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DEPLOYING CAPITAL/FINANCIAL CONSULTING

- Umbaugh is a Certified Public Accounting firm whose sole practice has been providing financial consulting services for 61 years. Umbaugh is one of the largest, most experienced independent financial advisory firms in the Midwest; with over 300 years of combined experience among the principals and partners; providing unique expertise and creative solutions, resulting in the financing of thousands of projects that have generated new jobs, income and investment in hundreds of communities.

- Consulting services include financial, capital and economic development planning; budget preparation and management; project planning, development, and financing; special feasibility and impact studies; revenue projections and rate analyses; investment advisory services; compliance and revenue monitoring; projecting revenue impacts from new and proposed legislative changes such as new tax caps, deductions and credits.

- Umbaugh helps local leaders take a comprehensive look at their fiscal condition, understanding their revenues, costs of operations and services, cash flows, budgetary constraints and impacts of circuit breaker; facilitates coordinated and strategic fiscal, capital and financial planning and management; and contributes to new and creative solutions to improving financial operations and strategies for economic growth and stability.

- Assist communities/organizations with structuring incentive and financing packages for industrial commercial projects, negotiating terms with companies, developers and underwriters involving a combination of incentives, state and federal grants and loans, and revenue sources including property taxes, tax abatements, tax increment financing (TIF), local option income taxes, incremental sales and income tax revenue, new market tax credits, impact fees, system development charges, recapture agreements, special assessments, utility revenue, etc.

- Umbaugh is a leader in pioneering innovative methods of combining and securing economic development and other specialty financings. Services continue after the financing is completed to monitor the revenue stream, verify calculations and tax distributions and repayment of outstanding debt obligations.

- Umbaugh was the first Indiana financial advisor to use TIF as a means of financing economic development and continues to be the most active financial advisor in TIF in Indiana. We currently provide assistance in the creation of TIF allocation areas, base neutralizations, and revenue and debt capacity projections to over 300 tax increment allocation areas. We bring a broad range of experience from serving as financial advisor on many major economic development projects, including Honda in Decatur County, Toyota in Gibson County, and Anson / Medco in Boone County and also assisting numerous cities and towns with industrial parks and commercial development of all shapes and sizes, such as facilitating the Weaver Popcorn expansion in the Town of Van Buren and major distribution facilities in the City of Gas City.

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SAMPLE ECONOMIC DEVELOPMENT PROJECTS

Plainfield, IN – *Comprehensive Financial Planning and Development*

The Town of Plainfield has received several awards and recognition for its sound town management, for its extensive parks and trails system, and its excellent infrastructure and transportation network. Since the first industrial park was developed in 1994, the Town has grown to become a premier logistics and distribution center in the Midwest with over 27 million square feet of light manufacturing and warehousing.

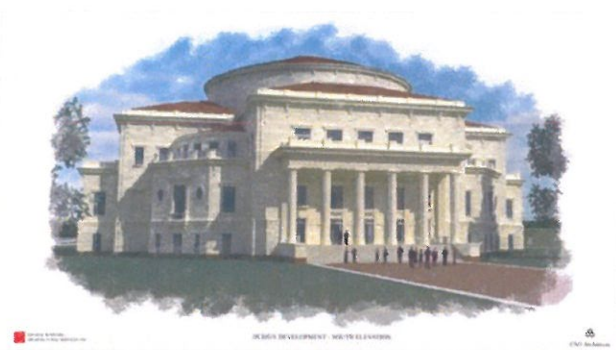
Umbaugh has provided financial advisory services to the Town for over 35 years in areas of capital and infrastructure finance and planning, parks and recreation, budgeting and fiscal management, water and sewer utilities, redevelopment and economic development projects, and creation of a fire territory. Umbaugh assisted the Town's Redevelopment Commission with a series of tax increment (TIF) financings to fund infrastructure related to various commercial developments which culminated with Metropolis, a 635,000 square foot open air, life style shopping center. Recently, Umbaugh assisted with the take-out of interim notes and the permanent financing for Phase I of Plainfield's newest industrial park, AllPoints Midwest being developed by Browning and Duke Realty.

Hancock County – Mt. Comfort Road and Industrial Park

Hancock County has undertaken to expand a major north-south transportation corridor on the east side of Indianapolis. They plan to complete the $93 million project in phases and to leverage state and federal transportation funds with local funds such as tax increment financing and other county funds. The tax increment funds will be generated from industrial park developments and future commercial developments along the corridor.

Umbaugh assisted the Hancock County Redevelopment Commission with the establishment of the TIF Area, the TIF projections and TIF financing feasibility analysis, and the issuance of $10.7 million of Redevelopment District Bonds. The Bond proceeds primarily funded the engineering and design work, and certain right-of-way acquisition so the project can be considered "shovel ready" in order to leverage federal and State grants funds for a major portion of the road construction.

Carmel, IN – *Performing Arts Center and City Center Project*



Since 1998, Umbaugh has assisted the Mayor and Redevelopment Commission in the City of Carmel with an aggressive effort to revitalize and create a new downtown city center area. A series of TIF Notes were issued to acquire property, demolish blighted buildings, clear sites and provide infrastructure to facilitate and leverage private investment and new development. Developers have constructed and renovated numerous buildings to create a charming business and arts district. In 2005, the City issued $80 million of bonds to fund a $140 million world class concert hall and performing arts center (PAC) in connection with a $160 million City Center development being developed by Pedcor Development Company. Phase I is completed, and, when fully developed, City Center will include over 230,000 square feet of restaurants and retail space, 250 luxury penthouses, condominiums and apartments and a 102-room boutique hotel. The PAC bonds were secured with general property taxes to reduce the bond interest rate, but are to be repaid from TIF captured from 7 TIF Areas. Underground parking structures, additional infrastructure and leveraging of private investments has been accomplished though additional types of TIF financings and developer payments.

Industrial Attraction Projects - TIF-financed Incentives

Over the past 20 years, Umbaugh has prepared hundreds of TIF feasibility studies and negotiated incentive packages in connection with industrial attraction and expansion projects such as the Toyota plant in Gibson County and the Honda plant in Decatur County. Although each project financing has a unique story, a couple are highlighted here.

Jeffersonville, IN – *MedVenture*

Umbaugh assisted with the incentive package to lure MedVenture to locate a new medical device manufacturing facility in Indiana across the river from Kentucky. The incentive package included a 10-year property tax abatement and $4.3 million of bond proceeds to purchase equipment. The bonds are payable from incremental income and property taxes because the project is located in a Certified Technology Park.

Delaware County, IN – *Magna Powertrain*

Delaware County has unique legislation which allows the capture of incremental property and income taxes within a Community Revitalization Enhancement District (CRED). Umbaugh assisted the County with the incentives and financing related to the attraction of a manufacturing facility for MPT Muncie, a division of Magna Powertrain USA. The county issued Taxable Economic Development Revenue Bonds to purchase new equipment. The bonds are payable from loan payments from Magna which are offset with tax increment and CRED revenues from the Magna Facility and the employee wages.

Whitley County, IN – *Iotron Industries*

The Whitley County Economic Development Corporation contacted Umbaugh for assistance in developing an incentive package for Iotron Industries to construct a new electron beam facility on the outskirts of Columbia City. The incentive package developed included an economic development revenue bond paid from the tax increment revenues generated by the facility as well as a Recovery Zone Facilities Bond issued by the County on behalf of and payable by Iotron Industries.

ANSON

Boone County, IN – *Duke Anson Development and MEDCO*

In 2004, Duke Realty Limited Partnership proposed to develop a 1,700 acre mixed-use development consisting of residential, retail, medical, high tech, office, flex space, industrial, civic use and green space/parks (the "Anson Project") over 15 years in multiple phases. Umbaugh assisted the County with the TIF projections and the financing plans. The County agreed to pledge 90% of the Tax Increment toward the issuance of a series of Redevelopment TIF Bonds which were used to fund the road, drainage, streetscaping and park improvements. The Bonds are secured with a Taxpayer Agreement which requires tax payments from the Developer if the TIF is not sufficient.

In 2008, Boone County competed with other states and locations to attract the MEDCO project, a $170 million pharmaceuticals distribution center, located in the All Points section of the Anson project TIF Area. A new Medco Area was created and separated out from the original TIF Area in order to create a separate TIF stream from the MEDCO facility real and personal property taxes to repay $11 million of Tax Increment Capital Appreciation Revenue Bonds issued to provide incentives to MEDCO. Umbaugh was integrally involved in preparing the TIF estimates as well as negotiating the various aspects of the financing with MEDCO, Duke Realty, and the State of Indiana.

Noblesville, IN – *Hamilton Town Center and SMC project*

Approximately ten years ago, the City of Noblesville, with the assistance of Umbaugh, created multiple TIF Areas to fund major road and drainage projects to encourage industrial and commercial growth along its eastern boundaries adjacent to the I-69 Interchange. Initially, Umbaugh assisted the City with the planning and issuance of $23,880,000 of Economic Development Lease Rental Bonds of 2003 to extend and widen a major road artery to connect with the Interchange. The bonds are payable from City property taxes, county option income taxes and TIF from the Corporate Campus East area. The bonds are insured and rated.

Simon Property Group, Inc., an S&P 500 Company and largest public U.S. real estate company, has recently developed a $126 million, open-air, upscale, lifestyle center known as Hamilton Town Center at the Noblesville I-69 exit. The major retail development consists of over 950,000 square feet of retail and restaurant space. Stores include JC Penney, Aeropostale, Chico's, Coldwater Creek, American Eagle, White House/Black Market and many more.

Umbaugh assisted with the TIF feasibility and issuance of $20.8 million of Economic Development Lease Bonds in connection with the Hamilton Town Center project. The pledge of Tax Increment was on parity with the TIF pledged to the outstanding 2003 Bonds.

SMC, a Japanese company that manufactures pneumatic production automation systems, is relocating its North American headquarters and its primary engineering, manufacturing and distribution center to Noblesville. The company is constructing a 700,000 square foot facility on a 94-acre site within the Noblesville Corporate Campus West. SMC plans to relocate 458 employees to the new facility when it opens in early 2009 and expects to add 275 employees at the site within six years. Panattoni Development Corporation is acquiring a 77-acre commercial site adjacent to the SMC site and plans to develop office, office flex, distribution and other commercial space. The City issued $12,590,000 of Economic Development Lease Bonds to finance infrastructure related to the project.

Umbaugh typically provides assistance with all aspects of the TIF projects from preparing TIF projections, financial feasibility and financing options, preparing documents for State approvals, assisting with bond marketing and placement, bond insurance and rating applications if applicable, preparing parity reports and bond closing documents to providing assistance with on-going TIF administration and monitoring.

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Scope of Services – TIF Feasibility and TIF Management

I. ANNUAL TAX INCREMENT (TIF) SERVICES

1. Calculate/Review Base Value Adjustments ("Neutralization") for reassessments.

2. Assist with the Annual Reporting Requirements for the Commission.

3. Provide Excess Assessed Value Evaluation and Notification Assistance.

   a. Assist the Commission in preparing an annual notice to the County Auditor's office and overlapping taxing units.

   b. For each TIF Area, prepare schedule of estimated annual TIF, debt payments, other RDC obligations and anticipated project expenditures; calculate excess. Notify and discuss with Commission if excess exceeds 200% for any TIF Area(s).

   c. Prepare analysis of "pass through" and tax impacts.

4. Provide TIF Replacement ("TIR") Levy Assistance, if applicable.

II. TIF MONITORING SERVICES

1. For each TIF Area, compare actual TIF to previous estimates, identifying the sources of material differences.

2. Identify major tax delinquencies materially affecting TIF revenue.

3. Verify new major developments and tax abatement reductions.

4. Update estimated tax increment revenue projections.

5. Compare TIF and obligations and debt payments, notifying RDC of any anticipated shortfalls or significant surplus. Assist with project list, funding and cash flow.

6. Provide a TIF Report and presentation.

7. Provide required information to bondholders, bond trustees, bond rating agencies, etc. as needed.

8. Monitor outstanding bonds for potential refunding opportunities.

III. ADDITIONAL OPTIONAL SERVICES

1. Monitor TIF Databases for Missing Parcels and Parcel Changes

2. Assist with Modifying and or Expanding existing TIF Areas

3. Assist with the Creation of new TIF Areas

4. Analyze Proposed Legislation and Administrative Rule Changes

IV. ECONOMIC DEVELOPMENT STRATEGIES AND FINANCIAL PLANNING

1. Prepare Feasibility Studies for Proposed Developments

   At the request of the Commission, prepare TIF feasibility analyses for specific development proposals.

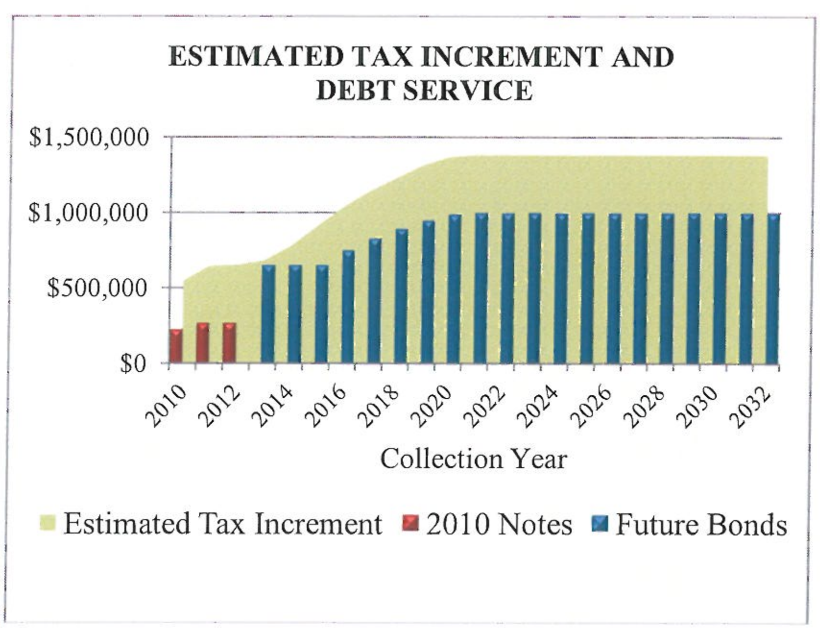
   a) Prepare TIF estimates, financing options, impact of tax abatement, and additional sources of revenue (if applicable).

   b) Discuss feasibility, incentives and financing options with Client, Developer/ Company representatives and advisors (as appropriate); participate in meetings as necessary. Provide additional financial analyses and options as needed. Assist with terms of Economic Development Agreement, MOU, etc.

2. Economic Development Planning

   a) Prepare TIF financing capacity analyses based on existing and estimated tax increment and other potential revenue to determine available funding for potential redevelopment and economic development projects of the Commission.

   b) Project planning and funding for industrial parks, downtown redevelopment,shell buildings, infrastructure, site preparation, annexed and targeted growth areas.



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SEA 118: Redevelopment Commissions and Authorities (Effective July 1, 2014)

- **RDC obligations are subject to legislative body approval:**
  A redevelopment commission may not enter into any obligation payable from public funds without first obtaining the approval of the legislative body of the unit. An exception is made for real property acquisition if the purchase price is less than $5,000,000 or the term of the payments is 3 years or less.
  - "Obligation" means any bond, note, warrant, lease or other instrument under which money is borrowed.
  - "Public Funds" means all fees, payments, tax receipts, and funds coming into the possession of a redevelopment commission or department of redevelopment.
- **RDC – Oversight and Budget Review:**
  A redevelopment commission and department of redevelopment are subject to: (if RDC levied a tax for operating)
  - Oversight by the legislative body of the unit, including a review of their annual budget.
  - Same rules and laws as other departments of the unit: audit by the State Board of Accounts, public meetings law and public records law.
- **If excess TIF exceeds 200%, pass-through is subject to approval/modification by legislative body:**
  Under current law, before July 15th of each year, redevelopment commissions are required to determine what amount, if any, of excess incremental assessed value will not be captured as tax increment and will be allocated (passed-though) to the underlying taxing units. The amount of excess is determined based on the amount of assessed value (when calculated as tax increment) that would exceed the principal and interest due on bonds plus the amount needed for other purposes permitted in the redevelopment statute. Under SEA 118, if this amount exceeds 200% of the amount necessary to pay principal and interest on bonds plus the amount necessary for the other permitted purposes, then, the redevelopment commission will submit to the legislative body of the unit, its determination of the excess assessed value, and the legislative body may approve or modify the amount of excess assessed value that will be allocated to the other taxing units in the upcoming budget year.
- **Explicit "BUT FOR" Finding**
  When establishing or expanding an allocation area, a specific finding must be made and supported by evidence that new property taxes will result that would not have been generated "but for" the new or expanded allocation area.
- **Pre-1995 "Legacy" Area Expiration:** check resolutions for dates - amend plans to include projects we are doing.
  Allocation areas that were created before July 1, 1995 will expire the later of June 30, 2025 or the last maturity date of any outstanding obligations (outstanding as of July 1, 2015). (All post-1995 TIF Areas have expiration dates.)
- **Certain property disposition by the RDC will require approval by the legislative body.** will provide follow-up in email
- **RDC Treasurer and Duties:**
  The fiscal officer of the unit establishing the redevelopment commission is the treasurer of the redevelopment commission. The treasurer is responsible for the administration, investment and disbursement of all funds and accounts of the redevelopment commission. The treasurer shall report annually to the fiscal body of the unit by July 1.
- **Remove RDC Power of Eminent Domain:**
  Although the power is removed from redevelopment commissions, the legislative body has the power to use eminent domain to acquire real property in redevelopment areas and economic development areas.
- **Legislative Study:**
  During the 2014 legislative interim, the commission on state tax and financing policy will study redevelopment commissions, authorities and departments. A report providing specific data (specified in SEA 118) will be prepared by the DLGF and the State Board of Accounts, and submitted by August 1, 2014.

*If you have any questions regarding **SEA 118** please contact Umbaugh at footnotes@umbaugh.com.*

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REDEVELOPMENT COMMISSION
KEY DATES AND ANNUAL REQUIREMENTS

March 15: Report on the Activities of the Redevelopment Commission for the Previous Year

- Report on the Redevelopment Commission's (the Commission) activities during the previous year filed by the Commission to the Department of Local Government Finance (DLGF) under IC 36-7-14-13.
  - The report must include:
    - Names of the Commissioners
    - Names of the officers
    - The number of regular employees of the Commission and their fixed salaries or compensation
    - The amount of expenditures made during the previous year and their general purpose
    - An accounting of the tax increment revenues expended by the entity as a grant or a loan from the Commission
    - Amount of funds on hand at the close of the calendar year
    - Other information necessary to disclose the activities of the Commissioners and the results obtained
  - The report for County Redevelopment Commissions must also include the names of any Commissioners appointed to or removed from office during the preceding calendar year.
  - The report must be submitted to the DLGF in an electronic format under IC 5-14-6 (the current mechanism is the Indiana Gateway for Government Units)

July 1: Annual Report of the Redevelopment Commission Treasurer to the Fiscal Body of the Unit that Established the Commission

- Report on the financial status of the Commission provided by the Commission's Treasurer to the fiscal body of the unit under 36-7-14-8(b) as amended through SEA 118-2014.
  - The Commission's Treasurer is the fiscal officer of the unit that established the Commission per IC 36-7-14-8(b) as amended through SEA 118-2014.

July 15: Redevelopment Commission Determination of Excess Incremental Assessed Value Pass-Through for the Upcoming Year

- Notice provided to the overlapping taxing units of the determination of captured assessed value for the subsequent year under IC 36-7-14-39(b)(4).
  - The Commission must determine the amount of incremental assessed value that will be captured in each allocation area during the subsequent year in order to meet debt service obligations and other purposes as defined in the Plan.

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REDEVELOPMENT COMMISSION KEY DATES AND ANNUAL REQUIREMENTS

July 15: Redevelopment Commission Determination of Excess Incremental Assessed Value Pass-Through for the Upcoming Year (cont'd)

- The Commission must provide a written notice to the County Auditor, the fiscal body of the entity that established the allocation area and officers of the other taxing units that contain the allocation area. The notice must:
  - state the amount, if any, of excess assessed value that the Commission has determined will be passed through to the overlapping taxing units; or
  - state that the Commission has determined that there is no excess assessed value to be passed through to the overlapping taxing units
- The Commission may not authorize the pass-through assessed value to the overlapping taxing units if doing so would endanger the ability to make bond payments.
- (SEA 118-2014, Sec. 18 amends IC 36-7-14-39(b)(4) to add (C)): If the amount of captured assessed value determined by the Commission is expected to generate more than 200% of the amount necessary to make debt service payments and the amount necessary for "other purposes", then the Commission must submit its determination to the legislative body of the unit. The legislative body of the unit may then approve or modify the Commission's determination of captured and pass-through assessed value.
- The County Auditor is required to allocate the passed-through assessed value to the overlapping taxing units as determined by the Commission.

August 1: Report by the Redevelopment Commission on the Activities of Each Tax Increment Financing District (Allocation Area) for the Previous Year

- Report on the activities for each allocation area for the previous year under the jurisdiction of the Commission is submitted to the fiscal body of the governing unit under IC 36-7-14-13 as added under HEA 1116-2013.
  - The report for each allocation area must include:
    - Revenues received
    - Expenses paid
    - Fund balances
    - The amount and maturity date for all outstanding obligations
    - The amount paid on outstanding obligations
    - A list of all of the parcels included in each allocation area including the base assessed value and incremental assessed value for each parcel

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REDEVELOPMENT COMMISSION KEY DATES AND ANNUAL REQUIREMENTS

Prior to the certification of assessed values (August 1): Neutralization of Base Assessed Values for the Upcoming Year

- The County Auditor must, for each allocation area, complete the form prescribed by the DLGF to neutralize the effects of the reassessment or trending of real property in the area on the tax increment revenues allocated to the Commission under IC 36-7-14-39(h).
  - The adjustments:
    - May not include the effect of phasing in assessed value due to property tax abatements
      - Assessed value increases attributable to the application of an abatement schedule may not be included in the base assessed value of a TIF area
    - May not produce less property tax proceeds allocable to the Commission than would otherwise have been received if the reassessment or trending had not occurred
    - May decrease the base assessed value only to the extent that assessed values in the TIF area have been decreased due to the reassessment or trending
    - Should include the assessed value of residential parcels that are not eligible to be captured for tax increment financing purposes in the base calculation.

Prior to October 1: Filing of the Report for Each TIF District (Allocation Area) of the Previous Year with the DLGF

- The report(s) prepared by the Commission and submitted to the fiscal body for each allocation area must be submitted to the DLGF in the form required by the DLGF under IC 36-7-14-13.