

TOWN OF AVON, INDIANA

HENDRICKS REGIONAL HEALTH ECONOMIC DEVELOPMENT AREA

2012 TIF Annual Report

July 9, 2013



Financial

Solutions

Group,

Inc.

TOWN OF AVON, INDIANA

HENDRICKS REGIONAL HEALTH ECONOMIC DEVELOPMENT AREA

2012 TIF Annual Report

T A B L E O F C O N T E N T S

	<u>Page</u>
LETTER OF TRANSMITTAL	
EXHIBIT A - Purpose of Report	1
EXHIBIT B - General Information about the Area	2
EXHIBIT C - Summary of Findings	3
EXHIBIT D - Analysis of Avon Tax Rates	4
EXHIBIT E - TIF Revenue Available and Debt Service Coverage - 2013	5
EXHIBIT F - Historical TIF Revenue	6
EXHIBIT G - TIF (Redevelopment) Fund Analysis (HRH Fund to be Created)	7
EXHIBIT H - Taxable Economic Development Revenue Bonds, Series 2009	8
APPENDIX A - Parcel Analysis	



July 9, 2013

Mr. Tom Klein
Avon Town Manager
6570 E. U.S. Hwy. 36
Avon, Indiana 46123

RE: 2012 TIF ANNUAL REPORT

Mr. Klein:

We have prepared a report entitled, "TOWN OF AVON, INDIANA, HENDRICKS REGIONAL HEALTH ECONOMIC DEVELOPMENT AREA, 2012 TIF Annual Report" (the "Report"), dated July 9, 2013, which we respectfully submit herewith. The Redevelopment Commission is required, by IC 36-7-14, to annually report to the County Auditor the amount of captured assessed value needed to fund the budget requirements of the Commission (including debt service). In addition, the Commission agreed to provide "continuing disclosure", on an annual basis, when the Commission's bonds were issued. This TIF Annual Report is designed to meet both the statutory requirement and the continuing disclosure requirement.

The purpose of this Report is to set forth the historical revenue and expense for the Hendricks Regional Health tax increment financing (TIF) area and to calculate debt service coverage on the outstanding debt of the Redevelopment Commission. For taxes payable in 2014, there is no excess captured assessed value. The findings and conclusions of the Report are as found on EXHIBIT C.

This Report is not intended to be used in a financing unless consent is given by Financial Solutions Group, Inc. (FSG Corp.). FSG Corp. will submit a copy of this Report to the Municipal Securities Rule Making Board Electronic Municipal Market Access (EMMA) website to fulfill the Commission's continuing disclosure obligation.

There will usually be differences between the projected and actual results because events and circumstances frequently do not occur as expected. Those differences may be material. We have no responsibility to update the Report for events and circumstances occurring after the date of the Report.

Sincerely,

Financial Solutions Group, Inc.

Gregory T. Guerrettaz

2680 East Main Street
Suite 223
Plainfield, IN 46168
Phone: 317-837-4933
Fax: 317-837-4935

Email Addresses:

finance@msn.com

greg@fsgcorp.com

TOWN OF AVON, INDIANA

HENDRICKS REGIONAL HEALTH ECONOMIC DEVELOPMENT AREA

PURPOSE OF REPORT

The purpose of this Report is to analyze the tax allocation area, known as the Avon Economic Development Area, in an effort to give the Town some assurance that revenue will be sufficient to pay debt service and to determine what revenue may be available for projects in the area. In preparing our Report, we have analyzed a substantial amount of data and have arrived at certain conclusions as detailed and presented in our Summary of Findings in this Report (EXHIBIT C).

This Report is designed to meet the new requirements of HB1116 which require the Redevelopment Commission to submit an annual report to the Town Council by August 1 each year. The Town Council is required to submit the Report to the Department of Local Government Finance (DLGF) by October 1. In addition, this Report can be used by the Commission to determine how much captured assessed value, if any, can be passed through to underlying taxing Districts. This determination must be made by July 15 each year and be sent to the County Auditor.

The approach for our Report is to detail where the District has been, where the District is now, and where the District will go in the future, from an economic point of view. We have set forth the parcel analysis, by year, as APPENDIX A to the Report.

TOWN OF AVON, INDIANA

HENDRICKS REGIONAL HEALTH ECONOMIC DEVELOPMENT AREA

GENERAL INFORMATION ABOUT THE AREA

Tax Increment Financing

The Town currently has three bonds outstanding, totaling \$5,100,000, as of July 1, 2013. The bonds were issued to fund capital projects within the Hendricks Regional Health Allocation Area. The bond amortization was based on the projected incremental taxes to be received within the Allocation Area. The debt service on the bonds is payable from tax increment collected in the Economic Development Area. Hendricks Regional Health purchased the Bonds and is responsible for all payments on the Bonds to the extent that TIF revenue is not sufficient to cover debt service on the Bonds.

Hendricks Regional Health Allocation Area

The allocation area was established in 2009 and consists of approximately 73 acres. The Redevelopment Commission issued Taxable Economic Development Bonds in order to fund infrastructure improvements in the Area including utility and road improvements. Currently, a 100,000 square foot health care facility, which includes the Hendricks County YMCA, has been built in the Area.

TOWN OF AVON, INDIANA

HENDRICKS REGIONAL HEALTH ECONOMIC DEVELOPMENT AREA

SUMMARY OF FINDINGS

Findings

As a result of our inquiries, due diligence and investigations incident to the preparations of this Report, we have the following general findings concerning the tax increment revenue in the Allocation Area:

1. The Allocation Area will not generate sufficient revenue to make annual debt service payments on the Bonds unless more commercial development occurs;
2. Hendricks Regional Health will be required to make debt service payments on the Bonds; and
3. The Town should create a new fund to deposit TIF revenue from the Area and to make debt service payments.

Recommendation

The Town should take the parcel listings attached and map the parcels with GIS, creating a “new map”. The new map should then be compared to the original TIF maps.

TOWN OF AVON, INDIANA

HENDRICKS REGIONAL HEALTH ECONOMIC DEVELOPMENT AREA

Analysis of Avon Tax Rates

<u>Taxing Unit</u>	<u>Payable 2013</u>	<u>Payable 2012</u>	<u>Payable 2011</u>	<u>Payable 2010</u>	<u>Payable 2009</u>
State	\$ -	\$ -	\$ -	\$ -	\$ -
County	0.3328	0.3347	0.3216	0.3056	0.3043
Township	0.4637	0.4297	0.3368	0.3508	0.3275
Library	0.0710	0.0696	0.0572	0.0634	0.0616
School	1.9334	1.8669	2.0236	1.6937	1.5993
Town	0.4010	0.3729	0.3648	0.3582	0.3254
TIF Replacement	-	-	-	-	-
Gross Tax Rate	<u>\$ 3.2019</u>	<u>\$ 3.0738</u>	<u>\$ 3.1040</u>	<u>\$ 2.7717</u>	<u>\$ 2.6181</u>
Less: PTRC					
Net Tax Rate	<u><u>\$ 3.2019</u></u>	<u><u>\$ 3.0738</u></u>	<u><u>\$ 3.1040</u></u>	<u><u>\$ 2.7717</u></u>	<u><u>\$ 2.6181</u></u>
Increase	<u><u>\$ 0.1281</u></u>	<u><u>\$ (0.0302)</u></u>	<u><u>\$ 0.3323</u></u>	<u><u>\$ 0.1536</u></u>	

TOWN OF AVON, INDIANA

HENDRICKS REGIONAL HEALTH ECONOMIC DEVELOPMENT AREA

TIF Revenue Available and Debt Service Coverage - 2013

Pay 2013 TIF Captured Assessed Value	\$	61,300
Net Pay 2013 Tax Rate (per \$100 of Assessed Value) (1)		<u>3.00</u>
Estimated 2013 Available TIF Revenue	\$	1,839
2013 Debt Service Payment (2)		<u>-</u>
Coverage - \$	\$	<u><u>1,839</u></u>
Coverage - %		<u><u>N/A</u></u>

(1) The Pay 2013 tax rate has been reduced to the statutory tax cap rate of \$3.00 per \$100 of assessed value.

(2) The 2013 debt service payment is expected to be paid by HRH.

TOWN OF AVON, INDIANA

HENDRICKS REGIONAL HEALTH ECONOMIC DEVELOPMENT AREA

Historical TIF Revenue

Year of Assessment/ Collection	Estimated Captured Incremental Assessed Value (1)	Net Tax Rate per \$100 AV (2)	Annual Tax Increment Revenue
2012/2013 (4)	\$ 61,300	3.0000	\$ 1,839
2013/2014 (4)	61,300	3.0000	1,839

(1) Actual assessed value provided for 2013

(2) The Pay 2013 - Pay 2014 tax rates have been reduced to the statutory tax cap rate of \$3.00 per \$100 AV.

TOWN OF AVON, INDIANA

HENDRICKS REGIONAL HEALTH ECONOMIC DEVELOPMENT AREA

TIF (Redevelopment) Fund Analysis
(HRH Fund to be Created)

	<u>2013 (1)</u>
Beginning Balance	\$ -
Receipts	596
<u>Disbursements</u>	
Other Professional Services	\$ -
Repairs & Maintenance	
Wheel Tax Bonds Payoff	
Lease Rental/Debt Service	
Capital Outlays	
Total Disbursements	<u>\$ -</u>
Ending Balance	<u><u>\$ 596</u></u>
Ending Balance per Books	<u>\$ -</u>
Difference	<u><u>\$ 596</u></u>

(1) As of June 30, 2013

TOWN OF AVON, INDIANA

HENDRICKS REGIONAL HEALTH ECONOMIC DEVELOPMENT AREA

Taxable Economic Development Revenue Bonds, Series 2009

Date	Principal	Interest Rate	Interest Amount	Payment From HRH	Semi-Annual Debt Service	Annual Debt Service
10/21/2009						
8/1/2010			\$ 198,333	\$ (198,333)	\$ -	
2/1/2011			127,500	(127,500)	-	\$ -
8/1/2011			127,500	(127,500)	-	-
2/1/2012			127,500	(127,500)	-	-
8/1/2012			127,500	(127,500)	-	-
2/1/2013			127,500	(127,500)	-	-
8/1/2013			127,500	(127,500)	-	-
2/1/2014			127,500	(127,500)	-	-
8/1/2014			127,500	(127,500)	-	-
2/1/2015			127,500	(127,500)	-	-
8/1/2015			127,500	(127,500)	-	-
2/1/2016			127,500	(127,500)	-	-
8/1/2016			127,500	(127,500)	-	-
2/1/2017			127,500	-	127,500	127,500
8/1/2017			127,500	-	127,500	
2/1/2018			127,500	-	127,500	255,000
8/1/2018			127,500	-	127,500	
2/1/2019	\$ 210,000	5.00%	127,500	-	337,500	465,000
8/1/2019			122,250	-	122,250	
2/1/2020	330,000	5.00%	122,250	-	452,250	574,500
8/1/2020			114,000	-	114,000	
2/1/2021	350,000	5.00%	114,000	-	464,000	578,000
8/1/2021			105,250	-	105,250	
2/1/2022	370,000	5.00%	105,250	-	475,250	580,500
8/1/2022			96,000	-	96,000	
2/1/2023	390,000	5.00%	96,000	-	486,000	582,000
8/1/2023			86,250	-	86,250	
2/1/2024	410,000	5.00%	86,250	-	496,250	582,500
8/1/2024			76,000	-	76,000	
2/1/2025	450,000	5.00%	76,000	-	526,000	602,000
8/1/2025			64,750	-	64,750	
2/1/2026	470,000	5.00%	64,750	-	534,750	599,500
8/1/2026			53,000	-	53,000	
2/1/2027	490,000	5.00%	53,000	-	543,000	596,000
8/1/2027			40,750	-	40,750	
2/1/2028	520,000	5.00%	40,750	-	560,750	601,500
8/1/2028			27,750	-	27,750	
2/1/2029	540,000	5.00%	27,750	-	567,750	595,500
8/1/2029			14,250	-	14,250	
2/1/2030	570,000	5.00%	14,250	-	584,250	598,500
	<u>\$ 5,100,000</u>		<u>\$ 3,966,333</u>	<u>\$ 1,728,333</u>	<u>\$ 7,338,000</u>	<u>\$ 7,338,000</u>

Note: HRH will make semi-annual interest payments until TIF revenue is available.

Annual excess TIF, if any, will be used to repay HRH. No interest will be earned on the funds advanced by HRH for interest payments.

APPENDIX A

TOWN OF AVON, INDIANA

HENDRICKS REGIONAL HEALTH ECONOMIC DEVELOPMENT AREA

Parcel Analysis

Parcel #	Owner's Name	AV 2012 Payable 2013
023-101511-405001	Hendricks Regional Health	
023-101511-451001	Hendricks Regional Health	\$ 21,600
023-101511-452001	Hendricks Regional Health	
023-101511-452002	Hendricks Regional Health	23,100
023-101511-453001	Hendricks Regional Health	
023-101511-454001	Hendricks Regional Health	
023-101511-455001	Hendricks Regional Health	
023-101511-456001	Hendricks Regional Health	
023-101511-457001	Hendricks Regional Health	
023-101511-502001	Hendricks Regional Health	
023-101511-502002	Hendricks Regional Health	
023-101511-502003	Hendricks Regional Health	
023-101511-502004	Hendricks Regional Health	
023-101511-502005	Hendricks Regional Health	16,600
023-101511-502006	Hendricks Regional Health	
023-101511-502007	Hendricks Regional Health	
	Total	\$ 61,300
	Less Base	\$ -
	Net TIF	\$ 61,300