

**City of Franklin
Community Development Authority**

**Tax Increment District #3
Cash Flow Model**

Issued December 20, 2012

Presented by:

Calvin A. Patterson

City of Franklin Director of Finance & Treasurer

M E M O R A N D U M

DATE: December 20, 2012
TO: Community Development Authority
FROM: Calvin A. Patterson, Director of Finance & Treasurer
RE: Report and Analysis of TID #3 Cash Flow Projection

Attached is a projection of tax increment revenue, expenditures, debt service payments and the net asset position for TID #3 based upon equalized values released by the Department of Revenue on August 15, 2012 and the taxes levied in December 2012.

Summary Conclusions:

1. Actual development of the TIF District has been 84% of the original development assumptions.
2. The growth, to date, in increment value has come mainly from the Northwestern Mutual and ICON projects.
3. The 2012 annual tax increment was lower than the prior projection due to declines in value in the equalized valuation in this TIF District. The 2012 increment level reflect the current year valuations and tax rates. If the valuations continue to be negative and tax rates do not increase further reductions in tax increments received should be expected.
4. The 27th Street project is the only remaining project to be completed. That project is currently estimated to be started in 2017. The cost of this remaining project is currently estimated at \$2.3 million will be greater than the limit established for the TIF District and will require an amendment to the project plan and approval by the Joint Review Board at a future date. Additionally at that time the CDA and Council may wish to consider adding the cost of the reconstruction of 27th Street one half mile outside of the TIF District to the TIF Project Plan (\$375,062) or extending the district one half mile to the north to cover the remaining cost of this project (\$375,062).
5. The slower rate of development and the impact of lower tax rates on the tax increment generated has resulted in the cash flow being inadequate to meet the scheduled debt service. Additional financing will be necessary. This can be accomplished by a short term borrowing or an inter-fund advance from the City. For projection purposes it is being shown as an inter-fund advance. Due to the low investment rates the City is probably willing to provide the necessary advances.
6. Realization of the assumptions in the TID #3 analysis would result in the TIF District being funded in 2016, 2017 or 2018 depending upon the projects approved. The TIF District would then be eligible to close with the tax increment released the following year. By that year the tax increment generated will be about \$93 million and the tax revenue generated will be about \$2.0 million with a City share of approximately one third of that amount. The original project plan anticipated full funding of the TIF District in 2017.

The analysis is qualified to the following extent:

1. Realization that the stated assumptions will determine the results of the projection.
2. The tax rate assumption is based on the actual equalized tax rate in effect in December 2012 less an assumed decline in tax rate of 1.0%. If the tax rate varies from the assumption it will have either a positive or negative impact on these projections.

City of Franklin
 TIF #3 Projection
 Projected Cash Flow
 December 13, 2012

Year	Tax Levy	Revenue					Expenditures					TIF Status				
		Interest Income 3.00%	Computer Aid	Developer Loan Repayment	Grant & Debt Proceeds	Total Revenue	Project Costs	Admin Expenses	Total Expenditures	Yearly Cash Activity	Net Cash Balance	Year End Note Balance	Net Debt Balance	Fund Balance		
2005	-	60,525	-	-	3,905,571	3,966,096	66,036	-	906,440	61,554	1,034,030	2,932,066	2,932,066	-	3,905,571	(973,505)
2006	-	114,349	-	-	94,429	208,778	179,643	-	2,021,091	70,527	2,271,261	(2,062,483)	869,583	-	4,000,000	(3,130,417)
2007	251,402	102,647	317,482	130,950	16,700,000	17,502,481	693,528	-	17,280,607	75,136	18,049,271	(546,790)	322,793	10,000,000	9,700,000	622,793
2008	504,283	14,311	304,643	789,625	11,137,628	12,750,490	762,386	-	2,087,552	46,955	12,996,893	(246,403)	76,390	9,400,000	11,300,000	8,176,390
2009	1,535,719	6,159	353,993	792,679	800,000	3,488,550	804,998	-	615,003	29,202	3,564,203	(75,653)	737	8,785,000	10,600,000	7,985,737
2010	2,295,166	7,725	326,765	790,589	-	3,420,245	736,093	-	105,028	11,564	3,077,685	342,560	343,297	8,160,000	9,000,000	8,503,297
2011	1,407,207	10,971	333,786	793,255	-	2,545,219	675,943	-	9,683	9,986	2,335,612	209,607	552,904	7,520,000	8,000,000	8,072,904
2012	1,650,483	16,587	282,085	795,629	-	2,744,784	596,392	-	-	29,000	3,280,392	(535,608)	17,296	6,865,000	6,000,000	6,882,296
2013	1,547,835	519	267,981	797,710	-	3,714,045	505,098	-	-	29,000	3,704,098	9,947	27,243	6,195,000	4,600,000	5,122,243
2014	1,450,097	817	254,582	6,255,776	-	10,011,272	278,689	-	-	29,000	10,002,689	8,583	35,826	-	3,150,000	(3,114,174)
2015	1,519,997	1,075	241,853	-	-	1,762,924	78,000	-	500,000	29,000	1,707,000	55,924	91,750	-	2,050,000	(1,958,250)
2016	1,621,923	2,752	229,760	-	500,000	2,354,435	69,000	-	2,313,862	29,000	2,411,862	(57,427)	34,323	-	2,550,000	(2,515,677)
2017	1,701,213	1,030	218,272	-	-	1,920,515	60,750	-	750,124	29,000	1,899,874	30,641	64,964	-	1,500,000	(1,435,036)
2018	1,248,228	1,949	207,358	-	-	1,457,536	22,500	-	-	-	1,522,500	(64,964)	(0)	-	-	(0)
2019	(0)	(0)	-	-	-	(0)	-	-	-	-	0	(0)	(0)	-	-	(0)
2020	(0)	(0)	-	-	-	(0)	-	-	-	-	0	(0)	(0)	-	-	(0)
2021	(0)	(0)	-	-	-	(0)	-	-	-	-	0	(0)	(0)	-	-	(0)
2022	(0)	(0)	-	-	-	(0)	-	-	-	-	0	(0)	(0)	-	-	(0)
2023	(0)	(0)	-	-	-	(0)	-	-	-	-	0	(0)	(0)	-	-	(0)
2024	(0)	(0)	-	-	-	(0)	-	-	-	-	0	(0)	(0)	-	-	(0)
2025	(0)	(0)	-	-	-	(0)	-	-	-	-	0	(0)	(0)	-	-	(0)
2026	(0)	(0)	-	-	-	(0)	-	-	-	-	0	(0)	(0)	-	-	(0)
2027	(0)	(0)	-	-	-	(0)	-	-	-	-	0	(0)	(0)	-	-	(0)
	16,733,553	341,416	3,338,559	11,146,213	36,287,628	67,847,369	5,529,056	35,250,000	26,589,390	478,924	67,847,370	(0)	(0)			
	Debt Refinanced				(10,000,000)			(10,000,000)								
	TEA Grant				(1,000,000)			(1,000,000)								
	Developer Loan payments			(11,146,213)	-		(1,146,213)	(10,000,000)	(10,000,000)							
	Net Debt borrowed and repaid			-	25,287,628		4,382,843	15,250,000	16,589,390							

Note: The taxable loan is considered revenue as repaid and the debt balance is net of the loan to developer.
 Project costs can not be initiated after June 21, 2020

Assumptions:

- 1 Computer aid will decrease at 5% per year.
- 2 Payoff by 2017 represented to the Other Taxing Jurisdictions through the Joint Review Board

City of Franklin
TIF #3 Projection
Projected Revenue
December 13, 2012

Const. Year	Incr. Year	Revenue Year	Full Value Beginning of Year	Total Increment	DOR Adjustment	Inflation & Additional Increment	Cumulative Equalized Increment Value	Tax Rate	Increment Revenue Collected
2005	2006	2007	-	11,743,000		1,178,100	12,921,100	19.46	251,402
2006	2007	2008	12,921,100	8,668,000		3,315,300	24,904,400	20.25	504,283
2007	2008	2009	24,904,400	44,487,000		5,491,100	74,882,500	20.51	1,535,719
2008	2009	2010	74,882,500	15,432,000	10,000,000	5,587,800	105,902,300	21.67	2,295,166
2009	2010	2011	105,902,300	-	(42,000,000)	(2,467,600)	61,434,700	22.91	1,407,207
2010	2011	2012	61,434,700	-	12,000,000	(782,100)	72,652,600	22.72	1,650,483
2011	2012	2013	72,652,600	-		(9,335,600)	63,317,000	22.49	1,547,835
2012	2013	2014	63,317,000	-		1,810,852	65,127,852	22.27	1,450,097
2013	2014	2015	65,127,852	2,000,000		1,828,961	68,956,813	22.04	1,519,997
2014	2015	2016	68,956,813	3,500,000		1,867,250	74,324,063	21.82	1,621,923
2015	2016	2017	74,324,063	2,500,000		1,920,923	78,744,985	21.60	1,701,213
2016	2017	2018	78,744,985	5,432,000		1,965,132	86,142,117	21.39	1,842,411
2017	2018	2019	86,142,117	5,660,000		2,039,103	93,841,220	21.17	1,987,009
2018	2019	2020	93,841,220	5,060,000		2,116,094	101,017,314	20.96	2,117,568
2019	2020	2021	101,017,314	2,000,000		2,187,855	105,205,170	20.75	2,183,302
2020	2021	2022	105,205,170	2,000,000		2,229,734	109,434,903	20.55	2,248,370
2021	2022	2023	109,434,903	2,000,000		2,272,031	113,706,934	20.34	2,312,778
2022	2023	2024	113,706,934	-		2,314,751	116,021,686	20.14	2,336,261
2023	2024	2025	116,021,686	-		2,337,899	118,359,585	19.94	2,359,505
2024	2025	2026	118,359,585	-		2,361,278	120,720,862	19.74	2,382,511
				110,482,000			Reported		35,255,040

Base Value Increment	\$ 117,768,200
Equalized Value	63,317,000
Assessed Value Ratio	\$ 189,044,900 104.40%

- Assumptions:**
1. Property value inflation 1.00%
 2. Property additions 0.00%
 3. Mill Rate Inflation -1.00%

Note The Mill rate deflation assumption is based upon the recent experience of the City of Franklin that the development within TIFs is happening at a greater rate than outside the TIF effectively lowering the TIF rate. In addition it assumes the impact of the current tax levy limits will continue in some format in the future.

City of Franklin
TIF #3 Projection
Development Assumptions
December 13, 2012

Const Year	Project Plan (Memo) Project Plan	Development						Add NM 2	Rawson Avenue	Total	Difference from Plan
		ICON	Johnson Bank	31st Office Bldg	Land N of NM	27th Street					
2005	17,850,000	10,543,000	1,200,000						11,743,000	(6,107,000)	
2006	11,900,000	8,400,000				268,000			8,668,000	(3,232,000)	
2007	12,500,000	2,825,000				510,000			44,487,000	31,987,000	
2008	6,500,000		3,737,000					11,695,000	15,432,000	8,932,000	
2009	13,000,000								0	(13,000,000)	
2010	15,560,000								0	(15,560,000)	
2011	15,560,000								0	(15,560,000)	
2012	3,060,000								0		
2013		2,000,000							2,000,000		
2014		2,000,000		1,000,000					3,500,000		
2015		2,000,000				500,000			2,500,000		
2016		2,000,000							5,432,000		
2017		2,600,000							5,660,000		
2018		2,000,000					3,060,000		5,060,000		
2019		2,000,000							2,000,000		
2020		2,000,000							2,000,000		
2021		2,000,000							2,000,000		
	95,930,000	44,105,000	1,200,000	1,000,000	9,180,000	2,150,000		51,095,000	1,752,000	110,482,000	(12,540,000)

Assumptions:

1. Construction includes \$5 million in non taxable computers
2. Project Estimate

