

Letter of Intent – DRG Industrial Project Infrastructure

This Letter of Intent (“LOI”) is entered into this ____ day of February, 2023 (“Effective Date”), by and between DRG Industrial Fund I Avon, LLC, a Delaware limited liability company or its assigns (“Developer”) and Town of Avon, Indiana, an Indiana municipality (“Town”) (below the term “Town” is used generically to refer to the Town, its Redevelopment Commission, its Economic Development Commission and any other Town body as necessary to carry out the intent of this LOI).

WHEREAS, the Town has determined that growing the commercial and industrial tax base in the Town of Avon will, among other benefits, have a positive economic impact on the Town and its residents and is, therefore, in the best interest of the citizens of Avon, Indiana;

WHEREAS, the Town desires to encourage and support development of quality commercial and industrial development in Avon consistent with the Town’s 2017 Comprehensive Plan (the “Avon Comprehensive Plan”);

WHEREAS, Developer has acquired land along the Ronald Reagan Parkway, with addresses of 1500 and 1322 S. Ronald Reagan Parkway (as depicted on **Exhibit A**) and desires to invest in and develop an industrial project with multiple buildings on the land (the “Project”);

WHEREAS, in order to be viable for commercial and industrial development, the Project area is in need of infrastructure estimated to cost in excess of \$2,800,000;

WHEREAS, the Developer is willing to fund the cost of the infrastructure through the purchase of Town of Avon Economic Development Revenue Bonds (the “Bonds”), provided the Town pledges future tax increment from the Project to the repayment of the Bonds; and

WHEREAS, the Town and Developer desire to set out the basic business terms in this LOI under which the Developer commits to building phase one infrastructure, including roads, sidewalks, water, sanitary sewer, stormwater and other necessary infrastructure for the Project, and the Town commits to use tax increment generated by the Project, as well tax increment from the Reagan Logistics Allocation Area (as set forth herein) allocation fund to partially fund infrastructure;

NOW, THEREFORE, in consideration of the foregoing, the parties set out the following basic terms and conditions:

I. Project Summary

The Project consists of two industrial buildings of an aggregate of approximately 1,000,000 square feet of industrial space. At full build-out, Developer estimates the total assessed value for the Project to be approximately \$45,198,000.

II. Terms

- a. **Project Infrastructure.** Developer shall construct the Project Infrastructure, which shall include the scope listed on **Exhibit B** (the “Project Infrastructure”). The Project Infrastructure is currently estimated to cost approximately \$2,800,000.
- b. **Economic Development Revenue Bonds - Issuance.** The Town shall take all steps necessary to issue the Bonds in phases in an amount sufficient to generate total net proceeds in the amount of \$2,100,000 (“Total Construction Proceeds”) to be used to fund the Project Infrastructure, subject to the terms below. The parties currently estimate issuance costs of approximately \$165,000 (including reasonable issuance costs of both the Town and the Developer). Thus, the total principal amount of the Bonds are projected to be \$3,025,000. Developer recognizes that the Bonds will only be issued with the expectation that Developer will purchase the Bonds, and the Town has no obligation to issue the Bonds if Developer or its designee is not purchasing the Bonds. Additional terms related to the Bonds are included in **Exhibit C**.
- c. **Economic Development Revenue Bonds - Purchase.** Developer or its designee shall purchase the Bonds.
- d. **Project Agreement.** The parties acknowledge this LOI is not binding on either party, is subject to financing, and is subject to the incorporation of these general terms into a final Project Agreement on terms acceptable to both Town and the Developer, both or whom agree to negotiate such Project Agreement, in good faith.

III. Definition

- i. Tax increment – Real property taxes collected in the Reagan Logistics Allocation Area.

IV. Timeline

- a. December 2022: Infrastructure design and approvals complete
- b. December 2022: Approve and execute Letter or Intent
- c. January 2023: Approve and execute Project Agreement and additional Town approvals related to the Bonds
- d. February 2023: Bonds issued and infrastructure construction commences

Entered into this ____ day of February, 2023 by:

DRG INDUSTRIAL FUND I AVON, LLC

TOWN OF AVON, INDIANA

By: _____

By: _____

Printed: _____

Printed: _____

Title: _____

Title: _____

EXHIBIT A



| PROJECT DATA | |
|----------------|------------------|
| BUILDING #1 | 1,212,600 SF +/- |
| CAR SPACES | 188 SPACES +/- |
| TRUCK DOCKS | 47 DOCKS +/- |
| TRUCKER SPACES | 75 SPACES +/- |
| DELIVERY DOCKS | 2 DOCKS |
| BUILDING #2 | 1,231,600 SF +/- |
| CAR SPACES | 247 SPACES +/- |
| TRUCK DOCKS | 154 DOCKS +/- |
| TRUCKER SPACES | 140 SPACES +/- |
| DELIVERY DOCKS | 4 DOCKS |



Proposed Development
Avon, IN

SCALE: 1"=50'-0" (1/4"=1')

Conceptual Site Plan

DATE: 04/12/2021



A.1



EXHIBIT B

PROJECT INFRASTRUCTURE SCOPE

| Veterans Drive, RR Improvements, and Offsite Utilities | |
|--|-----------------------|
| Description of Work | Estimated Cost |
| Design | \$26,200.00 |
| 3rd Party Testing (Alt & Witzig) | \$16,500.00 |
| Earthwork and Site Utilities (Gradex) | \$1,312,577.98 |
| Soil Stabilization (MTSCG) | \$46,612.00 |
| Paving (Rieth-Riley) | \$857,936.00 |
| Curb/Sidewalk (Elbrecht) | \$119,345.00 |
| Landscaping Allowance (\$20,500) | \$20,500.00 |
| Signalized Intersection Allowance (\$300,000) | |
| Traffic Signal (TC Electric) | \$315,191.00 |
| Total | \$2,714,861.98 |

EXHIBIT C

**TOWN OF AVON, INDIANA
ECONOMIC DEVELOPMENT REVENUE BONDS, SERIES 2023
(REAGAN LOGISTICS PROJECT)**

Type of Bond: Economic Development Revenue Bonds. The Bonds shall be draw bonds with Developer drawing proceeds needed for construction no more frequently than monthly.

Tax Status: Taxable

Issuer: Town of Avon through its Economic Development Commission

Source of Security: Tax Increment Revenues from the Reagan Logistics Allocation Area and a minimum taxpayer agreement executed by property owner

[Name]
Allocation Area: The Reagan Logistics Allocation Area shall include [____] +/- acres [_____]

Principal Amount: \$3,025,000

Uses of Funds: \$2,100,000 in the design and construction of infrastructure¹; \$165,000 costs of issuance including developer's expenses; approximately \$400,000 capitalized interests costs

Reserve Fund: None

Maturity date: January 15, 2033

Interest dates: January 15 and July 15, commencing the first to occur of January 15 or July 15 after the issuance date.

Interest rate: 5.75%; provided that the Bonds may be purchased at a discount of the par amount necessary to generate a yield for the bond purchaser of 423 basis points over the 10 year Treasury yield; provided that this yield may adjust based on the date of closing.

Interest calculation; 360-day year; twelve 30 day months

¹ The infrastructure would be completed by the developer and would not be subject public bidding, as the bonds would be issued under IC 36-7-12. The principal would be advanced through monthly draws or upon completion, at the discretion of developer.

Purchaser: Negotiated sale to developer (or designee)

Denominations: \$100,000 or \$1,000 integral multiples thereof

Optional Redemption: Optional redemption of the bonds may be made by the Town on the second semi-annual installment payment to be made in 2030. Any optional redemption made by the Town shall be for the par amount of the bonds.

Additional Bonds: Additional bonds payable from the TIF revenues may only be issued with the prior written consent of the developer and the bond purchaser

Date of Issuance: The Town shall have the bonds approved as soon as reasonably possible, with a date not to exceed February 28, 2023.