

**City of Franklin  
Community Development Authority**

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

**Issued December 20, 2012**

**Presented by:**

**Calvin A. Patterson**

**City of Franklin Director of Finance & Treasurer**

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## M E M O R A N D U M

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**DATE:** December 20, 2012  
**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, 2012 and the taxes levied in December 2012.

**Observations:**

1. All Phase 1 projects have been completed. The completed costs were in line with the revised estimate for these projects and proceeds have been borrowed to fund the project costs.
2. The projection includes the potential costs of the Project Plan Phase 2 and Phase 3 projects. The estimated costs of 27<sup>th</sup> Street reconstruction in this TIF District is not included as the current timing (approximately 2025) would occur after the limit (2020) for incurring project costs.
3. The development assumptions (unchanged) are a major factor in the projected cash flow of the TIF District. The economic slowdown had resulted in delaying the projected years in which the various known projects were estimated to be constructed compared to earlier projections. Future economic activity will determine the actual years of development and any variance from the projections will impact the projection either positively or negatively.
4. The tax increment revenue realized over this year and the next four years is projected to retire the borrowing from the first phase by 2016. This is the same year as previous projections.
5. The tax increment can 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 2026 the statutory limit for this district.
6. At some point in the future it should be studied to see if it makes sense to close this TIF District and establish another TIF District to handle phases 2 & 3 and the costs of the 27<sup>th</sup> Street reconstruction from Drexel to the County Line.

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 2012 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  
December 13, 2012

Year	Tax Levy	Computer Aid	Misc Revenue	Revenue			Debt Issued	Total	Expenditures					Total	Yearly Cash Activity	Net Cash	Outstanding Debt	Year End Fund Balance
				Interest Income	3.00%	Debt			Project Costs	Admin Expenses	Debt Service Interest	Debt Service Principal	Total					
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	1,999,608	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	3,100,000	5,192,635	(1,875,868)	1,23,740	384,217	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	57,051	8,341	600,000	892,477	529,168	28,555	223,924	337,000	1,118,647	(226,170)	158,047	5,263,000	(5,104,953)			
2010	1,268,430	3,254	78,217	5,120	-	1,355,021	51,227	9,625	198,646	1,000,000	1,259,498	95,523	253,570	4,263,000	(4,009,430)			
2011	836,103	59,197	-	5,849	-	901,149	370,781	9,986	174,163	525,000	1,079,930	(178,781)	74,789	3,738,000	(3,663,211)			
2012	909,841	57,003	-	2,244	3,038,000	4,007,088	-	15,000	144,248	3,738,000	3,897,248	109,839	184,628	3,038,000	(2,853,372)			
2013	815,923	54,153	-	5,539	-	875,614	-	15,000	118,892	850,000	983,892	(108,277)	76,351	2,188,000	(2,111,649)			
2014	762,113	51,445	-	2,291	-	815,849	-	15,000	82,492	750,000	847,492	(31,643)	44,709	1,438,000	(1,393,291)			
2015	792,857	48,873	-	1,341	-	843,071	-	15,000	47,798	775,000	837,798	5,273	49,982	663,000	(613,018)			
2016	596,125	46,429	-	1,499	-	644,053	-	15,000	15,083	663,000	693,083	(49,030)	952	-	952	-		
2017	975,325	44,108	-	29	-	1,019,461	-	15,000	-	-	15,000	1,004,461	1,005,413	-	1,005,413	-		
2018	1,300,286	41,902	-	30,162	3,800,000	5,172,351	5,548,000	15,000	86,450	-	5,649,450	(477,099)	528,314	3,800,000	(3,271,686)			
2019	1,386,932	39,807	-	15,849	-	1,442,588	-	15,000	150,150	1,000,000	1,165,150	277,438	805,752	2,800,000	(1,994,248)			
2020	1,705,384	37,817	-	24,173	4,100,000	5,867,373	6,000,000	15,000	220,675	-	6,235,675	(368,302)	437,451	6,900,000	(6,462,549)			
2021	2,435,673	35,926	-	13,124	4,700,000	7,184,723	6,851,000	15,000	420,875	-	7,286,875	(102,152)	335,299	11,600,000	(11,264,701)			
2022	2,519,628	34,130	-	10,059	-	2,563,817	-	15,000	477,750	2,200,000	2,692,750	(128,933)	206,365	9,400,000	(9,193,635)			
2023	2,523,407	32,423	-	6,191	-	2,562,021	-	15,000	377,650	2,200,000	2,592,650	(30,629)	175,737	7,200,000	(7,024,263)			
2024	2,527,145	30,802	-	5,272	-	2,563,219	-	15,000	273,000	2,400,000	2,688,000	(124,781)	50,956	4,800,000	(4,749,044)			
2025	2,530,843	29,252	-	1,529	-	2,561,634	-	15,000	163,800	2,400,000	2,578,800	(17,166)	33,790	2,400,000	(2,366,210)			
2026	2,391,997	27,799	-	1,014	-	2,420,810	-	-	54,600	2,400,000	2,454,600	(33,790)	(0)	-	(0)	(0)		
	26,754,127	691,551	463,801	335,001	25,838,000	54,062,480	24,099,567	433,741	3,711,172	25,838,000	54,082,480							

Note: Phase 1 projected to be fully funded by 2016.  
 Project costs can not be initiated after June 21, 2020  
 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). 27th St reconstruction may reduce the scope of later phases.  
 Per the Project Plan the TIF is anticipated to be completed during the year 2023.

**City of Franklin**  
**TIF #4 Projection**  
**Projected Debt Service**  
**December 13, 2012**

<b>Tax Exempt G.O. Bonds</b>	<b>\$ 3,000,000</b>
Improvements Cost	\$ 2,715,000
Capitalized Interest	\$ 259,377
Est Issuance Cost	\$ 24,975
Rounding	\$ 648

<b>Interfund Advance</b>	<b>\$ 3,500,000</b>
Improvements Cost	\$ 3,500,000
Capitalized Interest	\$ -
Est Issuance Cost	\$ -
Rounding	\$ -

<b>Total</b>	<b>\$ 6,500,000</b>
Improvements Cost	\$ 6,215,000
Capitalized Interest	\$ 259,377
Est Issuance Cost	\$ 24,975
Rounding	\$ 648

**Debt Issues**

**Debt Issues**

**Debt Service 8/15/05**

**Debt Service**

**Combined Debt Service**

Year	Balance	Principal	Interest	Total	Balance	Principal	Interest	Total	Balance	Principal	Interest	Total
		3/1	(3/1& 9/1)			3/1	(3/1& 9/1)					
		avg = 4.55%				4.55%						
2005	3,000,000	-	47,553	47,553	3,000,000	-	47,553	47,553	3,000,000	-	47,553	47,553
2006	3,000,000	-	129,485	129,485	3,000,000	-	129,485	129,485	3,000,000	-	129,485	129,485
2007	1,500,000	1,500,000	77,823	1,577,823	2,900,000	-	77,823	1,577,823	4,400,000	1,500,000	116,893	1,616,893
2008	5,000,000	-	121,405	121,405	-	3,100,000	187,046	3,287,046	5,000,000	3,100,000	223,924	560,924
2009	4,663,000	337,000	214,850	551,850	600,000	-	9,074	601,529	5,263,000	337,000	198,646	1,198,646
2010	4,263,000	400,000	197,117	597,117	-	600,000	1,529	601,529	4,263,000	1,000,000	174,163	699,163
2011	3,738,000	525,000	174,163	699,163	-	-	-	-	3,738,000	525,000	174,163	699,163
2012	-	3,738,000	28,363	3,766,363	3,038,000	-	115,885	115,885	3,038,000	3,738,000	144,248	3,882,248
2013	-	-	-	-	2,188,000	850,000	118,892	968,892	2,188,000	850,000	118,892	968,892
2014	-	-	-	-	1,438,000	750,000	82,492	832,492	1,438,000	750,000	82,492	832,492
2015	-	-	-	-	663,000	775,000	47,798	822,798	663,000	775,000	47,798	822,798
2016	-	-	-	-	-	663,000	15,083	678,083	-	663,000	15,083	678,083
2017	-	-	-	-	3,800,000	-	86,450	86,450	3,800,000	-	86,450	86,450
2018	-	-	-	-	2,800,000	1,000,000	150,150	1,150,150	2,800,000	1,000,000	150,150	1,150,150
2019	-	-	-	-	6,900,000	220,675	220,675	220,675	6,900,000	220,675	220,675	220,675
2020	-	-	-	-	11,600,000	420,875	420,875	420,875	11,600,000	420,875	420,875	420,875
2021	-	-	-	-	9,400,000	2,200,000	477,750	2,677,750	9,400,000	2,200,000	477,750	2,677,750
2022	-	-	-	-	7,200,000	377,650	377,650	377,650	7,200,000	377,650	377,650	377,650
2023	-	-	-	-	4,800,000	273,000	273,000	273,000	4,800,000	273,000	273,000	2,673,000
2024	-	-	-	-	2,400,000	163,800	163,800	2,563,800	2,400,000	163,800	163,800	2,563,800
2025	-	-	-	-	2,400,000	54,600	54,600	2,454,600	2,400,000	54,600	54,600	2,454,600
2026	-	-	-	-	-	-	-	-	-	-	-	0
2027	-	-	-	-	-	-	-	-	-	-	-	0
	<b>6,500,000</b>	<b>990,759</b>	<b>7,490,759</b>	<b>19,338,000</b>	<b>2,720,413</b>	<b>22,058,413</b>	<b>25,838,000</b>	<b>3,711,172</b>	<b>29,549,172</b>			

**City of Franklin  
TIF Projection  
Projected Revenue  
December 13, 2012**

Const. Year	Incr. Year	Rev. 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	-	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	4,500,000	(23,300,000)	(3,225,300)	36,501,900	22.91	836,103
2010	2011	2012	36,501,900	306,400	2,394,900	847,100	40,050,300	22.72	909,841
2011	2012	2013	40,050,300	710,500		(7,067,300)	33,693,500	22.49	815,923
2012	2013	2014	33,693,500	-		535,114	34,228,614	22.27	762,113
2013	2014	2015	34,228,614	1,200,000		540,465	35,969,079	22.04	792,857
2014	2015	2016	35,969,079	5,500,000		557,870	42,026,949	21.82	917,125
2015	2016	2017	42,026,949	2,500,000		618,448	45,145,397	21.60	975,325
2016	2017	2018	45,145,397	15,000,000		649,633	60,795,030	21.39	1,300,286
2017	2018	2019	60,795,030	3,900,000		806,129	65,501,160	21.17	1,386,932
2018	2019	2020	65,501,160	15,000,000		853,191	81,354,350	20.96	1,705,384
2019	2020	2021	81,354,350	35,000,000		1,011,723	117,366,073	20.75	2,435,673
2020	2021	2022	117,366,073	3,900,000		1,371,840	122,637,913	20.55	2,519,628
2021	2022	2023	122,637,913	-		1,424,558	124,062,471	20.34	2,523,407
2022	2023	2024	124,062,471	-		1,438,804	125,501,274	20.14	2,527,145
2023	2024	2025	125,501,274	-		1,453,192	126,954,466	19.94	2,530,843
2024	2025	2026	126,954,466	-		1,467,724	128,422,190	19.74	2,534,501
				<u>118,386,421</u>					<u>27,217,631</u>
Base Equalized Value Increment							\$ 19,817,900		
Total Equalized Value							<u>\$ 33,693,500</u>		
Assessed Value Ratio							\$ 55,256,000		
							103.26%		

Wheaton \$4.5M down due to add'l exemption

**Assumptions:**

1. Property value inflation 1.00%
2. Property additions 0.00%
3. Mill Rate Inflation -1.00%
6. Estimated developed value per acre \$ 500,000
7. Ave Assessed value vacant & improved land \$ -

City of Franklin  
TIF #4 Projection  
Development Assumptions  
December 13, 2012

Const. Year	Development						Total
	MLG Residential	MLG Commercial	Covenant	Oakwood South	Conway	Additional Lots	
Project Plan Estimate	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	-	8,800,000	-	-	-	9,725,000
2007	33,423,756	-	13,924,000	-	1,027,700	-	19,758,000
2008	4,245,454	-	140,000	-	-	-	674,500
2009	-	-	4,500,000	-	-	-	4,500,000
2010	-	-	-	-	-	-	306,400
2011	-	710,500	-	-	-	-	710,500
2012	38,000,000	-	-	-	-	-	1,200,000
2013	8,000,000	1,200,000	-	-	-	-	5,500,000
2014	8,000,000	4,300,000	-	-	-	-	2,500,000
2015	8,000,000	-	-	-	-	-	15,000,000
2016	8,000,000	-	-	-	-	-	3,900,000
2017	7,500,000	3,900,000	-	-	-	-	15,000,000
2018	7,500,000	-	-	-	-	-	35,000,000
2019	7,500,000	-	-	20,000,000	-	-	3,900,000
2020	7,500,000	-	-	-	-	-	-
2021	7,500,000	-	-	-	-	-	-
2022	7,500,000	-	-	-	-	-	-
2023	7,500,000	-	-	-	-	-	-
2024	7,500,000	-	-	-	-	-	-
	180,547,023	19,982,700	40,012,021	27,364,000	30,000,000	1,027,700	118,386,421

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

