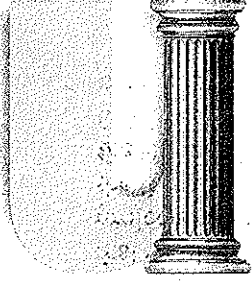


UMBAUGH



It's all about experience.

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May 30, 2008

The Honorable Gary Herbert
Mayor, City of Greensburg
314 West Washington Street
Greensburg, Indiana 47240

RE: Additional Options for Freeland Road Project

Dear Mayor:

As we discussed last week, we've modified our previous analysis to reflect a couple of options that assume the developer finances the Freeland Road improvements by purchasing the Redevelopment Commission's Bonds. We ran this with two scenarios to give you an idea of the range of dollars that might be available for constructing improvements.

When the developer finances the public improvements, the risk of a default and the negative consequences that would have on the City go down considerably. The reduction in risk creates an opportunity to fund larger projects from the same TIF Revenue stream. This can be accomplished by reducing or delaying funding of the Reserve Fund and reducing coverage levels. The other term that can be negotiated is the interest rate on the Bonds. The two scenarios we prepared assume a loan with a market rate, and the other scenario assumes a 0% interest rate. We include this last scenario because with some projects it's more important to the developer to have more money for improvements than it is to earn interest on the loan.

Both scenarios have been prepared again assuming a \$50,000,000 investment by the developer. If the developer receives a market interest rate, the amount of principal available for constructing improvements would be approximately \$9,150,000. If we assume the same TIF Revenue stream but the developer opts not to earn interest on the Bonds, the amount of funds available for improvements would be approximately \$16,400,000.

I hope this information is helpful. If the developer is interested and capable of underwriting the cost of the project, there are quite a few options that are available as to how that type of deal can be structured. We would be happy to discuss these options in more detail with you and the developer. In the meantime, if you have any questions, please don't hesitate to contact me.

Very truly yours,

UMBAUGH

John D. Julien

JDJ/jf

Enclosures

cc: Mr. Matthew D. Bailey, Attorney at Law
Mr. Richard J. Hall, Barnes & Thornburg LLP

GREENSBURG REDEVELOPMENT COMMISSION

Freeland Road

ILLUSTRATIVE TAX INCREMENT CALCULATIONS

<u>Investment Amount</u>	<u>Adjusted Tax Rate</u>	<u>Estimated Tax Increment</u>
	(1)	
\$25,000,000	\$2.1991	\$550,000
50,000,000	2.1991	1,100,000
75,000,000	2.1991	1,649,000
100,000,000	2.1991	2,199,000

- (1) The tax rate is based on the pay 2007 gross tax rate of \$2.3572 reduced by the school general fund, pre-school special education, child welfare, state fair and forestry and the fire and police pension levies and adjusted for the Supplemental Homestead Deduction for the City of Greensburg.

For Discussion Purposes Only

Prepared by Umbaugh

May 29, 2008

GREENSBURG REDEVELOPMENT COMMISSION

Freeland Road

ILLUSTRATION OF PROJECT COSTS AND FUNDING

(Assumes \$50,000,000 of New Investment)

Estimated Project Costs:

Total estimated fundable project costs	\$9,163,411
Allowance for capitalized interest	1,236,589
Estimated bond issuance costs & contingencies	<u>100,000</u>
Estimated Total Project Costs	<u><u>\$10,500,000</u></u>

Sources of Funding:

Proposed Tax Increment Revenue Bonds of 2008	<u><u>\$10,500,000</u></u>
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For Discussion Purposes Only

Prepared by Umbaugh

May 29, 2008

GREENSBURG REDEVELOPMENT COMMISSION

Freeland Road

**AMORTIZATION OF \$10,500,000 PRINCIPAL AMOUNT
OF TAX INCREMENT REVENUE BONDS OF 2008**

Assumes Bonds dated July 1, 2009
Assumed Interest Rates as Indicated

<u>Bonds Maturing</u>	<u>Principal Balance Remaining (in 000s)</u>	<u>Principal (in 000s)</u>	<u>Interest Rates (%)</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Capitalized Interest</u>	<u>Net Debt Service</u>	<u>Budget Year</u>
1/1/2010	\$10,500			\$262,196.25	\$262,196.25	(\$262,196.25)	\$0.00	\$0.00
7/1/2010	10,500			262,196.25	262,196.25	(262,196.25)	0.00	
1/1/2011	10,500			262,196.25	262,196.25	(262,196.25)	0.00	0.00
7/1/2011	10,500			262,196.25	262,196.25	(165,000.00)	97,196.25	
1/1/2012	10,500			262,196.25	262,196.25	(160,000.00)	102,196.25	199,392.50
7/1/2012	10,500			262,196.25	262,196.25	(65,000.00)	197,196.25	
1/1/2013	10,500			262,196.25	262,196.25	(60,000.00)	202,196.25	399,392.50
7/1/2013	10,500	\$35	4.20	262,196.25	297,196.25		297,196.25	
1/1/2014	10,465	40	4.30	261,461.25	301,461.25		301,461.25	598,657.50
7/1/2014	10,425	135	4.30	260,601.25	395,601.25		395,601.25	
1/1/2015	10,290	145	4.40	257,698.75	402,698.75		402,698.75	798,300.00
7/1/2015	10,145	245	4.40	254,508.75	499,508.75		499,508.75	
1/1/2016	9,900	250	4.55	249,118.75	499,118.75		499,118.75	998,627.50
7/1/2016	9,650	255	4.55	243,431.25	498,431.25		498,431.25	
1/1/2017	9,395	260	4.65	237,630.00	497,630.00		497,630.00	996,061.25
7/1/2017	9,135	265	4.65	231,585.00	496,585.00		496,585.00	
1/1/2018	8,870	275	4.75	225,423.75	500,423.75		500,423.75	997,008.75
7/1/2018	8,595	280	4.75	218,892.50	498,892.50		498,892.50	
1/1/2019	8,315	285	4.85	212,242.50	497,242.50		497,242.50	996,135.00
7/1/2019	8,030	295	4.85	205,331.25	500,331.25		500,331.25	
1/1/2020	7,735	300	4.95	198,177.50	498,177.50		498,177.50	998,508.75
7/1/2020	7,435	310	4.95	190,752.50	500,752.50		500,752.50	
1/1/2021	7,125	315	5.00	183,080.00	498,080.00		498,080.00	998,832.50
7/1/2021	6,810	325	5.00	175,205.00	500,205.00		500,205.00	
1/1/2022	6,485	330	5.00	167,080.00	497,080.00		497,080.00	997,285.00
7/1/2022	6,155	340	5.00	158,830.00	498,830.00		498,830.00	
1/1/2023	5,815	350	5.05	150,330.00	500,330.00		500,330.00	999,160.00
7/1/2023	5,465	360	5.05	141,492.50	501,492.50		501,492.50	
1/1/2024	5,105	365	5.10	132,402.50	497,402.50		497,402.50	998,895.00
7/1/2024	4,740	380	5.10	123,095.00	503,095.00		503,095.00	
1/1/2025	4,360	385	5.15	113,405.00	498,405.00		498,405.00	1,001,500.00
7/1/2025	3,975	400	5.15	103,491.25	503,491.25		503,491.25	
1/1/2026	3,575	405	5.20	93,191.25	498,191.25		498,191.25	1,001,682.50
7/1/2026	3,170	420	5.20	82,661.25	502,661.25		502,661.25	
1/1/2027	2,750	430	5.20	71,741.25	501,741.25		501,741.25	1,004,402.50
7/1/2027	2,320	440	5.20	60,561.25	500,561.25		500,561.25	
1/1/2028	1,880	450	5.20	49,121.25	499,121.25		499,121.25	999,682.50
7/1/2028	1,430	465	5.20	37,421.25	502,421.25		502,421.25	
1/1/2029	965	475	5.25	25,331.25	500,331.25		500,331.25	1,002,752.50
7/1/2029	490	490	5.25	12,862.50	502,862.50		502,862.50	502,862.50
Totals		<u>\$10,500</u>		<u>\$7,225,727.50</u>	<u>\$17,725,727.50</u>	<u>(\$1,236,588.75)</u>	<u>\$16,489,138.75</u>	<u>\$16,489,138.75</u>

Note: Assumes the sunset date for the allocation area is December 31, 2028 or later.

For Discussion Purposes Only
Prepared by Umbaugh
May 29, 2008

GREENSBURG REDEVELOPMENT COMMISSION

Freeland Road

COMPARISON OF ESTIMATED AVAILABLE TAX INCREMENT AND DEBT SERVICE

<u>Year Payable</u>	<u>Estimated Available Tax Increment</u> (1)	<u>Proposed Tax Increment Revenue Bonds of 2008</u> (2)	<u>Estimated Annual Surplus</u>	<u>Estimated Coverage Ratio</u>	<u>Estimated Cumulative Surplus</u>
2009		\$0 (3)	\$0	N/A	\$0
2010		0 (3)	0	N/A	0
2011	\$220,000	199,393 (3)	20,608	110%	20,608
2012	440,000	399,393 (3)	40,608	110%	61,215
2013	660,000	598,658	61,343	110%	122,558
2014	880,000	798,300	81,700	110%	204,258
2015	1,100,000	998,628	101,373	110%	305,630
2016	1,100,000	996,061	103,939	110%	409,569
2017	1,100,000	997,009	102,991	110%	512,560
2018	1,100,000	996,135	103,865	110%	616,425
2019	1,100,000	998,509	101,491	110%	717,916
2020	1,100,000	998,833	101,168	110%	819,084
2021	1,100,000	997,285	102,715	110%	921,799
2022	1,100,000	999,160	100,840	110%	1,022,639
2023	1,100,000	998,895	101,105	110%	1,123,744
2024	1,100,000	1,001,500	98,500	110%	1,222,244
2025	1,100,000	1,001,683	98,318	110%	1,320,561
2026	1,100,000	1,004,403	95,598	110%	1,416,159
2027	1,100,000	999,683	100,318	110%	1,516,476
2028	1,100,000	1,002,753	97,248	110%	1,613,724
2029	1,100,000	502,863	597,138	219%	2,210,861
Totals	<u>\$18,700,000</u>	<u>\$16,489,139</u>	<u>\$2,210,861</u>		

(1) Assumes the following captured growth:

March 1, 2010	\$10,000,000
March 1, 2011	\$20,000,000
March 1, 2012	\$30,000,000
March 1, 2013	\$40,000,000
March 1, 2014	\$50,000,000

(2) See Page 3.

(3) Net of capitalized interest.

For Discussion Purposes Only
Prepared by Umbaugh
May 29, 2008

GREENSBURG REDEVELOPMENT COMMISSION

Freeland Road

ILLUSTRATION OF PROJECT COSTS AND FUNDING

(Assumes \$50,000,000 of New Investment)

Estimated Project Costs:

Total estimated fundable project costs	\$16,400,000
Estimated bond issuance costs & contingencies	<u>100,000</u>
Estimated Total Project Costs	<u><u>\$16,500,000</u></u>

Sources of Funding:

Proposed Tax Increment Revenue Bonds of 2008	<u><u>\$16,500,000</u></u>
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For Discussion Purposes Only

Prepared by Umbaugh

May 29, 2008

GREENSBURG REDEVELOPMENT COMMISSION

Freeland Road

**AMORTIZATION OF \$16,500,000 PRINCIPAL AMOUNT
OF TAX INCREMENT REVENUE BONDS OF 2008**

Assumes Bonds dated July 1, 2009

Assumed Interest Rates as Indicated

<u>Bonds Maturing</u>	<u>Principal Balance Remaining (in 000s)</u>	<u>Principal (in 000s)</u>	<u>Interest Rates (%)</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Budget Year</u>
1/1/2010	\$16,500			\$0.00	\$0.00	\$0.00
7/1/2010	16,500			0.00	0.00	
1/1/2011	16,500			0.00	0.00	0.00
7/1/2011	16,500	\$100	0.00	0.00	100,000.00	
1/1/2012	16,400	100	0.00	0.00	100,000.00	200,000.00
7/1/2012	16,300	200	0.00	0.00	200,000.00	
1/1/2013	16,100	200	0.00	0.00	200,000.00	400,000.00
7/1/2013	15,900	300	0.00	0.00	300,000.00	
1/1/2014	15,600	300	0.00	0.00	300,000.00	600,000.00
7/1/2014	15,300	400	0.00	0.00	400,000.00	
1/1/2015	14,900	400	0.00	0.00	400,000.00	800,000.00
7/1/2015	14,500	500	0.00	0.00	500,000.00	
1/1/2016	14,000	500	0.00	0.00	500,000.00	1,000,000.00
7/1/2016	13,500	500	0.00	0.00	500,000.00	
1/1/2017	13,000	500	0.00	0.00	500,000.00	1,000,000.00
7/1/2017	12,500	500	0.00	0.00	500,000.00	
1/1/2018	12,000	500	0.00	0.00	500,000.00	1,000,000.00
7/1/2018	11,500	500	0.00	0.00	500,000.00	
1/1/2019	11,000	500	0.00	0.00	500,000.00	1,000,000.00
7/1/2019	10,500	500	0.00	0.00	500,000.00	
1/1/2020	10,000	500	0.00	0.00	500,000.00	1,000,000.00
7/1/2020	9,500	500	0.00	0.00	500,000.00	
1/1/2021	9,000	500	0.00	0.00	500,000.00	1,000,000.00
7/1/2021	8,500	500	0.00	0.00	500,000.00	
1/1/2022	8,000	500	0.00	0.00	500,000.00	1,000,000.00
7/1/2022	7,500	500	0.00	0.00	500,000.00	
1/1/2023	7,000	500	0.00	0.00	500,000.00	1,000,000.00
7/1/2023	6,500	500	0.00	0.00	500,000.00	
1/1/2024	6,000	500	0.00	0.00	500,000.00	1,000,000.00
7/1/2024	5,500	500	0.00	0.00	500,000.00	
1/1/2025	5,000	500	0.00	0.00	500,000.00	1,000,000.00
7/1/2025	4,500	500	0.00	0.00	500,000.00	
1/1/2026	4,000	500	0.00	0.00	500,000.00	1,000,000.00
7/1/2026	3,500	500	0.00	0.00	500,000.00	
1/1/2027	3,000	500	0.00	0.00	500,000.00	1,000,000.00
7/1/2027	2,500	500	0.00	0.00	500,000.00	
1/1/2028	2,000	500	0.00	0.00	500,000.00	1,000,000.00
7/1/2028	1,500	500	0.00	0.00	500,000.00	
1/1/2029	1,000	500	0.00	0.00	500,000.00	1,000,000.00
7/1/2029	500	500	0.00	0.00	500,000.00	500,000.00
Totals		<u>\$16,500</u>		<u>\$0.00</u>	<u>\$16,500,000.00</u>	<u>\$16,500,000.00</u>

Note: Assumes the sunset date for the allocation area is December 31, 2028 or later.

For Discussion Purposes Only
Prepared by Umbaugh
May 29, 2008

GREENSBURG REDEVELOPMENT COMMISSION

Freeland Road

COMPARISON OF ESTIMATED AVAILABLE TAX INCREMENT AND DEBT SERVICE

<u>Year Payable</u>	<u>Estimated Available Tax Increment</u> (1)	<u>Proposed Tax Increment Revenue Bonds of 2008</u> (2)	<u>Estimated Annual Surplus</u>	<u>Estimated Coverage Ratio</u>	<u>Estimated Cumulative Surplus</u>
2009		\$0	\$0	N/A	\$0
2010		0	0	N/A	0
2011	\$220,000	200,000	20,000	110%	20,000
2012	440,000	400,000	40,000	110%	60,000
2013	660,000	600,000	60,000	110%	120,000
2014	880,000	800,000	80,000	110%	200,000
2015	1,100,000	1,000,000	100,000	110%	300,000
2016	1,100,000	1,000,000	100,000	110%	400,000
2017	1,100,000	1,000,000	100,000	110%	500,000
2018	1,100,000	1,000,000	100,000	110%	600,000
2019	1,100,000	1,000,000	100,000	110%	700,000
2020	1,100,000	1,000,000	100,000	110%	800,000
2021	1,100,000	1,000,000	100,000	110%	900,000
2022	1,100,000	1,000,000	100,000	110%	1,000,000
2023	1,100,000	1,000,000	100,000	110%	1,100,000
2024	1,100,000	1,000,000	100,000	110%	1,200,000
2025	1,100,000	1,000,000	100,000	110%	1,300,000
2026	1,100,000	1,000,000	100,000	110%	1,400,000
2027	1,100,000	1,000,000	100,000	110%	1,500,000
2028	1,100,000	1,000,000	100,000	110%	1,600,000
2029	1,100,000	500,000	600,000	220%	2,200,000
Totals	<u>\$18,700,000</u>	<u>\$16,500,000</u>	<u>\$2,200,000</u>		

- (1) Assumes the following captured growth:
- | | |
|---------------|--------------|
| March 1, 2010 | \$10,000,000 |
| March 1, 2011 | \$20,000,000 |
| March 1, 2012 | \$30,000,000 |
| March 1, 2013 | \$40,000,000 |
| March 1, 2014 | \$50,000,000 |
- (2) See Page 6.

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May 29, 2008