

6.6% sales tax³ rate, sales in Redevelopment Project Area 2 will yield an estimated Four Hundred Eighty-Eight Thousand Nine Hundred and Eight and No/100 Dollars (\$488,908.00) in total annual sales tax revenue.

- f. Capital Payment to the City. To the extent of available TIF Revenues each year, the City shall receive the Capital Payment to the City scheduled for that year; provided that, if the County's 0.375% roads sales tax levy is not renewed, no further Capital Payment to the City will be payable hereunder.

8. Cost-Benefit Analysis (Redevelopment Project Area 2). The amount of all revenue estimated to be received by the Taxing Districts directly from Redevelopment Project 2 during the first twenty-three (23) years is Eight Million Two Hundred Eight Thousand Seven Hundred and Thirty and No/100 Dollars (\$8,208,730.00), as shown on the cost-benefit analysis for Redevelopment Project 2 attached as Exhibit 7. The cost-benefit analysis shows the impact on the Taxing Districts if Redevelopment Project 2 is built pursuant to this Amended TIF Plan, and illustrates the fiscal impact on each such Taxing District.

9. Required Statutory Findings.

- a. Blighted Area. The Original Redevelopment Area on the whole is a Blighted Area as defined in the Act and as found by the Board of Aldermen in Ordinance No. 2396. To date, the blighted conditions within the Original Redevelopment Area have not yet been abated. Further, the Expanded Redevelopment Area is on the whole a Blighted Area as described in the Existing Conditions Addendum (Blight Study) attached hereto as Exhibit 9.

- b. Expectations for Development (But-For Analysis). The Expanded Redevelopment Area on the whole has not been subject to growth and development through investment by private enterprise as demonstrated in part by the Applicant Affidavit with respect to Redevelopment Project Area 2, attached as Exhibit 12, and would not reasonably be anticipated to be developed without the

³ 6.6% sales tax rate consists of the State sales tax levy of 4.225%, City sales tax levy of 1.5%, and County sales tax levy of 0.875% (i.e., current County levy less 0.5% parks levy).

adoption of tax increment financing due to the substantial costs of Redevelopment Project 2. The Economic Financial Analysis attached hereto as Exhibit 8 shows the financial return analysis for Redevelopment Project 2 with and without tax increment financing.

c. Conforms to Comprehensive Plan. The City's Master Plan indicates that Redevelopment Project 2 may be developed for office and retail establishments, medium-to-large scale businesses, and automotive-oriented uses including drive-through facilities in the General Commercial zone. This Amended TIF Plan designates the Expanded Redevelopment Area for such uses and consequently conforms to the City's Master Plan.

d. Date to Adopt Redevelopment Project. Any Ordinance approving any redevelopment project will not be adopted later than ten (10) years from the adoption of the Original TIF Plan.

e. Date to Complete Redevelopment. Redevelopment Project 2 will be completed prior to a date that is not more than 23 years from the adoption of the Ordinance approving Redevelopment Project 2.

f. Date to Retire Obligations. Obligations are required to be retired on a date that is less than 23 years from the adoption of the last Ordinance approving any redevelopment project.

g. Acquisition by Eminent Domain. No property constituting the Expanded Redevelopment Area will be acquired by eminent domain.

h. Relocation Assistance Plan. The plan for relocation assistance for businesses and residences attached as Exhibit 11 to the Original TIF Plan is unchanged and remains in effect.

i. Cost-Benefit Analysis – Redevelopment Project Area 2. The cost-benefit analysis attached as Exhibit 7, shows the economic impact of Redevelopment Project 2 on each Taxing District. The analysis shows the impact on the economy if Redevelopment Project 2 is built and if Redevelopment

Exhibit 8
Evidence of “But For” – Economic Feasibility Analysis for Redevelopment Project 2

SEE ATTACHED

Pro Forma With Public Incentives

TIF YEAR	0	1	2	3	4	5	6	7	8	9	10
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
PROJECT COSTS											
Project Costs	\$ 2,420,250	\$ 8,859,991	\$ 8,859,991	\$ 8,859,991	\$ 8,859,991	\$ 8,859,991	\$ 8,859,991	\$ 8,859,991	\$ 8,859,991	\$ 8,859,991	\$ 8,859,991
Debt Financing	\$ 1,936,200	\$ 7,087,993	\$ 7,087,993	\$ 7,087,993	\$ 7,087,993	\$ 7,087,993	\$ 7,087,993	\$ 7,087,993	\$ 7,087,993	\$ 7,087,993	\$ 7,087,993
DEBT AMORTIZATION											
Construction Loan - interest											
Debt	\$ 1,936,200	\$ 7,087,993	\$ 6,337,993	\$ 5,364,088	\$ 5,186,621	\$ 4,999,392	\$ 4,801,865	\$ 4,593,474	\$ 4,373,622	\$ 4,141,678	\$ 3,896,977
Payment	\$ (28,236)	\$ (236,338)	\$ (472,493)	\$ (472,493)	\$ (472,493)	\$ (472,493)	\$ (472,493)	\$ (472,493)	\$ (472,493)	\$ (472,493)	\$ (472,493)
Interest	\$ (28,236)	\$ (236,338)	\$ (348,590)	\$ (295,025)	\$ (285,264)	\$ (274,987)	\$ (264,103)	\$ (252,641)	\$ (240,549)	\$ (227,792)	\$ (214,334)
Principal	\$ -	\$ -	\$ (123,904)	\$ (177,468)	\$ (187,229)	\$ (197,527)	\$ (208,391)	\$ (219,852)	\$ (231,944)	\$ (244,701)	\$ (258,160)
Additional Principal (Paid Sale)	\$ -	\$ (750,000)	\$ (850,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cumulative Principal	\$ -	\$ (750,000)	\$ (1,723,904)	\$ (1,901,372)	\$ (2,088,601)	\$ (2,286,128)	\$ (2,494,519)	\$ (2,714,371)	\$ (2,946,315)	\$ (3,191,016)	\$ (3,449,175)
REVENUE											
Retail Lease Revenue	\$ -	\$ -	\$ 304,200	\$ 304,200	\$ 304,200	\$ 304,200	\$ 304,200	\$ 334,620	\$ 334,620	\$ 334,620	\$ 334,620
TIF Revenue	\$ -	\$ -	\$ 90,591	\$ 210,150	\$ 242,588	\$ 244,275	\$ 250,220	\$ 251,968	\$ 258,082	\$ 259,872	\$ 266,180
CID Revenue	\$ -	\$ -	\$ 20,000	\$ 27,913	\$ 27,913	\$ 28,331	\$ 28,756	\$ 29,187	\$ 29,625	\$ 30,070	\$ 30,521
Total Revenue	\$ -	\$ -	\$ 414,791	\$ 541,850	\$ 574,700	\$ 576,806	\$ 583,176	\$ 615,765	\$ 622,327	\$ 624,562	\$ 631,321
Less Vacancy/Unreimbursable Expenses	\$ -	\$ -	\$ (4,563)	\$ (4,563)	\$ (4,563)	\$ (4,563)	\$ (4,563)	\$ (5,019)	\$ (5,019)	\$ (5,019)	\$ (5,019)
Less Capital Reserves	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
NET OPERATING CASH FLOW	\$ -	\$ -	\$ 410,228	\$ 537,287	\$ 570,137	\$ 572,243	\$ 578,613	\$ 610,746	\$ 617,308	\$ 619,543	\$ 626,302
TOTAL DEBT SERVICE	\$ (28,236)	\$ (236,338)	\$ (472,493)	\$ (472,493)	\$ (472,493)	\$ (472,493)	\$ (472,493)	\$ (472,493)	\$ (472,493)	\$ (472,493)	\$ (472,493)
CASH FLOW											
Developer Funds/Equity	\$ (484,050)	\$ (1,287,948)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Cash Flow After Debt Service	\$ (28,236)	\$ (236,338)	\$ (62,265)	\$ 64,793	\$ 97,644	\$ 98,750	\$ 106,120	\$ 138,253	\$ 144,814	\$ 147,049	\$ 153,808
Hypothetical Sale	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,678,857
Loan Payoff	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (3,638,819)
Total (Cash Flow to Developer)	\$ (512,286)	\$ (1,524,286)	\$ (62,265)	\$ 64,793	\$ 97,644	\$ 98,750	\$ 106,120	\$ 138,253	\$ 144,814	\$ 147,049	\$ 4,193,848
IRR											
10.69%											
RETURN ON EQUITY											
Equity Contribution	\$ 484,050	\$ 1,800,234	\$ 2,036,572	\$ 2,098,838	\$ 2,098,838	\$ 2,098,838	\$ 2,098,838	\$ 2,098,838	\$ 2,098,838	\$ 2,098,838	\$ 2,098,838
Net Cash Flow After Debt Service	\$ (28,236)	\$ (236,338)	\$ (62,265)	\$ 64,793	\$ 97,644	\$ 98,750	\$ 106,120	\$ 138,253	\$ 144,814	\$ 147,049	\$ 153,808
Return on Equity After Debt Service	-5.83%	-13.13%	-3.06%	3.09%	4.65%	4.75%	5.06%	6.59%	6.90%	7.01%	7.33%
ASSUMPTIONS											
Developer Funded Costs (Equity)	20%										
Financed Costs	80%										
Loan Interest Rate (construction loan)	5.00%										
Loan Interest Rate (permanent debt)	5.50%										
Loan Term (years)	25										
Net Present Value Discount Rate	5.50%										
Retail Lease Rate Yrs 2019-2023	\$13.00										
Retail Lease Rate Yrs 2024-2027	\$14.30										
Vacancy/Unreimbursable Expenses	1.5%										
CAP Rate on Hypothetical Sale	7.0%										

ProForma Without Public Incentives

TIF YEAR	0	1	2	3	4	5	6	7	8	9	10
PROJECT COSTS	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Project Costs \$	2,420,250	8,859,991	8,859,991	8,859,991	8,859,991	8,859,991	8,859,991	8,859,991	8,859,991	8,859,991	8,859,991
Debt Financing \$	1,936,200	7,087,993	7,087,993	7,087,993	7,087,993	7,087,993	7,087,993	7,087,993	7,087,993	7,087,993	7,087,993

DEBT AMORTIZATION											
Construction Loan - interest only											
Debt \$	1,936,200	7,087,993	6,337,993	5,364,089	5,186,621	4,999,392	4,801,865	4,593,474	4,373,622	4,141,678	3,896,977
Payment \$	(28,236)	(236,338)	(472,493)	(472,493)	(472,493)	(472,493)	(472,493)	(472,493)	(472,493)	(472,493)	(472,493)
Interest \$	(28,236)	(236,338)	(348,590)	(295,025)	(285,264)	(274,967)	(264,103)	(252,641)	(240,549)	(227,792)	(214,334)
Principal \$	-	(750,000)	(123,904)	(177,468)	(187,229)	(197,527)	(208,391)	(219,852)	(231,944)	(244,701)	(258,160)
Additional Principal (Paid Sale) \$	-	(750,000)	(850,000)	-	-	-	-	-	-	-	-
Cumulative Principal \$	-	(750,000)	(1,723,904)	(1,901,372)	(2,088,601)	(2,286,128)	(2,494,519)	(2,714,371)	(2,946,315)	(3,191,016)	(3,449,175)

REVENUE											
Retail Lease Revenue \$	-	-	304,200	304,200	304,200	304,200	304,200	304,200	304,200	304,200	304,200
Total Revenue \$	-	-	304,200	304,200	304,200	304,200	304,200	304,200	304,200	304,200	304,200
Less Vacancy/Unreimbursable Expenses \$	-	-	(4,563)	(4,563)	(4,563)	(4,563)	(4,563)	(5,019)	(5,019)	(5,019)	(5,019)
Less Capital Reserves \$	-	-	-	-	-	-	-	-	-	-	-
NET OPERATING CASH FLOW \$	-	-	299,637	299,637	299,637	299,637	299,637	299,637	299,637	299,637	299,637
TOTAL DEBT SERVICE \$	(28,236)	(236,338)	(472,493)	(472,493)	(472,493)	(472,493)	(472,493)	(472,493)	(472,493)	(472,493)	(472,493)

CASH FLOW											
Developer Funds/Equity \$	(484,050)	(1,287,948)	-	-	-	-	-	-	-	-	-
Net Cash Flow After Debt Service \$	(28,236)	(236,338)	(172,856)	(172,856)	(172,856)	(172,856)	(172,856)	(172,856)	(172,856)	(172,856)	(172,856)
Hypothetical Sale \$	-	-	-	-	-	-	-	-	-	-	-
Loan Payoff \$	-	-	-	-	-	-	-	-	-	-	-
Total (Cash Flow to Developer) \$	(512,286)	(1,524,286)	(172,856)	(172,856)	(172,856)	(172,856)	(172,856)	(172,856)	(172,856)	(172,856)	(172,856)
IRR											-17.44%

RETURN ON EQUITY											
Equity Contribution \$	484,050	1,800,234	2,036,572	2,209,428	2,382,285	2,555,141	2,727,997	2,900,853	3,073,746	3,246,639	3,419,531
Net Cash Flow After Debt Service \$	(28,236)	(236,338)	(172,856)	(172,856)	(172,856)	(172,856)	(172,856)	(172,856)	(172,856)	(172,856)	(172,856)
Return on Equity After Debt Service	-5.83%	-13.13%	-8.49%	-7.82%	-7.26%	-6.77%	-6.34%	-4.93%	-4.69%	-4.48%	-4.29%

ASSUMPTIONS	
Developer Funded Costs (Equity)	20%
Financed Costs	80%
Loan Interest Rate (construction loan)	5.00%
Loan Interest Rate (permanent debt)	5.50%
Loan Term (years)	25
Net Present Value Discount Rate	5.50%
Retail Lease Rate Yrs 2019-2023	\$13.00
Retail Lease Rate Yrs 2024-2027	\$14.30
Vacancy/Unreimbursable Expenses	1.5%
CAPI Rate on Hypothetical Sale	7.0%