

AVON REDEVELOPMENT COMMISSION

Avon, Indiana

Reagan Logistics Center

**Tax Increment Revenue Bond Analysis
Revised**

November 29, 2022



AVON REDEVELOPMENT COMMISSION

Reagan Logistics Center

TABLE OF CONTENTS

	<u>Page</u>
LETTER OF TRANSMITTAL	
EXHIBIT A - Schedule of Estimated Annual Real Property Tax Increment	1
EXHIBIT B - Tax Increment Revenue Bonds of 2023 Estimated Sources & Uses of Fund	3
EXHIBIT C - Tax Increment Revenue Bonds of 2023 Estimated Debt Service Schedule	4
EXHIBIT D - Estimated Debt Service and Coverage	5
EXHIBIT E - Summary of Significant Assumptions	6



2680 East Main Street
Suite 223
Plainfield, IN 46168
Phone: 317.837.4933

Email Addresses:

greg@fsgcorp.com

fsg@fsgcorp.com

November 29, 2022

Mr. Ryan Cannon
Avon Town Manager
6570 E. U.S. Hwy. 36
Avon, Indiana 46123

VIA EMAIL: RCannon@avongov.org

RE: REAGAN LOGISTICS CENTER TIF FINANCING

Ryan:

Attached is the estimate of TIF revenue and debt service, for the tax increment financing to be supported from TIF revenue, from the Reagan Logistics Center developments. Our report is based on assumptions provided by the developer as of the date of this report. The actual results will be different than the amounts estimated and such differences could be material.

We have assumed that the development will receive ten-year property tax abatement on real property. We have also assumed that TIF revenue will be captured on real property only (no personal property). In addition, we have assumed that the property will be assessed at \$45.00 per square foot and \$80,000, per acre, in land value (See Assumptions on Page 6).

This report assumes that the bond issue would be closed in February 2023 and the proceeds would be used for **infrastructure costs**. Our analysis represents the maximum bond size and assumes that the developer (or related party), would purchase the bonds and that the bonds will pay interest at a rate of 5.75%.

Interest on the 2023 bonds is assumed to be capitalized through and including February 1, 2026. The TIF bonds have been structured as a term bond with a final maturity date of February 1, 2033, with optional sinking fund redemption. The debt service schedules attached to this report are for illustrative purposes only and the **actual redemption amount** will be reviewed on an annual basis.

This report is based upon our current understanding of the project and the current property tax system in the State of Indiana. As we have seen several times, this is a best estimate analysis. The actual will be different and, in most cases, timing does not occur as projected by the developer. Please give me a call if you have any questions, or need additional information.

Sincerely,

Financial Solutions Group, Inc.

Gregory T. Guerrettaz

HENDRICKS COUNTY REDEVELOPMENT COMMISSION
Hendricks County, Indiana

Reagan Logistics Center
Schedule of Estimated Annual Real Property Tax Increment

Building #	Use	Sq. Footage	Building AV	First Year Payable of Abatement	Land Assessed Value	Year Payable						
						2023	2024	2025	2026	2027	2028	2029
	(1)	(1)	(2)	(1)	(1)							
1	Distribution	291,600	\$ 13,122,000	2024	\$ 1,744,000			\$ 656,100	\$ 2,624,400	\$ 4,592,700	\$ 6,561,000	\$ 7,873,200
2	Distribution	712,800	32,076,000	2024	4,221,600			1,603,800	6,415,200	11,226,600	16,038,000	19,245,600
Improvement Assessed Value						\$ -	\$ -	\$ 2,259,900	\$ 9,039,600	\$ 15,819,300	\$ 22,599,000	\$ 27,118,800
Land Assessed Value						127,400	5,965,600	5,965,600	5,965,600	5,965,600	5,965,600	5,965,600
Total Development Assessed Value						\$ 127,400	\$ 5,965,600	\$ 8,225,500	\$ 15,005,200	\$ 21,784,900	\$ 28,564,600	\$ 33,084,400
Less: Based Assessed Value (3)						(127,400)	(127,400)	(127,400)	(127,400)	(127,400)	(127,400)	(127,400)
Incremental Assessed Value						\$ -	\$ 5,838,200	\$ 8,098,100	\$ 14,877,800	\$ 21,657,500	\$ 28,437,200	\$ 32,957,000
Times Net Tax Rate (4)						2.6626	2.6626	2.6626	2.6626	2.6626	2.6626	2.6626
Estimated Real Property Tax Increment						\$ -	\$ 155,448	\$ 215,620	\$ 396,136	\$ 576,653	\$ 757,169	\$ 877,513

- (1) Based on information provided by the developer**
- (2) Based on comparable buildings at AllPoints Business Park**
- (3) Per the Hendricks County Assessor's office.**
- (4) Pay 2022 Avon property tax rate (Total Rate \$2.9126 less School Referendum Rate of \$.2500 per \$100 of AV).**

HENDRICKS COUNTY REDEVELOPMENT COMMISSION
Hendricks County, Indiana

Reagan Logistics Center
Schedule of Estimated Annual Real Property Tax Increment

Building #	Use	Sq. Footage	Building AV	First Year Payable of Abatement/ Assessment	Land Assessed Value	Year Payable							
						2030	2031	2032	2033	2034	2035	2036	
	(1)	(1)	(2)	(1)	(1)								
1	Distribution	291,600	\$ 13,122,000	2024	\$ 1,744,000	\$ 9,185,400	\$ 10,497,600	\$ 11,809,800	\$ 12,465,900	\$ 13,122,000	\$ 13,122,000	\$ 13,122,000	\$ 13,122,000
2	Distribution	712,800	32,076,000	2024	4,221,600	22,453,200	25,660,800	28,868,400	30,472,200	32,076,000	32,076,000	32,076,000	32,076,000
Improvement Assessed Value						\$ 31,638,600	\$ 36,158,400	\$ 40,678,200	\$ 42,938,100	\$ 45,198,000	\$ 45,198,000	\$ 45,198,000	\$ 45,198,000
Land Assessed Value						5,965,600	5,965,600	5,965,600	5,965,600	5,965,600	5,965,600	5,965,600	5,965,600
Total Development Assessed Value						\$ 37,604,200	\$ 42,124,000	\$ 46,643,800	\$ 48,903,700	\$ 51,163,600	\$ 51,163,600	\$ 51,163,600	\$ 51,163,600
Less: Based Assessed Value (3)						(127,400)	(127,400)	(127,400)	(127,400)	(127,400)	(127,400)	(127,400)	(127,400)
Incremental Assessed Value						\$ 37,476,800	\$ 41,996,600	\$ 46,516,400	\$ 48,776,300	\$ 51,036,200	\$ 51,036,200	\$ 51,036,200	\$ 51,036,200
Times Net Tax Rate (4)						2.6626	2.6626	2.6626	2.6626	2.6626	2.6626	2.6626	2.6626
Estimated Real Property Tax Increment						\$ 997,857	\$ 1,118,201	\$ 1,238,546	\$ 1,298,718	\$ 1,358,890	\$ 1,358,890	\$ 1,358,890	\$ 1,358,890

- (1) Based on information provided by the developer**
- (2) Based on comparable buildings at AllPoints Business Park**
- (3) Per the Hendricks County Assessor's office.**
- (4) Pay 2022 Avon property tax rate (Total Rate \$2.9126 less School Referendum Rate of \$.2500 per \$100 of AV).**

AVON REDEVELOPMENT COMMISSION

Reagan Logistics Center

Taxable Tax Increment Revenue Bonds of 2023

Estimated Sources & Uses of Funds

Estimated Sources of Funds

Par Amount of Developer Bonds	\$	3,025,000
Original Issue Discount (3)		(350,000)
		(350,000)
Total Estimated Sources of Funds	\$	2,675,000

Estimated Uses of Funds

Estimated Infrastructure Costs	\$	2,100,000
Debt Service Reserve (1)		-
Capitalized Interest Fund (2)		409,981
Bond Issuance Cost		165,019
		165,019
Total Estimated Uses of Funds	\$	2,675,000

- (1) Assumes that a Debt Service Reserve Fund is not needed, saving \$302,500.**
- (2) Interest is assumed to be capitalized thru and including February 1, 2026 (partial funding in 2024 and 2025).**
- (3) Estimated, actual amount to be determined.**

AVON REDEVELOPMENT COMMISSION

Reagan Logistics Center

Taxable Tax Increment Revenue Bonds of 2023

Estimated Debt Service Schedule

Date	Principal	Interest Rate	Interest Amount	Semi-Annual Debt Service	Annual Debt Service	Capitalized Interest
2/1/2023						
8/1/2023			\$ 86,969	\$ 86,969		\$ 86,969
2/1/2024			86,969	86,969	\$ 173,938	86,969
8/1/2024			86,969	86,969		86,969
2/1/2025			86,969	86,969	173,938	51,149
8/1/2025			86,969	86,969		86,969
2/1/2026			86,969	86,969	173,938	10,957
8/1/2026	\$ 22,000	5.75%	86,969	108,969		
2/1/2027	29,000	5.75%	86,336	115,336	224,305	
8/1/2027	91,000	5.75%	85,503	176,503		
2/1/2028	103,000	5.75%	82,886	185,886	362,389	
8/1/2028	185,000	5.75%	79,925	264,925		
2/1/2029	191,000	5.75%	74,606	265,606	530,531	
8/1/2029	219,000	5.75%	69,115	288,115		
2/1/2030	237,000	5.75%	62,819	299,819	587,934	
8/1/2030	259,000	5.75%	56,005	315,005		
2/1/2031	280,000	5.75%	48,559	328,559	643,564	
8/1/2031	311,000	5.75%	40,509	351,509		
2/1/2032	315,000	5.75%	31,568	346,568	698,076	
8/1/2032	390,000	5.75%	22,511	412,511		
2/1/2033	393,000	5.75%	11,299	404,299	816,810	
	<u>\$ 3,025,000</u>		<u>\$ 1,360,421</u>	<u>\$ 4,385,421</u>	<u>\$ 4,385,421</u>	<u>\$ 409,981</u>

AVON REDEVELOPMENT COMMISSION

Reagan Logistics Center

Estimated Debt Service and Coverage

Year Payable	2022 Debt Service	Estimated TIF Revenue	2022 - % of TIF Revenue Used For Debt Service	2021 - % of TIF Revenue Used For Debt Service	Coverage - %	Coverage - \$	Cumulative Coverage - \$
2023	Capitalized			N/A	N/A		
2024	\$ 35,820 (1)	\$ 155,448	23%	23%	434%	119,628	119,628
2025	76,012 (1)	215,620	35%	35%	284%	139,608	259,236
2026	224,305	396,136	57%	57%	177%	171,831	431,067
2027	362,389	576,653	63%	63%	159%	214,264	645,331
2028	530,531	757,169	70%	70%	143%	226,638	871,969
2029	587,934	877,513	67%	67%	149%	289,579	1,161,548
2030	643,564	997,857	64%	64%	155%	354,294	1,515,842
2031	698,076	1,118,201	62%	62%	160%	420,125	1,935,967
2032	816,810	1,238,546	66%	66%	152%	421,736	2,357,702
Total	<u>\$ 3,975,441</u>	<u>\$ 6,333,143</u>				<u>\$ 2,357,702</u>	

(1) Interest is partially capitalized.

NOTES: No interest is assumed to accrue or to be paid on any unpaid debt service.
The Town may use Coverage for pay off the Bonds as soon as possible.

AVON REDEVELOPMENT COMMISSION

Reagan Logistics Center

Summary of Significant Assumptions

1. Both buildings will be complete and fully assessed by January 1, 2023. **(See Exhibit A)**
2. Assessed value for new buildings Real Property Improvements is equal to \$45.00 per square foot for each building.
3. No appeals of assessed value have been assumed over the life of the Bonds.
4. Net increase in land assessed value due to change in reclassification from Agricultural is based on similar properties.
5. The Pay 2022 tax rate has been used with no adjustments for potential future tax changes.
6. Personal Property will not be captured for TIF revenue or used for debt service.
7. The 2023 Bonds are assumed to be issued on February 1, 2023.
8. Each building is assumed to receive 10-year Real Property standard tax abatement.
9. No reserve fund has been included, saving the taxpayers.
10. No additional interest will accrue on any shortfalls.
11. Interest on the Bonds will be taxable for federal income tax purposes.