

UMBAUGH

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July 23, 2014

Members of the City of Greensburg
Redevelopment Commission
314 W. Washington St.
Greensburg, IN 47240

Re: Proposed S.R. 3 Corridor Tax Increment Financing Project

Dear Members of the Redevelopment Commission:

Per your request, we have prepared this preliminary tax increment financing analysis to assist you in the discussion and consideration of the proposed S.R. 3 Corridor project. The attached schedules (listed below) present unaudited and limited information. The use of these schedules should be restricted to this purpose, for internal use only, as the information is subject to future revision and final report.

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2	Estimated Annual Tax Increment Revenues – Original Area
3	Estimated Annual Tax Increment Revenues – Expansion Area
4	Estimated Annual Combined Tax Increment
5	Preliminary Amortization of \$9,500,000 Principal Amount of Tax Increment Revenue Bonds
6	Comparison of Estimated Debt Service and Estimated Tax Increment
Appendix A	Risks of Tax Increment

In the preparation of these schedules, certain assumptions were made as noted regarding certain future events. As is the case with such assumptions regarding future events and transactions, some or all may not occur as expected and the resulting differences could be material. We have not examined the underlying assumptions nor have we audited or reviewed the historical data. Consequently, we express no opinion thereon nor do we have a responsibility to prepare subsequent reports.

We would appreciate your questions or comments on this information and would provide additional information upon request.

Very truly yours,

UMBAUGH



John D. Julien

GREENSBURG REDEVELOPMENT COMMISSION

S.R. 3 Corridor Development EDA

ESTIMATED ANNUAL TAX INCREMENT REVENUES - ORIGINAL AREA

	<u>Taxes Payable Year</u>
	<u>2014 - 2030</u>
	(1)
Estimated net assessed value (2)	\$26,843,400
Less: Base assessed value (2)	<u>0</u>
Incremental assessed value	26,843,400
Tax rate (3)	<u>2.5398</u>
Estimated tax increment	681,770
Less: Circuit breaker tax credit (4)	<u>(25,680)</u>
Estimated net tax increment	<u><u>\$656,090</u></u>

(1) The Original Area was established through a Declaratory Resolution adopted February 14, 2000 and has a 30 year term.

(2) Per the Decatur County Auditor's office.

(3) Represents the pay 2014 certified tax rate for the Greensburg City taxing district.

(4) Per the pay 2014 Decatur County Abstract.

Note: This analysis does not assume any future assessed value growth beyond what is in place for taxes payable year 2014.

(Subject to the attached letter dated July 23, 2014)
(Preliminary - Subject to Change)
(For Internal Use Only)

GREENSBURG REDEVELOPMENT COMMISSION

S.R. 3 Corridor Development EDA

ESTIMATED ANNUAL TAX INCREMENT REVENUES - EXPANSION AREA

	Abated Value Payable 2014	Abatement Term (Years)	First Abatement Year Payable	Taxes Payable Year (1)								
				2014	2015	2016	2017	2018	2019	2020	2021	2022
Unabated assessed value (2)				\$16,143,085	\$16,143,085	\$16,143,085	\$16,143,085	\$16,143,085	\$16,143,085	\$16,143,085	\$16,143,085	\$16,143,085
Abated assessed value (2)	\$3,643,600	10	2010	1,821,800	2,186,160	2,550,520	2,914,880	3,279,240	3,461,420	3,643,600	3,643,600	3,643,600
Capital VI, LLC	1,697,400	10	2012	339,480	594,090	848,700	1,018,440	1,188,180	1,357,920	1,527,660	1,612,530	1,697,400
Tree City Estates, LP												
Estimated net assessed value				18,304,365	18,923,335	19,542,305	20,076,405	20,610,505	20,962,425	21,314,345	21,399,215	21,484,085
Less: Base assessed value (2)				(4,916,731)	(4,916,731)	(4,916,731)	(4,916,731)	(4,916,731)	(4,916,731)	(4,916,731)	(4,916,731)	(4,916,731)
Incremental assessed value				13,387,634	14,006,604	14,625,574	15,159,674	15,693,774	16,045,694	16,397,614	16,482,484	16,567,354
Tax rate (3)				2.5398	2.5398	2.5398	2.5398	2.5398	2.5398	2.5398	2.5398	2.5398
Estimated tax increment				340,020	355,740	371,460	385,030	398,590	407,530	416,470	418,620	420,780
Less: Circuit breaker tax credit (4)				(32,840)	(32,840)	(32,840)	(32,840)	(32,840)	(32,840)	(32,840)	(32,840)	(32,840)
Estimated net tax increment				\$307,180	\$322,900	\$338,620	\$352,190	\$365,750	\$374,690	\$383,630	\$385,780	\$387,940

(1) The Expansion Area was established through a Declaratory Resolution adopted August 9, 2006 and has a 30 year term.

(2) Represents pay 2014 values, per the Decatur County Auditor's office.

(3) Represents the certified pay 2014 tax rate for the Greensburg City taxing district.

(4) Per information provided by the Decatur County Auditor's office.

Note: This analysis does not assume any future assessed value growth beyond what is in place for taxes payable year 2014.

(Subject to the attached letter dated July 23, 2014)
(Preliminary - Subject to Change)
(For Internal Use Only)

GREENSBURG REDEVELOPMENT COMMISSION

S.R. 3 Corridor Development EDA

ESTIMATED ANNUAL COMBINED TAX INCREMENT

Taxes Payable Year	Estimated Tax Increment		
	Original Area (1)	Expansion Area (2)	Total
2014	\$656,090	\$307,180	\$963,270
2015	656,090	322,900	978,990
2016	656,090	338,620	994,710
2017	656,090	352,190	1,008,280
2018	656,090	365,750	1,021,840
2019	656,090	374,690	1,030,780
2020	656,090	383,630	1,039,720
2021	656,090	385,780	1,041,870
2022	656,090	387,940	1,044,030
2023	656,090	387,940	1,044,030
2024	656,090	387,940	1,044,030
2025	656,090	387,940	1,044,030
2026	656,090	387,940	1,044,030
2027	656,090	387,940	1,044,030
2028	656,090	387,940	1,044,030
2029	656,090	387,940	1,044,030
2030	656,090	387,940	1,044,030
2031		387,940	387,940
2032		387,940	387,940
2033		387,940	387,940
Totals	<u>\$11,153,530</u>	<u>\$7,486,020</u>	<u>\$18,639,550</u>

(1) See page 2.

(2) See page 3.

(Subject to the attached letter dated July 23, 2014)

(Preliminary - Subject to Change)

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GREENSBURG REDEVELOPMENT COMMISSION

S.R. 3 Corridor Development EDA

**PRELIMINARY AMORTIZATION OF \$9,500,000* PRINCIPAL AMOUNT OF
TAX INCREMENT REVENUE BONDS**
Assumes Bonds dated August 12, 2014.

<u>Payment Date</u>	<u>Principal Outstanding*</u>	<u>Principal*</u>	<u>Assumed Interest Rate</u>	<u>Assumed Interest*</u>	<u>Total Debt Service</u>	<u>Fiscal Year Debt Service</u>
01/15/15	\$9,500,000			\$132,026	\$132,026	\$132,026
07/15/15	9,500,000	\$185,000	3.27%	155,325	340,325	
01/15/16	9,315,000	200,000	3.27%	152,300	352,300	692,625
07/15/16	9,115,000	205,000	3.27%	149,030	354,030	
01/15/17	8,910,000	205,000	3.27%	145,679	350,679	704,709
07/15/17	8,705,000	215,000	3.27%	142,327	357,327	
01/15/18	8,490,000	215,000	3.27%	138,812	353,812	711,138
07/15/18	8,275,000	230,000	3.27%	135,296	365,296	
01/15/19	8,045,000	230,000	3.27%	131,536	361,536	726,832
07/15/19	7,815,000	235,000	3.27%	127,775	362,775	
01/15/20	7,580,000	245,000	3.27%	123,933	368,933	731,708
07/15/20	7,335,000	250,000	3.27%	119,927	369,927	
01/15/21	7,085,000	250,000	3.27%	115,840	365,840	735,767
07/15/21	6,835,000	255,000	3.27%	111,752	366,752	
01/15/22	6,580,000	265,000	3.27%	107,583	372,583	739,335
07/15/22	6,315,000	270,000	3.27%	103,250	373,250	
01/15/23	6,045,000	270,000	3.27%	98,836	368,836	742,086
07/15/23	5,775,000	275,000	3.27%	94,421	369,421	
01/15/24	5,500,000	280,000	3.27%	89,925	369,925	739,346
07/15/24	5,220,000	285,000	3.27%	85,347	370,347	
01/15/25	4,935,000	290,000	3.27%	80,687	370,687	741,034
07/15/25	4,645,000	295,000	3.27%	75,946	370,946	
01/15/26	4,350,000	300,000	3.27%	71,123	371,123	742,068
07/15/26	4,050,000	305,000	3.27%	66,218	371,218	
01/15/27	3,745,000	305,000	3.27%	61,231	366,231	737,448
07/15/27	3,440,000	310,000	3.27%	56,244	366,244	
01/15/28	3,130,000	320,000	3.27%	51,176	371,176	737,420
07/15/28	2,810,000	325,000	3.27%	45,944	370,944	
01/15/29	2,485,000	330,000	3.27%	40,630	370,630	741,573
07/15/29	2,155,000	335,000	3.27%	35,234	370,234	
01/15/30	1,820,000	340,000	3.27%	29,757	369,757	739,991
07/15/30	1,480,000	345,000	3.27%	24,198	369,198	
01/15/31	1,135,000	350,000	3.27%	18,557	368,557	737,755
07/15/31	785,000	125,000	3.27%	12,835	137,835	
01/15/32	660,000	130,000	3.27%	10,791	140,791	278,626
07/15/32	530,000	130,000	3.27%	8,666	138,666	
01/15/33	400,000	130,000	3.27%	6,540	136,540	275,206
07/15/33	270,000	135,000	3.27%	4,415	139,415	
01/15/34	135,000	135,000	3.27%	2,207	137,207	276,622
Totals		<u>\$9,500,000</u>		<u>\$3,163,316</u>	<u>\$12,663,316</u>	<u>\$12,663,316</u>

*Subject to change. Assumes \$9,500,000 of principal is drawn down at closing. Interest payments will be based on actual principal amounts drawn down. Once the final drawn amount is known, the principal payments will be adjusted accordingly.

(Subject to the attached letter dated July 23, 2014)
(Preliminary - Subject to Change)
(For Internal Use Only)

GREENSBURG REDEVELOPMENT COMMISSION

S.R. 3 Corridor Development EDA

COMPARISON OF ESTIMATED DEBT SERVICE AND ESTIMATED TAX INCREMENT

Taxes Payable Year	Estimated Tax Increment	Estimated Debt Service	Estimated Tax Increment Remaining	Estimated Tax Increment Coverage
	(1)	(2)		
2014	\$963,270	(\$132,026)	\$831,244	730%
2015	978,990	(692,625)	286,365	141%
2016	994,710	(704,709)	290,001	141%
2017	1,008,280	(711,138)	297,142	142%
2018	1,021,840	(726,832)	295,008	141%
2019	1,030,780	(731,708)	299,072	141%
2020	1,039,720	(735,767)	303,953	141%
2021	1,041,870	(739,335)	302,535	141%
2022	1,044,030	(742,086)	301,944	141%
2023	1,044,030	(739,346)	304,684	141%
2024	1,044,030	(741,034)	302,996	141%
2025	1,044,030	(742,068)	301,962	141%
2026	1,044,030	(737,448)	306,582	142%
2027	1,044,030	(737,420)	306,611	142%
2028	1,044,030	(741,573)	302,457	141%
2029	1,044,030	(739,991)	304,039	141%
2030	1,044,030	(737,755)	306,275	142%
2031	387,940	(278,626)	109,314	139%
2032	387,940	(275,206)	112,735	141%
2033	387,940	(276,622)	111,318	140%
Totals	<u>\$18,639,550</u>	<u>(\$12,663,316)</u>	<u>\$5,976,234</u>	

(1) See page 4.

(2) See page 5.

(Subject to the attached letter dated July 23, 2014)

(Preliminary - Subject to Change)

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APPENDIX A

RISKS OF TAX INCREMENT

General Risks of Tax Increment. There are certain risks associated with the Tax Increment estimates such as, but not limited to, the following: (i) destruction of property in the Area caused by natural disaster; (ii) delinquent taxes or adjustments of or appeals on assessments by property owners in the Area; (iii) a decrease in the assessed value of properties in the Area due to increases in depreciation, obsolescence or other factors by the assessor; (iv) acquisition of property in the Area by a tax-exempt entity; (v) removal or demolition of real property improvements by property owners in the Area; (vi) delayed billing, collection, or distribution of Tax Increment by the county auditor; (vii) a decrease in property tax rates; (viii) an inability to neutralize the effect of reassessment or trending on Tax Increment, or appeals of reassessments; (ix) the General Assembly, the courts, the DLGF or other administrative agencies with jurisdiction in the matter to enact new laws or regulations or interpret, amend, alter, change or modify the laws or regulations governing the calculation, collection, definition or distribution of Tax Increment including laws or regulations relating to reassessment, the Additional Credit or a revision in the property tax system; or (x) a change in any of the civil unit's funding mechanisms (i.e., no longer funding it with property taxes) could adversely affect Tax Increment. Any such changes could cause the Tax Increment to fall below the estimates provided in this Report.

Reduction of Tax Rates or Tax Collection. The Tax Increment estimates assume that the gross property tax rates will remain at approximately the same level in future years. Any substantial increase in State funding, federal aid or other sources of local revenues, which would reduce local required fiscal support for certain public programs or any substantial increase in assessments outside the Area could reduce the rates of taxation by the taxing bodies levying taxes upon property within the Area and have an adverse effect on the amount of Tax Increment received by the Commission. Economic conditions or administrative action could reduce the collection rate achieved within the Area.

Circuit Breaker. The Circuit Breaker Tax Credit provides different levels of tax caps for various classes of property taxpayers. The Circuit Breaker Tax Credit is estimated to reduce the Tax Increment revenues within the Area by the amount shown in this report.

There can be no assurance that the levies and tax rates of the taxing unit and overlapping taxing units will not increase in some future year causing the Circuit Breaker Tax Credit to increase above the amounts shown in the Report. However, if the Circuit Breaker Tax Credit were to be applied to properties that are not currently receiving the Circuit Breaker Tax Credit in future years, it is not anticipated that it could cause the Tax Increment to fall below the estimates shown in the Report because the Tax Increment estimate never assumes any growth in property tax rates above the 2014 tax rates.

RISKS OF TAX INCREMENT (Cont'd)

Reassessment and Trending. The last general reassessment of property in the State was effective for property assessed March 1, 2012, for taxes payable in 2013. Reassessments are scheduled to occur every four years thereafter. Trending is scheduled to occur on an annual basis. The DLGF is required by law to make a one-time adjustment to neutralize the effect of reassessment and trending on property within tax increment allocation areas, including the Area, so that owners of obligations secured by tax increment revenues will not be adversely affected. Delays in the reassessment and trending process, the inability to neutralize the effect of reassessment, or appeals of assessments and reassessments could adversely affect the Tax Increment.

Delayed Tax Distribution. In the event of delayed billing, collection or distribution by the County Auditor of Tax Increment, sufficient funds may not be available to the Commission in time to pay debt service when due. This risk is inherent in all property-tax supported obligations. See the paragraph "Reassessment and Trending" above.

Legislative Changes: Legislation affecting municipal bonds is considered from time to time by the Indiana legislature and Executive Branch. It is possible that legislation enacted after the date of the Bonds or proposed for consideration will have an adverse effect on payment or timing of payment or other matters impacting the Bonds. By way of example, legislation concerning Indiana's real and personal property tax system or governmental or municipal insolvency matters could have such impacts. Such legislation is currently under consideration by the Indiana legislature.

The County cannot predict the outcome of any such federal or state proposals as to passage, ultimate content or impact if passed, or timing of consideration or passage. Purchasers of the Bonds should reach their own conclusions regarding the impact of any such federal or state proposals.

If the Tax Increment is less than the estimate, the Tax Increment may not be sufficient to pay the debt service on the Bonds as it becomes due.