

**City of Franklin
Community Development Authority**

**Tax Increment District #4
Cash Flow Model**

December 28, 2009

Presented by:

Calvin A. Patterson

City of Franklin Director of Finance & Treasurer

M E M O R A N D U M

DATE: December 28, 2009
TO: Community Development Authority
FROM: Calvin A. Patterson, Director of Finance & Treasurer
RE: Report and analysis of TID #4 Cash Flow Projections

Attached is a projection of tax increment revenue, expenditures, debt service payments and the net asset position for TID #4 based upon equalized values released by the Department of Revenue on August 15, 2009.

Observations:

1. Final payments on Phase 1 projects contracted for in 2007 have been substantially completed and paid in 2009. The completed costs were in line with the revised estimate for these projects and proceeds have been borrowed to fund the project costs.
2. Council approved adding the 51st Street water main project being constructed in 2009 as a TIF #4 project \$450,000 in funding was provided for this project through an interfund borrowing. The forecast has included a 2011 Oakwood Road water main project estimated to cost \$1,000,000 that will need to be funded most likely through interfund borrowing. Both of these water main projects are necessary to have sufficient water available to support development in the TIF#4 project area.
3. Previous projections included only phase 1 projects. This projection also includes the potential costs of the Project Plan Phase 2 and Phase 3 projects and the estimated costs of 27th Street reconstruction. The total of all projects is forecast to exceed the estimated cost plus 15% and will require at some point joint review board review and concurrence on the additional costs.
4. The development assumptions are a major factor in the projected cash flow of the TIF District. The economic slowdown has resulted in delaying the projected years in which the various known projects are estimated to be constructed compared to the prior projection. Future economic activity will determine the actual years of development and any variance from the projections will impact the projection either positively or negatively.
5. The increment certified for this TIF District in August of 2009 was \$58,527,200 an increase of \$47,721,300. This increase was due to the Wheaton project not being included in the 2008 equalized valuation. The Department of Revenue

made compensating adjustments in 2009 (doubles up) and in 2010 (removes the doubling) to correct the 2008 omission.

6. The tax increment revenue realized over the next seven years is projected to retire the borrowing from the first phase by 2016. This is an increase of a year over previous projections due to the additional borrowing projected for the two water main projects.
7. The tax increment will continue to be received after that time to support phases 2 & 3 for this TIF District. Those phases will begin when there is development to support those Project Plan expenditures. It is forecast that the tax increment will be needed through 2023 which is three years before the statutory limit for this district.

The analysis is qualified to the following extent:

1. The stated assumptions determine the results of the projection.
2. The tax rate assumption is based on the actual equalized tax rate in effect in December 2009 less an assumed decline in tax rates of 1.0% per year. If the tax rate varies from the assumption it could have either a positive or negative impact on these projections.

**City of Franklin
TIF #4 Phase I Projection
Projected Cash Flow**

Year	Revenue										Expenditures			TIF Status			
	Tax Levy	Computer Aid	Misc Revenue	Interest Income 3.00%	Debt Issued	Total	Project Costs	Admin Expenses	Debt Service		Total	Yearly Cash Activity	Net Cash	Outstanding Debt	Year End Fund Balance		
									Interest	Principal							
2005	-	-	-	39,408	2,812,416	2,851,824	179,470	34,844	47,553	-	261,867	2,589,957	2,589,957	2,812,416	(222,459)		
2006	-	-	-	117,860	116,353	234,213	659,840	35,237	129,485	-	824,562	(590,349)	1,999,608	2,928,769	(929,161)		
2007	17,702	4,884	294,196	28,754	2,971,231	3,316,767	3,522,075	53,667	116,893	1,500,000	5,192,635	(1,875,868)	123,740	4,400,000	(4,276,260)		
2008	236,803	6,862	34,337	9,354	3,700,000	3,987,356	388,006	51,827	187,046	3,100,000	3,726,879	260,477	384,217	5,000,000	(4,615,783)		
2009	221,611	5,474	57,050	11,527	600,000	895,662	648,012	30,000	226,850	337,000	1,241,862	(346,200)	38,017	5,263,000	(5,224,983)		
2010	1,268,430	5,000	31,000	1,140	-	1,305,570	100,000	30,000	211,117	900,000	1,241,117	64,453	102,470	4,363,000	(4,260,530)		
2011	832,357	5,000	31,000	3,074	850,000	1,721,431	1,000,000	30,000	195,164	525,000	1,750,164	(28,733)	73,737	4,888,000	(4,614,263)		
2012	874,423	5,000	-	2,212	100,000	981,635	-	30,000	181,623	800,000	1,011,623	(29,988)	43,749	3,988,000	(3,944,251)		
2013	978,628	5,000	-	1,312	175,000	1,159,941	-	30,000	144,614	975,000	1,149,614	10,327	54,076	3,188,000	(3,133,924)		
2014	1,138,036	5,000	-	1,622	150,000	1,294,659	-	30,000	101,094	1,138,000	1,269,094	25,565	79,640	2,200,000	(2,120,360)		
2015	1,546,893	5,000	-	2,389	-	1,554,282	-	30,000	43,536	1,525,000	1,598,536	(44,254)	35,387	675,000	(639,613)		
2016	2,363,864	5,000	-	1,062	-	2,369,926	-	30,000	13,500	675,000	718,500	1,651,426	1,686,812	-	1,686,812		
2017	2,698,039	5,000	-	50,604	-	2,753,643	-	30,000	-	-	30,000	2,723,643	4,410,456	-	4,410,456		
2018	2,732,406	5,000	-	132,314	-	2,869,720	3,000,000	30,000	-	-	3,030,000	(160,280)	4,250,176	-	4,250,176		
2019	2,767,031	5,000	-	127,505	-	2,899,536	-	30,000	-	-	30,000	2,869,536	7,119,712	-	7,119,712		
2020	2,801,917	5,000	-	213,591	-	3,020,508	5,548,000	30,000	-	-	5,578,000	(2,557,492)	4,562,220	-	4,562,220		
2021	2,837,066	5,000	-	136,867	-	2,978,933	-	30,000	-	-	30,000	2,948,933	7,511,153	-	7,511,153		
2022	2,872,484	5,000	-	225,335	-	3,102,818	4,000,000	30,000	-	-	4,030,000	(927,182)	6,583,972	-	6,583,972		
2023	2,106,509	5,000	-	197,519	-	2,309,028	4,000,000	30,000	-	-	4,030,000	(1,720,972)	4,863,000	-	4,863,000		
2024	-	-	-	-	-	-	4,851,000	12,000	-	-	4,863,000	(4,863,000)	0	-	0		
2025	-	-	-	-	-	-	-	-	-	-	-	-	0	-	0		
2026	-	-	-	-	-	-	-	-	-	-	-	-	0	-	0		
	28,294,200	87,220	447,583	1,303,450	11,475,000	41,607,453	27,896,403	637,575	1,598,475	11,475,000	41,607,453	-	-	-	-		

Note: Phase 1 projected to be fully funded by 2017. TIF will continue until Phase 2 and phase 3 projects are complete or fully funded. (Phase 2 - 5,548,000 & Phase 3 - 12,851,000)
Per the Project Plan the TIF is anticipated to be completed during the year 2023.

**City of Franklin
TIF Projection
Projected Revenue**

Const. Year	Incr. Year	Rev. Year	Full Value Beginning of Year	Total Increment	DOR Adjustment	Inflation & Additional Increment	Cumulative Increment Value	Tax Rate	Increment Revenue Collected
2005	2006	2007	-	712,021		198,179	910,200	19.45	17,702
2006	2007	2008	910,200	9,725,000		1,059,700	11,694,900	20.25	236,803
2007	2008	2009	11,694,900	19,758,000	(21,300,000)	653,000	10,805,900	20.51	221,611
2008	2009	2010	10,805,900	674,500	46,600,000	446,800	58,527,200	21.67	1,268,430
2009	2010	2011	58,527,200	2,000,000	(23,300,000)	1,566,902	38,794,102	21.46	832,357
2010	2011	2012	38,794,102	1,200,000		1,172,240	41,166,342	21.24	874,423
2011	2012	2013	41,166,342	4,151,515		1,219,685	46,537,542	21.03	978,628
2012	2013	2014	46,537,542	6,800,000		1,327,109	54,664,651	20.82	1,138,036
2013	2014	2015	54,664,651	18,900,000		1,489,651	75,054,302	20.61	1,546,893
2014	2015	2016	75,054,302	38,900,000		1,897,444	115,851,746	20.40	2,363,864
2015	2016	2017	115,851,746	15,000,000		2,713,393	133,565,139	20.20	2,698,039
2016	2017	2018	133,565,139	-		3,067,661	136,632,799	20.00	2,732,406
2017	2018	2019	136,632,799	-		3,129,014	139,761,813	19.80	2,767,031
2018	2019	2020	139,761,813	-		3,191,594	142,953,408	19.60	2,801,917
2019	2020	2021	142,953,408	-		3,255,426	146,208,834	19.40	2,837,066
2020	2021	2022	146,208,834	-		3,320,535	149,529,369	19.21	2,872,484
2021	2022	2023	149,529,369	-		3,386,945	152,916,314	19.02	2,908,172
2022	2023	2024	152,916,314	-		3,454,684	156,370,998	18.83	2,944,135
2023	2024	2025	156,370,998	-		3,523,778	159,894,776	18.64	2,980,375
				<u>117,821,036</u>					<u>35,020,373</u>
			Base Equalized Value				\$ 19,817,900		
			Increment				<u>\$ 58,527,200</u>		
			Total Equalized Value				<u>\$ 78,345,100</u>		
			Estimated Assessed Value				\$ 52,175,905		
			Ratio				66.60%		

Assumptions:

1. Property value inflation 2.00%
2. Property additions 0.00%
3. Mil Rate Inflation -1.00%

**City of Franklin
TIF #4 Projection
Development Assumptions**

Const. Year	Project Plan Estimate	Development						Total
		MLG Residential	MLG Commercial	MLG Covenant	Oakwood South	Conway	Additional Lots	
		19,967,049	12,579,974	18,000,000	30,000,000	-	100,000,000	180,547,023
2005	-		712,021					712,021
2006	12,877,813	925,000		8,800,000				9,725,000
2007	33,423,756	4,806,300		13,924,000		1,027,700		19,758,000
2008	4,245,454	534,500		140,000				674,500
2009	-	-		2,000,000				2,000,000
2010	-	1,200,000						1,200,000
2011	-	1,200,000		2,951,515				4,151,515
2012	38,000,000	2,500,000	4,300,000					6,800,000
2013	8,000,000	3,900,000	15,000,000					18,900,000
2014	8,000,000	3,900,000	20,000,000		15,000,000			38,900,000
2015	8,000,000				15,000,000			15,000,000
2016	8,000,000							-
2017	7,500,000							-
2018	7,500,000							-
2019	7,500,000							-
2020	7,500,000							-
2021	7,500,000							-
2022	7,500,000							-
2023	7,500,000							-
2024	7,500,000							-
	180,547,023	18,965,800	40,012,021	27,815,515	30,000,000	1,027,700	-	117,821,036

54 lots @ 25 Acres X
\$350,000 \$1,600,000 per acre

	Ratio	Assessment	Net	Assessed Value	Difference	Tax	Net Tax
2009	0.958430754	26,659,245	23,020,800	74,618.44	3,638,445	71,517	71,517
2010	0.990000000	27,537,360	23,160,900	94,848.77	4,376,460	93,900	93,900
2011	1.000000000	27,815,515	25,160,900	56,956.79	2,654,615	56,957	56,957

