIF funding, for which approval by the Board of Aldermen and Board of Supervisors, is a critical component of the overall project.

TIF funding, by law, allows the new ad valorem tax revenue being generated from the project to be used toward the debt service on bonds issued for construction purposes. There will be no increase in local taxes to finance the project, city officials say.

"The concept of the TIF project as we it is to meet the fundamental needs of the development, as well as the needs of the university, city and county to whom we've committed making this development become a public benefit," Holstein said.

The \$8.5 million in TIF bonds to be approved by the city will be used in development of the road infrastructure around and accessing the Cotton Mills Marketplace, as well as ensuring that the sewer system, water delivery and drainage capability of the site is addressed properly, Holstein said. Consultant Neil Schaffer is conducting a detailed traffic study to "help create a road system around the development that is conducive to the ease of traffic flow," Holstein said.

"On football game days, the traffic flow around Russell Street, Highway 12 and Spring Street needs improvement yesterday. When you bring in an additional 8,000 to 10,000 cars a day in terms of shoppers and visitors, there is a need for significant road systems improvement. We haven't quantified that yet," Holstein said.

Preliminary plans call for converting Russell Street into a boulevard, constructing an off-ramp exit from Highway 12 and upgrading Spring Street, as well as constructing a "substantial crossover" foot bridge from the MSU campus to provide pedestrian access for students and staff, Holstein said. The road infrastructure improvements could run between \$5 million and \$6 million, he said.

"The sewage capacity and water distribution on the site is going to be important," Holstein said.

"We feel like our request for the TIF is based upon the financial commitments we are prepared to make to the public's benefit. We do not feel the requests we will make is disproportionate to the public's benefit."

That commitment includes renovation of the historic E.E. Cooley Building — once known as the Stone Cotton Mill — into what Holstein described as a state-of-the-art conference center at an estimated cost of around \$7 million.

"It's also significant that we, under our memorandum of understanding with the university, will be purchasing the 10 acres of property that the university owns that is not currently on the tax rolls, which means no ad valorem tax is being collected on," Holstein said. "The remaining properties are either vacant or substantially underutilized. We want to change that."

One benefit to the public will be the increased availability of parking for major events on the Mississippi State campus and for such special events in the Cotton District such as Bulldog Bash and the Cotton District Arts Festival, Holstein said. From discussions with the Mississippi Development Authority and the Mississippi Department of Transportation, Plans call for the construction of two parking decks at a combined cost of \$20 million.

"We would like to increase the capacity of the parking decks in order to accommodate more game day and peak demand parking. For example, when the arts festival is held in the Cotton District, there is a huge parking demand, but there's no place to park," Holstein said.

Public support

The magnitude of the project — more than \$155 million in construction costs with a projected ad valorem tax impact of — is one that will require a broad base of community support, Holstein said.

"We have the momentum, and the only way this development will succeed is through a unified effort by the business, political, university and broader community," Holstein said. "Anything that has this degree of economic impact takes everyone dropping their agenda and coming together."

To that end, Wendy Barthe Peavy, executive marketing coordinator for Comvest Properties, is planning to be in Starkville during July to make presentations to any community group interested in learning more about the Cotton Mill Marketplace project and its potential impact on Starkville.

Peavy may be reached by e-mail at wpeavy@comvest.net or by telephone at (228) 594-3400. For more information about Comvest and the Cotton Mill Marketplace project, visit the Web site at <http://www.comvest.net>.

Last Updated (Wednesday, 11 June 2008