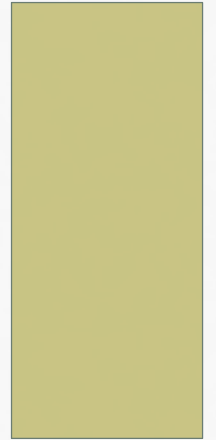


SCHUETTE BUILDING TIF DEVELOPMENT AGREEMENT

HISTORY AND ANALYSIS



TIF DISTRICT 19 DETAILS

- Creation Year: 2017
- Life of Rehabilitation TID: 27 years
- Final Increment Year: 2044
- Final Revenue Year: 2045

SCHUETTE BUILDING PROJECT RECENT HISTORY

- Community Development Investment Grant
 - Awarded June 2016
- Project Redesign to Include Residential
 - 2016/2017
- Tax Incremental Financing Request
 - Up-front grant considered August/September 2017
 - Scenarios from \$700,000 to \$1.4 M
- Tax Law Changes
 - January 2018
- Tax Incremental Financing Request
 - Pay-go grant considered currently
 - Scenarios for \$900,000 and \$1.1 M

SUMMARY OF KEY ALTERNATIVES

Previous alternatives...

- Up-front grant of \$1.4 M
 - Costs recovered: 31 years
 - But only with 1% inflation increment and no tax rate deflation
 - Requires TID extension
- Up-front grant of \$900,000
 - Costs recovered: 24 years
 - With typical 0% inflation increment and 0.5% tax rate deflation
 - No TID extension

SUMMARY OF KEY ALTERNATIVES

New alternatives...

- Pay-go grant of \$900,000
 - Developer financed with 5% interest on the note
 - Cap on interest paid: No cap
 - Total cost to the City: Depends on the assessed value
- Pay-go grant of \$1.1 M
 - Developer financed with 5% interest on the note
 - Cap on interest paid: \$300,000
 - Total cost to the City: Depends on the assessed value

- Alternative: \$900,000, No Cap on Interest

- Increment value of \$3.1 M
- Minimum to receive full grant
- Schedule 1 for Jan 15 DA

Payment Number	Date of Payment	Payment Due	Interest	Principal	Balance
					\$ 900,000.00
1	11/1/20	\$ 62,607.89	\$ 45,000.00	\$ 17,607.89	\$ 882,392.11
2	11/1/21	\$ 62,607.89	\$ 44,119.61	\$ 18,488.28	\$ 863,903.83
3	11/1/22	\$ 62,607.89	\$ 43,195.19	\$ 19,412.70	\$ 844,491.13
4	11/1/23	\$ 62,607.89	\$ 42,224.56	\$ 20,383.33	\$ 824,107.80
5	11/1/24	\$ 62,607.89	\$ 41,205.39	\$ 21,402.50	\$ 802,705.30
6	11/1/25	\$ 62,607.89	\$ 40,135.27	\$ 22,472.62	\$ 780,232.68
7	11/1/26	\$ 62,607.89	\$ 39,011.63	\$ 23,596.26	\$ 756,636.42
8	11/1/27	\$ 62,607.89	\$ 37,831.82	\$ 24,776.07	\$ 731,860.35
9	11/1/28	\$ 62,607.89	\$ 36,593.02	\$ 26,014.87	\$ 705,845.48
10	11/1/29	\$ 62,607.89	\$ 35,292.27	\$ 27,315.62	\$ 678,529.86
11	11/1/30	\$ 62,607.89	\$ 33,926.49	\$ 28,681.40	\$ 649,848.46
12	11/1/31	\$ 62,607.89	\$ 32,492.42	\$ 30,115.47	\$ 619,732.99
13	11/1/32	\$ 62,607.89	\$ 30,986.65	\$ 31,621.24	\$ 588,111.75
14	11/1/33	\$ 62,607.89	\$ 29,405.59	\$ 33,202.30	\$ 554,909.45
15	11/1/34	\$ 62,607.89	\$ 27,745.47	\$ 34,862.42	\$ 520,047.03
16	11/1/35	\$ 62,607.89	\$ 26,002.35	\$ 36,605.54	\$ 483,441.49
17	11/1/36	\$ 62,607.89	\$ 24,172.07	\$ 38,435.82	\$ 445,005.67
18	11/1/37	\$ 62,607.89	\$ 22,250.28	\$ 40,357.61	\$ 404,648.06
19	11/1/38	\$ 62,607.89	\$ 20,232.40	\$ 42,375.49	\$ 362,272.57
20	11/1/39	\$ 62,607.89	\$ 18,113.63	\$ 44,494.26	\$ 317,778.31
21	11/1/40	\$ 62,607.89	\$ 15,888.92	\$ 46,718.97	\$ 271,059.34
22	11/1/41	\$ 62,607.89	\$ 13,552.97	\$ 49,054.92	\$ 222,004.42
23	11/1/42	\$ 62,607.89	\$ 11,100.22	\$ 51,507.67	\$ 170,496.75
24	11/1/43	\$ 62,607.89	\$ 8,524.84	\$ 54,083.05	\$ 116,413.70
25	11/1/44	\$ 62,607.89	\$ 5,820.69	\$ 56,787.20	\$ 59,626.50
26	11/1/45	\$ 62,607.83	\$ 2,981.33	\$ 59,626.50	\$ 0.00
		\$ 1,627,805.08	\$ 727,805.08	\$ 900,000.00	

- Alternative: \$900,000, No Cap on Interest

- Increment value of \$2.6 M
- Obligation ends
- Total cost same as \$1.1 M

Payment Number	Date of Payment	Payment Due	Interest	Principal	Balance
					\$ 900,000.00
1	11/1/20	\$ 52,442.00	\$ 45,000.00	\$ 7,442.00	\$ 892,558.00
2	11/1/21	\$ 52,442.00	\$ 44,627.90	\$ 7,814.10	\$ 884,743.90
3	11/1/22	\$ 52,442.00	\$ 44,237.20	\$ 8,204.80	\$ 876,539.10
4	11/1/23	\$ 52,442.00	\$ 43,826.96	\$ 8,615.04	\$ 867,924.06
5	11/1/24	\$ 52,442.00	\$ 43,396.20	\$ 9,045.80	\$ 858,878.26
6	11/1/25	\$ 52,442.00	\$ 42,943.91	\$ 9,498.09	\$ 849,380.17
7	11/1/26	\$ 52,442.00	\$ 42,469.01	\$ 9,972.99	\$ 839,407.18
8	11/1/27	\$ 52,442.00	\$ 41,970.36	\$ 10,471.64	\$ 828,935.54
9	11/1/28	\$ 52,442.00	\$ 41,446.78	\$ 10,995.22	\$ 817,940.32
10	11/1/29	\$ 52,442.00	\$ 40,897.02	\$ 11,544.98	\$ 806,395.34
11	11/1/30	\$ 52,442.00	\$ 40,319.77	\$ 12,122.23	\$ 794,273.11
12	11/1/31	\$ 52,442.00	\$ 39,713.66	\$ 12,728.34	\$ 781,544.77
13	11/1/32	\$ 52,442.00	\$ 39,077.24	\$ 13,364.76	\$ 768,180.01
14	11/1/33	\$ 52,442.00	\$ 38,409.00	\$ 14,033.00	\$ 754,147.01
15	11/1/34	\$ 52,442.00	\$ 37,707.35	\$ 14,734.65	\$ 739,412.36
16	11/1/35	\$ 52,442.00	\$ 36,970.62	\$ 15,471.38	\$ 723,940.98
17	11/1/36	\$ 52,442.00	\$ 36,197.05	\$ 16,244.95	\$ 707,696.03
18	11/1/37	\$ 52,442.00	\$ 35,384.80	\$ 17,057.20	\$ 690,638.83
19	11/1/38	\$ 52,442.00	\$ 34,531.94	\$ 17,910.06	\$ 672,728.77
20	11/1/39	\$ 52,442.00	\$ 33,636.44	\$ 18,805.56	\$ 653,923.21
21	11/1/40	\$ 52,442.00	\$ 32,696.16	\$ 19,745.84	\$ 634,177.37
22	11/1/41	\$ 52,442.00	\$ 31,708.87	\$ 20,733.13	\$ 613,444.24
23	11/1/42	\$ 52,442.00	\$ 30,672.21	\$ 21,769.79	\$ 591,674.45
24	11/1/43	\$ 52,442.00	\$ 29,583.72	\$ 22,858.28	\$ 568,816.17
25	11/1/44	\$ 52,442.00	\$ 28,440.81	\$ 24,001.19	\$ 544,814.98
26	11/1/45	\$ 52,442.00	\$ 27,240.75	\$ 25,201.25	\$ 519,613.73
		\$ 1,363,492.00	\$ 983,105.73	\$ 380,386.27	

- Alternative: \$1.1 M with \$300,000 Cap on Interest

- Increment value of at least \$3.8 M
- Schedule 1 in Jan 29 DA

Payment Number	Date of Payment	Payment Due	Interest	Principal	Balance
					\$ 1,100,000.00
1	11/1/20	\$ 76,520.75	\$ 55,000.00	\$ 21,520.75	\$ 1,078,479.25
2	11/1/21	\$ 76,520.75	\$ 53,923.96	\$ 22,596.79	\$ 1,055,882.46
3	11/1/22	\$ 76,520.75	\$ 52,794.12	\$ 23,726.63	\$ 1,032,155.83
4	11/1/23	\$ 76,520.75	\$ 51,607.79	\$ 24,912.96	\$ 1,007,242.87
5	11/1/24	\$ 76,520.75	\$ 50,362.14	\$ 26,158.61	\$ 981,084.26
6	11/1/25	\$ 76,520.75	\$ 36,311.99	\$ 40,208.76	\$ 940,875.50
7	11/1/26	\$ 76,520.75		\$ 76,520.75	\$ 864,354.75
8	11/1/27	\$ 76,520.75		\$ 76,520.75	\$ 787,834.00
9	11/1/28	\$ 76,520.75		\$ 76,520.75	\$ 711,313.25
10	11/1/29	\$ 76,520.75		\$ 76,520.75	\$ 634,792.50
11	11/1/30	\$ 76,520.75		\$ 76,520.75	\$ 558,271.75
12	11/1/31	\$ 76,520.75		\$ 76,520.75	\$ 481,751.00
13	11/1/32	\$ 76,520.75		\$ 76,520.75	\$ 405,230.25
14	11/1/33	\$ 76,520.75		\$ 76,520.75	\$ 328,709.50
15	11/1/34	\$ 76,520.75		\$ 76,520.75	\$ 252,188.75
16	11/1/35	\$ 76,520.75		\$ 76,520.75	\$ 175,668.00
17	11/1/36	\$ 76,520.75		\$ 76,520.75	\$ 99,147.25
18	11/1/37	\$ 76,520.75		\$ 76,520.75	\$ 22,626.50
19	11/1/38	\$ 22,626.50		\$ 22,626.50	\$ -
		\$ 1,400,000.00	\$ 300,000.00	\$ 1,100,000.00	

- Alternative: \$1.1 M with \$300,000 Cap on Interest

- Increment value of \$2.6 M
- Obligation ends
- Total cost same as \$900k

Payment Number	Date of Payment	Payment Due	Interest	Principal	Balance
					\$ 1,100,000.00
1	11/1/20	\$ 52,442.00	\$ 52,442.00	\$ -	\$ 1,102,558.00
2	11/1/21	\$ 52,442.00	\$ 52,442.00	\$ -	\$ 1,105,243.90
3	11/1/22	\$ 52,442.00	\$ 52,442.00	\$ -	\$ 1,108,064.10
4	11/1/23	\$ 52,442.00	\$ 52,442.00	\$ -	\$ 1,111,025.31
5	11/1/24	\$ 52,442.00	\$ 52,442.00	\$ -	\$ 1,114,134.58
6	11/1/25	\$ 52,442.00	\$ 37,790.00	\$ 14,652.00	\$ 1,099,482.58
7	11/1/26	\$ 52,442.00		\$ 52,442.00	\$ 1,047,040.58
8	11/1/27	\$ 52,442.00		\$ 52,442.00	\$ 994,598.58
9	11/1/28	\$ 52,442.00		\$ 52,442.00	\$ 942,156.58
10	11/1/29	\$ 52,442.00		\$ 52,442.00	\$ 889,714.58
11	11/1/30	\$ 52,442.00		\$ 52,442.00	\$ 837,272.58
12	11/1/31	\$ 52,442.00		\$ 52,442.00	\$ 784,830.58
13	11/1/32	\$ 52,442.00		\$ 52,442.00	\$ 732,388.58
14	11/1/33	\$ 52,442.00		\$ 52,442.00	\$ 679,946.58
15	11/1/34	\$ 52,442.00		\$ 52,442.00	\$ 627,504.58
16	11/1/35	\$ 52,442.00		\$ 52,442.00	\$ 575,062.58
17	11/1/36	\$ 52,442.00		\$ 52,442.00	\$ 522,620.58
18	11/1/37	\$ 52,442.00		\$ 52,442.00	\$ 470,178.58
19	11/1/38	\$ 52,442.00		\$ 52,442.00	\$ 417,736.58
20	11/1/39	\$ 52,442.00		\$ 52,442.00	\$ 365,294.58
21	11/1/40	\$ 52,442.00		\$ 52,442.00	\$ 312,852.58
22	11/1/41	\$ 52,442.00		\$ 52,442.00	\$ 260,410.58
23	11/1/42	\$ 52,442.00		\$ 52,442.00	\$ 207,968.58
24	11/1/43	\$ 52,442.00		\$ 52,442.00	\$ 155,526.58
25	11/1/44	\$ 52,442.00		\$ 52,442.00	\$ 103,084.58
26	11/1/45	\$ 52,442.00		\$ 52,442.00	\$ 50,642.58
		\$ 1,363,492.00	\$ 300,000.00	\$ 1,063,492.00	

COMPARISON

- \$900k Pros
 - Greater opportunity to incur less total cost by paying back early
- \$900k Cons
 - Potential for \$728,000 of interest payments
- \$1.1M Pros
 - Cap helps reduce interest exposure for City
- \$1.1M Cons
 - Total cost to City will be at least \$200,000 more
 - Does not recognize that developer is still obligated to pay their interest
 - In early years, increment value is less than interest due
- Similarities
 - Likely assessed value scenario will result in a total cost of ~\$1.4 M either way
 - City never obligated to pay more than the development generates
 - Full life of TIF district (28 years) will be needed to pay the obligation
 - Can evaluate annually whether it makes sense to pay early