

*This Final Official Statement is dated October 17, 2018*

In the opinion of Krieg DeVault LLP, under federal statutes, decisions, regulations and rulings, interest on the Bonds (hereinafter defined) is excludable from gross income under Section 103 of the Internal Revenue Code of 1986, as amended, for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax, although Bond Counsel observes that it will be included in adjusted current earnings in calculating corporate alternative minimum taxable income for taxable years that began prior to January 1, 2018. Such exclusion is conditioned on continuing compliance with the Tax Covenants (hereinafter defined). In the opinion of Krieg DeVault LLP, under existing laws, regulations, judicial decisions and rulings, interest on the Bonds is exempt from income taxation in the State of Indiana (the “State”), except for the State financial institutions tax. The Bonds are not bank qualified. See “TAX MATTERS” herein.

**\$3,260,000**

**CITY OF LEBANON, INDIANA**

**ECONOMIC DEVELOPMENT LEASE RENTAL BONDS, SERIES 2018 (Gateway Marketplace Project)  
(Food and Beverage Tax Back-Up, Ad Valorem, Special Benefits Tax Back-Up)**

Original Date: Date of Delivery (October 31, 2018)

Due: February 15 and August 15, as shown on inside cover page

The City of Lebanon, Indiana (the “City”) is issuing \$3,260,000 of its Economic Development Lease Rental Bonds, Series 2018 (Gateway Marketplace Project) (the “Bonds”) pursuant to Bond Ordinance No. 2018-14, adopted by the Common Council of the City on August 27, 2018 and a Trust Indenture between the City and U.S. Bank National Association, Indianapolis, Indiana (the “Trustee”) dated as of October 1, 2018 (the “Trust Indenture”). The City has agreed to issue the Bonds and provide a portion of the proceeds to Lebanon Gateway Properties, LLC (the “Developer”) for the acquisition, construction, and installation of certain economic development facilities, consisting of certain infrastructure improvements, together with all necessary appurtenances and related improvements (collectively, the “Project”) to support a mixed-use development (the “Facilities”) to be located at the southeast quadrant of I-65 and State Road 32 (the “Development Site”). The Bonds will also fund a debt service reserve, capitalized interest, and pay costs of issuance. The Project will be located in or physically connected to the Lebanon Consolidated Economic Development Area (the “Consolidated Area”). The Lebanon Public Building Corporation (the “Building Corporation”) will acquire a portion of the Development Site and the Project constructed thereon for lease to the Lebanon Redevelopment Commission (the “Redevelopment Commission”).

The Bonds are special, limited obligations of the City, payable solely from the Trust Estate (as defined in the Trust Indenture) consisting primarily of (i) fixed, semiannual lease rental payments (the “Lease Rental(s)”) payable by the Redevelopment Commission under a Lease Agreement dated as of August 29, 2018 (the “Lease”) between the Redevelopment Commission and the Building Corporation, which Lease Rentals will be pledged and assigned by the Building Corporation to the City pursuant to a Lease Rental Assignment Agreement dated as of October 1, 2018, and (ii) the funds and accounts held under the Trust Indenture, including the Debt Service Reserve Fund (herein defined). Such Lease Rentals are payable from Tax Increment (herein defined) collected in the Gateway Marketplace Allocation Area (the “Allocation Area”, as further defined herein), and to the extent that the Tax Increment is insufficient, the City has pledged its Food and Beverage Tax Revenues (herein defined) to the Redevelopment Commission pursuant to IC 36-7-14-25.5 to pay the Lease Rentals, and **to the extent that the Tax Increment and the Food and Beverage Tax Revenues are insufficient, a special ad valorem property tax (the “Special Benefits Tax”) will be levied by the Redevelopment Commission on all taxable property in the Lebanon (Indiana) Redevelopment District (the “District”) pursuant to IC 36-7-14-27 in an amount sufficient to pay the Lease Rental as it becomes due and payable.** The Tax Increment, the Food and Beverage Tax Revenues, and the Special Benefits Tax are collectively referred to as the “Pledged Revenues”. The boundaries of the District are coterminous with the City. The Bonds shall not constitute an indebtedness of the City or the District within the meaning of the provisions and limitations of the Constitution of the State of Indiana. See “SECURITY AND SOURCES OF PAYMENT OF THE BONDS” herein.

The Bonds will be issued only as fully registered bonds, and when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company (“DTC”). Purchases of beneficial interests in the Bonds will be made in book-entry-only form in the denomination of \$5,000 or any integral multiple thereof. Purchasers of beneficial interests in the Bonds (the “Beneficial Owners”) will not receive physical delivery of certificates representing their interests in the Bonds. Interest on the Bonds will be payable semiannually on February 15 and August 15 of each year, beginning February 15, 2019. Principal and interest will be disbursed on behalf of the Building Corporation by the Trustee. Interest on the Bonds will be paid by check, mailed one business day prior to the interest payment date or by wire transfer to depositories on or before the interest due date. The principal of and premium, if any, on the Bonds shall be payable in lawful money of the United States of America at the designated corporate trust office of the Trustee. Interest on, together with the principal of, the Bonds will be paid directly to DTC by the Paying Agent so long as DTC or its nominee is the registered owner of the Bonds. The final disbursement of such payments to the Beneficial Owners of the Bonds will be the responsibility of the DTC Participants and the Indirect Participants. See “BOOK-ENTRY-ONLY SYSTEM”. The Bonds will be subject to optional redemption prior to maturity, as more fully described herein. The Bonds issued as “Term Bonds” are subject to mandatory sinking fund redemption as more fully described herein.

**BERNARDI SECURITIES**  
**MUNICIPAL BOND SPECIALISTS**

*This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.*

MATURITY SCHEDULE  
(Base CUSIP\* 52250P)

<u>Maturity</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP</u>	<u>Maturity</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP</u>
August 15, 2023	\$55,000	4.00%	2.50%	AA0	February 15, 2028	\$65,000	4.00%	3.15%	AK8
February 15, 2024	55,000	4.00%	2.60%	AB8	August 15, 2028	65,000	4.00%	3.20%	AL6
August 15, 2024	55,000	4.00%	2.70%	AC6	February 15, 2029	70,000	4.00%	3.30%	AM4
February 15, 2025	60,000	4.00%	2.75%	AD4	August 15, 2029	70,000	4.00%	3.35%	AN2
August 15, 2025	60,000	4.00%	2.80%	AE2	February 15, 2030	70,000	4.00%	3.50%	AP7
February 15, 2026	60,000	4.00%	2.85%	AF9	August 15, 2030	70,000	4.00%	3.50%	AQ5
August 15, 2026	60,000	4.00%	2.90%	AG7	February 15, 2031	75,000	4.00%	3.60%	AR3
February 15, 2027	65,000	4.00%	3.00%	AH5	August 15, 2031	75,000	4.00%	3.70%	AS1
August 15, 2027	65,000	4.00%	3.10%	AJ1					

Term Bonds

\$310,000 of Term Bonds at 3.75% due August 15, 2033, Yield 3.85%, CUSIP AW2  
 \$335,000 of Term Bonds at 3.80% due August 15, 2035, Yield 3.90%, CUSIP BA9  
 \$555,000 of Term Bonds at 4.00% due August 15, 2038, Yield 4.00%, CUSIP BG6  
 \$410,000 of Term Bonds at 4.00% due August 15, 2040, Yield 4.03%, CUSIP BL5  
 \$555,000 of Term Bonds at 4.00% due February 15, 2043, Yield 4.05%, CUSIP BR2

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The Bonds are being offered for delivery when, as and if issued and received by the Underwriter (hereinafter defined) and subject to the approval of legality by Krieg DeVault LLP, Carmel, Indiana, Bond Counsel. Certain legal matters will be passed on by Krieg DeVault LLP, as Attorney for the City, Building Corporation, and the Redevelopment Commission. The Bonds are expected to be available for delivery to DTC in New York, New York, on October 31, 2018.

IN CONNECTION WITH THIS OFFERING THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET, AND SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

No dealer, broker, salesman or other person has been authorized by the City to give any information or to make any representations, other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the City. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities described herein by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the City, and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of the securities described herein shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date of delivery of the securities described herein to the initial purchaser thereof. However, upon delivery of the securities, the City will provide a certificate stating that there have been no material changes in the information contained in the Final Official Statement since its delivery.

REFERENCES TO WEB SITE ADDRESSES PRESENTED HEREIN ARE FOR INFORMATIONAL PURPOSES ONLY AND MAY BE IN THE FORM OF A HYPERLINK SOLELY FOR THE READER'S CONVENIENCE. UNLESS SPECIFIED OTHERWISE, SUCH WEB SITES AND THE INFORMATION OR LINKS CONTAINED THEREIN ARE NOT INCORPORATED INTO, AND ARE NOT PART OF, THIS OFFICIAL STATEMENT FOR THE PURPOSES OF, AND AS THAT TERM IS DEFINED IN, SEC RULE 15C2-12.

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PROJECT PERSONNEL

Names and positions of officials and professionals who have taken part in the planning of the projects and bond issue are:

Common Council

Keith Campbell, President  
John Copeland  
Dan Fleming  
Morris Jones  
Mike Kincaid  
Dick Robertson  
Brent Wheat

Redevelopment Commission

Jason Nicolaou, President  
Lynda Lambert, Vice-President  
Caleb Edwards  
Dick Robertson  
Dr. Robert Taylor

Mayor

Matthew Gentry

Building Corporation

Jim Urban, President  
Matt Drury, Vice President  
Neil Taylor, Secretary

Clerk-Treasurer

Tonya Thayer

Economic Development Commission

Brad Bailey, President  
Kevin Van Horn, Vice President  
Mike Kincaid, Secretary

City Engineer

Kevin Krulik

Building Corporation and  
Commission Attorney

Robert S. Schein, Esq.  
Krieg DeVault LLP  
12800 North Meridian Street,  
Suite 300  
Carmel, Indiana 46032

Bond Counsel

James Crawford, Esq.  
M. Catherine Fanello, Esq.  
Krieg DeVault LLP  
12800 North Meridian Street  
Suite 300  
Carmel, Indiana 46032

Municipal Advisor

Brian C. Colton  
H.J. Umbaugh & Associates  
Certified Public Accountants, LLP  
8365 Keystone Crossing, Suite 300  
Indianapolis, Indiana 46240

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*This introduction to the Official Statement contains certain information for quick reference only. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.*

## **FINAL OFFICIAL STATEMENT**

**\$3,260,000**

### **CITY OF LEBANON, INDIANA ECONOMIC DEVELOPMENT LEASE RENTAL BONDS, SERIES 2018 (Gateway Marketplace Project) (Food and Beverage Tax Back-Up, Ad Valorem, Special Benefits Tax Back-Up)**

#### INTRODUCTION TO THE OFFICIAL STATEMENT

The City of Lebanon, Indiana (the “City”) is issuing \$3,260,000 of its Economic Development Lease Rental Bonds, Series 2018 (Gateway Marketplace Project) (the “Bonds”).

#### PURPOSE

The Bonds are being issued pursuant to Bond Ordinance No. 2018-14, adopted by the Common Council of the City on August 27, 2018 and a Trust Indenture between the City and U.S. Bank National Association, Indianapolis, Indiana (the “Trustee”) dated as of October 1, 2018 (the “Trust Indenture”). The City has agreed to issue the Bonds and provide a portion of the proceeds to Lebanon Gateway Properties, LLC (the “Developer”) for the acquisition, construction, and installation of certain economic development facilities, consisting of certain infrastructure improvements, together with all necessary appurtenances and related improvements (collectively, the “Project”) to support a mixed-use development (the “Facilities”) to be located at the southeast quadrant of I-65 and State Road 32 (the “Development Site”). The Bonds will also fund a debt service reserve, capitalized interest, and pay costs of issuance. The Project will be located in or physically connected to the Lebanon Consolidated Economic Development Area (the “Consolidated Area”). The Lebanon Public Building Corporation (the “Building Corporation”) will acquire a portion of the Development Site and the Project constructed thereon for lease to the Lebanon Redevelopment Commission (the “Redevelopment Commission”).

#### SECURITY AND SOURCES OF PAYMENT

The Bonds are special, limited obligations of the City, payable solely from the Trust Estate (as defined in the Trust Indenture) consisting primarily of (i) fixed, semiannual lease rental payments (the “Lease Rental(s)”) payable by the Redevelopment Commission under a Lease Agreement dated as of August 29, 2018 (the “Lease”) between the Redevelopment Commission and the Building Corporation, which Lease Rentals will be pledged and assigned by the Building Corporation to the City pursuant to a Lease Rental Assignment Agreement dated as of October 1, 2018, and (ii) the funds and accounts held under the Trust Indenture, including the Debt Service Reserve Fund (herein defined).

The Lease Rentals are payable from a pledge of Tax Increment (herein defined) collected in the Gateway Marketplace Allocation Area (the “Allocation Area”), and to the extent that the Tax Increment is insufficient, the City has pledged its Food and Beverage Tax Revenues (herein defined) to the Redevelopment Commission pursuant to IC 36-7-14-25.5 to pay the Lease Rentals, and to the extent that the Tax Increment and the Food and Beverage Tax Revenues are insufficient, a special ad valorem property tax (the “Special Benefits Tax”) will be levied by the Redevelopment Commission on all taxable property in the Lebanon (Indiana) Redevelopment District (the “District”) pursuant to IC 36-7-14-27 in an amount sufficient to pay the Lease Rental as it becomes due and payable. The Tax Increment, the Food and Beverage Tax Revenues, and the Special Benefits Tax are collectively referred to as the “Pledged Revenues”. The District is coterminous with the City. Additional security will be provided through the funding of a debt service reserve.

The Bonds, and the interest payable thereon, do not and shall not represent or constitute a debt of the City, the State or any political subdivision or taxing authority thereof within the meaning of the provisions of the constitution or statutes of the State or a pledge of the faith and credit of the City, the State or any political subdivision or taxing authority thereof. The Bonds, as to both principal and interest, are not a general obligation or liability of the City, the State or of any political subdivision or taxing authority thereof, but are a special, limited obligation of the City and are payable solely and only from the Trust Estate established under the Trust Indenture, consisting of funds and

accounts held under the Trust Indenture (including a debt service reserve fund), and the Lease Rentals payable from Tax Increment collected in the Allocation Area, and to the extent that the Tax Increment is insufficient, from the Food and Beverage Revenues, and to the extent the Tax Increment and the Food and Beverage Revenues are insufficient, from a Special Benefits Tax. Neither the faith and credit nor the taxing power of the City, the State or any political subdivision or taxing authority thereof is pledged to the payment of the principal of or the interest on the Bonds.

The Redevelopment Commission agrees to pay fixed Lease Rentals for the Leased Premises (herein defined) during the term of the Lease, payable in equal semiannual installments. The Lease Rentals to be paid by the Redevelopment Commission are required to be in amounts sufficient to pay principal of and interest on the Bonds. The term of the Lease is twenty-five (25) years. Lease Rentals are payable semiannually on February 1 and August 1 of each year. The Lease Rentals for the Project will begin on the day the Project is completed and ready for occupancy or February 1, 2021, whichever is later. Interest will be fully capitalized through and including August 15, 2020, and partially capitalized through and including February 15, 2021.

The Lease Rentals are subject to certain conditions regarding commencement and abatements. See “Risks to Bondholders” herein.

#### CIRCUIT BREAKER TAX CREDIT

IC 6-1.1-20.6 provides taxpayers with a tax credit for all property taxes in an amount that exceeds the gross assessed value of real and personal property eligible for the credit (“Circuit Breaker Tax Credit”). If applicable, the Circuit Breaker Tax Credit will result in a reduction of property tax collections for each political subdivision in which the Circuit Breaker Tax Credit is applied. The legislation requires local governments to fund their debt service obligations regardless of any property tax revenue shortfalls due to the Circuit Breaker Tax Credit. The State may intercept funds to pay debt service. (See “Intercept Program” and “Circuit Breaker Tax Credit” herein).

#### REDEMPTION PROVISIONS

The Bonds are subject to optional redemption beginning February 15, 2028 as more fully described herein. The Bonds issued as Term Bonds are subject to mandatory sinking fund redemption as more fully described herein.

#### DENOMINATIONS

The Bonds are being issued in the denomination of \$5,000 or integral multiples thereof.

#### REGISTRATION AND EXCHANGE FEATURES

The Trustee shall keep at its designated corporate trust office, a record for the registration of the Bonds. Each registered Bond shall be transferable or exchangeable only on such record at the designated corporate trust office of the Trustee at the written request of the registered owner thereof or his attorney duly authorized in writing upon surrender thereof, together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney.

#### BOOK-ENTRY-ONLY SYSTEM

The Bonds shall initially be issued and held in book-entry form on the books of the central depository system. The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered in the name of Cede & Co. (DTC’s partnership nominee). One fully registered Bond certificate will be issued for the Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC. The City and the Registrar and Paying Agent may deem and treat the Clearing Agency (Cede & Co.) as the absolute owner and holder of such Bond for all purposes including, without limitation, the receiving of payment of the principal of, premium, if any, and interest on such Bonds, the receiving of notice and the giving of consent. Interest payable February 15, 2019, and semiannually thereafter, will be paid by check mailed one business day prior to the interest payment date to the registered owner or by wire transfer on the interest payment date to the depository shown as the registered owner (Refer to “Book-Entry-Only System” herein).

## PROVISIONS FOR PAYMENT

The principal on the Bonds shall be payable at the designated corporate trust office of the Registrar and Paying Agent, or by wire transfer to DTC or any successor depository. All payments of interest on the Bonds shall be paid by check, mailed one business day prior to the interest payment date to the registered owners as the names appear as of the fifteenth day preceding the interest payment date and at the addresses as they appear on the registration books kept by the Registrar or at such other address as is provided to the Registrar or by wire transfer to DTC or any successor depository. If payment of principal or interest is made to DTC or any successor depository, payment shall be made by wire transfer on the payment date in same-day funds. If the payment date occurs on a date when financial institutions are not open for business, the wire transfer shall be made on the next succeeding business day. The Paying Agent shall be instructed to wire transfer payments by 1:00 p.m. (New York City time) so such payments are received at the depository by 2:30 p.m. (New York City time). Payments on the Bonds shall be made in lawful money of the United States of America, which, on the date of such payment, shall be legal tender.

So long as DTC or its nominee is the registered owner of the Bonds, principal and interest on the Bonds will be paid directly to DTC by the Paying Agent. (The final disbursement of such payments to the Beneficial Owners of the Bonds will be the responsibility of the DTC Participants and Indirect Participants, as defined and more fully described herein.)

## NOTICES

If the office location at which principal is payable changes, the Trustee will give notice of such change by first-class mail to registered owners at least 15 days prior to the first principal payment date following the date of such change in location.

If the Trustee resigns, notice shall be given to the registered owners by mail at least 20 days prior to the date when such resignation shall take effect.

Notice of redemption shall be mailed to the registered owners of all Bonds, not less than 30 nor more than 60 days prior to the date fixed for redemption.

## TAX MATTERS

In the opinion of Krieg DeVault LLP, Bond Counsel, interest on the Bonds is excludable from gross income for federal income tax purposes, is not an item of tax preference for purposes of federal alternative minimum tax, although Bond Counsel observes that it will be included in adjusted current earnings in calculating corporate alternative minimum taxable income for taxable years that began prior to January 1, 2018. Such exclusion is conditioned on continuing compliance with the Tax Covenants, hereinafter defined. In the opinion of Krieg DeVault LLP, interest on the Bonds is exempt from income taxation in the State of Indiana. *See* "TAX MATTERS" herein.

The Bonds are not bank qualified.

## MISCELLANEOUS

The information contained in this Official Statement has been compiled from City and Redevelopment Commission officials and other sources deemed to be reliable, and while not guaranteed as to completeness or accuracy, it is believed to be correct as of this date. However, the Official Statement speaks only as of its date, and the information contained herein is subject to change.

The references, excerpts and summaries of all documents referred to herein do not purport to be complete statements of the provisions of such documents, and reference is directed to all such documents for full and complete statements of all matters of fact relating to the Bonds, the security for the payment of the Bonds and the rights and obligations of the owners thereof. A complete text of the Trust Indenture will be provided upon request. Additional information may be requested from the City of Lebanon Clerk-Treasurer, 401 South Meridian Street, Lebanon, Indiana, 46052, phone (765) 482-1218.

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the

estimates will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the owners of the Bonds.

THE PROJECT

PROJECT DESCRIPTION

The proceeds from the sale of the Bonds will be used to: (i) provide funds to the Developer in accordance with the Financing Agreement dated as of October 1, 2018 (the “Financing Agreement”) between the Developer and the City and an Economic Development Agreement dated as of October 1, 2018 (the “EDA”) among the City, the Lebanon Public Building Corporation (the “Building Corporation”), the Lebanon Economic Development Commission (the “Economic Development Commission”), and the Redevelopment Commission, which will be used for the demolition of existing structures, road construction, water utility improvements, sanitary sewer utility improvements, storm water utility improvements, mass earthwork, grading, and general site work and site preparation (collectively, the “Project”), (ii) to fund a debt service reserve, (iii) to pay capitalized interest, and (iv) to pay issuance expenses. The Project will be located in or physically connected to the Consolidated Area.

The Project will facilitate a 20-acre mixed-use development located at the southeast quadrant of Interstate 65 and State Road 32 (the “Development Site”) that is anticipated to include a medical office building, a hotel, restaurants, and other uses (collectively, the “Development”).

CONSTRUCTION PROGRAM

Construction of the Project will begin in the Fall of 2018 and is anticipated to be completed by October 2019.

PROJECT COSTS AND FUNDING

Project Costs:

Net available proceeds for projects	\$2,500,000.00
Capitalized interest through February 15, 2021	252,536.88
Underwriter’s discount	44,825.00
Debt service reserve (1)	238,955.00
Bond issuance costs and contingencies	273,944.67
	\$3,310,261.55
Total Project Costs	\$3,310,261.55

Project Funding:

Economic Development Lease Rental Bonds, Series 2018	\$3,260,000.00
Reoffering Premium	50,261.55
	\$3,310,261.55
Total Project Funding	\$3,310,261.55

(1) The debt service reserve equals the maximum annual debt service payment.

SCHEDULE OF AMORTIZATION \$3,260,000 PRINCIPAL AMOUNT OF  
ECONOMIC DEVELOPMENT LEASE RENTAL BONDS, SERIES 2018

<u>Payment Date</u>	<u>Principal Outstanding</u> (-----In Thousands-----)	<u>Principal</u>	<u>Interest Rates</u> (%)	<u>Interest</u>	<u>Total</u>	<u>Budget Year Total</u>
02/15/2019	\$3,260			\$37,611.88	\$37,611.88	\$37,611.88
08/15/2019	3,260			64,477.50	64,477.50	
02/15/2020	3,260			64,477.50	64,477.50	128,955.00
08/15/2020	3,260			64,477.50	64,477.50	
02/15/2021	3,260			64,477.50	64,477.50	128,955.00
08/15/2021	3,260			64,477.50	64,477.50	
02/15/2022	3,260			64,477.50	64,477.50	128,955.00
08/15/2022	3,260			64,477.50	64,477.50	
02/15/2023	3,260			64,477.50	64,477.50	128,955.00
08/15/2023	3,260	\$55	4.00	64,477.50	119,477.50	
02/15/2024	3,205	55	4.00	63,377.50	118,377.50	237,855.00
08/15/2024	3,150	55	4.00	62,277.50	117,277.50	
02/15/2025	3,095	60	4.00	61,177.50	121,177.50	238,455.00
08/15/2025	3,035	60	4.00	59,977.50	119,977.50	
02/15/2026	2,975	60	4.00	58,777.50	118,777.50	238,755.00
08/15/2026	2,915	60	4.00	57,577.50	117,577.50	
02/15/2027	2,855	65	4.00	56,377.50	121,377.50	238,955.00
08/15/2027	2,790	65	4.00	55,077.50	120,077.50	
02/15/2028	2,725	65	4.00	53,777.50	118,777.50	238,855.00
08/15/2028	2,660	65	4.00	52,477.50	117,477.50	
02/15/2029	2,595	70	4.00	51,177.50	121,177.50	238,655.00
08/15/2029	2,525	70	4.00	49,777.50	119,777.50	
02/15/2030	2,455	70	4.00	48,377.50	118,377.50	238,155.00
08/15/2030	2,385	70	4.00	46,977.50	116,977.50	
02/15/2031	2,315	75	4.00	45,577.50	120,577.50	237,555.00
08/15/2031	2,240	75	4.00	44,077.50	119,077.50	
02/15/2032	2,165	75 (1)	3.75	42,577.50	117,577.50	236,655.00
08/15/2032	2,090	75 (1)	3.75	41,171.25	116,171.25	
02/15/2033	2,015	80 (1)	3.75	39,765.00	119,765.00	235,936.25
08/15/2033	1,935	80 (1)	3.75	38,265.00	118,265.00	
02/15/2034	1,855	80 (2)	3.80	36,765.00	116,765.00	235,030.00
08/15/2034	1,775	85 (2)	3.80	35,245.00	120,245.00	
02/15/2035	1,690	85 (2)	3.80	33,630.00	118,630.00	238,875.00
08/15/2035	1,605	85 (2)	3.80	32,015.00	117,015.00	
02/15/2036	1,520	90 (3)	4.00	30,400.00	120,400.00	237,415.00
08/15/2036	1,430	90 (3)	4.00	28,600.00	118,600.00	
02/15/2037	1,340	90 (3)	4.00	26,800.00	116,800.00	235,400.00
08/15/2037	1,250	95 (3)	4.00	25,000.00	120,000.00	
02/15/2038	1,155	95 (3)	4.00	23,100.00	118,100.00	238,100.00
08/15/2038	1,060	95 (3)	4.00	21,200.00	116,200.00	
02/15/2039	965	100 (4)	4.00	19,300.00	119,300.00	235,500.00
08/15/2039	865	100 (4)	4.00	17,300.00	117,300.00	
02/15/2040	765	105 (4)	4.00	15,300.00	120,300.00	237,600.00
08/15/2040	660	105 (4)	4.00	13,200.00	118,200.00	
02/15/2041	555	105 (5)	4.00	11,100.00	116,100.00	234,300.00
08/15/2041	450	110 (5)	4.00	9,000.00	119,000.00	
02/15/2042	340	110 (5)	4.00	6,800.00	116,800.00	235,800.00
08/15/2042	230	115 (5)	4.00	4,600.00	119,600.00	
02/15/2043	115	115 (5)	4.00	2,300.00	117,300.00	236,900.00
<b>Totals</b>		<u>\$3,260</u>		<u>\$2,038,183.13</u>	<u>\$5,298,183.13</u>	<u>\$5,298,183.13</u>

(1) \$310,000 of Term Bonds due August 15, 2033.

(2) \$335,000 of Term Bonds due August 15, 2035.

(3) \$555,000 of Term Bonds due August 15, 2038.

(4) \$410,000 of Term Bonds due August 15, 2040.

(5) \$555,000 of Term Bonds due February 15, 2043.

## SECURITIES BEING OFFERED

### AUTHORIZATION AND APPROVAL PROCESS OF THE BONDS

The Bonds are being issued under the authority of Indiana law, including, without limitation, IC 36-7-11.9 and IC 36-7-12 (collectively, the “Act”), as in effect on the date of delivery of the Bonds, pursuant to the Trust Indenture dated as of October 1, 2018 between the City and the Trustee and Ordinance No. 2018-14 adopted by the Common Council dated August 27, 2018. (See Appendix C for a Summary of Certain Provisions of the Trust Indenture and Appendix D for a Summary of the Lease.)

The Lebanon Public Building Corporation was established for the purpose of the financing and leasing of buildings and other capital improvements in the City of Lebanon. The City has created a 5-member Redevelopment Commission to undertake redevelopment and economic development efforts in the City in accordance with the Act.

On May 14, 2018, the Redevelopment Commission adopted a Declaratory Resolution to establish the Gateway Marketplace Allocation Area (the “Allocation Area”) for purposes of capturing all incremental real property tax revenues (Tax Increment, as herein defined) in the Allocation Area. (Refer to “Economic Development Area and Allocation Area” section herein.) The Project is located in or physically connected to the Consolidated Area.

Pursuant to IC 6-1.1-20, with certain exceptions listed below, when property taxes are pledged to the repayment of bonds or leases to finance a project, a determination must be made as to whether the project is a “controlled project”. Projects classified as controlled projects are subject to certain public approval procedures. A controlled project is one that is financed by a bond or lease, is payable by property taxes and costs more than the lesser of:

- (1) Depending on the date of adoption of the preliminary determination ordinance or resolution:
  - (a) If adopted prior to January 1, 2018, \$2 million;
  - (b) If adopted after December 31, 2017, but before January 1, 2019, \$5 million;
  - (c) If adopted after December 31, 2018, an amount equal to the assessed value growth quotient (as determined by the DLGF) multiplied by the amount determined under this clause for the preceding calendar year;
- (2) An amount equal to:
  - (a) At least 1% of gross assessed value, if that total gross assessed value is more than \$100 million; or
  - (b) \$1 million if the gross assessed value is not more than \$100 million.

The main exceptions for a project being classified as a controlled project when there are property taxes being pledged to the repayment of the bonds or leases, and the project meets the criteria set forth in (1)-(2) above are when (a) property taxes are used only as a back-up to enhance credit, (b) a project is being refinanced to generate taxpayer savings, (c) the project is mandated by federal law, or (d) the project is in response to a natural disaster, emergency or accident with is approved by the City making it unavailable for its intended use.

Because the Redevelopment Commission reasonably expects to use the Tax Increment and Food and Beverage Revenues to repay the lease rentals associated with the Bonds, the Bonds are considered a non-controlled project and the issuance of the Bonds was able to continue without additional approvals.

### TAX INCREMENT

Tax Increment consists of the tax proceeds attributable to all non-residential real property and (if designated) certain designated depreciable personal property assessed value within an allocation area, as of the assessment date, in excess of the base assessed value as defined in IC 36-7-14-39(a). The base assessed value means the net assessed value of all the property in an allocation area as finally determined for the assessment date immediately preceding the effective date of a declaratory resolution adopted pursuant to IC 36-7-14-39 establishing an allocation area. The Department of Local Government Finance (“DLGF”) is required to adjust the base net assessed value after a general reassessment of property and after each annual trending of property values for the purpose of neutralizing the effects on Tax Increment.

The incremental assessed values are determined by subtracting the base net assessed values from the current net assessed values as of the assessment dates. The incremental assessed values are then multiplied by the current property tax rate, exclusive of any rate established by referendum, to determine the tax increment (the “Tax Increment”). After property taxes are paid to the county treasurer on or before each May 10 and November 10, such taxes are paid over

to the county auditor who, based on previous year's certification, pays the portion of property tax receipts which represents Tax Increment into an allocation fund on or before June 30 or December 31.

IC 6-1.1-21.2 allows several methods of replacing lost Tax Increment caused by legislative or administrative changes (to the extent it causes Tax Increment to be inadequate to pay debt service and contractual obligations), including a property tax levy imposed on the District (the "TIF Replacement Levy"). It is not currently anticipated that such a shortfall will occur, and, therefore, no TIF Replacement Levy was assumed in the Tax Increment estimates provided in the Accounting Report in Appendix B.

For additional information on Tax Increment, please refer to the Accounting Report in Appendix B. Also refer to "Economic Development Area and Allocation Area" under this caption, and "Procedures for Property Assessment, Tax Levy and Collection" and "Circuit Breaker Tax Credit" herein.

#### ECONOMIC DEVELOPMENT AREA AND ALLOCATION AREA

The Redevelopment Commission adopted a declaratory resolution on July 11, 1994 (the "Declaratory Resolution") to establish the Lebanon Industrial Park Development Area (as amended and expanded, the "Industrial Park Area") as an economic development area under IC 36-7-14 and IC 36-7-25 and to establish the Lebanon Industrial Park Allocation Area (as amended and expanded, the "Industrial Park Allocation Area") for the purposes of capturing all incremental real and designated depreciable personal property tax revenues (Tax Increment) in the Industrial Park Allocation Area.

On October 9, 2017, the Redevelopment Commission adopted an amending declaratory resolution to consolidate all of the Redevelopment Commission's economic development areas into a single consolidated economic development area known as the Lebanon Consolidated Economic Development Area (the "Consolidated Area").

On May 14, 2018, the Redevelopment Commission amended the Declaratory Resolution (the "2018 Amending Resolution") to remove certain parcels (the "Parcels") from the Industrial Park Allocation Area and designate the Parcels as the Gateway Marketplace Allocation Area (the "Allocation Area"). The Allocation Area is comprised of the Development located on the southeast quadrant of I-65 and SR 32.

(For additional information on Tax Increment as it relates to the Bonds, please refer to the "Accounting Report" in Appendix B, and to the "Security and Sources of Payment" section of this Official Statement.)

#### FOOD AND BEVERAGE TAX

The City of Lebanon Food and Beverage Tax (the "Food and Beverage Tax Revenues") has been imposed on all transactions in the City in which food or beverages are furnished, prepared, or served for consumption at a location or on equipment provided by a retail merchant and has been collected by retail merchants that serve food and beverages in the City since its effective date of November 1, 2005. Each retail merchant is required to make payments to the Indiana Department of Revenue on the last day of each month in the full amount of the Food and Beverage Tax Revenues received in the previous month. The Department of Revenue credits the amounts received to the City of Lebanon Food and Beverage Tax Receipts Fund held by the State (the "Tax Fund") and transfers the amounts received each week to the Tax Fund. The State Treasurer then disburses a check on the last business day of each month in an amount equal to the entire amount received during that month. All of the proceeds of these checks are deposited in the Tax Fund held by the Clerk-Treasurer and used as provided in IC 6-9-35.

#### LEASED PREMISES

The Leased Premises consist of the real estate and the Project constructed thereon as further described in Exhibit A of the Lease (the "Leased Premises").

#### SECURITY AND SOURCES OF PAYMENT OF THE BONDS

The Bonds do not constitute a corporate obligation of the City, the Redevelopment Commission, or the Building Corporation. The Bonds shall constitute an obligation of the City payable in accordance with the terms of the Trust Indenture and secured by the pledge and assignment to the Trustee of the funds and accounts defined and described

therein, including the Lease Rentals and other income as defined in the Trust Indenture (the “Trust Estate”). The Trust Indenture creates a continuing pledge by the City to the bondholders to pay principal and interest on the Bonds, until the principal sum shall be fully paid.

Lease Rentals will be paid by the Redevelopment Commission directly to the Trustee (for the account of the Building Corporation) pursuant to the terms of the Lease Rental Assignment Agreement as payment of the Lease Rentals. The first Lease Rental is to begin on the day the Project is completed and ready for occupancy or February 1, 2021, whichever is later. Thereafter, the Lease Rentals are payable semiannually on February 1 and August 1 of each year. Capitalized interest will be available to fully pay interest due through and including August 15, 2020 and to partially pay interest due through and including February 15, 2021. The City expects the Project to be completed and available for use by October 2019.

The Lease Rentals due during the term of the Lease are required to be in amounts sufficient to pay the principal of and interest on the Bonds. Such Lease Rentals are payable by the Redevelopment Commission from Tax Increment, to the extent that Tax Increment is insufficient, from Food and Beverage Tax Revenues, and to the extent that Tax Increment and Food and Beverage Tax Revenues are insufficient, a Special Benefits Tax (an ad valorem property tax) will be levied by the Redevelopment Commission on all taxable property in the District in an amount sufficient to pay the Lease Rental as it becomes due and payable. The Bonds are further secured by a debt service reserve fund.

The Lease Rentals shall be payable as follows:

*From Tax Increment:* Pursuant to the Lease, the Redevelopment Commission will make Lease Rental payments to the Trustee (for the Building Corporation) from the Tax Increment collected in the Allocation Area.

Upon the Redevelopment Commission’s receipt of each semiannual distribution from the County Auditor, all Tax Increment shall be immediately distributed to the Redevelopment Commission’s allocation account held by the Clerk-Treasurer, to be used (i) to pay Lease Rentals on the Bonds and any Parity Obligations (defined herein) due within the next twelve calendar months; and (ii) to pay amounts due within the next twelve calendar months under any obligations or leases junior and subordinate to the Lease and Parity Obligations.

(For additional information on Tax Increment as it relates to the Bonds, please refer to the “Accounting Report” in Appendix B, and to the “Tax Increment”, “Economic Development Area and Allocation Area”, and “Procedures for Property Assessment, Tax Levy and Collection” sections of this Official Statement.)

*From Food and Beverage Tax Revenues:* Pursuant to the Lease, upon receipt, any Food and Beverage Tax Revenues shall be deposited with the Trustee and used to pay lease rentals due under the Lease to the extent Tax Increment is not available.

*From a Special Benefits Tax:* Each year on July 1, or when the City prepares its budget, the Redevelopment Commission shall estimate the amount of the Tax Increment expected to be collected in the subsequent calendar year. To the extent that the Tax Increment on deposit in the allocation account or the Tax Increment to be distributed in the subsequent calendar year is not expected to be available on the dates on which the Lease Rental is due in the subsequent bond year for which the budget is being prepared, and the Food and Beverage Tax Revenues on deposit with the Trustee or expected to be on deposit with the Trustee will be insufficient to pay the lease rentals, the Redevelopment Commission shall annually levy a tax on all taxable property in the District in accordance with IC 36-7-14-27 in an amount sufficient, with Tax Increment and Food and Beverage Tax Revenues on deposit with the Trustee or expected to be on deposit with the Trustee, to pay the lease rentals on their due dates. If receipts from the Tax Increment, Food and Beverage Tax Revenues, and collections of the Special Benefits Tax, together with any investment earnings thereon, are insufficient to pay any Lease Rentals when due under the Lease, the Redevelopment Commission shall immediately initiate proceedings to levy a tax on all taxable property in the District in accordance with IC 36-7-14-27 sufficient to pay any shortfall.

The term of the Lease will be no more than twenty-five (25) years. After acquisition, if the Leased Premises should ever be substantially or totally destroyed, the Lease Rentals will be abated during the period in which the Leased Premises are unfit or unavailable for their intended use. However, under the terms of the Lease, the Redevelopment Commission and the Building Corporation have the ability to substitute other existing public improvements of substantially equivalent value for the Lease Premises in order to maintain the ability of the Redevelopment



Commission to continue to pay the Lease Rentals under the Lease. The Redevelopment Commission is required by the Lease to maintain rental value insurance in an amount equal to full rental value for a period up to two (2) years. In addition, the proceeds of any property and/or casualty insurance claim for the Project would be used either to reconstruct the Project or to retire obligations issued to finance the Project. (Please refer to the “Summary of Certain Provisions of the Trust Indenture” shown in Appendix C, the “Summary of the Lease” shown in Appendix D, and also to the section entitled “Risks to Bondholders” under this caption.)

The principal and interest due on the Bonds will be payable as follows:

*From the Bond Fund:* The Trustee shall deposit into the Bond Fund from each Lease Rental payment received from the Redevelopment Commission pursuant to the Lease and the Lease Rental Assignment Agreement an amount sufficient for the payment of the principal and interest due on the Bonds on the immediately succeeding interest and principal payment date, together with any annual fees coming due within the next six months.

*From the Debt Service Reserve Fund:* The Debt Service Reserve Fund (the “Reserve Fund”) will be funded in an amount equal to the lessor of: (i) the maximum annual debt service on the Bonds, (ii) one hundred twenty-five (125%) of average annual debt service on the Bonds, or (iii) 10% of the proceeds of the Bonds (the “Reserve Requirement”). The Reserve Requirement is equal to the maximum annual debt service. The Reserve Fund will serve to ensure the timely payment of principal and interest on the Bonds during such time before a Special Benefits Tax can be levied and collected.

Please refer to the “Summary of Certain Provisions of the Trust Indenture” provided in Appendix C, “Summary of the Lease” contained in Appendix D, and also to the section entitled “Risks to Bondholders” contained in this Official Statement.

#### OTHER FUNDS AND ACCOUNTS

The Trust Indenture establishes certain funds and accounts and the flow of funds. (For greater detail, refer to the Summary of Certain Provisions of the Trust Indenture provided in Appendix C. A copy of the complete Trust Indenture may be obtained from the City.)

#### RELATIONSHIP OF ANNUAL LEASE RENTAL PAYMENTS TO ANNUAL DEBT SERVICE REQUIREMENTS

The Lease Rentals to be paid by the Redevelopment Commission each February 1 and August 1 for the use and occupancy of the Leased Premises will be equal to an amount which, when added to funds in the Sinking Fund will be sufficient to pay unpaid principal and interest on the Bonds which is due on or before the February 15 and August 15 following such February 1 and August 1, plus an amount sufficient to provide for the fees of the Trustee and incidental expenses of the City.

All Lease Rentals shall be paid by or on behalf of the Redevelopment Commission to the Trustee under the Trust Indenture or to such other bank or trust company as may from time to time succeed the Trustee as provided thereunder. All payments so made by or on behalf of the Redevelopment Commission shall be considered as payment to the Building Corporation of Lease Rentals payable under the Lease.

#### ADDITIONAL BONDS

##### (1) Tax Increment

Pursuant to the Lease, the Redevelopment Commission reserves the right to enter into leases or other obligations of the Redevelopment Commission, acting in the name of the City, payable from Tax Increment, in whole or in part, and entitled to the pledge of Tax Increment (the “Parity Obligations”) for the purpose of raising money for future public improvements or economic development projects in, serving or benefitting the Consolidated Area. The authorization and issuance of such Parity Obligations shall be subject to the following conditions precedent:

- (a) All Lease Rentals due under the Lease and all payments on any Parity Obligations payable from Tax Increment shall be current to date in accordance with the terms thereof, with no payment in arrears.

- (b) For Parity Obligations payable from Tax Increment without a special benefits tax levy under IC 36-7-14-27 or other property tax levy, or a pledge of local income taxes authorized to pay such Parity Obligations, the Building Corporation, the Redevelopment Commission, and the Trustee shall have received a certificate prepared by an independent, qualified accountant or feasibility consultant (“Certifier”) certifying the amount of Tax Increment estimated to be received in each succeeding year, adjusted as provided below, which estimated amount shall be at least equal to one hundred twenty-five percent (125%) of the lease rental and debt service requirements with respect to the Lease, any other outstanding Parity Obligations, and the proposed Parity Obligations, for each respective year during the term of the Lease and Parity Obligations. In estimating the Tax Increment to be received in any future year, the Certifier shall base the calculation on assessed valuation actually assessed or estimated to be assessed as of the assessment date immediately preceding the issuance of the proposed Parity Obligations; provided, however, the Certifier shall adjust such assessed values for the current and future reductions of real property tax abatements granted to property owners in the Allocation Area and the Certifier may take into account the effect of reassessment on Tax Increment to the extent it can be reasonably estimated. If the proposed Parity Obligations are secured by a special benefits tax levy under IC 36-7-14-27, by another property tax levy, or by a pledge of local income taxes, the requirements of this paragraph need not be met.
- (c) Payments on any Parity Obligations or junior obligations shall be payable semiannually in approximately equal installments on February 1 and August 1.

The Redevelopment Commission shall approve and confirm the findings and estimates set forth in the above described certificate in any resolution authorizing the Parity Obligations.

(2) Food and Beverage Revenues

Pursuant to Ordinance 2018-14 (the “Food and Beverage Pledge Ordinance”), the City reserves the right to issue additional obligations payable from the Food and Beverage Revenues subject to the following conditions precedent:

- (a) All Lease Rentals due under the Bonds and all payments on any Parity Obligations payable from Food and Beverage Revenues shall be current to date in accordance with the terms thereof, with no payment in arrears.
- (b) For Parity Obligations payable from Food and Beverage Tax Revenues without an ad valorem property tax backup, the City shall have received a certificate prepared by an independent, qualified accountant or feasibility consultant certifying the amount of the Food and Beverage Tax Revenues estimated to be received in each succeeding year shall be at least equal to one hundred twenty-five percent (125%) of the debt service requirements or lease rentals with respect to the Bonds, any other outstanding Parity Obligations, and the proposed Parity Obligations for each respective year during the term of the Bonds and the proposed Parity Obligations. If the proposed Parity Obligations are secured by an ad valorem property tax, the requirements of this subsection (b) need not be met. The City shall approve and confirm the figures and estimates set forth in the above described certificate in any resolution or ordinance authorizing the proposed Parity Obligations.
- (c) Payments on any Parity Obligations or junior obligations payable from Food and Beverage Revenues shall be payable semiannually on February 1 and August 1.

RISKS TO BONDHOLDERS

The Redevelopment Commission expects to make the lease rental payments from the Tax Increment and the Food and Beverage Tax. There are certain risks associated with Tax Increment and the Food and Beverage Tax; however, to the extent that the Tax Increment and Food and Beverage Revenues are insufficient, the Redevelopment Commission is required to levy the Special Benefits Tax. A firm estimate of the Tax Increment and the Food and Beverage Revenues should be available by the time of the decision to levy the Special Benefits Tax for the next lease rental payment. If

the Tax Increment and the Food and Beverage Revenues are insufficient, the Redevelopment Commission may not be able to impose an additional Special Benefits Tax levy until the following budget year which may cause a timing delay as receipt of the Special Benefits Tax may occur after the lease rental payment is due. The Debt Service Reserve Fund established pursuant to the Trust Indenture helps to mitigate this timing risk, but does not eliminate it. Should this shortfall occur, the Redevelopment Commission is permitted to use other legally available funds to make the lease rental payments.

- (1) Risks Associated with Lease Rental Payments: Prospective investors in the Bonds should be aware that there are risk factors associated with the Bonds.

The principal of and interest on the Bonds are payable only from Lease Rentals received by the Trustee on behalf of the Building Corporation from the Redevelopment Commission pursuant to the Lease and the Lease Rental Assignment Agreement. The City has no source of funds from which to pay debt service on the Bonds except monies collected from Lease Rentals and funds held under the Trust Indenture. The Trustee will have funds from capitalized interest and earnings thereon, to fully pay interest due through and including August 15, 2020 and to partially pay interest due through and including February 15, 2021.

- (a) According to the Lease, the Lease Rentals will commence on the later of the date of completion of the Project or February 1, 2021. Bond proceeds will be held by the Trustee in the Capitalized Interest Account to fully pay interest due through and including August 15, 2020 and to partially pay interest due through and including February 15, 2021. In the event the Project is not completed by February 1, 2021 the Redevelopment Commission may not be able to pay the full amount of the Lease Rentals. The City expects Project construction to be completed by October 2019.
- (b) The Redevelopment Commission is legally permitted to pay Lease Rentals only for portions of the Leased Premises are complete and ready for use and occupancy. If, for any reason, the Leased Premises are damaged or destroyed and unavailable for use, the Redevelopment Commission would no longer be able to pay Lease Rentals. However, the Redevelopment Commission is required by the Lease to maintain rental value insurance in an amount equal to full rental value for a period up to two (2) years. In addition, the proceeds of any property and/or casualty insurance claim for the Project would be used to retire obligations issued to finance the Project. Furthermore, the Lease allows for the substitution of the Leased Premises, which should enable the Lease Rentals to continue.

- (2) Risks Associated with the Special Benefits Tax: There are risk factors associated with the Special Benefits Tax.

- (a) *Tax Collection*. In the event of delayed billing, collection or distribution by the County Auditor of ad valorem property taxes, including the Special Benefits Tax levied on the District, sufficient funds may not be available to the Redevelopment Commission in time to pay the Lease Rentals when due. This risk is inherent in all property tax-supported obligations.

The Debt Service Reserve Fund established pursuant to the Trust Indenture helps to mitigate this timing risk, but does not eliminate it completely.

- (b) *Circuit Breaker Tax Credit*. If applicable, the Circuit Breaker Tax Credit results in a reduction of property tax collections for each political subdivision in which the Circuit Breaker Tax Credit is applied. A political subdivision may not increase its property tax levy or borrow money to make up for any property tax revenue shortfall due to the application of the Circuit Breaker Tax Credit.

IC 6-1.1-20.6-10 requires political subdivisions to fully fund any levies for the payment of outstanding debt service or lease rental obligations regardless of any reduction in property tax collections due to the application of the Circuit Breaker Tax Credit. IC 6-1.1-20.6-9.8 further provides that property taxes imposed by a political subdivision to pay for debt service obligations of a political subdivision (including lease rental payments on leases) are “protected taxes.” If property tax collections are insufficient to fully fund debt service or lease rental levies due to the Circuit Breaker Tax Credit, political subdivisions must use non-property tax revenues or revenues from property tax levies for other funds (including operating) to offset revenue loss to the debt service fund. See “Procedures for Property Assessment, Tax Levy and Collection” and “Circuit Breaker Tax Credit” herein.

This application of property tax revenues may impact the ability of political subdivisions to provide existing levels of service and, in extreme cases, the ability to make debt service or lease rental payments on bonds secured by intercepted funds. There has been no judicial interpretation of this legislation. In addition, there can be no assurance as to future events or legislation that may affect the Circuit Breaker Tax Credit or the collection of property taxes.

- (c) *Reassessment and Trending.* All Indiana counties are required to reassess 25% of all parcels of real property annually or in accordance with its reassessment plan. All real property must be reassessed under the plan once every four years. Trending is scheduled to occur on an annual basis. Delays in the reassessment and trending process or appeals of reassessments could adversely affect the collection of property taxes.
- (3) *Risks Associated with Tax Increment:* The Redevelopment Commission expects to make the Lease Rental payments from the Tax Increment. There are certain risks associated with Tax Increment as outlined below:
- (a) *General Risks Related to Tax Increment Collection include:* (i) destruction of property in the Allocation Area caused by natural disaster; (ii) delinquent taxes or adjustments of or appeals on assessments by property owners in the Allocation Area; (iii) a decrease in the assessed value of properties in the Allocation Area due to increases in depreciation, obsolescence, legislative changes affecting the assessment, or other factors by the assessor; (iv) acquisition of property in the Allocation Area by a tax-exempt entity; (v) removal or demolition of real property improvements by property owners in the Allocation Area; (vi) delayed billing, collection, or distribution of Tax Increment by the county auditor; (vii) a decrease in property tax rates; (viii) the General Assembly, the courts, the DLGF or other administrative agencies with jurisdiction in the matter could enact new laws or regulations or interpret, amend, alter, change or modify the laws or regulations governing the calculation, collection, definition or distribution of Tax Increment including laws or regulations relating to reassessment, or a revision in the property tax system; or (ix) a change in any of the civil unit's funding mechanisms (i.e., no longer funding it with property taxes) could adversely affect the Tax Increment. Any such changes could cause the Tax Increment to fall below the levels set forth in the estimates shown in Appendix B.
  - (b) *Reduction of Tax Rates or Tax Collection Rates.* The Tax Increment estimates assume that the property tax rates will remain at approximately the same level throughout the term of the Bonds. Any substantial increase in State funding, federal aid or other sources of local revenues which would reduce local required fiscal support for certain public programs or any substantial increase in assessments outside the Allocation Area could reduce the rates of taxation by the taxing bodies levying taxes upon property with the Allocation Area and have an adverse effect on the amount of Tax Increment received by the Redevelopment Commission. Economic conditions or administrative action could reduce the collection rate achieved by the City within its jurisdiction, including the Allocation Area.
  - (c) *Effects of Property Tax Relief Local Income Tax (LIT).* Eligible uses for LIT taxes include credits against property taxes, and this use provides for a reduction in effective tax rates for property taxpayers resulting in a reduction in the amount of Tax Increment received by the Redevelopment Commission. If there is an adjustment in the property tax relief LIT, then the change could have an impact on the amount of Tax Increment generated in the Allocation Area.
  - (d) *Circuit Breaker Tax Credit.* The Circuit Breaker Tax Credit provides different levels of tax caps for various classes of property taxpayers. (See "Circuit Breaker Tax Credit" herein.) The Tax Increment is not estimated to be reduced by the Circuit Breaker Tax Credit as shown in Appendix B. There can be no assurance that the levies and tax rates of the City and overlapping taxing units will not increase in some future year to the point of causing the Circuit Breaker Tax Credit to be applied to property taxpayers' tax bills.
  - (e) *Reassessment and trending.* Property values change periodically due to reassessment and training. The DLGF is required by law to annually neutralize the effect of a reassessment on property within tax increment allocation areas, including the Allocation Area. Delays in the reassessment and trending process, the inability to neutralize the effect of reassessment, or appeals of reassessments could adversely affect the Tax Increment.

- (f) *Future Developments*. Estimates of the Tax Increment assume that certain levels of development will occur at certain times. If this development does not occur, is delayed, is changed in size and scope, or if the actual assessed values are less than estimated, the Tax Increment collected may be less than projected.
  - (g) *Delayed Tax Distribution*. In the event of delayed billing, collection or distribution by the County Auditor of ad valorem property taxes levied in the District, sufficient funds may not be available to the City in time to pay the Lease Rentals when due. This risk is inherent in all property tax-supported obligations.
- (4) *Environmental Risks*. A Phase I Environmental Site Assessment (“Phase I”) and Phase II Limited Site Investigation of the Development Site (“Phase II” and together with the Phase I, the “Environmental Assessment”), dated April 13, 2018, was prepared by Patriot Engineering and Environmental, Inc. The Environmental Assessment revealed chlorinated volatile organic compound (“VOC”) impacted groundwater on the northern portion of the Development Site, specifically, the western and central portion of 1515 W. South Street, Lebanon, Indiana (the “1515 Parcel”) and the east-central portion of the 1525 W. South Street, Lebanon, Indiana (the “1525 Parcel”). In addition, the Environmental Assessment revealed that a vapor encroachment condition associated with the VOC-impacted groundwater existed requiring evaluation of potential for indoor vapor intrusion prior to the construction of any buildings. The Environmental Assessment also revealed that it was likely an environmental restrictive covenant (“ERC”) will be recorded on the property limiting the Development Site use to non-residential and other not yet determined restrictions, none of which should be materially adverse to the Development Site. Additional investigation and monitoring of the Development Site will be required by the Indiana Department of Environmental Management (“IDEM”) and if the contaminated groundwater is not migrating off of the Development Site, IDEM will recommend closure utilizing an ERC. The seller of the Development Site to the Developer and its insurers have assumed liability for the environmental contamination at the Development Site prior to its transfer to the Developer.
- (5) *Risks Associated with Food and Beverage Tax Revenues*: The ability of the City to support lease rental payments on the Bonds from the Food and Beverage Tax Revenues is dependent upon the level of collections of the Food and Beverage Tax Revenues. This level is subject to variation from time to time and there are a number of economic or demographic changes that could occur which would reduce the overall level of Food and Beverage Tax Revenues during the period the Bonds are outstanding. Such factors could, but are not limited to, include a decline in retail sales of food and beverages upon which the Food and Beverage Tax Revenues are collected, the closing of major retail merchants responsible for collecting the Food and Beverage Tax Revenues, and a general decline in the economy resulting in a decline in tourism and discretionary spending at retail merchants subject to the Food and Beverage Tax Revenues. The Indiana General Assembly has covenanted not to repeal IC 6-9-25 or to amend it in any manner that would adversely affect the imposition or collection of the Food and Beverage Tax Revenues so long as any Bonds are unpaid.

The actual amounts of the monthly distribution of Food and Beverage Tax Revenues to the City will vary due to the nature of the collection and payment stream.

- (6) *Adverse Legislative Action*: It is possible that legislation enacted after the date of the Bonds or proposed for consideration will have an adverse effect on payment or timing of payment or other matters impacting the Bonds. Refer to the “Legislative Proposals” section herein.

The availability of a Debt Service Reserve Fund should help alleviate the timing risk caused by incorrect estimates of the Tax Increment and Food and Beverage Revenues at budget time compared to deficiencies in actual Tax Increment and Food and Beverage Tax collections in the subsequent year. The Debt Service Reserve Fund should serve to ensure the timely payment of principal and interest on the Bonds during such time before the Special Benefits Tax can be levied and collected.

#### INVESTMENT OF FUNDS

The proceeds of the Bonds are to be invested in accordance with the laws of the State of Indiana relating to the depositing, holding, securing or investing of public funds, including particularly IC 5-13, and the acts amendatory thereof and supplemental thereto. The City shall direct the investment of proceeds of the Bonds.

THE BONDS

INTEREST CALCULATION

Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

REDEMPTION PROVISIONS

Optional Redemption:

The Bonds maturing on or after August 15, 2028 are redeemable prior to maturity at the option of the City in whole or in part in any order of maturity as determined by the City and by lot within maturities, on any date not earlier than February 15, 2028 at face value plus accrued interest to the date fixed for redemption and without any redemption premium.

Mandatory Sinking Fund Redemption:

The Bonds maturing on August 15, 2033, August 15, 2035, August 15, 2038, August 15, 2040, and February 15, 2043 (collectively, the "Term Bonds") are subject to mandatory sinking fund redemption prior to maturity at a redemption price equal to the principal amount thereof plus accrued interest on the dates and in the amounts in accordance with the following schedules:

<u>Term Bond due August 15, 2033</u>		<u>Term Bond due August 15, 2035</u>	
<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>
02/15/32	\$75,000	02/15/34	\$80,000
08/15/32	75,000	08/15/34	85,000
02/15/33	80,000	02/15/35	85,000
08/15/33 Final maturity	<u>80,000</u>	08/15/35 Final maturity	<u>85,000</u>
Total	<u>\$310,000</u>	Total	<u>\$335,000</u>

<u>Term Bond due August 15, 2038</u>		<u>Term Bond due August 15, 2040</u>	
<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>
02/15/36	\$90,000	02/15/39	\$100,000
08/15/36	90,000	08/15/39	100,000
02/15/37	90,000	02/15/40	105,000
08/15/37	95,000	08/15/40 Final maturity	<u>105,000</u>
02/15/38	95,000	Total	<u>\$410,000</u>
08/15/38 Final maturity	<u>95,000</u>		
Total	<u>\$555,000</u>		

Term Bond due February 15, 2043

<u>Date</u>	<u>Amount</u>
02/15/41	\$105,000
08/15/41	110,000
02/15/42	110,000
08/15/42	115,000
02/15/43 Final maturity	<u>115,000</u>
Total	<u>\$555,000</u>

The Trustee shall credit against the mandatory sinking fund requirement for the Term Bonds, and corresponding mandatory redemption obligation, in the order determined by the City, any Term Bonds which have previously been redeemed (otherwise than as a result of a previous mandatory redemption requirement) or delivered to the Trustee for cancellation or purchased for cancellation by the Trustee and not theretofore applied as a credit against any redemption obligation. Each Term Bond so delivered or canceled shall be credited by the Trustee at 100% of the principal amount thereof against the mandatory sinking fund obligation on such mandatory redemption date, and any excess of such amount shall be credited on future redemption obligations, and the principal amount of that Term Bond to be redeemed by operation of the mandatory sinking fund requirement shall be accordingly reduced; provided, however, the Trustee shall only credit such Term Bond to the extent received on or before 45 days preceding the applicable mandatory redemption date.

If fewer than all the Bonds are called for redemption at one time, the Bonds shall be redeemed in order of maturity determined by the City and by lot within maturity. Each \$5,000 principal amount shall be considered a separate bond for purposes of optional and mandatory redemption. If some Bonds are to be redeemed by optional and mandatory sinking redemption on the same date, the Trustee shall select by lot the Bonds for optional redemption before selecting the Bonds by lot for the mandatory sinking fund redemption.

Notice of Redemption:

Notice of redemption shall be mailed to the registered owners of all Bonds to be redeemed at least 30 days but not more than 60 days prior to the date fixed for such redemption. If any of the Bonds are so called for redemption, and payment therefore is made to the Trustee in accordance with the terms of the Trust Indenture, then such Bonds shall cease to bear interest from and after the date fixed for redemption in the call.

BOOK-ENTRY-ONLY SYSTEM

The Bonds will be available only in book-entry form in the principal amount of \$5,000 or any integral multiple thereof. DTC will act as the initial securities depository for the Bonds. The ownership of one fully registered Bond will be registered in the name of Cede & Co., as nominee for DTC.

SO LONG AS CEDE & CO, AS NOMINEE OF DTC, IS THE REGISTERED OWNER OF THE BONDS, REFERENCES IN THIS OFFICIAL STATEMENT TO THE REGISTERED OWNERS (OR THE OWNERS) WILL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS.

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for the Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC.

DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal, interest and redemption amounts, if any, on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the Paying Agent, or the City, subject to any



statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursements of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the City or the Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

The information contained in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but neither the City nor the Underwriter takes any responsibility for the accuracy thereof.

In the event that the book-entry-only system is discontinued, the Paying Agent will provide for the registration of the Bonds in the name of the Beneficial Owners thereof. The City, the Registrar, the Paying Agent and any other Fiduciary would treat the person in whose name any Bond is registered as the absolute owner of such Bond for the purposes of making and receiving payment of the principal thereof and interest thereon, and for all other purposes, and none of these parties would be bound by any notice or knowledge to the contrary.

*Revision of Book-Entry-Only System:*

In the event that either (1) the City receives notice from DTC to the effect that DTC is unable or unwilling to discharge its responsibilities as a clearing agency for the Bonds or (2) the City elects to discontinue its use of DTC as a clearing agency for the Bonds, then the City and the Paying Agent will do or perform or cause to be done or performed all acts or things, not adverse to the rights of the holders of the Bonds, as are necessary or appropriate to discontinue use of DTC as a clearing agency for the Bonds and to transfer the ownership of each of the Bonds to such person or persons, including any other clearing agency, as the holder of such Bonds may direct in accordance with the Trust Indenture. Any expenses of such a discontinuation and transfer, including any expenses of printing new certificates to evidence the Bonds will be paid by the City.

PROCEDURES FOR PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION

To the extent the Tax Increment and Food and Beverage Revenues are insufficient, the debt service payments are payable from a special ad valorem property tax required by law to be levied by or on behalf of the District, pursuant to IC 36-7-14-27. Article 10, Section 1 of the Constitution of the State of Indiana ("Constitutional Provision") provides that, for property taxes first due and payable in 2012 and thereafter, the Indiana General Assembly shall, by law, limit a taxpayer's property tax liability to a specified percentage of the gross assessed value of the taxpayer's real and personal property. The Indiana General Assembly enacted legislation (IC 6-1.1-20.6), which implements the Constitutional Provision and provides taxpayers with a tax credit for all property taxes in an amount that exceeds a certain percentage of the gross assessed value of eligible property. See "CIRCUIT BREAKER TAX CREDIT" herein for further details on the levy and collection of property taxes.

Real and personal property in the State is assessed each year as of January 1. On or before August 1 of each year, the County Auditor must submit a certified statement of the assessed value of each taxing unit for the ensuing year to the DLGF. The DLGF shall make the certified statement available on its gateway website located at <https://gateway.ifionline.org/> ("Gateway"). The County Auditor may submit an amended certified statement at any time before February 15<sup>th</sup> of the ensuing year, the date by which the DLGF must certify the taxing units' budgets.

The certified statement of assessed value is used when the governing body of a local taxing unit meets to establish its budget for the next fiscal year (January 1 through December 31) and to set tax rates and levies. In preparing the taxing unit's estimated budget, the governing body must consider the net property tax revenue that will be collected by the taxing unit during the ensuing year, after taking into account the DLGF's estimate of the amount by which the taxing unit's distribution of property taxes will be reduced by the application of the Circuit Breaker Tax Credit (as defined in the summary of "CIRCUIT BREAKER TAX CREDIT" herein), and after taking into account the DLGF's estimate

of the maximum amount of net property tax revenue and miscellaneous revenue that the taxing unit will receive in the ensuing year. Before May 1 of each year after 2017, the fiscal officer of each political subdivision shall provide the DLGF with an estimate of the total amount of its debt service obligations (as defined in IC 6-1.1-20.6-9.8) that will be due in the last six months of the current year and in the ensuing year. Beginning in 2018, the DLGF shall provide to each political subdivision: (1) an estimate of the maximum property tax rate that may be imposed by the political subdivision for the ensuing year for each cumulative fund or other fund for which a maximum property tax rate is established by law; and (2) an estimate of property taxes payable for the ensuing year for debt service. Before August 1 of each year, the DLGF shall provide to each taxing unit (1) an estimate of the maximum amount of net property tax revenue and miscellaneous revenue that the unit will receive in the ensuing year if the unit's tax rates are imposed at the maximum allowable rate and levy under law and (2) an estimate of the amount by which the taxing unit's distribution of property taxes will be reduced due to the Circuit Breaker Tax Credit. Beginning in 2018, the State Budget Agency must provide to the DLGF and the County Auditor an estimate of the certified local income tax distribution before June 1, and the DLGF must provide by July 1, the estimated amounts to be distributed at the taxing level to the County Auditor.

The taxing unit must submit the following information to the DLGF via Gateway: (i) its estimated budget; (ii) the estimated maximum permissible tax levy, as determined by the DLGF; (iii) the current and proposed tax levies of each fund; (iv) the estimated amount, determined by the DLGF, by which the taxing unit's property taxes may be reduced by the Circuit Breaker Tax Credit; (v) the amount of excess levy appeals to be requested, if any; and (vi) the time and place at which the taxing unit will conduct a public hearing related to the information submitted to Gateway. The public hearing must be conducted at least ten days prior to the date the governing body establishes the budget, tax rate and levy, which by statute must each be established no later than November 1.

The budget, tax levy and tax rate of each taxing unit are subject to review by the DLGF, and the DLGF shall certify the tax rates and tax levies for all funds of taxing units subject to the DLGF's review. The DLGF may not increase a taxing district's budget by fund, tax rate or tax levy to an amount which exceeds the amount originally fixed by the taxing unit unless the taxing unit meets all of the following: (i) the increase is requested in writing by the taxing unit; (ii) the requested increase is published on the DLGF's advertising internet website; and (iii) notice is given to the county fiscal body of the DLGF's correction.

Taxing units have until December 31 of the calendar year immediately preceding the ensuing calendar year to file a levy shortfall appeal. Until budget year 2019, the DLGF must complete its review and certification of budgets, tax rates and levies on or before February 15, and after budget year 2018, not later than December 31 of the year preceding the budget year, unless a taxing unit in the county issues debt after December 1 or intends to file a shortfall appeal under IC 6-1.1-18.5-16 in which case the DLGF must certify the budgets for the taxing units in the county by January 15 of the budget year.

On or before March 15, the County Auditor prepares the tax duplicate, which is a roll of property taxes payable in that year. The County Auditor publishes a notice of the tax rate in accordance with Indiana statutes. The County Treasurer mails tax statements at least 15 days prior to the date that the first installment is due (due dates may be delayed due to a general reassessment or other factors). Property taxes are due and payable to the County Treasurer in two installments on May 10 and November 10, unless the mailing of tax bills is delayed or a later due date is established by order of the DLGF. If an installment of property taxes is not completely paid on or before the due date, a penalty of 10% of the amount delinquent is added to the amount due; unless the installment is completely paid within thirty (30) days of the due date and the taxpayer is not liable for delinquent property taxes first due and payable in a previous year for the same parcel, the amount of the penalty is five percent (5%) of the amount of the delinquent taxes. On May 11 and November 11 of each year after one year of delinquency, an additional penalty equal to 10% of any taxes remaining unpaid is added. The penalties are imposed only on the principal amount of the delinquency. Property becomes subject to tax sale procedures after 15 months of delinquency. The County Auditor distributes property tax collections to the various taxing units on or about June 30 after the May 10 payment date and on or about December 31 after the November 10 payment date.

Pursuant to State law, personal property is assessed at its actual historical cost less depreciation, in accordance with 50 IAC 4.2, the DLGF's Rules for the Assessment of Tangible Personal Property. Effective January 1, 2016, state law annually exempts from property taxation new tangible business personal property with an acquisition cost of less than \$20,000. Pursuant to State law, real property is valued for assessment purposes at its "true tax value" as defined in the Real Property Assessment Rule, 50 IAC 2.4, the 2011 Real Property Assessment Manual ("Manual"), as

incorporated into 50 IAC 2.4 and the 2011 Real Property Assessment Guidelines, Version A (“Guidelines”), as adopted by the DLGF. P.L. 204-2016, SEC. 3, enacted in 2016, retroactive to January 1, 2016, amends State law to provide that “true tax value” for real property does not mean the value of the property to the user and that true tax value shall be determined under the rules of the DLGF. As a result of P.L. 204-2016, the DLGF has begun the process of amending the Manual. In the case of agricultural land, true tax value shall be the value determined in accordance with the Guidelines and IC 6-1.1-4, as amended by P.L. 180-2016. Except for agricultural land, as discussed below, the Manual permits assessing officials in each county to choose any acceptable mass appraisal method to determine true tax value, taking into consideration the ease of administration and the uniformity of the assessments produced by that method. The Guidelines were adopted to provide assessing officials with an acceptable appraisal method, although the Manual makes it clear that assessing officials are free to select from any number of appraisal methods, provided that they produce “accurate and uniform values throughout the jurisdiction and across all classes of property”. The Manual specifies the standards for accuracy and validation that the DLGF uses to determine the acceptability of any alternative appraisal method. “Net Assessed Value” or “Taxable Value” represents the “Gross Assessed Value” less certain deductions for mortgages, veterans, the aged, the blind, economic revitalization areas, resource recovery systems, rehabilitated residential property, solar energy systems, wind power devices, hydroelectric systems, geothermal devices and tax-exempt property. The “Net Assessed Value” or “Taxable Value” is the assessed value used to determine tax rates.

Changes in assessed values of real property occur periodically as a result of general reassessments scheduled by the State legislature, as well as when changes occur in the property value due to new construction or demolition of improvements. Before July 1, 2013, and before May 1 of every fourth year thereafter, the county assessor will prepare and submit to the DLGF a reassessment plan for each county. Since 2016, the DLGF must complete its review and approval of the reassessment plan before January 1 of the year following the year in which the reassessment plan is submitted by the county. The reassessment plan must divide all parcels of real property in the county into four (4) different groups of parcels. Each group of parcels must contain approximately twenty-five percent (25%) of the parcels within each class of real property in the county. All real property in each group of parcels shall be reassessed under the county’s reassessment plan once during each four (4) year cycle. The reassessment of a group of parcels in a particular class of real property shall begin on May 1 of a year, and must be completed on or before January 1 of the year after the year in which the reassessment of the group of parcels begins. For real property included in a group of parcels that is reassessed, the reassessment is the basis for taxes payable in the year following the year in which the reassessment is to be completed. The county may submit a reassessment plan that provides for reassessing more than twenty-five percent (25%) of all parcels of real property in the county in a particular year. A plan may provide that all parcels are to be reassessed in one (1) year. However, a plan must cover a four (4) year period. All real property in each group of parcels shall be reassessed under the county’s reassessment plan once during each reassessment cycle. The reassessment of the first group of parcels under a county’s reassessment plan began on July 1, 2014, and was to be completed on or before January 1, 2016. Since 2007, all real property assessments are revalued annually to reflect market value based on comparable sales data (“Trending”). When a change in assessed value occurs, a written notification is sent to the affected property owner. If the owner wishes to appeal this action, the owner may file a petition requesting a review of the action. This petition must be filed with the county assessor in which the property is located within 45 days after the written notification is given to the taxpayer or May 10 of that year, whichever is later. While the appeal is pending, the taxpayer may pay taxes based on the current year’s tax rate and the previous or current year’s assessed value.

Beginning in 2018, the County Auditor shall submit to the DLGF parcel level data of certified net assessed values as required by and according to a schedule provided by the DLGF.

### CIRCUIT BREAKER TAX CREDIT

#### *Description of Circuit Breaker:*

Article 10, Section 1 of the Constitution of the State of Indiana (the “Constitutional Provision”) provides that, for property taxes first due and payable in 2012 and thereafter, the Indiana General Assembly shall, by law, limit a taxpayer’s property tax liability to a specified percentage of the gross assessed value of the taxpayer’s real and personal property. IC 6-1.1-20.6 (the “Statute”) authorizes such limits in the form of a tax credit for all property taxes in an amount that exceeds the gross assessed value of real and personal property eligible for the credit (the “Circuit Breaker Tax Credit”). For property assessed as a homestead (as defined in IC 6-1.1-12-37), the Circuit Breaker Tax Credit is equal to the amount by which the property taxes attributable to the homestead exceed 1% of the gross assessed value

of the homestead. Property taxes attributable to the gross assessed value of other residential property, agricultural property, and long-term care facilities are limited to 2% of the gross assessed value, property taxes attributable to other non-residential real property and personal property are limited to 3% of the gross assessed value. The Statute provides additional property tax limits for property taxes paid by certain senior citizens.

If applicable, the Circuit Breaker Tax Credit will result in a reduction of property tax collections for each political subdivision in which the Circuit Breaker Tax Credit is applied. Political subdivisions may not increase their property tax levy or borrow money to make up for any property tax revenue shortfall due to the application of the Circuit Breaker Tax Credit.

The Constitutional Provision excludes from the application of the Circuit Breaker Tax Credit property taxes first due and payable in 2012, and thereafter, that are imposed after being approved by the voters in a referendum. The Statute codifies this exception, providing that, with respect to property taxes first due and payable in 2012 and thereafter, property taxes imposed after being approved by the voters in a referendum will not be considered for purposes of calculating the limits to property tax liability under the provisions of the Statute. In accordance with the Constitutional Provision, the General Assembly has, in the Statute, designated Lake County and St. Joseph County as “eligible counties” and has provided that property taxes imposed in these eligible counties to pay debt service and make lease rental payments for bonds or leases issued or entered into before July 1, 2008 or on bonds issued or leases entered into after June 30, 2008 to refund those bonds or leases, will not be considered for purposes of calculating the limits to property tax liability under the provisions of the Statute, through and including December 31, 2019.

The Statute requires political subdivisions to fully fund the payment of outstanding debt service or lease rental obligations payable from property taxes (“Debt Service Obligations”), regardless of any reduction in property tax collections due to the application of the Circuit Breaker Tax Credit. Upon: (i) the failure of a political subdivision to pay any of its Debt Service Obligations; and (ii) notification of that event to the treasurer of the State by a claimant; the treasurer of State is required to pay the unpaid Debt Service Obligations from money in the possession of the State that would otherwise be available to the political subdivision under any other law. A deduction must be made: (i) first, from local income tax distributions that would otherwise be distributed to the county; and (ii) second, from any other undistributed funds of the political subdivision in possession of the State.

The Statute categorizes property taxes levied to pay Debt Service Obligations as “protected taxes,” regardless of whether the property taxes were approved at a referendum, and all other property taxes as “unprotected taxes.” The total amount of revenue to be distributed to the fund for which the protected taxes were imposed shall be determined without applying the Circuit Breaker Tax Credit. The application of the Circuit Breaker Tax Credit must reduce only the amount of unprotected taxes distributed to a fund. The City may allocate the reduction by using a combination of unprotected taxes of the City in those taxing districts in which the Circuit Breaker Tax Credit caused a reduction in protected taxes. The tax revenue and each fund of any other political subdivisions must not be affected by the reduction.

If the allocation of property tax reductions to funds receiving only unprotected taxes is insufficient to offset the amount of the Circuit Breaker Tax Credit, the revenue for a fund receiving protected taxes will also be reduced. If a fund receiving protected taxes is reduced, the Statute provides that a political subdivision may transfer money from any other available source in order to meet its Debt Service Obligations. The amount of this transfer is limited to the amount by which the protected taxes are insufficient to meet Debt Service Obligations.

The City cannot predict the timing, likelihood or impact on property tax collections of any future actions taken, amendments to the Constitution of the State of Indiana or legislation enacted, regulations or rulings promulgated or issued to implement any such regulations, statutes or the Constitutional Provision described above or of future property tax reform in general. There has been no judicial interpretation of this legislation. In addition, there can be no assurance as to future events or legislation that may affect the Circuit Breaker Tax Credit or the collection of property taxes by the City.

For example, in March, 2016, the Indiana General Assembly passed legislation which revises the factors used to calculate the assessed value of agricultural land. This legislation is retroactive to the January 1, 2016, assessment date and applies to each assessment date thereafter. The revised factors enacted in the legislation may reduce the total assessed value of agricultural land, which could shift property tax liability from agricultural property owners to other property owners. In addition, the reduction in the assessed value of agricultural land may result in a reduction of the

total assessed value of a City. A lower assessed value of a City may result in higher tax rates in order for a City to receive its approved property tax levy. See “PROCEDURES FOR PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION” herein.

*Estimated Circuit Breaker Tax Credit for the City:*

According to the DLGF, the Circuit Breaker Tax Credit allocable to the City for budget years 2015, 2016, and 2017 were \$48,977, \$16,061, and \$17,633 respectively. In budget year 2018, the Circuit Breaker Tax Credit was \$9,966. These estimates do not include the estimated debt service on the Bonds and the lease rentals on the Lease securing the Bonds.

The Circuit Breaker Tax Credit amounts above do not reflect the potential effect of any further changes in the property tax system or methods of funding local government that may be enacted by the Indiana General Assembly in the future. The effects of these changes could affect the Circuit Breaker Tax Credit and the impact could be material. Other future events, such as the loss of a major taxpayer, reductions in assessed value, increases in property tax rates of overlapping taxing units or the reduction in local option income taxes applied to property tax relief could increase effective property tax rates and the amount of the lost revenue due to the Circuit Breaker Tax Credit, and the resulting increase could be material.

#### CONTINUING DISCLOSURE

Pursuant to continuing disclosure requirements promulgated by the Securities and Exchange Commission (“SEC”) in SEC Rule 15c2-12, as amended (the “Rule”), the City will enter into a Continuing Disclosure Undertaking (the “Undertaking”) to be dated the date of the closing of the Bonds. The form of the Undertaking is attached to the Official Statement as Appendix F. Potential purchasers of the Bonds should review Appendix F to determine the specific financial information that the City will commit to provide annually on an ongoing basis as long as the Bonds are outstanding as well as the specific timeframe by which this information will be provided.

In the previous five years, the City has not failed to comply with its previous undertakings.

The City makes no representations as to any potential materiality of such prior instances, as materiality is dependent upon individual facts and circumstances. The City has instituted procedures for ongoing compliance with such previous undertakings thereafter. The City has retained Umbaugh (as hereinafter defined) as its dissemination agent.

#### BOND RATING

S&P Global Ratings (“S&P Global”) has assigned a bond rating of “AA-” to the Bonds. Such rating reflects only the view of S&P Global and any explanation of the significance of such rating may only be obtained from S&P Global.

The rating is not a recommendation to buy, sell or hold the Bonds, and such rating may be subject to revision or withdrawal at any time by S&P Global. Any downward revision or withdrawal of the rating may have an adverse effect upon the market price of the Bonds.

The City did not apply to any other rating service for a rating on the Bonds.

#### UNDERWRITING

The Bonds are being purchased by Bernardi Securities, Inc. (the “Underwriter”) at a purchase price of \$3,265,436.55, which is the par amount of the Bonds of \$3,260,000.00 less the Underwriter’s discount of \$44,825.00 plus the original issue premium of \$50,261.55.

The Underwriter intends to offer the Bonds to the public at the offering prices set forth on the inside cover page of this Official Statement. The Underwriter may allow concessions to certain dealers (including dealers in a selling group of the Underwriter and other dealers depositing the Bonds into investment trusts), who may reallow concessions to other dealers. After the initial public offering, the public offering price may be varied from time to time by the Underwriter.

## MUNICIPAL ADVISOR

H.J. Umbaugh & Associates, Certified Public Accountants, LLP (the “Municipal Advisor” or “Umbaugh”) has been retained by the City to provide certain financial advisory services including, among other things, preparation of the deemed “nearly final” Preliminary Official Statement and the Final Official Statement (the “Official Statements”). The information contained in the Official Statements has been compiled from records and other materials provided by officials of the City and other sources deemed to be reliable. The Municipal Advisor has not and will not independently verify the completeness and accuracy of the information contained in the Official Statements.

The Municipal Advisor’s duties, responsibilities and fees arise solely as Municipal Advisor to the City and they have no secondary obligations or other responsibility. However, Umbaugh is preparing the Lease Sufficiency Report for the Bonds. The Municipal Advisor’s fees are expected to be paid from proceeds of the Bonds.

### *Municipal Advisor Registration:*

Umbaugh is a Municipal Advisor registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. As such, Umbaugh is providing certain specific municipal advisory services to the City, but is neither a placement agent to the City nor a broker/dealer.

The offer and sale of the Bonds shall be made by the City, in the sole discretion of the City, and under its control and supervision. The City agrees that Umbaugh does not undertake to sell or attempt to sell the Bonds, and will take no part in the sale thereof.

### *Other Financial Industry Activities and Affiliations:*

Umbaugh Cash Advisory Services, LLC (“UCAS”) is a wholly-owned subsidiary of Umbaugh. UCAS is registered as an investment adviser with the Securities and Exchange Commission under the federal Investment Advisers Act. UCAS provides non-discretionary investment advice with the purpose of helping clients create and maintain a disciplined approach to investing their funds prudently and effectively. UCAS may provide advisory services to the clients of Umbaugh.

UCAS has no other activities or arrangements that are material to its advisory business or its clients with a related person who is a broker/dealer, investment company, other investment adviser or financial planner, bank, law firm or other financial entity.

## LEGISLATIVE PROPOSALS

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Legislation affecting municipal bonds is considered from time to time by the United States Congress and the Executive Branch, including some proposed changes under consideration at the time of issuance of the Bonds. Bond Counsel’s opinion is based upon the law in existence on the date of issuance of the Bonds. It is possible that legislation enacted after the date of issuance of the Bonds or proposed for consideration will have an adverse effect on the excludability of all or a part of the interest on the Bonds from gross income, the manner in which such interest is subject to federal income taxation or the market price of the Bonds.

Legislation affecting municipal bonds is considered from time to time by the Indiana legislature and Executive Branch. It is possible that legislation enacted after the date of the Bonds or proposed for consideration will have an adverse effect on payment or timing of payment or other matters impacting the Bonds.

The City cannot predict the outcome of any such federal or state proposals as to passage, ultimate content or impact if passed, or timing of consideration or passage. Purchasers of the Bonds should reach their own conclusions regarding the impact of any such federal or state proposals.

#### TAX MATTERS

In the opinion of Krieg DeVault LLP, Carmel, Indiana, Bond Counsel, under federal statutes, decisions, regulations and rulings, the interest on the Bonds is excludable for federal income purposes from gross income under Section 103 of the Internal Revenue Code of 1986, as amended (“Code”). Interest on the Bonds is not treated as an item of tax preference for purposes of the federal alternative minimum tax, although Bond Counsel observes that it will be included in adjusted current earnings in calculating corporate alternative minimum taxable income for taxable years that began prior to January 1, 2018. This opinion is conditioned on continuing compliance by the City and the Redevelopment Commission with the Tax Covenants (as hereinafter defined). Failure to comply with the Tax Covenants could cause interest on the Bonds to lose the exclusion from gross income for federal income taxation retroactive to the date of issue. In the opinion of Krieg DeVault LLP, Carmel, Indiana, Bond Counsel, under existing laws, regulations, judicial decisions and rulings, interest on the Bonds is exempt from income taxation in the State of Indiana (“State”), except for the State financial institutions tax. This opinion relates only to the exemption of interest on the Bonds for State income tax purposes. *See* Appendix E for the form of Bond Counsel opinion.

The Code imposes certain requirements which must be met subsequent to the issuance of the Bonds as a condition to the exclusion from gross income of interest on the Bonds for federal income tax purposes. The City, the Developer, and the Redevelopment Commission will covenant not to take any action, within its power and control, nor fail to take any action with respect to the Bonds that would result in the loss of the exclusion from gross income for federal income tax purposes of interest on the Bonds pursuant to Section 103 of the Code (collectively, “Tax Covenants”). The Trust Indenture and certain certificates and agreements to be delivered on the date of delivery of the Bonds establish procedures under which compliance with the requirements of the Code can be met. It is not an event of default under the Trust Indenture if interest on the Bonds is not excludable from gross income for federal tax purposes or otherwise pursuant to any provision of the Code which is not in effect on the issue date of the Bonds.

IC 6-5.5 imposes a franchise tax on certain taxpayers (as defined in IC 6-5.5) which, in general, include all corporations which are transacting the business of a financial institution in Indiana. The franchise tax is measured in part by interest excluded from gross income under Section 103 of the Code minus associated expenses disallowed under Section 265 of the Code. Taxpayers should consult their own tax advisors regarding the impact of this legislation on their ownership of the Bonds.

Although Bond Counsel will render an opinion in the form attached as Appendix E hereto, the accrual or receipt of interest on the Bonds may otherwise affect a bondholder’s federal income tax or state tax liability. The nature and extent of these other tax consequences will depend upon the bondholder’s particular tax status and a bondholder’s other items of income or deduction. Taxpayers who may be affected by such other tax consequences include, without limitation, individuals, financial institutions, certain insurance companies, S corporations, certain foreign corporations, individual recipients of Social Security or railroad retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry the Bonds. Bond Counsel expresses no opinion regarding any other such tax consequences. Prospective purchasers of the Bonds should consult their own tax advisors with regard to federal and state tax consequences of owning the Bonds.

The Bonds are not bank qualified.

#### ORIGINAL ISSUE DISCOUNT

The initial public offering price of the Bonds maturing on August 15, 2033, August 15, 2035, August 15, 2040, and on February 15, 2043 (collectively, the “Discount Bonds”) is less than the principal amount payable at maturity. As a result the Discount Bonds will be considered to be issued with original issue discount. The difference between the initial public offering price of the Discount Bonds, as set forth on the inside cover page of this Official Statement (assuming it is the first price at which a substantial amount of that maturity is sold) (the “Issue Price” for such maturity), and the amount payable at maturity of the Discount Bonds will be treated as “original issue discount.” A taxpayer who purchases a Discount Bond in the initial public offering at the Issue Price for such maturity and who holds such Discount Bond to maturity may treat the full amount of original issue discount as interest which is

excludable from the gross income of the owner of that Discount Bond for federal income tax purposes and will not, under present federal income tax law, realize taxable capital gain upon payment of the Discount Bond at maturity.

The original issue discount on each of the Discount Bonds is treated as accruing daily over the term of such Bond on the basis of the yield to maturity determined on the basis of compounding at the end of each six-month period (or shorter period from the date of the original issue) ending on February 15 and August 15 (with straight line interpolation between compounding dates).

Section 1288 of the Code provides, with respect to tax-exempt obligations such as the Discount Bonds, that the amount of original issue discount accruing each period will be added to the owner's tax basis for the Discount Bonds. Such adjusted tax basis will be used to determine taxable gain or loss upon disposition of the Discount Bonds (including sale, redemption or payment at maturity). Owners of Discount Bonds who dispose of Discount Bonds prior to maturity should consult their tax advisors concerning the amount of original issue discount accrued over the period held and the amount of taxable gain or loss upon the sale or other disposition of such Discount Bonds prior to maturity.

As described above in "Tax Matters," the original issue discount that accrues in each year to an owner of a Discount Bond may result in certain collateral federal income tax consequences. Owners of any Discount Bonds should be aware that the accrual of original issue discount in each year may result in a tax liability from these collateral tax consequences even though the owners of such Discount Bonds will not receive a corresponding cash payment until a later year.

Owners who purchase Discount Bonds in the initial public offering but at a price different from the Issue Price for such maturity should consult their own tax advisors with respect to the tax consequences of the ownership of the Discount Bonds.

The Code contains certain provisions relating to the accrual of original issue discount in the case of subsequent purchasers of bonds such as the Discount Bonds. Owners who do not purchase Discount Bonds in the initial offering should consult their own tax advisors with respect to the tax consequences of the ownership of the Discount Bonds.

Owners of Discount Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Discount Bonds. It is possible under the applicable provisions governing the determination of state or local income taxes accrued interest on the Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment until a later year.

#### AMORTIZABLE BOND PREMIUM

The initial offering price of the Bonds maturing on August 15, 2023 through and including August 15, 2031 (collectively, the "Premium Bonds"), is greater than the principal amount payable at maturity or call date. As a result, the Premium Bonds will be considered to be issued with amortizable bond premium (the "Bond Premium"). An owner who acquires a Premium Bond in the initial offering will be required to adjust the owner's basis in the Premium Bond downward as a result of the amortization of the Bond Premium, pursuant to Section 1016(a)(5) of the Code. Such adjusted tax basis will be used to determine taxable gain or loss upon the disposition of the Premium Bonds (including sale, redemption or payment at maturity or call). The amount of amortizable Bond Premium will be computed on the basis of the owner's yield to maturity, with compounding at the end of each accrual period. Rules for determining (i) the amount of amortizable Bond Premium and (ii) the amount amortizable in a particular year are set forth in Section 171(b) of the Code. No income tax deduction for the amount of amortizable Bond Premium will be allowed pursuant to Section 171(a)(2) of the Code, but amortization of Bond Premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining other tax consequences of owning the Premium Bonds. Owners of the Premium Bonds should consult their tax advisors with respect to the precise determination for federal income tax purposes of the treatment of Bond Premium upon the sale or other disposition of Premium Bonds and with respect to the state and local tax consequences of owning and disposing of Premium Bonds.

Special rules governing the treatment of Bond Premium, which are applicable to dealers in tax-exempt securities are found at Section 75 of the Code. Dealers in tax-exempt securities are urged to consult their own tax advisors concerning treatment of Bond Premium.



## LITIGATION

To the knowledge of the officers and counsel for the City, there is no litigation pending, or threatened, against the City or the Redevelopment Commission, which in any way questions or affects the validity of the Bonds, or any proceedings or transactions relating to the issuance, sale or delivery thereof.

The officers and counsel for the City will certify at the time of delivery of the Bonds that there is no litigation pending or in any way threatened questioning the validity of the Bonds, or any of the proceedings had relating to the authorization, issuance and sale of the Bonds, the Trust Indenture or the Project which would result in a material adverse impact on the financial condition of the City or the District.

## CERTAIN LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds are subject to the unqualified approving opinion of Krieg DeVault LLP, Carmel, Indiana, Bond Counsel, whose approving opinion will be available at the time of delivery of the Bonds. Krieg DeVault LLP has not been asked nor has it undertaken to review the accuracy or sufficiency of this Official Statement, and will express no opinion thereon. The form of opinion of Bond Counsel is included as Appendix E of this Official Statement.

## LEGAL OPINIONS AND ENFORCEABILITY OF REMEDIES

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions on the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to such transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

The remedies available to the bondholders upon a default under the Trust Indenture, or to the City under the Lease, are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically Title 11 of the United States Code (the federal bankruptcy code), the remedies provided in the Trust Indenture and the Lease may not be readily available or may be limited. Under federal and State environmental laws certain liens may be imposed on property of the City from time to time, but the City has no reason to believe, under existing law, that any such lien would have priority over the lien on the property taxes pledged to the payment of Lease Rentals or to the lien on the Lease Rentals pledged to the payment of the Bonds.

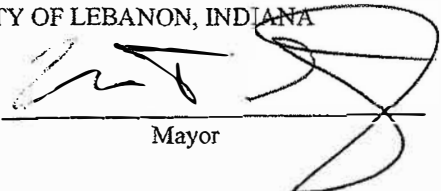
The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified as to the enforceability of the various legal instruments by the valid exercise of the constitutional powers of the City, the State of Indiana and the United States of America and bankruptcy, reorganization, insolvency, moratorium or other similar laws affecting the rights of creditors generally, and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

These exceptions would encompass any exercise of federal, State or local police powers (including the police powers of the City), in a manner consistent with the public health and welfare. Enforceability of the Trust Indenture and the Lease in a situation where such enforcement may adversely affect public health and welfare may be subject to these police powers.

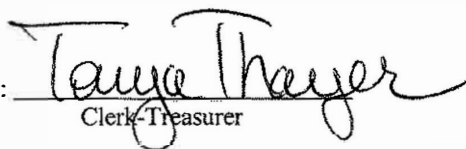
The City certifies to the best of its knowledge and belief that this Official Statement, as of its date and as it relates to the City and its economic and financial condition, (i) is complete and accurate; (ii) does not contain any untrue statement of a material fact; and (iii) does not omit any material facts or information which would make the statements contained herein misleading.

This Official Statement and its execution are duly authorized.

CITY OF LEBANON, INDIANA

By:   
\_\_\_\_\_  
Mayor

Attest:

  
\_\_\_\_\_  
Clerk-Treasurer

## APPENDIX A



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**CITY OF LEBANON**

**GENERAL PHYSICAL AND DEMOGRAPHIC INFORMATION**

**LOCATION**

The City of Lebanon (the “City”) is the county seat of Boone County. The City is located in central Indiana and is approximately 30 miles northwest of Indianapolis, midway between downtown Indianapolis and Lafayette, Indiana.

**GENERAL CHARACTERISTICS**

The City is home to many entertainment and cultural activities for residents and visitors to enjoy. The City’s Parks and Recreation Department maintains several parks and facilities. Lebanon Memorial Park is 40 acres and offers basketball and baseball complexes, a walking course, and a 50-meter pool. The 50-acre Abner Longley Park is home to a variety of sports fields and courts, as well as to the Indianapolis Symphony Orchestra’s annual Symphony at Sunset.

The City square around the Boone County Courthouse was recently placed on the National Register of Historic Places. The historic courthouse was built in 1912 and is known for its limestone pillars and having the second largest stained glass dome in the state. The Boone County Historical Society is headquartered in the City at the Cragun House, which is an 1893 museum house giving visitors a glimpse into the late-nineteenth century.

In May 2018, the City broke ground on Phase 1 of a \$7 million downtown improvement project that will provide new streetscapes with brick pavers, new lighting fixtures and sidewalks. Phase 2 of the project will connect the Big 4 Trail, the City’s multi-use trail, to the south side of the historic downtown square.

Library services are provided to residents through the Lebanon Public Library. The Library offers traditional lending services as well as a Heritage Center, which occupies the original library building built in 1905, and contains genealogical and historical resources related to Boone County as well as an Indiana collection.

**GOVERNMENTAL STRUCTURE**

The City is governed by a seven-member Common Council, with each member elected to a four-year term. The Mayor serves as the chief executive of the City and serves a four-year term. The Clerk Treasurer, also elected to a four-year term, is responsible for the financial records of the City. Additional City departments include the following:

Board of Works	Redevelopment Commission
Board of Zoning Appeals	Stormwater
Fire Department	Street Department
Historic Preservation Commission	Utilities
Parks & Recreation	-Electric
Planning Department	-Water
Planning Commission	-Wastewater
Police Department	

The City employs approximately 106 full-time, 5 part-time, and 53 seasonal employees with no union representation.

**PLANNING AND ZONING**

The City has a nine-member Plan Commission to provide orderly growth for residential, commercial and industrial areas within the City and a two-mile jurisdiction surrounding its limits. The City also has a five-member Board of Zoning Appeals.

## EDUCATION

The Lebanon Community School Corporation serves residents of the City, operating one high school, one middle school and four elementary schools. The superintendent's office reports 2017 - 2018 enrollment for the School Corporation at 3,485 students, with approximately 240 certified and 238 non-certified employees. The School Corporation offers special education programming, pre-kindergarten special education programming, and extensive career and technical programming for its students.

## PENSION OBLIGATIONS

### Public Employees' Retirement Fund

#### Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is a cost sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the City authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System  
One North Capitol, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

#### Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

Employer contributions for 2017 were \$161,146.

### 1925 Police Officers' Pension Plan

#### Plan Description

The 1925 Police Officers' Pension Plan is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-6). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

#### Funding Policy

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute.

#### On Behalf Payments

The 1925 Police Officers' Pension Plan is funded by the State of Indiana through the Public Employees' Retirement Fund as provided under IC 5-10.3-11.



## 1937 Firefighters' Pension Plan

### Plan Description

The 1937 Firefighters' Pension Plan is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-7). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

### Funding Policy

The contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established by state statute.

### On Behalf Payments

The 1937 Firefighters' Pension Plan is funded by the State of Indiana through the Public Employees' Retirement Fund as provided under IC 5-10.3-11.

## 1977 Police Officers' and Firefighters' Pension and Disability Fund

### Plan Description

The 1977 Police Officers' and Firefighters' Pension and Disability Fund is a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Retirement System (INPRS) for all police officers and firefighters hired after April 30, 1977.

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting and requirements for contributions by employers and by employees. Covered employees may retire at age 52 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 52. The plan also provides for death and disability benefits.

INPRS issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System  
One North Capitol, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

### Funding Policy

The contribution requirements of plan members and the City are established by the Board of Trustees of INPRS.

Employer contributions for 2017 were \$696,426.

## Single-Employer Defined Benefit Pension Plan

### Utility Service Board Employees' Pension Plan

#### Plan Description

The City Utility Service Board Employees' Pension Plan is a single-employer defined benefit pension plan sponsored by the City Utility. An employee becomes a participant on a voluntary basis upon completion of 1 year of service. State statute (Indiana Code 8-1.5-3-7) provided for the establishment of the plan, authorized employee contributions, and any amendments. Covered employees may retire with full benefits (determined in accordance with the plan agreement) at either age 65, age 55 with 15 years of vesting service or age 60 with age and years of vesting service equal to or greater than 85. Benefits vest at 10 years of service. Employee benefits are based on 1 1/4 percent

multiplied by years of service multiplied by monthly plan compensation. The plan also provides for death benefits. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan. There are no non-employer contributing entities as defined by GASB 67 and 68 for this plan. There are no special funding situations, as defined by GASB 67 and 68 for this plan.

#### Funding Policy and Annual Pension Cost

State Statute (Indiana Code 8-1.5-3-7) allows a board to set up and or amend a retirement account for the benefit of the employees and past employees of each utility. The board may provide for the method, manner, and amount of contributions by the utility out of its earnings, reserves, or earned surplus, and by employees if required by the plan, and may create an account for the utilities and allocate to the account contributions sufficient to establish the plan on a sound actuarial basis, including contributions for past services of employees. However, the plan may not require contributions from an employee to exceed 6 percent of his wage or salary. Participants in the plan shall annually make required contributions in the amount of 3 percent of compensation. The contribution requirements of plan members have been actuarially determined and can be amended under modified aggregate cost method.

#### Other Postemployment Benefits

Retirees are eligible to remain on the City's health insurance and life insurance plans. There are currently no retirees on the City's health insurance plan. There are two retirees that continued life insurance coverage; however, the retiree pays the premium.

Upon termination of employment, the City pays out unused vacation days. In 2017, the City paid out a total of \$7,088 for this benefit.

### **GENERAL ECONOMIC AND FINANCIAL INFORMATION**

#### **COMMERCE AND INDUSTRY**

The City has a variety of employment opportunities for residents including manufacturing, healthcare, distribution, and education. While the City is home to major manufacturing and industrial companies, downtown Lebanon maintains a small town feel with a variety of small businesses. The location of the City provides easy access to several major cities by way of Interstate 65. This has been an important factor to the retail trade and industrial growth of the area.

Witham Memorial Hospital has been located in the City for over 100 years and in 2016, the hospital's board approved plans for a \$24 million addition, according to the Indiana Economic Digest. The addition will be four stories, add 76,636 square-feet, and include services such as wound care, endocrinology, and a pain clinic. It is anticipated that 60 new jobs will be created. According to the Boone County Economic Development Corporation (the "EDC"), the hospital broke ground on the addition in August 2017 and the project is still currently under construction.

Many of the largest employers in the City are located in the Lebanon Business Park including Case New Holland Industrial (CNH Industrial), Skjodt-Barrett Foods, Hachette Book Group, D-A Lubricant, and Maplehurst Bakeries. According to the Indiana Economic Digest, in August 2016 it was announced that the Lebanon Business Park would be expanding by approximately 250 acres and the expansion has been designated as a CSX Select Site. The CSX Select Site designation will allow businesses to run the rail line from the switching point of the railroad track in the business park directly to their facility.

In May 2018, Ken's Foods, a producer of dressings, sauces, and marinades, opened a 320,000 square foot facility in the new portion of the Lebanon Business Park that is designated as a CSX Select Site. According to the Indiana Economic Digest, in August 2016 it was announced the company was purchasing a 40-acre parcel of land for the facility. Per City officials, the company invested \$58 million in real property and \$35 million in personal property. The company anticipates employing approximately 150.

Skjodt-Barrett Foods is a distributor of packaged food products. In 2011, the company located its corporate headquarters in Lebanon and has a 55-acre campus in the Lebanon Business Park. According the EDC in October

2014, the company announced a \$43.9 million investment to make improvements to the Lebanon campus and create an additional 97 jobs by 2017. As of year-end 2017, the company had hired 97 new employees.

Hachette Book Group is a distribution center for educational books and has been located in the Lebanon Business Park since 1996. According to the Indiana Economic Digest, in January 2016 the company announced plans to expand through the lease of an additional building in the park. This brings the company's total space in the park to approximately 1.8 million square feet in three buildings. Also in 2016, the company announced plans to expand again and create up to 130 additional jobs. Per the EDC, the expansion is now completed.

D-A Lubricant Company, Inc. is a manufacturer and distributor of automotive lubricants whose headquarters are located in the Lebanon Business Park. According to the EDC, in October 2017 the company announced plans to install a new production line at the Lebanon facility. The company has invested an estimated \$4.6 million in personal property for the new production line, which has been installed and is operational. This is the third time the company has expanded its Lebanon operations since locating to the City.

United States Cold Storage is a logistics provider for the frozen and refrigerated food industry that currently has a 200,000 square foot facility in the Lebanon Business Park. In November 2017, the company received incentives from the City for a potential expansion, per the EDC. Pending a final internal company approval, the company is planning to add an additional 100,000 square feet to its current facility, invest \$16 million in real property, \$13 million in personal property, and create approximately 30 new jobs.

In 2015, Pearson Education closed its 1.2 million square-foot distribution center at the Lebanon Business Park. In July 2017 XPO Logistics, a third-party logistics company, announced plans to locate in the former Pearson Education building and create up to 1,160 new jobs. According to the EDC, the company currently employs 630 individuals, of which 525 are hourly workers. In addition, per the Indiana Economic Digest, the company plans to invest \$30 million in personal property to upgrade the facility.

The City is also working to increase the City's housing options. Per the EDC, two builders are actively working on new housing developments on the north side of the City. Approximately 100-300 houses total in the \$150,000 to \$225,000 price range are anticipated to be constructed. Construction has not yet started on the developments.

Gander Mountain, an outdoor retail store chain, has two distribution facilities in the Lebanon Business Park that serve all Gander Mountain stores. In April 2017, Camping World and Good Sam Family won certain Gander Mountain, now known as Gander Outdoors, assets in a bankruptcy auction. According to the EDC, as of July 2018, one of Gander Outdoors's facilities is operational and actively hiring and the other facility is for sale.

In March 2018, IBC Coatings, a producer of advanced surface treatments, announced plans to invest nearly \$5 million to expand its existing headquarters in the City to accommodate new, long-term contracts awarded by the Department of Defense. The company plans to construct a 19,000 square foot addition to expand manufacturing capabilities and hire up to 14 new employees according to the EDC.

MonoSol, a global manufacturer of water-soluble films, announced in March 2018 plans to invest \$72 million to construct a new, high-tech production facility in the City according to the EDC. The 150,000 square-foot manufacturing facility will create up to 89 new, high-wage positions. Construction is anticipated to be complete in early 2020.

Per Inside Indiana Business, in July 2018, the power tool manufacturer Festool announced plans to invest \$9.3 million in an 80,000 square-foot expansion to its current facility in the Lebanon Business Park. The expansion is anticipated to create up to 65 jobs. The company doubled its facility three years ago with a \$7 million expansion.

## LARGE EMPLOYERS

Below is a list of the City's largest employers. The number of employees shown are as reported by company personnel unless otherwise noted. Because of reporting time lags and other factors inherent in collecting and reporting such information, the statistics may not reflect recent employment levels.

<u>Name</u>	<u>Year Established</u>	<u>Type of Business</u>	<u>Reported Employment</u>
Witham Memorial Hospital	1917	Healthcare	932
XPO Logistics	2018	Logistics	630 (1)
Hachette Book Group	1996	Distribution center for educational books	598 (1)
Boone County	1830	County government	520 (2)
Hendrickson Trailer Suspension	1995	Mfg. trailer systems	442
Lebanon Community School Corporation		Public education	430 (3)
CNH Industrial	2004	Mfg. farm equipment	350 (1)
Skjodt-Barret Foods	2011	Mfg. processed baby food	300 (4)
Maplehurst Bakeries	2015	Mfg. frozen bakery products	217 (1)
Kauffman Engineering		Electronic components	165 (4)

(1) Per the Boone County Economic Development Corporation.

(2) Includes full-time, part-time, and seasonal employees.

(3) Includes 225 certified and 205 non-certified staff.

(4) Per the 2017 Harris Indiana Industrial Directory.

**EMPLOYMENT**

<u>Year</u>	<u>Unemployment Rate</u>		<u>Boone County Labor Force</u>
	<u>Boone County</u>	<u>Indiana</u>	
2013	5.7%	7.7%	31,079
2014	4.4%	6.0%	32,166
2015	3.7%	4.8%	33,494
2016	3.4%	4.4%	34,838
2017	2.8%	3.5%	34,993
2018, July	2.8%	3.5%	36,679

Source: Indiana Business Research Center. Data collected as of August 29, 2018.

**BUILDING PERMITS**

Provided below is a summary of the number of building permits for the City.

<u>Year</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>
	<u>Total Permits</u>	<u>Total Permits</u>	<u>Total Permits</u>
2013	8	3	2
2014	14	6	2
2015	26	3	0
2016	36	0	0
2017	33	4	1

Source: City of Lebanon Planning Department.

**POPULATION**

<u>Year</u>	<u>City of Lebanon</u>		<u>Boone County</u>	
	<u>Population</u>	<u>Percent of Change</u>	<u>Population</u>	<u>Percent of Change</u>
1970	9,766	2.55%	30,870	12.08%
1980	11,456	17.30%	36,446	18.06%
1990	12,059	5.26%	38,147	4.67%
2000	14,222	17.94%	46,107	20.87%
2010	15,792	11.04%	56,640	22.84%
2017, Est.	15,959	1.06%	65,875	16.30%

Source: U.S. Census Bureau

**AGE STATISTICS**

	<u>City of Lebanon</u>	<u>Boone County</u>
Under 25 Years	5,206	19,563
25 to 44 Years	4,227	14,284
45 to 64 Years	4,044	16,149
65 Years and Over	2,315	6,644
Totals	<u>15,792</u>	<u>56,640</u>

Source: U.S. Census Bureau's 2010 Census

**EDUCATIONAL ATTAINMENT**

<u>Years of School Completed</u>	<u>Persons 25 and Over</u>	
	<u>City of Lebanon</u>	<u>Boone County</u>
Less than 9th grade	4.6%	2.1%
9th to 12th grade, no diploma	9.0%	4.7%
High school graduate	35.6%	25.4%
Some college, no degree	19.4%	15.8%
Associate's degree	6.8%	7.4%
Bachelor's degree	18.7%	26.1%
Graduate or professional degree	5.9%	18.5%

Source: U.S. Census Bureau's 2012-2016 American Community Survey 5-Year Estimates

**MISCELLANEOUS ECONOMIC INFORMATION**

	<u>City of Lebanon</u>	<u>Boone County</u>	<u>Indiana</u>
Per capita income, past 12 months*	\$28,943	\$40,487	\$26,117
Median household income, past 12 months*	\$46,943	\$72,774	\$50,433
Average weekly earnings in manufacturing (1st qtr. of 2018)	N/A	\$912	\$1,348
Land area in square miles - 2010	15.55	422.91	35,826.11
Population per land square mile - 2010	1,015.6	133.9	181.0
Retail sales in 2012:			
Total retail sales	\$301,403,000	\$1,137,916,000	\$85,857,962,000
Sales per capita**	\$19,086	\$20,090	\$13,242
Sales per establishment	\$4,305,757	\$7,111,975	\$3,974,722

\*In 2016 inflation-adjusted dollars – 5-year estimates

\*\*Based on 2010 Population.

Source: Bureau of Census Reports and the Indiana Business Research Center. Data collected as of June 20, 2018.

<u>Employment and Earnings - Boone County 2016</u>	<u>Earnings</u> (In 1,000s)	Percent of <u>Earnings</u>	<u>Labor Force</u>	Distribution of <u>Labor Force</u>
Retail trade	\$345,330	19.08%	8,732	22.03%
Services	343,988	19.01%	10,087	25.45%
Other*	290,088	16.03%	4,759	12.00%
Government	222,476	12.29%	3,764	9.49%
Construction	181,881	10.05%	2,593	6.54%
Manufacturing	136,371	7.54%	2,408	6.07%
Transportation and warehousing	119,144	6.58%	2,552	6.44%
Finance, insurance and real estate	95,649	5.29%	3,591	9.06%
Farming	47,513	2.62%	657	1.66%
Information	27,369	1.51%	499	1.26%
<b>Totals</b>	<b>\$1,809,809</b>	<b>100.00%</b>	<b>39,642</b>	<b>100.00%</b>

\*In order to avoid disclosure of confidential information, specific earnings and employment figures are not available for the Forestry, fishing, related activities, Mining, Utilities, Wholesale trade, and certain areas of the Services Sectors. The data is incorporated here.

Source: Bureau of Economic Analysis and the Indiana Business Research Center. Data collected as of June 20, 2018.

<u>Adjusted Gross Income</u>	<u>Year</u>	<u>Boone County Total</u>
	2011	\$2,203,799,336
	2012	2,413,511,678
	2013	2,494,390,814
	2014	2,682,755,984
	2015	2,948,361,349

Source: Indiana Department of Revenue.

**SCHEDULE OF INDEBTEDNESS**

The following schedule shows the outstanding indebtedness of the City and the taxing units within and overlapping its jurisdiction as of August 16, 2018, including issuance of the Bonds, as reported by the respective taxing units.

<u>Direct Debt</u>	<u>Original</u>	<u>Final</u>	<u>Outstanding</u>
	<u>Par Amount</u>	<u>Maturity</u>	<u>Amount</u>
<b>Tax Supported Debt</b>			
Lebanon Redevelopment Authority			
Economic Development Lease Rental Bonds, Series 2018	\$3,260,000	02/15/43	\$3,260,000
Lease Rental Bonds of 2018	5,520,000	02/15/40	5,520,000
Economic Development Lease Rental Refunding Bonds, Series 2017	2,010,000	02/15/26	1,695,000
Lease Rental Revenue Bonds, Series 2014A	1,900,000	02/01/35	1,900,000
Taxable Lease Rental Revenue Bonds, Series 2014B	3,100,000	02/01/29	2,500,000
Lebanon Redevelopment Commission			
Redevelopment District Bonds of 2018	2,960,000	02/01/40	2,800,000
Redevelopment District Bonds of 2015	2,570,000	01/15/40	2,570,000
Park District Bonds of 2013, Series A	2,000,000	01/01/28	1,535,000
Park District Bonds of 2013	2,000,000	01/01/28	1,480,000
Building Corporation Lease Rental Refunding Revenue Bonds, Series 2013	4,300,000	01/15/24	2,385,000
Department of Storm Water Management			
Storm Water District Bonds, Series 2014	2,000,000	07/01/34	1,920,000
Storm Water District Bonds, Series 2013	2,000,000	01/01/33	2,000,000
Storm Water District Refunding Bonds of 2012, Series A	2,530,000	01/01/21	775,000
Storm Water District Bonds of 2012, Series B	2,000,000	01/01/32	2,000,000
Equipment and Vehicle Leases			<u>287,005</u>
Subtotal			<u>32,627,005</u>
Lebanon Redevelopment District (Tax Increment Only Supported Debt)			
Economic Development Revenue Bonds, Series 2015 (GDI Project)	1,730,000	02/01/29	1,651,529
Economic Development Multipurpose Revenue Bonds, Series 2015 (Skjodt-Barrett Project)	2,975,000	02/01/32	2,975,000
Taxable Economic Development Revenue Bonds, Series 2011 (FiberNet Project)	1,000,000	02/01/36	740,000
Economic Development Tax Increment Revenue Bonds, Series 2010 (DA Lubricant)	1,500,000	08/01/22	<u>631,000</u>
Subtotal			<u>5,997,529</u>
Self-Supporting Revenue Debt			
Electric Utility Revenue Bonds of 2013	13,000,000	01/01/34	10,375,000
Sewage Works Bond Anticipation Notes of 2017	2,825,000	10/18/18	2,825,000
Sewage Works Refunding Revenue Bonds of 2014	3,885,000	07/01/25	3,480,000
Sewage Works Refunding Revenue Bonds of 2013	3,000,000	07/01/20	<u>910,000</u>
Subtotal			<u>17,590,000</u>
Total Direct Debt			<u>\$56,214,534</u>

Note: The City anticipates issuing approximately \$9.3 million of Sewage Works Revenue Bonds in the Fall of 2018, a portion of which will refund the currently outstanding Sewage Works Bond Anticipation Notes of 2017. The City also anticipates issuing waterworks revenue bonds in early 2019. The City anticipates issuing approximately \$2.7 million of Lease Rental Bonds payable from Tax Increment and a property tax backup in the fall of 2018.

<u>Overlapping Debt</u>	<u>Total Debt</u>	<u>Percent</u>	<u>Amount</u>
		<u>Allocable to</u>	<u>Allocable to</u>
		<u>City (1)</u>	<u>City</u>
<b>Tax Supported Debt</b>			
Boone County	\$76,034,347	16.80%	\$12,773,770
Boone County Redevelopment District (Tax Increment Only)	25,470,000	0.00%	0
Lebanon Community School Corporation (2)	39,174,800	59.73%	23,399,108
Lebanon Public Library	2,305,000	79.62%	<u>1,835,241</u>
Total Overlapping Debt			<u>\$38,008,119</u>

(1) Based upon the 2017 payable 2018 net assessed valuation of the respective taxing units.

(2) The School Corporation has a Common School Fund Loan in the amount of \$344,100 which will be on the 2020 budget and repaid in Calendar Year 2020. The School Corporation also anticipates issuing \$5,000,000 of General Obligation Bonds in October 2018.

The schedule presented above is based on information furnished by the obligors or other sources and is deemed reliable. The City



### DEBT RATIOS

The following presents the ratios relative to the tax supported indebtedness of the taxing units within and overlapping the City as of August 16, 2018, including issuance of the Bonds.

	Direct Tax Supported Debt <u>\$32,627,005</u>	Allocable Portion of All Other Overlapping Tax Supported Debt <u>\$38,008,119</u>	Total Direct and Overlapping Tax Supported Debt <u>\$70,635,124</u>
Per capita (1)	\$2,044.43	\$2,381.61	\$4,426.04
Percent of net assessed valuation (2)	3.93%	4.58%	8.52%
Percent of gross assessed valuation (3)	2.23%	2.60%	4.83%

- (1) According to the U.S. Census Bureau, the estimated 2017 population of the City is 15,959.
- (2) The net assessed valuation of the City for taxes payable in 2018 is \$829,272,332 according to the Boone County Auditor's office.
- (3) The gross assessed valuation of the City for taxes payable in 2018 is \$1,461,915,844 according to the Boone County Auditor's office.

**SCHEDULE OF HISTORICAL NET ASSESSED VALUATION**

(As Provided by the Boone County Auditor's Office)

<u>Year</u> <u>Payable</u>	<u>Real Estate</u>	<u>Utilities</u>	<u>Personal</u> <u>Property</u>	<u>Total</u> <u>Taxable Value</u>
2014	\$634,556,293	\$9,108,880	\$80,161,180	\$723,826,353
2015	671,936,648	8,315,030	77,776,230	758,027,908
2016	745,703,575	7,587,530	82,806,516	836,097,621
2017	743,685,537	7,729,570	63,651,924	815,067,031 (1)
2018	755,430,348	8,337,270	65,504,714	829,272,332

(1) Net assessed valuation decreased due to Pearson Education closing its distribution center.

NOTE: Net assessed valuations represent the assessed value less certain deductions for mortgages, veterans, the aged and the blind, as well as tax-exempt property.

Real property is valued for assessment purposes at its true tax value as defined in the Real Property Assessment Rule, 50 IAC 2.4, the 2011 Real Property Assessment Manual ("Manual"), as incorporated into 50 IAC 2.4, and the 2011 Real Property Assessment Guidelines ("Guidelines"), as adopted by the Department of Local Government Finance ("DLGF"). In the case of agricultural land, true tax value is the value determined in accordance with the Guidelines adopted by the DLGF and IC 6-1.1-4-13. In the case of all other real property, true tax value is defined as "the market value-in-use of a property for its current use, as reflected by the utility received by the owner or by a similar user, from the property."

P.L. 180-2016 revises the factors used to calculate the assessed value of agricultural land. This legislation is retroactive to the January 1, 2016 assessment date and applies to each assessment date thereafter. The revised factors enacted in the legislation may reduce the total assessed value of agricultural land, which could shift property tax liability from agricultural property owners to other property owners. In addition, the reduction in the assessed value of agricultural land may result in a reduction of the total assessed value of a city. Lower assessed values of a city may result in higher tax rates in order for a city to receive its approved property tax levy.

Real property assessments are annually adjusted to market value based on sales data. The process of adjusting real property assessments to reflect market values has been termed "trending" by the DLGF.

The Manual permits assessing officials in each county to choose any acceptable mass appraisal method to determine true tax value, taking into consideration the ease of administration and the uniformity of the assessments produced by that method. The Guidelines were adopted to provide assessing officials with an acceptable appraisal method, although the Manual makes it clear that assessing officials are free to select from any number of appraisal methods, provided that they produce accurate and uniform values throughout the jurisdiction and across all classes of property. The Manual specifies the standards for accuracy and validation that the DLGF uses to determine the acceptability of any alternative appraisal method.

**DETAIL OF NET ASSESSED VALUATION**  
 Assessed 2017 for Taxes Payable in 2018  
 (As Provided by the Boone County Auditor's Office)

	<u>City of Lebanon</u>	<u>Lebanon - Perry</u>	<u>Total</u>
Gross Value of Land	\$213,834,900	\$4,059,000	\$217,893,900
Gross Value of Improvements	<u>1,092,979,200</u>	<u>7,335,100</u>	<u>1,100,314,300</u>
Total Gross Value of Real Estate	1,306,814,100	11,394,100	1,318,208,200
Less: Mortgage Exemptions, Veterans, Blind Age 65 & Other Exemptions	(404,454,607)	(2,801,228)	(407,255,835)
Tax Exempt Property	(41,183,590)		(41,183,590)
TIF	<u>(114,338,427)</u>		<u>(114,338,427)</u>
Net Assessed Value of Real Estate	<u>746,837,476</u>	<u>8,592,872</u>	<u>755,430,348</u>
Business Personal Property	132,908,084	2,462,290	135,370,374
Less: Deductions	<u>(69,852,720)</u>	<u>(12,940)</u>	<u>(69,865,660)</u>
Net Assessed Value of Personal Property	<u>63,055,364</u>	<u>2,449,350</u>	<u>65,504,714</u>
Net Assessed Value of Utility Property	<u>8,323,040</u>	<u>14,230</u>	<u>8,337,270</u>
Total Net Assessed Value	<u><u>\$818,215,880</u></u>	<u><u>\$11,056,452</u></u>	<u><u>\$829,272,332</u></u>

**COMPARATIVE SCHEDULE OF CERTIFIED TAX RATES**

Per \$100 of Net Assessed Valuation

	Year Taxes Payable				
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Detail of Certified Tax Rate:					
General	\$0.5741	\$0.5625	\$0.4999	\$0.4818	\$0.5109
MVH	0.0501	0.0554	0.0589	0.0714	0.0601
Park and Recreation	0.0776	0.0859	0.0913	0.1064	0.0978
Sanitation	0.0258	0.0285	0.0302	0.0352	0.0235
Park Bond	0.0354	0.0616	0.0512	0.0440	0.0438
CCD	0.0234	0.0234	0.0227	0.0227	0.0227
Sewer Bond	0.0690	0.0708	0.0682	0.0609	0.0636
Totals	<u>\$0.8554</u>	<u>\$0.8881</u>	<u>\$0.8224</u>	<u>\$0.8224</u>	<u>\$0.8224</u>
Total District Certified Tax Rate (1)					
Lebanon City	\$2.2074	\$2.2878	\$2.1388	\$2.2201	\$2.1200
Lebanon Perry	\$2.0685	\$2.1537	\$2.0094	\$2.0775	\$1.9817
Lebanon Perry (TIF memo only)	\$0.8554	\$0.8881	\$0.8224	\$0.8224	\$0.8224

(1) Includes certified tax rates of overlapping taxing units.

Source: DLGF Certified Budget Orders for the City.

**PROPERTY TAXES LEVIED AND COLLECTED**

Collection <u>Year</u>	Certified Taxes <u>Levied</u>	Circuit Breaker <u>Tax Credit</u> (1)	Certified Taxes Levied Net of Circuit Breaker <u>Tax Credit</u>	Taxes <u>Collected</u>	Collected as Percent of <u>Gross Levy</u>	Collected as Percent of <u>Net Levy</u>
2013	\$5,966,506	(\$9,891)	\$5,956,615	\$5,992,154	100.43%	100.60%
2014	6,225,915	(10,348)	6,215,567	6,343,087	101.88%	102.05%
2015	6,596,217	(48,977)	6,547,240	6,676,762	101.22%	101.98%
2016	6,763,594	(16,061)	6,747,533	6,794,164	100.45%	100.69%
2017	6,629,577	(17,633)	6,611,944	6,766,933	102.07%	102.34%
2018	6,830,554	(9,966)	6,820,588	(.....In Process of Collections.....)		

Source: The Boone County Auditor's Office and the DLGF Certified Budget Orders for the City.

(1) Circuit Breaker Tax Credits allocable to the City per the DLGF.

Indiana Code 6-1.1-20.6 (the "Statute") provides taxpayers with a tax credit for all property taxes in an amount that exceeds the gross assessed value of real and personal property eligible for the credit ("Circuit Breaker Tax Credit").

Property taxes for residential homesteads are limited to 1.0% of the gross assessed value of the homestead; property taxes for agricultural, other residential property and long term care facilities are limited to 2.0% of their gross assessed value; and property taxes for all other real and personal property are limited to 3.0% of gross assessed value. Additional property tax limits have been made available to certain senior citizens. School corporations are authorized to impose a referendum tax levy to replace property tax revenue that the school corporation will not receive due to the Circuit Breaker Tax Credit. Other political subdivisions may not increase their property tax levy or borrow money to make up for any property tax revenue shortfall due to the application of the Circuit Breaker Tax Credit.

The Statute categorizes property taxes levied to pay Debt Service Obligations as "protected taxes," regardless of whether the property taxes were approved at a referendum, and all other property taxes as "unprotected taxes." The total amount of revenue to be distributed to the fund for which the protected taxes were imposed shall be determined without applying the Circuit Breaker Tax Credit. The application of the Circuit Breaker Tax Credit must reduce only the amount of unprotected taxes distributed to a fund. The political subdivision may allocate the reduction by using a combination of unprotected taxes of the political subdivision in those taxing districts in which the Circuit Breaker Tax Credit caused a reduction in protected taxes. The tax revenue and each fund of any other political subdivisions must not be affected by the reduction.

**LARGE TAXPAYERS**

The following is a list of the ten largest taxpayers located within the City. This list excludes any assessed value included in tax increment areas.

<u>Name</u>	<u>Type of Business</u>	<u>2017/2018 Net Assessed Valuation</u>	<u>Percent of Total Net Assessed Valuation (1)</u>
Duke Realty Corp./Dugan Realty	Real estate investment	\$98,512,130	11.88%
WCP II Lebanon LLC	Developer	38,600,000	4.65%
Shaker Square LLC	Apartments	22,423,120	2.70%
United States Cold Storage of California	Logistics services	21,018,280	2.53%
Liberty Property	Real estate investment	18,203,300	2.20%
Menards, Inc.	Retail	11,243,110	1.36%
Wal-Mart	Retail	10,327,770	1.25%
Regency Commercial Associates LLC	Shopping center	9,692,360	1.17%
ARCP CR Lebanon IN LLC	Automotive manufacturer	9,183,060	1.11%
FCS GM Lebanon In Dst	Distribution center	<u>8,458,700</u>	<u>1.02%</u>
Totals		<u>\$247,661,830</u>	<u>29.87%</u>

(1) The total net assessed valuation of the City is \$829,272,332 for taxes payable in 2018, according to the Boone County Auditor's office.

Note: Cabot Properties, Skjodt-Barrett/DP Holdings, Hendrickson/The Boler Co., and DA Lubricant/MPP Properties LLC are large taxpayers within the City that are captured by tax increment.

Source: Boone County Auditor's office and the DLGF. Individual parcel data is submitted by the County Auditor to the DLGF once a year for preparation of the county abstract.

The following financial statements on pages A-17 - A-19 are excerpts from the City 2015 audit report of the Indiana State Board of Accounts. Consequently, these schedules do not include all disclosures required by generally accepted accounting principles. A complete audit will be furnished upon request. Current reports are available at <http://www.in.gov/sboa/resources/reports/audit/>.

**CITY OF LEBANON**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS**

For The Year Ended December 31, 2015

	Beginning Balance <u>1/1/2015</u>	<u>Receipts</u>	<u>Disbursements</u>	Ending Balance <u>12/31/2015</u>
General	\$4,789,853	\$10,401,707	\$10,690,630	\$4,500,930
Motor Vehicle Highway	888,625	1,023,143	934,128	977,640
Local Road & Street	177,701	168,389	198,781	147,309
Parks Nonreverting Progs	32,654	54,621	36,925	50,350
Leb Community Dev Corp	85,066	28	85,000	94
Police Cont Education	20,951	20,273	26,285	14,939
LFD Car Seat Program	(47)	1,213	1,213	(47)
Police Deferral Fund	11,904	950	6,449	6,405
Casino/Riverboat Tax	236,840	93,551	70,400	259,991
Parks Dept	576,246	833,947	697,208	712,985
Rainy Day Fund	1,585,888	889,886	553,522	1,922,252
Police K-9 Unit Donations	1,247			1,247
Levy Excess Fund	0	1,301		1,301
Cumulative Cap Develop	548,557	1,561,271	1,333,906	775,922
Cumulative Capital Improv	130,465	39,665		170,130
Enterprise Blvd TIF Alloc	2,835,045	4,642,794	4,042,347	3,435,492
Police Dept Pension	248,853	240,910	237,157	252,606
Fire Dept Pension	420,245	322,706	315,637	427,314
City Court Document Fees	3,924	24		3,948
City Court	13,633	2,078	3,331	12,380
Park & Rec Bond 2013 Leisure Pool Proj Funds	(2,067)	2,067		0
Planning & Zoning Brownfields Grant	0	14,625	14,625	0
Sidewalk Escrow-Leb.Point	5,060			5,060
Code Enforcement N/R	48,009	114,083	85,792	76,300
County Court Costs	0	168	168	0
LPD Non Reverting Interdiction Fund	0	941		941
Fire Dept Hazmat Fund	962	1,499	1,500	961
Fire Dept Federal Grants	6			6
Fire Dept Nonrevert	4,528	4,462	7,041	1,949
LFD - Project Lifesaver	446	655	667	434
Fire Dept 9-11 Monum.Fund	8,990	302		9,292
Christmas Light Donation Fund	2,305		2,305	0
DOE Energy Efficiency Grant Reimb.	8,331	8,601	17,484	(552)
Trail Fund	0	40,000	40,000	0
LPD Big City Big County - Seatbelt Grant	0	8,915	8,915	0
LPD DUI Task Force Grant	0	5,488	5,488	0
Police Dept - Fed Grants	4,838	5,576	343	10,071
Rainy Day Spending	(6,200)	451,451	445,251	0
State Drug Investigation	881			881
Police Dare Program	163			163
Police Reserve Program	281			281
Subtotals	<u>\$12,684,183</u>	<u>\$20,957,290</u>	<u>\$19,862,498</u>	<u>\$13,778,975</u>

(Continued on next page)

CITY OF LEBANON

(Cont'd)

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS**

For The Year Ended December 31, 2015

	Beginning Balance <u>1/1/2015</u>	<u>Receipts</u>	<u>Disbursements</u>	Ending Balance <u>12/31/2015</u>
Subtotals carried forward	\$12,684,183	\$20,957,290	\$19,862,498	\$13,778,975
Police Unrestricted Donat	622	6,788	1,308	6,102
Fire Train Tower Donation	7,840	3,464	5,903	5,401
Police - County Grants	2,698			2,698
Parks Unrestricted Donati	12,209	2,811	589	14,431
LFD Training Fund	2,020	2,011	240	3,791
Solid Waste	3,797	16,841	16,846	3,792
Street Unrestricted Donat	500			500
City Unrestricted Donatio	2,671			2,671
LFD Smoke Alarms	65			65
LFD Unrestricted Donations	25			25
Enterprise Blvd Construct	0	510		510
Employee Health Fund	(30,114)	1,913,380	1,907,021	(23,755)
Park Pool Bond Payments & Fees	20,675	496,027	385,749	130,953
Skjodt Barrett Leb Bus. Park Bldg #11	62,213	122,234	123,330	61,117
Lebanon Fibernet	31,457	43,565	53,249	21,773
DA Lubricants	66,305	69,586	135,891	0
SR 39 Cost Sharing Agrmt	3,245			3,245
Food & Beverage Tax	1,305,704	445,523	236,110	1,515,117
Stormwater Proj Fund - East St Bond	1,720,883	1,842	48,463	1,674,262
Park Bond - Wave Pool Proj Funds	209,330		99,787	109,543
Stormwater Bond 2014-Grant St Laf Av S Meridian	1,881,297	1,842	1,170,181	712,958
Storm Water Laf. Ave Cdbg Grant	0	108,180	108,173	7
RDC 2015 Legacy Bond	0	2,436,331	769,660	1,666,671
Util.Petty Csh/Chg Drawer	1,600			1,600
Util PERF Reimburse	619	9,611	9,611	619
Payroll-Fixed PERF	(954)	37,401	37,398	(951)
Payroll Net Pay	0	255,297	255,297	0
Payroll-Dd Net Pay	0	3,630,475	3,630,475	0
Payroll-Federal Taxes	0	549,488	553,390	(3,902)
Payroll-FICA & Medi Taxes	24	297,870	297,870	24
Payroll-COIT	3,213	48,473	46,862	4,824
Payroll-State Taxes	13,684	161,751	156,825	18,610
Payroll-Health 125	52,445	104,879	103,164	54,160
Payroll-LPD Pens	56,902	93,105	93,146	56,861
Payroll-LFD Pens	1,059	87,179	87,179	1,059
Payroll-Deferred Comp	0	45,065	45,065	0
Payroll-Colonial Reg&125	209	837	836	210
Payroll-Monumental Life I	38			38
Payroll-Cap American(Cons	189			189
Payroll-Child Support	200	32,912	33,102	10
Payroll-Interest/Service	9,223		9,223	0
Payroll - Misc	117		117	0
Payroll-Clothing Deductio	2,254		2,254	0
Payroll-Transamerica Life	177			177
Payroll-Pagenet	180			180
	<u>\$18,128,804</u>	<u>\$31,982,568</u>	<u>\$30,286,812</u>	<u>\$19,824,560</u>
Subtotals	<u>\$18,128,804</u>	<u>\$31,982,568</u>	<u>\$30,286,812</u>	<u>\$19,824,560</u>

(Continued on next page)



## CITY OF LEBANON

(Cont'd)

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS**

For The Year Ended December 31, 2015

	Beginning Balance <u>1/1/2015</u>	<u>Receipts</u>	<u>Disbursements</u>	Ending Balance <u>12/31/2015</u>
Subtotals carried forward	\$18,128,804	\$31,982,568	\$30,286,812	\$19,824,560
Payroll-Dental W/H	1,440	54,233	53,758	1,915
Payroll-Optical W/H	(1,046)	17,287	17,684	(1,443)
Payroll-Aflac Reg&125 Ins	1,200	15,129	15,113	1,216
Corp&Utilities Payroll Ta	106			106
Payroll-Emp.Cell Phone	545	6,904	6,932	517
Utilities Payroll	14,167	979,093	981,319	11,941
Boone Co Clerk Garnishment	20	3,598	3,233	385
IRS Garnishment	106			106
United Way Deduction	300	479	608	171
Payroll - Princ.Term Life	5,289	26,403	26,424	5,268
Utilities-Electric Operat	1,262,855	27,110,438	26,641,460	1,731,833
Utilities-Elec Customer Dep	0	31,706		31,706
Electric Time Deposit	2,180,941	24,629,348	24,748,544	2,061,745
Electric Utl Debt Service 2013	292,960	175,776		468,736
Utilities-Energy Program	9,664	8,604	11,801	6,467
Electric Utl Bond & Int 2013	538	879,171	878,875	834
Utilities-Electric Constr	6,493,392	2,231,306	1,628,904	7,095,794
Electric Utl Revenue 2013	0	24,521,968	24,521,968	0
Utilities-Elec Const CDs	2,200,000		2,200,000	0
Utilities-Electric Ren&Re	670,772	570,886	192,220	1,049,438
Telecom Ren & Replc	16,206	40,626	4,778	52,054
Telecomm Operating Fund	67,143	596,190	566,264	97,069
Telecomm Time Depos	49,277	600,257	594,922	54,612
Storm Water Operating	2,176,204	1,670,636	1,784,117	2,062,723
Stormwater Time Deposit	100,322	947,616	967,575	80,363
Storm Wtr Bond & Interest	252,215	570,191	558,618	263,788
Storm Water-Phase III Laf Ave Proj Funds	487,280	286,877	774,157	0
Storm Water Phase II	21,629			21,629
Stormwater Bond Meridian St Proj Funds	(239,072)	401,785	162,713	0
Stm Wtr Eng Fee Reimb	0	15,000	11,863	3,137
Sanitation Time Deposit	52,148	516,997	519,704	49,441
Sanitation Dept	507,168	733,976	648,310	592,834
Utilities-Sewage Operating	513,531	3,875,254	3,806,729	582,056
Wastewater Customer Deposit Fund	0	4,174		4,174
Wastewater Time Deposit	183,339	3,691,225	3,727,824	146,740
Utilities-Sewage B&I 2014	0	201,653	200,708	945
Utilities-Sewage Construc	788,090	727	314,145	474,672
Wastewater B&I Fund 2013	1,217	461,523	460,720	2,020
Utilities-Sewage Improvme	1,449,346	353,696	1,448,292	354,750
Sewer Revenue 2013	0	3,690,767	3,690,767	0
Sewage Availability	0	116,183	116,183	0
Sewer Debt Service 2013	688,500			688,500
Utilities-Water Operating	425,684	3,319,100	2,838,519	906,265
Utilities-Water Meter Dep	1,500	14,581	10,000	6,081
Utilities-Water Deprec Re	3,104,399	481,188	1,049,106	2,536,481
Water Time Deposit	120,767	3,213,805	3,252,134	82,438
Interlocal Water Planning	19,985	15	20,000	0
Water Availability	1,467,672	181,598		1,649,270
Totals	<u>\$43,516,603</u>	<u>\$139,230,537</u>	<u>\$139,743,803</u>	<u>\$43,003,337</u>

The following financial statements on pages A-20 - A-22 are excerpts from the City 2016 audit report of the Indiana State Board of Accounts. Consequently, these schedules do not include all disclosures required by generally accepted accounting principles. A complete audit will be furnished upon request. Current reports are available at <http://www.in.gov/sboa/resources/reports/audit/>.

**CITY OF LEBANON**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS**

For The Year Ended December 31, 2016

	Beginning Balance <u>1/1/2016</u>	<u>Receipts</u>	<u>Disbursements</u>	Ending Balance <u>12/31/2016</u>
General	\$4,500,930	\$10,228,926	\$9,914,303	\$4,815,553
Motor Vehicle Highway	977,640	1,108,840	960,127	1,126,353
Local Road & Street	147,309	163,954	173,551	137,712
Parks Nonreverting Progs	50,350	70,125	57,951	62,524
Planning & Zoning Blight Elimination Prog (BEP)	0	37,755	37,755	0
Leb Community Dev Corp	94			94
Police Cont Education	14,939	25,689	30,655	9,973
LFD Car Seat Program	(47)	2,828	2,302	479
Police Deferral Fund	6,405	2,375	3,304	5,476
Casino/Riverboat Tax	259,991	93,547	94,980	258,558
Parks Dept	712,985	973,863	675,634	1,011,214
Rainy Day Fund	1,922,252	572,725	887,629	1,607,348
Police K-9 Unit Donations	1,247	20		1,267
2016 LOIT Special Distribution (75%)	0	1,933,357	522,013	1,411,344
Levy Excess Fund	1,301			1,301
Cumulative Cap Develop	775,922	597,382	947,290	426,014
Cumulative Capital Improv	170,130	40,250		210,380
Enterprise Blvd TIF Allocation	3,435,492	2,035,596	1,833,022	3,638,066
Police Dept Pension	252,606	243,272	243,393	252,485
Fire Dept Pension	427,314	320,914	334,115	414,113
City Court Document Fees	3,948			3,948
City Court	12,380	156		12,536
Planning & Zoning Brownfields Grants	0	213,554	213,554	0
Sidewalk Escrow-Leb Point	5,060			5,060
Code Enforcement N/R	76,300	71,744	75,202	72,842
LPD Non Reverting Interdiction Fund	941			941
Fire Dept Hazmat Fund	961		700	261
Fire Dept Federal Grants	6			6
Fire Department Nonrevert	1,949	2,232	3,762	419
LFD - Project Lifesaver	434	670	358	746
Fire Dept 9-11 Monum. Fund	9,292	1,999		11,291
DOE Energy Efficiency Grant Reimb.	(552)	6,452	3,145	2,755
LPD Big City Big County - Seatbelt Grant	0	15,162	15,162	0
LPD DUI Task Force Grant	0	9,217	9,217	0
LPD Bulletproof Vest Grant	10,071	1,500	1,500	10,071
State Drug Investigation	881			881
Police DARE Program	163			163
Police Reserve Program	281			281
LPD Non-Reverting Misc & Donations	6,102		3,603	2,499
Fire Train Tower Donation	5,401	3,823	2,573	6,651
Police - County Grants	2,698			2,698
Parks Unrestricted Donations	14,431	1,100	1,676	13,855
LFD Training Fund	3,791	80	3,142	729
Subtotals	<u>\$13,811,398</u>	<u>\$18,779,107</u>	<u>\$17,051,618</u>	<u>\$15,538,887</u>

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CITY OF LEBANON

(Cont'd)

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS**

For The Year Ended December 31, 2016

	Beginning Balance <u>1/1/2016</u>	<u>Receipts</u>	<u>Disbursements</u>	Ending Balance <u>12/31/2016</u>
Subtotals carried forward	\$13,811,398	\$18,779,107	\$17,051,618	\$15,538,887
Solid Waste	3,792	16,931	16,902	3,821
Street Unrestricted Donation	500			500
City Unrestricted Donation	2,671	2,691		5,362
LFD Smoke Alarms	65		93	(28)
LFD Unrestricted Donations	25			25
Enterprise Blvd Construct	510			510
Employee Health Fund	(23,755)	1,518,205	1,360,413	134,037
Park Pool Bond Payments & Fees	130,953	450,665	379,273	202,345
Skjodt Barrett Leb Bus Park Bldg #11	61,117	122,615	122,425	61,307
Lebanon Fibernet	21,773	15,729	37,502	0
DA Lubricants	0	215,770	146,620	69,150
RDC GDI Proj Bond Series 2015 (Bond Portion)	0	14,930	14,930	0
Skjodt Barrett Bus Park Bldg 11 (RDC Portion)	0	20,436		20,436
DA Lubricants (RDC Portion)	0	17,287		17,287
GDI 1050 St. Rd 32 (RDC Portion)	0	19,906		19,906
SR 39 Cost Sharing Agrmt	3,245			3,245
Food & Beverage Tax	1,515,117	415,624	313,086	1,617,655
Stormwater Proj Fund - East St Bond	1,674,262	1,707	54,947	1,621,022
Park Bond - Wave Pool Proj Funds	109,543		28,991	80,552
Stormwater Bond 2014-Grant St Laf Av S Meridian	712,958	1,707	135,780	578,885
Storm Water Laf. Ave CDBG Grant	7	291,836	291,456	387
RDC 2015 Legacy Bond	1,666,671	3,679	1,059,710	610,640
Util Petty Csh/Chg Drawer	1,600		325	1,275
Util PERF Reimburse	619	7,416	10,085	(2,050)
Payroll -Fixed PERF	(951)	39,246	39,314	(1,019)
Payroll Net Pay	0	146,417	146,417	0
Payroll-DD Net Pay	0	3,878,617	3,878,617	0
Payroll-Federal Taxes	(3,902)	587,650	585,130	(1,382)
Payroll-FICA & Medi Taxes	24	311,453	312,299	(822)
Payroll-COIT	4,824	49,575	49,009	5,390
Payroll-State Taxes	18,610	167,067	165,015	20,662
Payroll-Health 125	54,160	104,971	103,235	55,896
Payroll-LPD Pension	56,861	100,054	100,054	56,861
Payroll-LFD Pension	1,059	91,506	91,506	1,059
Payroll-Deferred Comp	0	41,946	41,946	0
Payroll-Colonial Reg&125	210	325	398	137
Payroll-Monumental Life I	38			38
Payroll-Cap American(Cons	189			189
Payroll-Child Support	10	34,388	34,388	10
Payroll-Transamerica Life	177			177
Payroll-Pagenet	180			180
Payroll-Dental W/H	1,915	58,159	57,996	2,078
Payroll-Optical W/H	(1,443)	11,312	11,280	(1,411)
Payroll-Aflac Reg&125 Ins	1,216	15,268	15,199	1,285
Corp&Utilities Payroll TA	106			106
Subtotals	<u>\$19,826,354</u>	<u>\$27,554,195</u>	<u>\$26,655,959</u>	<u>\$20,724,590</u>

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CITY OF LEBANON

(Cont'd)

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS**

For The Year Ended December 31, 2016

	Beginning Balance <u>1/1/2016</u>	<u>Receipts</u>	<u>Disbursements</u>	Ending Balance <u>12/31/2016</u>
Subtotals carried forward	\$19,826,354	\$27,554,195	\$26,655,959	\$20,724,590
Payroll-Emp Cell Phone	517	6,987	6,673	831
Utilities Payroll	11,941	1,024,847	1,018,753	18,035
Boone Co Clerk Garnishment	385	1,176	1,176	385
IRS Garnishment	106			106
United Way Deduction	171			171
Payroll-Princ Term Life	5,268	27,253	27,553	4,968
2016 LOIT Special Distribution 25%	0	557,450		557,450
Utilities-Electric Operating	1,731,833	27,169,618	26,885,009	2,016,442
Utilities-Elec Customer Dep	31,706	26,671	25,002	33,375
Electric Time Deposit	2,061,745	24,600,720	24,874,419	1,788,046
Electric Utl Debt Service 2013	468,736	175,776		644,512
Utilities-Energy Program	6,467	6,459		12,926
Electric Utl Bond & Int 2013	834	878,813	878,500	1,147
Utilities-Electric Constr	7,095,794	16,494	3,194,717	3,917,571
Electric Utl Revenue 2013	0	24,660,919	24,660,919	0
Utilities-Electric Ren&Re	1,049,438	581,696	424,931	1,206,203
Telecom Ren & Replc	52,054	42,142	318	93,878
Telecomm Operating Fund	97,069	711,299	674,491	133,877
Telecomm Time Depos	54,612	680,454	693,150	41,916
Storm Water Operating	2,062,723	1,121,046	739,902	2,443,867
Stormwater Time Deposit	80,363	1,070,660	1,071,368	79,655
Storm Wtr Bond Interest	263,788	600,030	561,818	302,000
Storm Water Phase II	21,629			21,629
Stm Wtr Inspection	3,137	43,092	51,508	(5,279)
Sanitation Time Deposit	49,441	515,444	519,536	45,349
Sanitation Department	592,834	778,157	704,870	666,121
Utilities-Sewage Operating	582,056	4,654,087	3,977,812	1,258,331
Wastewater Customer Deposit Fund	4,174	4,738	4,476	4,436
Wastewater Time Deposit	146,740	4,619,859	4,567,260	199,339
Utilities-Sewage B&I 2014	945	202,255	201,193	2,007
Utilities -Sewage Construction	474,672	299	474,972	(1)
Wastewater B&I Fund 2013	2,020	462,725	462,412	2,333
Utilities-Sewage Improvement	354,750	704,460	738,940	320,270
Sewer Revenue 2013	0	4,528,691	4,528,691	0
Sewage Availability	0	14,250	14,250	0
Sewer Debt Service 2013	688,500			688,500
Utililties - Water Operating	906,265	3,239,303	3,081,226	1,064,342
Utililties - Water Meter Deposits	6,081	10,529	11,347	5,263
Utililties - Water Deprec RE	2,536,481	382,247	631,556	2,287,172
Water Time Deposit	82,438	3,113,745	3,174,027	22,156
Water Availability	1,649,270	66,086		1,715,356
Totals	<u>\$43,003,337</u>	<u>\$134,854,672</u>	<u>\$135,538,734</u>	<u>\$42,319,275</u>

The following financial statements on pages A-23 - A-25 are excerpts from the City 2017 audit report of the Indiana State Board of Accounts. Consequently, these schedules do not include all disclosures required by generally accepted accounting principles. A complete audit will be furnished upon request. Current reports are available at <http://www.in.gov/sboa/resources/reports/audit/>.

**CITY OF LEBANON**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS**

For The Year Ended December 31, 2017

	Beginning Balance <u>1/1/2017</u>	<u>Receipts</u>	<u>Disbursements</u>	Ending Balance <u>12/31/2017</u>
General	\$4,815,552	\$10,495,155	\$10,481,759	\$4,828,948
Levy Excess Fund	1,301	41,804		43,105
Casino/Riverboat Tax	258,558	93,551	131,226	220,883
City Court	12,536			12,536
LIT Public Safety	0	2,747,658	977,120	1,770,538
Motor Vehicle Highway	1,126,350	1,239,930	715,732	1,650,548
Local Road & Street	137,712	239,896	109,644	267,964
Parks Dept	1,011,217	1,108,901	908,408	1,211,710
Parks Nonreverting Progs	62,525	75,103	79,840	57,788
Planning & Zoning Brownfields Grant	0	109,302	106,221	3,081
Sidewalk Escrow-Leb.Point	5,060			5,060
Code Enforcement N/R	72,841	29,452	84,948	17,345
Police Cont Education	9,973	20,889	18,093	12,769
City Court Document Fees	3,948			3,948
Police Deferral Fund	5,476	2,200	5,500	2,176
LPD Non Reverting Interdiction Fund	941			941
Fire Dept Hazmat Fund	261			261
Fire Dept Federal Grants	6			6
Fire Dept Nonrevert	420	1,051	343	1,128
LFD - Project Lifesaver	746	708	753	701
LFD Car Seat Program	480	1,609	2,047	42
Fire Training Infrastructure Grant	0	33,351	29,504	3,847
Fire Dept 9-11 Monum.Fund	11,291	200	11,491	0
DOE Energy Efficiency Grant Reimb	2,755		546	2,209
2016 LOIT Special Distribution (75%)	1,411,344	79,577	1,342,453	148,468
Local Road & Bridge Matching Grant Fund	0	500,000	495,973	4,027
LPD Big City Big County - Seatbelt Grant	0	13,908	13,908	0
LPD DUI Task Force Grant	0	7,505	7,505	0
LPD Bulletproof Vest Grant	10,071	2,159		12,230
Rainy Day Fund	1,607,348	8,985	200,725	1,415,608
State Drug Investigation	881			881
Police Dare Program	163			163
Police Reserve Program	281		20	261
LPD Non-Reverting Misc & Donations	2,499		1,201	1,298
Fire Train Tower Donation	6,650	4,000	7,570	3,080
Police K-9 Unit Donations	1,267	235		1,502
Police - County Grants	2,697			2,697
Parks Unrestricted Donati	13,855	870	6,173	8,552
LFD Training Fund	728	480	142	1,066
Solid Waste	3,822	17,021	17,012	3,830
Street Unrestricted Donat	500			500
City Unrestricted Donatio	5,362	5,100	6,800	3,662
LFD Smoke Alarms	(27)			(27)
LFD Unrestricted Donations	25			25
Subtotals	<u>\$10,607,415</u>	<u>\$16,880,601</u>	<u>\$15,762,659</u>	<u>\$11,725,358</u>

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## CITY OF LEBANON

(Cont'd)

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS**

For The Year Ended December 31, 2017

	Beginning Balance 1/1/2017	Receipts	Disbursements	Ending Balance 12/31/2017
Subtotals carried forward	\$10,607,415	\$16,880,601	\$15,762,659	\$11,725,358
Planning Unrestricted Donations	0	400	375	25
Enterprise Blvd Construct	510			510
Enterprise Blvd TIF Alloc	3,638,063	2,430,162	3,053,406	3,014,819
Leb Community Dev Corp	94			94
Employee Health Fund	134,038	1,708,133	1,663,075	179,096
Park Pool Bond Payments & Fees	202,345	387,243	388,661	200,927
Skjodt Barrett- Bus. Park Bldg #11 (Bond Portion)	61,307	98,679	110,655	49,331
Lebanon Fibernet (Bond Portion)	0	52,628	34,634	17,994
DA Lubricants (Bond Portion)	69,149	138,240	138,269	69,120
Skjodt Barrett Bus Park Bldg 11 (RDC Portion)	20,436	94,074		114,510
DA Lubricants (RDC Portion)	17,287	152,839		170,126
GDI 1050 St Rd 32 (RDC Portion)	19,906	56,052		75,958
Lebanon Downtown EDA (RDC Portion)	0	2		2
SR 39 Cost Sharing Agrmt	3,244			3,244
Cumulative Capital Improv	210,379	38,405		248,784
Cumulative Cap Develop	426,014	414,856	170,077	670,793
Food & Beverage Tax	1,617,657	431,771	279,363	1,770,065
Stormwater Proj Fund - East St Bond	1,621,022	409,057	1,797,879	232,200
Park Bond - Wave Pool Proj Funds	80,551			80,551
Stormwater Bond 2014-Grant St, Laf Av, S Meridian	578,884	1,661	9,048	571,497
Storm Water Laf. Ave Cdbg Grant	388		388	0
Legacy Bond Debt Reserve	0	214,545		214,545
RDC 2015 Legacy Bond	610,640	126	458,344	152,422
Util. Petty Csh/Chg Drawer	1,275			1,275
Util PERF Reimburse	(2,050)	8,171	7,529	(1,408)
Fire Dept Pension	414,114	326,519	318,390	422,243
Police Dept Pension	252,484	250,631	251,737	251,378
Payroll-Fixed PERF	(1,019)	45,893	45,893	(1,019)
Payroll Net Pay	0	191,214	191,214	0
Payroll - DD Net Pay	0	4,289,704	4,289,704	0
Payroll-Federal Taxes	(1,381)	679,619	678,201	37
Payroll - FICA & Medi Taxes	(823)	364,218	364,218	(823)
Payroll - COIT	5,390	81,877	83,852	3,415
Payroll-State Taxes	20,661	185,612	194,652	11,621
Payroll-Health 125	55,897	116,134	110,553	61,478
Payroll - LPD Pens	56,861	111,668	111,668	56,861
Payroll - LFD Pens	1,058	108,684	108,684	1,058
Payroll-Deferred Comp	0	64,085	64,035	50
Payroll-Colonial Reg&125	135			135
Payroll-Monumental Life I	38			38
Payroll-Cap American(Cons)	189			189
Payroll-Child Support	10	30,486	30,486	10
Payroll-Transamerica Life	177			177
Payroll-Pagenet	180			180
Payroll-Dental W/H	2,078	65,173	66,572	679
Subtotals	\$20,724,604	\$30,429,162	\$30,784,222	\$20,369,544

(Continued on next page)

CITY OF LEBANON

(Cont'd)

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS**

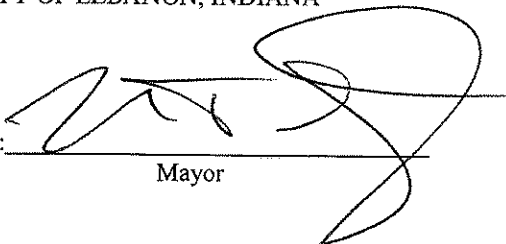
For The Year Ended December 31, 2017

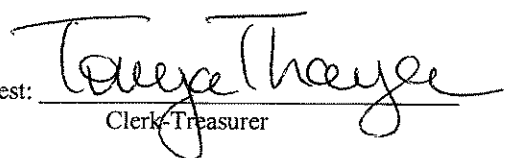
	Beginning Balance 1/1/2017	Receipts	Disbursements	Ending Balance 12/31/2017
Subtotals carried forward	\$20,724,604	\$30,429,162	\$30,784,222	\$20,369,544
Payroll-Optical W/H	(1,410)	13,649	13,691	(1,452)
Payroll-Aflac Reg&125 Ins	1,284	11,053	10,132	2,205
Corp & Utilities Payroll Ta	106			106
Payroll-Emp.Cell Phone	831	7,024	6,784	1,071
Utilities Payroll	18,035	1,190,988	1,171,655	37,368
Boone Co Clerk Garnishment	385	350	350	385
IRS Garnishment	106			106
United Way Deduction	170			170
Payroll - Princ.Term Life	4,968	29,620	29,706	4,882
American Fidelity Ins	0	36,660	32,132	4,528
American Fidelity FSA	0	7,809	6,876	932
2016 LOIT Special Distribution 25%	557,450		97,000	460,450
Electric Time Deposit	1,788,045	24,664,650	24,536,474	1,916,221
Utilities-Electric Operat	2,016,442	26,920,208	27,293,117	1,643,533
Electric Utl Debt Service 2013	644,512	234,363		878,875
Utilities-Energy Program	12,927	27		12,954
Electric Utl Bond & Int 2013	1,149	878,280	877,825	1,604
Utilities-Electric Constr	3,917,571	60,557	511,289	3,466,839
Electric Utl Revenue 2013	0	24,370,382	24,370,382	0
Utilities-Elec Customer Dep	33,374	33,233	26,662	39,945
Utilities-Electric Ren&Re	1,206,203	552,462	56,234	1,702,431
Telecom Ren & Replc	93,879	39,069	623	132,325
Telecomm Operating Fund	133,875	768,851	744,001	158,725
Telecomm Time Depos	41,916	750,020	744,115	47,821
Stormwater Time Deposit	79,656	1,123,619	1,121,660	81,615
Storm Wtr Bond & Interest	302,000	535,995	568,815	269,180
Storm Water Phase II	21,629			21,629
Stm Wtr Inspection	(5,280)	112,730	107,077	373
Storm Water Operating	2,443,867	1,134,598	1,563,787	2,014,678
Sanitation Time Deposit	45,348	523,637	526,567	42,418
Sanitation Dept	666,122	825,978	677,104	814,996
Wastewater Time Deposit	199,338	4,814,545	4,864,365	149,518
Utilities-Sewage Operatin	1,258,332	4,967,478	4,589,997	1,635,813
Utilities-Sewage B&I 2014	2,007	204,102	203,490	2,619
Wastewater Cash Const Ban - 2017	0	2,826,198	432,060	2,394,138
Wastewater Customer Deposit Fund	4,436	4,821	3,725	5,532
Wastewater B&I Fund 2013	2,333	459,824	458,905	3,252
Utilities-Sewage Improvme	320,269	677,571	41,194	956,646
Sewer Revenue 2013	0	4,424,692	4,424,692	0
Sewage Availability	0	621,928	621,928	0
Sewer Debt Service 2013	688,501			688,501
Water Time Deposit	22,156	3,110,270	3,060,327	72,099
Utilities-Water Operating	1,064,342	3,115,000	3,641,505	537,837
Utilities-Water Deprec Re	2,287,171	1,815,154	1,596,108	2,506,217
Utilities-Water Meter Dep	5,264	8,342	5,348	8,258
Water Availability	1,715,355	695,638	1,103,801	1,307,192
Water Construction Retainage 2017	0	57,253		57,253
Totals	<u>\$42,319,267</u>	<u>\$143,057,789</u>	<u>\$140,925,722</u>	<u>\$44,451,334</u>

The City certifies to the best of its knowledge and belief that this Official Statement, as of its date and as it relates to the City and its economic and financial condition, (i) is complete and accurate; (ii) does not contain any untrue statement of a material fact; and (iii) does not omit any material facts or information which would make the statements contained herein misleading.

This Official Statement and its execution are duly authorized.

CITY OF LEBANON, INDIANA

By:   
\_\_\_\_\_  
Mayor

Attest:   
\_\_\_\_\_  
Clerk-Treasurer



## APPENDIX B



# UMBAUGH

H. J. Umbaugh & Associates  
Certified Public Accountants, LLP  
8365 Keystone Crossing  
Suite 300  
Indianapolis, IN 46240-2687  
Phone: 317-465-1500  
Fax: 317-465-1550  
www.umbaugh.com

October 17, 2018


City of Lebanon, Indiana  
City of Lebanon Redevelopment Commission  
City Hall  
401 South Meridian Street  
Lebanon, Indiana 46052

In connection with the issuance of \$3,260,000 principal amount of the Economic Development Lease Rental Bonds, Series 2018 (Gateway Marketplace Project), we have prepared this special purpose report including the following schedules for inclusion in the Final Official Statement dated October 17, 2018.

Page(s)

B-2 - B-11	General Comments
B-12	Project Costs and Funding
B-13	Amortization of \$3,260,000 Principal Amount of Economic Development Lease Rental Bonds, Series 2018
B-14	Lease Rental Schedule
B-15	Comparison of Estimated Tax Increment and Lease Rentals
B-16	Comparison of Estimated Food and Beverage Revenues and Lease Rentals
B-17	Estimated Annual Tax Increment from the Proposed Development
B-18	Historical Food and Beverage Collections

In the preparation of these schedules, assumptions were made as noted regarding certain future events. As is the case with such assumptions regarding future events and transactions, some or all may not occur as expected and the resulting differences could be material. We have not examined the underlying assumptions nor have we audited or reviewed the historical data. Consequently, we express no opinion or provide any other form of assurance thereon, nor do we have a responsibility to prepare subsequent reports.



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CITY OF LEBANON, INDIANA

GENERAL COMMENTS

The City of Lebanon, Indiana (the “City”) is issuing \$3,260,000 of its Economic Development Lease Rental Bonds, Series 2018 (Gateway Marketplace Project) (the “Bonds”) pursuant to Bond Ordinance No. 2018-14, adopted by the Common Council of the City on August 27, 2018 and a Trust Indenture between the City and U.S. Bank National Association, Indianapolis, Indiana (the “Trustee”) dated as of October 1, 2018 (the “Trust Indenture”). The City has agreed to issue the Bonds and provide a portion of the proceeds to Lebanon Gateway Properties, LLC (the “Developer”) for the acquisition, construction, and installation of certain economic development facilities, consisting of certain infrastructure improvements, together with all necessary appurtenances and related improvements (collectively, the “Project”) to support a mixed-use development (the “Facilities”) to be located at the southeast quadrant of I-65 and State Road 32 (the “Development Site”). The Bonds will also fund a debt service reserve, capitalized interest, and pay costs of issuance. The Project will be located in or physically connected to the Lebanon Consolidated Economic Development Area (the “Consolidated Area”). The Lebanon Public Building Corporation (the “Building Corporation”) will acquire a portion of the Development Site and the Project constructed thereon for lease to the Lebanon Redevelopment Commission (the “Redevelopment Commission”).

The Bonds are special, limited obligations of the City, payable solely from the Trust Estate (as defined in the Trust Indenture) consisting primarily of (i) fixed, semiannual lease rental payments (the “Lease Rental(s)”) payable by the Redevelopment Commission under a Lease Agreement dated as of August 29, 2018 (the “Lease”) between the Redevelopment Commission and the Building Corporation, which Lease Rentals will be pledged and assigned by the Building Corporation to the City pursuant to a Lease Rental Assignment Agreement dated as of October 1, 2018, and (ii) the funds and accounts held under the Trust Indenture, including a debt service reserve fund.

The Lease Rentals are payable from a pledge of Tax Increment (herein defined) collected in the Gateway Marketplace Allocation Area (the “Allocation Area”), and to the extent that the Tax Increment is insufficient, the City has pledged its Food and Beverage Tax Revenues (herein defined) to the Redevelopment Commission pursuant to IC 36-7-14-25.5 to pay the Lease Rentals, and to the extent that the Tax Increment and the Food and Beverage Tax Revenues are insufficient, a special ad valorem property tax (the “Special Benefits Tax”) will be levied by the Redevelopment Commission on all taxable property in the Lebanon (Indiana) Redevelopment District (the “District”) pursuant to IC 36-7-14-27 in an amount sufficient to pay the Lease Rental as it becomes due and payable. The Tax Increment, the Food and Beverage Tax Revenues, and the Special Benefits Tax are collectively referred to as the “Pledged Revenues”. The District is coterminous with the City. Additional security will be provided through the funding of a debt service reserve.

The Bonds, and the interest payable thereon, do not and shall not represent or constitute a debt of the City, the State or any political subdivision or taxing authority thereof within the meaning of the provisions of the constitution or statutes of the State or a pledge of the faith and credit of the City, the State or any political subdivision or taxing authority thereof. The Bonds, as to both principal and interest, are not a general obligation or liability of the City, the State or of any political subdivision or taxing authority thereof, but are a special, limited obligation of the City and are payable solely and only from the Trust Estate established under the Trust Indenture, consisting of funds and accounts held under the Trust Indenture (including a debt service reserve fund), and the Lease Rentals payable from tax increment. Neither the faith and credit nor the taxing power of the City, the State or any political subdivision or taxing authority thereof is pledged to the payment of the principal of or the interest on the Bonds.

(Continued on the next page)

GENERAL COMMENTS

The Redevelopment Commission agrees to pay fixed Lease Rentals for the Leased Premises (herein defined) during the term of the Lease, payable in equal semiannual installments. The Lease Rentals to be paid by the Redevelopment Commission are required to be in amounts sufficient to pay principal of and interest on the Bonds. The term of the Lease is twenty-five (25) years. Lease Rentals are payable semiannually on February 1 and August 1 of each year. The Lease Rentals for the Project will begin on the day the Project is completed and ready for occupancy or February 1, 2021, whichever is later. Interest can only be capitalized until one year after construction is completed. Interest will be fully capitalized through and including August 15, 2020, and partially capitalized through and including February 15, 2021.

The Lease Rentals are subject to certain conditions regarding commencement and abatements. See “Risks to Bondholders” herein.

Tax Increment

Tax Increment consists of the tax proceeds attributable to all non-residential real property and (if designated) certain designated depreciable personal property assessed value within an allocation area, as of the assessment date, in excess of the base assessed value as defined in IC 36-7-14-39(a). The base assessed value means the net assessed value of all the property in an allocation area as finally determined for the assessment date immediately preceding the effective date of a declaratory resolution adopted pursuant to IC 36-7-14-39 establishing an allocation area. The Department of Local Government Finance (“DLGF”) is required to adjust the base net assessed value after a general reassessment of property and after each annual trending of property values for the purpose of neutralizing the effects on Tax Increment.

The incremental assessed values are determined by subtracting the base net assessed values from the current net assessed values as of the assessment dates. The incremental assessed values are then multiplied by the current property tax rate, exclusive of any rate established by referendum, to determine the tax increment (the “Tax Increment”). After property taxes are paid to the county treasurer on or before each May 10 and November 10, such taxes are paid over to the county auditor who, based on previous year’s certification, pays the portion of property tax receipts which represents Tax Increment into an allocation fund on or before June 30 or December 31.

IC 6-1.1-21.2 allows several methods of replacing lost Tax Increment caused by legislative or administrative changes (to the extent it causes Tax Increment to be inadequate to pay debt service and contractual obligations), including a property tax levy imposed on the District (the “TIF Replacement Levy”). It is not currently anticipated that such a shortfall will occur, and, therefore, no TIF Replacement Levy was assumed in the Tax Increment estimates provided in this Report.

For additional information on Tax Increment as it relates to the Bonds, please refer to the “Procedures for Property Assessment, Tax Levy and Collection” and “Circuit Breaker Tax Credit” in the Final Official Statement dated October 17, 2018.

(Continued on the next page)

GENERAL COMMENTSFood and Beverage Tax

The City of Lebanon Food and Beverage Tax (the “Food and Beverage Tax Revenues”) has been imposed on all transactions in the City in which food or beverages are furnished, prepared, or served for consumption at a location or on equipment provided by a retail merchant and has been collected by retail merchants that serve food and beverages in the City since its effective date of November 1, 2005. Each retail merchant is required to make payments to the Indiana Department of Revenue on the last day of each month in the full amount of the Food and Beverage Tax Revenues received in the previous month. The Department of Revenue credits the amounts received to the City of Lebanon Food and Beverage Tax Receipts Fund held by the State (the “Tax Fund”) and transfers the amounts received each week to the Tax Fund. The State Treasurer then disburses a check on the last business day of each month in an amount equal to the entire amount received during that month. All of the proceeds of these checks are deposited in the Tax Fund held by the Clerk-Treasurer and used as provided in IC 6-9-35.

Circuit Breaker

Article 10, Section 1 of the Constitution of the State of Indiana (the “Constitutional Provision”) provides that, for property taxes first due and payable in 2012 and thereafter, the Indiana General Assembly shall, by law, limit a taxpayer's property tax liability to a specified percentage of the gross assessed value of the taxpayer's real and personal property. IC 6-1.1-20.6 (the “Statute”) authorizes such limits in the form of a tax credit for all property taxes in an amount that exceeds the gross assessed value of real and personal property eligible for the credit (the “Circuit Breaker Tax Credit”). For property assessed as a homestead (as defined in IC 6-1.1-12-37), the Circuit Breaker Tax Credit is equal to the amount by which the property taxes attributable to the homestead exceed 1% of the gross assessed value of the homestead. Property taxes attributable to the gross assessed value of other residential property, agricultural property, and long-term care facilities are limited to 2% of the gross assessed value, property taxes attributable to other non-residential real property and personal property are limited to 3% of the gross assessed value. The Statute provides additional property tax limits for property taxes paid by certain senior citizens.

If applicable, the Circuit Breaker Tax Credit will result in a reduction of property tax collections for each political subdivision in which the Circuit Breaker Tax Credit is applied. Political subdivisions may not increase their property tax levy or borrow money to make up for any property tax revenue shortfall due to the application of the Circuit Breaker Tax Credit.

The Constitutional Provision excludes from the application of the Circuit Breaker Tax Credit property taxes first due and payable in 2012, and thereafter, that are imposed after being approved by the voters in a referendum. The Statute codifies this exception, providing that, with respect to property taxes first due and payable in 2012 and thereafter, property taxes imposed after being approved by the voters in a referendum will not be considered for purposes of calculating the limits to property tax liability under the provisions of the Statute. In accordance with the Constitutional Provision, the General Assembly has, in the Statute, designated Lake County and St. Joseph County as “eligible counties” and has provided that property taxes imposed in these eligible counties to pay debt service and make lease rental payments for bonds or leases issued or entered into before July 1, 2008 or on bonds issued or leases entered into after June 30, 2008 to refund those bonds or leases, will not be considered for purposes of calculating the limits to property tax liability under the provisions of the Statute, through and including December 31, 2019.

The Statute requires political subdivisions to fully fund the payment of outstanding debt service or lease rental obligations payable from property taxes (“Debt Service Obligations”), regardless of any reduction

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GENERAL COMMENTSCircuit Breaker (Cont'd)

in property tax collections due to the application of the Circuit Breaker Tax Credit. Upon: (i) the failure of a political subdivision to pay any of its Debt Service Obligations; and (ii) notification of that event to the treasurer of the State by a claimant; the treasurer of State is required to pay the unpaid Debt Service Obligations from money in the possession of the State that would otherwise be available to the political subdivision under any other law. A deduction must be made: (i) first, from local income tax distributions that would otherwise be distributed to the county; and (ii) second, from any other undistributed funds of the political subdivision in possession of the State.

The Statute categorizes property taxes levied to pay Debt Service Obligations as “protected taxes,” regardless of whether the property taxes were approved at a referendum, and all other property taxes as “unprotected taxes.” The total amount of revenue to be distributed to the fund for which the protected taxes were imposed shall be determined without applying the Circuit Breaker Tax Credit. The application of the Circuit Breaker Tax Credit must reduce only the amount of unprotected taxes distributed to a fund. The City may allocate the reduction by using a combination of unprotected taxes of the City in those taxing districts in which the Circuit Breaker Tax Credit caused a reduction in protected taxes. The tax revenue and each fund of any other political subdivisions must not be affected by the reduction.

If the allocation of property tax reductions to funds receiving only unprotected taxes is insufficient to offset the amount of the Circuit Breaker Tax Credit, the revenue for a fund receiving protected taxes will also be reduced. If a fund receiving protected taxes is reduced, the Statute provides that a political subdivision may transfer money from any other available source in order to meet its Debt Service Obligations. The amount of this transfer is limited to the amount by which the protected taxes are insufficient to meet Debt Service Obligations.

The City cannot predict the timing, likelihood or impact on property tax collections of any future actions taken, amendments to the Constitution of the State of Indiana or legislation enacted, regulations or rulings promulgated or issued to implement any such regulations, statutes or the Constitutional Provision described above or of future property tax reform in general. There has been no judicial interpretation of this legislation. In addition, there can be no assurance as to future events or legislation that may affect the Circuit Breaker Tax Credit or the collection of property taxes by the City.

For example, in March, 2016, the Indiana General Assembly passed legislation which revises the factors used to calculate the assessed value of agricultural land. This legislation is retroactive to the January 1, 2016, assessment date and applies to each assessment date thereafter. The revised factors enacted in the legislation may reduce the total assessed value of agricultural land, which could shift property tax liability from agricultural property owners to other property owners. In addition, the reduction in the assessed value of agricultural land may result in a reduction of the total assessed value of a City. A lower assessed value of a City may result in higher tax rates in order for a City to receive its approved property tax levy.

According to the DLGF, the Circuit Breaker Tax Credit allocable to the City for budget years 2015, 2016, and 2017 were \$48,977, \$16,061, and \$17,633 respectively. In budget year 2018, the Circuit Breaker Tax Credit was \$9,966. These estimates do not include the debt service on the Bonds and the lease rentals on the Lease securing the Bonds.

The Tax Increment is not estimated to be reduced by the Circuit Breaker Tax Credit as shown herein. There can be no assurance that the levies and tax rates of the City and overlapping taxing units will not

(Continued on the next page)



GENERAL COMMENTSCircuit Breaker (Cont'd)

increase in some future year causing the Circuit Breaker Tax Credit to be applied to property taxpayers' tax bills.

The Circuit Breaker Tax Credit amounts above do not reflect the potential effect of any further changes in the property tax system or methods of funding local government that may be enacted by the Indiana General Assembly in the future. The effects of these changes could affect the Circuit Breaker Tax Credit and the impact could be material. Other future events, such as the loss of a major taxpayer, reductions in assessed value, increases in property tax rates of overlapping taxing units or the reduction in local option income taxes applied to property tax relief could increase effective property tax rates and the amount of the lost revenue due to the Circuit Breaker Tax Credit, and the resulting increase could be material.

Economic Development Area and Allocation Area

The Redevelopment Commission adopted a declaratory resolution on July 11, 1994 (the "Declaratory Resolution") to establish the Lebanon Industrial Park Development Area (as amended and expanded, the "Industrial Park Area") as an economic development area under IC 36-7-14 and IC 36-7-25 and to establish the Lebanon Industrial Park Allocation Area (as amended and expanded, the "Industrial Park Allocation Area") for the purposes of capturing all incremental real and designated depreciable personal property tax revenues (Tax Increment) in the Industrial Park Allocation Area.

On October 9, 2017, the Redevelopment Commission adopted an amending declaratory resolution to consolidate all of the Redevelopment Commission's Economic Development Areas into a single consolidated economic development area known as the Lebanon Consolidated Economic Development Area (the "Consolidated Area").

On May 14, 2018, the Redevelopment Commission amended the Declaratory Resolution (the "2018 Amending Resolution") to remove parcels (the "Parcels") from the Industrial Park Allocation Area and designate the Parcels as the Gateway Marketplace Allocation Area (the "Allocation Area"). The Project will facilitate a 20-acre mixed-use development located at the southeast quadrant of Interstate 65 and State Road 32 that is anticipated to include a medical office building, a hotel, restaurants, and other uses (collectively, the "Development"). The base assessment date of the Allocation Area is January 1, 2018. The Allocation Area will expire February 15, 2043, at the maturity of the Bonds.

Risks to Bondholders

The Redevelopment Commission expects to make the lease rental payments from the Tax Increment and the Food and Beverage Tax. There are certain risks associated with Tax Increment and the Food and Beverage Tax; however, to the extent that the Tax Increment and Food and Beverage Revenues are insufficient, the Redevelopment Commission is required to levy the Special Benefits Tax. A firm estimate of the Tax Increment and the Food and Beverage Revenues should be available by the time of the decision to levy the Special Benefits Tax for the next lease rental payment. If the Tax Increment and the Food and Beverage Revenues are insufficient, the Redevelopment Commission may not be able to impose an additional Special Benefits Tax levy until the following budget year which may cause a timing delay as receipt of the Special Benefits Tax may occur after the lease rental payment is due. The Debt Service Reserve Fund established pursuant to the Trust Indenture helps to mitigate this timing risk, but does not

(Continued on the next page)

GENERAL COMMENTSRisks to Bondholders (Cont'd)

eliminate it. Should this shortfall occur, the Redevelopment Commission is permitted to use other legally available funds to make the lease rental payments.

- (1) Risks Associated with Lease Rental Payments: Prospective investors in the Bonds should be aware that there are risk factors associated with the Bonds.

The principal of and interest on the Bonds are payable only from Lease Rentals received by the Trustee on behalf of the Building Corporation from the Redevelopment Commission pursuant to the Lease and the Lease Rental Assignment Agreement. The City has no source of funds from which to pay debt service on the Bonds except monies collected from Lease Rentals and funds held under the Trust Indenture. The Trustee will have funds from capitalized interest and earnings thereon, to fully pay interest due through and including August 15, 2020 and to partially pay interest due through and including February 15, 2021.

- a. According to the Lease, the Lease Rentals will commence on the later of the date of completion of the Project or February 1, 2021. Bond proceeds will be held by the Trustee in the Capitalized Interest Account to fully pay interest due through and including August 15, 2020 and to partially pay interest due through and including February 15, 2021. In the event the Project is not completed by February 1, 2021, the Redevelopment Commission may not be able to pay the full amount of the Lease Rentals. The City expects Project construction to be completed by October 2019.
- b. The Redevelopment Commission is legally permitted to pay Lease Rentals only for portions of the Leased Premises are complete and ready for use and occupancy. If, for any reason, the Leased Premises are damaged or destroyed and unavailable for use, the Redevelopment Commission would no longer be able to pay Lease Rentals. However, the Redevelopment Commission is required by the Lease to maintain rental value insurance in an amount equal to full rental value for a period up to two (2) years. In addition, the proceeds of any property and/or casualty insurance claim for the Project would be used to retire obligations issued to finance the Project. Furthermore, the Lease allows for the substitution of the Leased Premises, which should enable the Lease Rentals to continue.
- (2) Risks Associated with the Special Benefits Tax: There are risk factors associated with the Special Benefits Tax.

- a. Tax Collection. In the event of delayed billing, collection or distribution by the County Auditor of ad valorem property taxes, including the Special Benefits Tax levied on the District, sufficient funds may not be available to the Redevelopment Commission in time to pay the Lease Rentals when due. This risk is inherent in all property tax-supported obligations.

The Debt Service Reserve Fund established pursuant to the Trust Indenture helps to mitigate this timing risk, but does not eliminate it completely.

- b. Circuit Breaker Tax Credit. If applicable, the Circuit Breaker Tax Credit results in a reduction of property tax collections for each political subdivision in which the Circuit Breaker Tax Credit is applied. A political subdivision may not increase its property tax levy or borrow money to make up for any property tax revenue shortfall due to the application of the Circuit Breaker Tax Credit.

(Continued on the next page)

GENERAL COMMENTSRisks to Bondholders (Cont'd)

IC 6-1.1-20.6-10 requires political subdivisions to fully fund any levies for the payment of outstanding debt service or lease rental obligations regardless of any reduction in property tax collections due to the application of the Circuit Breaker Tax Credit. IC 6-1.1-20.6-9.8 further provides that property taxes imposed by a political subdivision to pay for debt service obligations of a political subdivision (including lease rental payments on leases) are “protected taxes.” If property tax collections are insufficient to fully fund debt service or lease rental levies due to the Circuit Breaker Tax Credit, political subdivisions must use non-property tax revenues or revenues from property tax levies for other funds (including operating) to offset revenue loss to the debt service fund.

This application of property tax revenues may impact the ability of political subdivisions to provide existing levels of service and, in extreme cases, the ability to make debt service or lease rental payments on bonds secured by intercepted funds. There has been no judicial interpretation of this legislation. In addition, there can be no assurance as to future events or legislation that may affect the Circuit Breaker Tax Credit or the collection of property taxes.

- c. *Reassessment and Trending.* All Indiana counties are required to reassess 25% of all parcels of real property annually or in accordance with its reassessment plan. All real property must be reassessed under the plan once every four years. Trending is scheduled to occur on an annual basis. Delays in the reassessment and trending process or appeals of reassessments could adversely affect the collection of property taxes.
- (3) *Risks Associated with Tax Increment:* The Redevelopment Commission expects to make the Lease Rental payments from the Tax Increment. There are certain risks associated with Tax Increment as outlined below:
- a. *General Risks Related to Tax Increment Collection include:* (i) destruction of property in the Allocation Area caused by natural disaster; (ii) delinquent taxes or adjustments of or appeals on assessments by property owners in the Allocation Area; (iii) a decrease in the assessed value of properties in the Allocation Area due to increases in depreciation, obsolescence, legislative changes affecting the assessment, or other factors by the assessor; (iv) acquisition of property in the Allocation Area by a tax-exempt entity; (v) removal or demolition of real property improvements by property owners in the Allocation Area; (vi) delayed billing, collection, or distribution of Tax Increment by the county auditor; (vii) a decrease in property tax rates; (viii) the General Assembly, the courts, the DLGF or other administrative agencies with jurisdiction in the matter could enact new laws or regulations or interpret, amend, alter, change or modify the laws or regulations governing the calculation, collection, definition or distribution of Tax Increment including laws or regulations relating to reassessment, or a revision in the property tax system; or (ix) a change in any of the civil unit’s funding mechanisms (i.e., no longer funding it with property taxes) could adversely affect the Tax Increment. Any such changes could cause the Tax Increment to fall below the levels set forth in the estimates shown in this Report.
  - b. *Reduction of Tax Rates or Tax Collection Rates.* The Tax Increment estimates assume that the property tax rates will remain at approximately the same level throughout the term of the Bonds. Any substantial increase in State funding, federal aid or other sources of local revenues which would reduce local required fiscal support for certain public programs or any substantial increase in assessments outside the Allocation Area could reduce the rates of taxation by the taxing

(Continued on the next page)

GENERAL COMMENTSRisks to Bondholders (Cont'd)

- bodies levying taxes upon property with the Allocation Area and have an adverse effect on the amount of Tax Increment received by the Redevelopment Commission. Economic conditions or administrative action could reduce the collection rate achieved by the City within its jurisdiction, including the Allocation Area.
- c. *Effects of Property Tax Relief Local Income Tax (LIT)*. Eligible uses for LIT taxes include credits against property taxes, and this use provides for a reduction in effective tax rates for property taxpayers resulting in a reduction in the amount of Tax Increment received by the Redevelopment Commission. If there is an adjustment in the property tax relief LIT, then the change could have an impact on the amount of Tax Increment generated in the Allocation Area.
  - d. *Circuit Breaker Tax Credit*. The Circuit Breaker Tax Credit provides different levels of tax caps for various classes of property taxpayers. (See “Circuit Breaker Tax Credit” herein.) The Tax Increment is not estimated to be reduced by the Circuit Breaker Tax Credit as shown in this Report. There can be no assurance that the levies and tax rates of the City and overlapping taxing units will not increase in some future year to the point of causing the Circuit Breaker Tax Credit to be applied to property taxpayers’ tax bills.
  - e. *Reassessment and trending*. Property values change periodically due to reassessment and training. The DLGF is required by law to annually neutralize the effect of a reassessment on property within tax increment allocation areas, including the Allocation Area. Delays in the reassessment and trending process, the inability to neutralize the effect of reassessment, or appeals of reassessments could adversely affect the Tax Increment.
  - f. *Future Developments*. Estimates of the Tax Increment assume that certain levels of development will occur at certain times. If this development does not occur, is delayed, is changed in size and scope, or if the actual assessed values are less than estimated, the Tax Increment collected may be less than projected.
  - g. *Delayed Tax Distribution*. In the event of delayed billing, collection or distribution by the County Auditor of ad valorem property taxes levied in the District, sufficient funds may not be available to the City in time to pay the Lease Rentals when due. This risk is inherent in all property tax-supported obligations.
- (4) *Environmental Risks*: A Phase I Environmental Site Assessment (“Phase I”) and Phase II Limited Site Investigation of the Development Site (“Phase II” and together with the Phase I, the “Environmental Assessment”), dated April 13, 2018, was prepared by Patriot Engineering and Environmental, Inc. The Environmental Assessment revealed chlorinated volatile organic compound (“VOC”) impacted groundwater on the northern portion of the Development Site, specifically, the western and central portion of 1515 W. South Street, Lebanon, Indiana (the “1515 Parcel”) and the east-central portion of the 1525 W. South Street, Lebanon, Indiana (the “1525 Parcel”). In addition, the Environmental Assessment revealed that a vapor encroachment condition associated with the VOC-impacted groundwater existed requiring evaluation of potential for indoor vapor intrusion prior to the construction of any buildings. The Environmental Assessment also revealed that it was likely an environmental restrictive covenant (“ERC”) will be recorded on the property limiting the Development Site use to non- residential and other not yet determined restrictions, none of which

(Continued on the next page)

GENERAL COMMENTSRisks to Bondholders (Cont'd)

should be materially adverse to the Development Site. Additional investigation and monitoring of the Development Site will be required by the Indiana Department of Environmental Management ("IDEM") and if the contaminated groundwater is not migrating off of the Development Site, IDEM will recommend closure utilizing an ERC. The seller of the Development Site to the Developer and its insurers have assumed liability for the environmental contamination at the Development Site prior to its transfer to the Developer.

- (5) Risks Associated with Food and Beverage Tax Revenues: The ability of the City to support lease rental payments on the Bonds from the Food and Beverage Tax Revenues is dependent upon the level of collections of the Food and Beverage Tax Revenues. This level is subject to variation from time to time and there are a number of economic or demographic changes that could occur which would reduce the overall level of Food and Beverage Tax Revenues during the period the Bonds are outstanding. Such factors could, but are not limited to, include a decline in retail sales of food and beverages upon which the Food and Beverage Tax Revenues are collected, the closing of major retail merchants responsible for collecting the Food and Beverage Tax Revenues, and a general decline in the economy resulting in a decline in tourism and discretionary spending at retail merchants subject to the Food and Beverage Tax Revenues. The Indiana General Assembly has covenanted not to repeal IC 6-9-25 or to amend it in any manner that would adversely affect the imposition or collection of the Food and Beverage Tax Revenues so long as any Bonds are unpaid.

The actual amounts of the monthly distribution of Food and Beverage Tax Revenues to the City will vary due to the nature of the collection and payment stream.

- (6) Adverse Legislative Action: It is possible that legislation enacted after the date of the Bonds or proposed for consideration will have an adverse effect on payment or timing of payment or other matters impacting the Bonds.

The availability of a Debt Service Reserve Fund should help alleviate the timing risk caused by incorrect estimates of the Tax Increment and Food and Beverage Revenues at budget time compared to deficiencies in actual Tax Increment and Food and Beverage Tax collections in the subsequent year. The Debt Service Reserve Fund should serve to ensure the timely payment of principal and interest on the Bonds during such time before the Special Benefits Tax can be levied and collected.

Project Costs and Funding - Page B-12

This schedule presents project costs and funding. The proceeds of the sale of the Bonds will be applied to the Project, capitalized interest, to fund a debt service reserve, and to pay bond issuance expenses.

Amortization of \$3,260,000 Principal Amount of Economic Development Lease Rental Bonds, Series 2018 - Page B-13

The amortization of the \$3,260,000 of Economic Development Lease Rental Bonds, Series 2018 is presented in this schedule. The Bonds are dated as of the date of issuance, October 31, 2018, and will mature over a period of approximately 24 years and 4 months, with the final bonds due February 15, 2043. The amortization schedule of the Bonds is based on interest rates determined through a competitive sale to Bernardi Securities, Inc.

(Continued on the next page)

GENERAL COMMENTSLease Rental Schedule - Page B-14

This schedule shows the annual and semiannual lease rental payments for the Bonds. The Lease provides for maximum Lease Rental payments of \$300,000 annually for the Bonds, payable in equal semiannual installments due on February 1 and August 1 of each year beginning on the date of completion or February 1, 2021. The term of the Lease is not to exceed 25 years. The Lease Rental amounts were reduced to the annual principal and interest payment due in each twelve month period ending February 15 rounded upward to the next \$1,000 plus \$5,000 for payment of fiscal agency charges, payable in equal semiannual installments. The Lease Rental schedule is based on the amortization schedule on B-13.

Comparison of Estimated Tax Increment and Lease Rentals - Page B-15

This schedule compares the estimated annual Tax Increment generated from the proposed Development in the Allocation Area with the annual Lease Rental payments due on the Bonds. The estimated Tax Increment is anticipated to provide annual coverage the Bonds ranging from 0% to 111%. The City will use Food and Beverage Revenues to make the Lease Rental payments to the extent that the Tax Increment revenues are insufficient to meet debt service obligations.

Comparison of Estimated Food and Beverage Revenues and Lease Rentals - Page B-16

This schedule compares the estimated annual Food and Beverage Revenues with the annual Lease Rental payments due on the Bonds. The estimated Food and Beverage Revenues are anticipated to provide annual coverage the Bonds ranging from 177% to 900%. The City will use Food and Beverage Revenues to make the Lease Rental payments to the extent that the Tax Increment revenues are insufficient to meet debt service obligations.

Estimated Annual Tax Increment from the Proposed Development - Page B-17

This schedule shows the estimated annual real property Tax Increment from the proposed Development, which is scheduled to be completed in three phases. The first phase, consisting of Fast Food Restaurants and Small "B" Shops, is estimated to be completed and fully assessed by January 1, 2020 for taxes payable in 2021. The estimated incremental assessed value of \$2,720,790 is multiplied by the pay 2018 tax rate (per \$100) of the Lebanon City taxing district, reduced by the Lebanon Community School Corporation referendum tax rate, to calculate an estimate net Tax Increment of \$49,470.

The second phase, consisting of two Sit Down Restaurants is estimated to be completed and fully assessed by January 1, 2021 for taxes payable in 2022. The total estimated incremental assessed value of \$4,540,790 is multiplied by the pay 2018 tax rate (per \$100) of the Lebanon City taxing district, reduced by the Lebanon Community School Corporation referendum tax rate, to calculate an estimate net Tax Increment of \$82,570.

The last phase, consisting of a Hotel and a Medical Office Building, is estimated to be completed and fully assessed by January 1, 2022 for taxes payable in 2023. The total estimated incremental assessed value of \$15,090,790 is multiplied by the pay 2018 tax rate (per \$100) of the Lebanon City taxing district, reduced by the Lebanon Community School Corporation referendum tax rate, to calculate an estimate net Tax Increment of \$274,400.

Historical Food and Beverage Collections - Page B-18

This schedule shows the Historical Food and Beverage Tax collections from 2013 to 2017.

CITY OF LEBANON, INDIANA

*Gateway Marketplace Project*

**PROJECT COSTS AND FUNDING**

Project Costs:

Net proceeds available for project (1)	\$2,500,000.00
Capitalized interest through February 15, 2021 (2)	252,536.88
Underwriter's discount	44,825.00
Debt service reserve (3)	238,955.00
Bond issuance costs and contingencies	<u>273,944.67</u>
Total Project Costs	<u><u>\$3,310,261.55</u></u>

Project Funding:

Economic Development Lease Rental Bonds, Series 2018 (4)	\$3,260,000.00
Reoffering Premium	<u>50,261.55</u>
Total Project Funding	<u><u>\$3,310,261.55</u></u>

- (1) Represents Bond proceeds, net of issuance costs, that will be available for capital expenditures related to the project.
- (2) Interest will be fully capitalized through and including August 15, 2020 and partially capitalized through and including February 15, 2021.
- (3) The debt service reserve will be funded from Bond proceeds.
- (4) The Bonds are payable from Tax Increment generated in the Gateway Marketplace Allocation Area with a back-up pledge of the City's Food and Beverage Tax Revenues, and a special benefits tax back-up.

(Subject to comments in the attached Report dated October 17, 2018 of Umbaugh.)

**CITY OF LEBANON, INDIANA**

*Gateway Marketplace Project*

**AMORTIZATION OF \$3,260,000 PRINCIPAL AMOUNT OF  
ECONOMIC DEVELOPMENT LEASE RENTAL BONDS, SERIES 2018**

**Bonds dated October 31, 2018**

<u>Payment Date</u>	<u>Principal Outstanding</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Capitalized Interest</u>	<u>Net Debt Service</u>	<u>Fiscal Year Debt Service</u>
02/15/19	\$3,260,000			\$37,611.88	\$37,611.88	(\$37,611.88)	\$0.00	\$0.00
08/15/19	3,260,000			64,477.50	64,477.50	(64,477.50)	0.00	
02/15/20	3,260,000			64,477.50	64,477.50	(64,477.50)	0.00	0.00
08/15/20	3,260,000			64,477.50	64,477.50	(64,477.50)	0.00	
02/15/21	3,260,000			64,477.50	64,477.50	(21,492.50)	42,985.00	42,985.00
08/15/21	3,260,000			64,477.50	64,477.50		64,477.50	
02/15/22	3,260,000			64,477.50	64,477.50		64,477.50	128,955.00
08/15/22	3,260,000			64,477.50	64,477.50		64,477.50	
02/15/23	3,260,000			64,477.50	64,477.50		64,477.50	128,955.00
08/15/23	3,260,000	\$55,000	4.00%	64,477.50	119,477.50		119,477.50	
02/15/24	3,205,000	55,000	4.00%	63,377.50	118,377.50		118,377.50	237,855.00
08/15/24	3,150,000	55,000	4.00%	62,277.50	117,277.50		117,277.50	
02/15/25	3,095,000	60,000	4.00%	61,177.50	121,177.50		121,177.50	238,455.00
08/15/25	3,035,000	60,000	4.00%	59,977.50	119,977.50		119,977.50	
02/15/26	2,975,000	60,000	4.00%	58,777.50	118,777.50		118,777.50	238,755.00
08/15/26	2,915,000	60,000	4.00%	57,577.50	117,577.50		117,577.50	
02/15/27	2,855,000	65,000	4.00%	56,377.50	121,377.50		121,377.50	238,955.00
08/15/27	2,790,000	65,000	4.00%	55,077.50	120,077.50		120,077.50	
02/15/28	2,725,000	65,000	4.00%	53,777.50	118,777.50		118,777.50	238,855.00
08/15/28	2,660,000	65,000	4.00%	52,477.50	117,477.50		117,477.50	
02/15/29	2,595,000	70,000	4.00%	51,177.50	121,177.50		121,177.50	238,655.00
08/15/29	2,525,000	70,000	4.00%	49,777.50	119,777.50		119,777.50	
02/15/30	2,455,000	70,000	4.00%	48,377.50	118,377.50		118,377.50	238,155.00
08/15/30	2,385,000	70,000	4.00%	46,977.50	116,977.50		116,977.50	
02/15/31	2,315,000	75,000	4.00%	45,577.50	120,577.50		120,577.50	237,555.00
08/15/31	2,240,000	75,000	4.00%	44,077.50	119,077.50		119,077.50	
02/15/32	2,165,000	75,000 (1)	3.75%	42,577.50	117,577.50		117,577.50	236,655.00
08/15/32	2,090,000	75,000 (1)	3.75%	41,171.25	116,171.25		116,171.25	
02/15/33	2,015,000	80,000 (1)	3.75%	39,765.00	119,765.00		119,765.00	235,936.25
08/15/33	1,935,000	80,000 (1)	3.75%	38,265.00	118,265.00		118,265.00	
02/15/34	1,855,000	80,000 (2)	3.80%	36,765.00	116,765.00		116,765.00	235,030.00
08/15/34	1,775,000	85,000 (2)	3.80%	35,245.00	120,245.00		120,245.00	
02/15/35	1,690,000	85,000 (2)	3.80%	33,630.00	118,630.00		118,630.00	238,875.00
08/15/35	1,605,000	85,000 (2)	3.80%	32,015.00	117,015.00		117,015.00	
02/15/36	1,520,000	90,000 (3)	4.00%	30,400.00	120,400.00		120,400.00	237,415.00
08/15/36	1,430,000	90,000 (3)	4.00%	28,600.00	118,600.00		118,600.00	
02/15/37	1,340,000	90,000 (3)	4.00%	26,800.00	116,800.00		116,800.00	235,400.00
08/15/37	1,250,000	95,000 (3)	4.00%	25,000.00	120,000.00		120,000.00	
02/15/38	1,155,000	95,000 (3)	4.00%	23,100.00	118,100.00		118,100.00	238,100.00
08/15/38	1,060,000	95,000 (3)	4.00%	21,200.00	116,200.00		116,200.00	
02/15/39	965,000	100,000 (4)	4.00%	19,300.00	119,300.00		119,300.00	235,500.00
08/15/39	865,000	100,000 (4)	4.00%	17,300.00	117,300.00		117,300.00	
02/15/40	765,000	105,000 (4)	4.00%	15,300.00	120,300.00		120,300.00	237,600.00
08/15/40	660,000	105,000 (4)	4.00%	13,200.00	118,200.00		118,200.00	
02/15/41	555,000	105,000 (5)	4.00%	11,100.00	116,100.00		116,100.00	234,300.00
08/15/41	450,000	110,000 (5)	4.00%	9,000.00	119,000.00		119,000.00	
02/15/42	340,000	110,000 (5)	4.00%	6,800.00	116,800.00		116,800.00	235,800.00
08/15/42	230,000	115,000 (5)	4.00%	4,600.00	119,600.00		119,600.00	
02/15/43	115,000	115,000 (5)	4.00%	2,300.00	117,300.00		117,300.00	236,900.00
Totals		<u>\$3,260,000</u>		<u>\$2,038,183.13</u>	<u>\$5,298,183.13</u>	<u>(\$252,536.88)</u>	<u>\$5,045,646.25</u>	<u>\$5,045,646.25</u>

(1) \$310,000 of Term Bonds due August 15, 2033.

(2) \$335,000 of Term Bonds due August 15, 2035.

(3) \$555,000 of Term Bonds due August 15, 2038.

(4) \$410,000 of Term Bonds due August 15, 2040.

(5) \$555,000 of Term Bonds due February 15, 2043.

(Subject to comments in the attached Report  
dated October 17, 2018 of Umbaugh.)



**CITY OF LEBANON, INDIANA**

*Gateway Marketplace Project*

**LEASE RENTAL SCHEDULE**

Lease Payment Date	Lease Rental	
	Annual	Semiannual
02/01/21	\$48,000	\$48,000
08/01/21		67,000
02/01/22	134,000	67,000
08/01/22		67,000
02/01/23	134,000	67,000
08/01/23		121,500
02/01/24	243,000	121,500
08/01/24		122,000
02/01/25	244,000	122,000
08/01/25		122,000
02/01/26	244,000	122,000
08/01/26		122,000
02/01/27	244,000	122,000
08/01/27		122,000
02/01/28	244,000	122,000
08/01/28		122,000
02/01/29	244,000	122,000
08/01/29		122,000
02/01/30	244,000	122,000
08/01/30		121,500
02/01/31	243,000	121,500
08/01/31		121,000
02/01/32	242,000	121,000
08/01/32		120,500
02/01/33	241,000	120,500
08/01/33		120,500
02/01/34	241,000	120,500
08/01/34		122,000
02/01/35	244,000	122,000
08/01/35		121,500
02/01/36	243,000	121,500
08/01/36		120,500
02/01/37	241,000	120,500
08/01/37		122,000
02/01/38	244,000	122,000
08/01/38		120,500
02/01/39	241,000	120,500
08/01/39		121,500
02/01/40	243,000	121,500
08/01/40		120,000
02/01/41	240,000	120,000
08/01/41		120,500
02/01/42	241,000	120,500
08/01/42		121,000
02/01/43	242,000	121,000
Totals	<u>\$5,169,000</u>	<u>\$5,169,000</u>

(Subject to comments in the attached Report  
dated October 17, 2018 of Umbaugh.)

**CITY OF LEBANON, INDIANA**

*Gateway Marketplace Project*

**COMPARISON OF ESTIMATED TAX INCREMENT AND  
LEASE RENTALS**

<u>Taxes Payable Year</u>	<u>Estimated Tax Increment</u>	<u>Allowance for TIF Administration Fees</u>	<u>Estimated Net Tax Increment</u>	<u>Lease Rentals</u>	<u>Estimated Tax Increment Remaining</u>	<u>Estimated Tax Increment Coverage</u>
	(1)	(2)		(3)	(4)	
2020	\$0		\$0	(\$48,000)	(\$48,000)	N/A
2021	49,470	(\$7,500)	41,970	(134,000)	(92,030)	31%
2022	82,570	(7,500)	75,070	(134,000)	(58,930)	56%
2023	274,400	(7,500)	266,900	(243,000)	23,900	110%
2024	274,400	(7,500)	266,900	(244,000)	22,900	109%
2025	274,400	(7,500)	266,900	(244,000)	22,900	109%
2026	274,400	(7,500)	266,900	(244,000)	22,900	109%
2027	274,400	(7,500)	266,900	(244,000)	22,900	109%
2028	274,400	(7,500)	266,900	(244,000)	22,900	109%
2029	274,400	(7,500)	266,900	(244,000)	22,900	109%
2030	274,400	(7,500)	266,900	(243,000)	23,900	110%
2031	274,400	(7,500)	266,900	(242,000)	24,900	110%
2032	274,400	(7,500)	266,900	(241,000)	25,900	111%
2033	274,400	(7,500)	266,900	(241,000)	25,900	111%
2034	274,400	(7,500)	266,900	(244,000)	22,900	109%
2035	274,400	(7,500)	266,900	(243,000)	23,900	110%
2036	274,400	(7,500)	266,900	(241,000)	25,900	111%
2037	274,400	(7,500)	266,900	(244,000)	22,900	109%
2038	274,400	(7,500)	266,900	(241,000)	25,900	111%
2039	274,400	(7,500)	266,900	(243,000)	23,900	110%
2040	274,400	(7,500)	266,900	(240,000)	26,900	111%
2041	274,400	(7,500)	266,900	(241,000)	25,900	111%
2042	274,400	(7,500)	266,900	(242,000)	24,900	110%
<b>Totals</b>	<b>\$5,620,040</b>	<b>(\$165,000)</b>	<b>\$5,455,040</b>	<b>(\$5,169,000)</b>	<b>\$286,040</b>	

(1) See page B-17.

(2) Includes annual fees and expenses incurred by the Commission related to monitoring Tax Increment, filing required annual reports, post issuance questions related to the Bonds, and annual fees of the Trustee.

(3) See page B-14.

(4) Assumes the City will use Food and Beverage Revenues to make payments to the extent that the estimated tax increment revenues are insufficient to meet debt service obligations.

(Subject to comments in the attached Report  
dated October 17, 2018 of Umbaugh.)

**CITY OF LEBANON, INDIANA**

*Gateway Marketplace Project*

**COMPARISON OF ESTIMATED FOOD AND BEVERAGE REVENUES AND  
LEASE RENTALS**

Taxes Payable Year	Estimated Food and Beverage Revenues	Lease Rentals	Estimated Food and Beverage Revenues Remaining	Estimated Food and Beverage Coverage
	(1)	(2)		
2020	\$431,770	(\$48,000)	\$383,770	900%
2021	431,770	(134,000)	297,770	322%
2022	431,770	(134,000)	297,770	322%
2023	431,770	(243,000)	188,770	178%
2024	431,770	(244,000)	187,770	177%
2025	431,770	(244,000)	187,770	177%
2026	431,770	(244,000)	187,770	177%
2027	431,770	(244,000)	187,770	177%
2028	431,770	(244,000)	187,770	177%
2029	431,770	(244,000)	187,770	177%
2030	431,770	(243,000)	188,770	178%
2031	431,770	(242,000)	189,770	178%
2032	431,770	(241,000)	190,770	179%
2033	431,770	(241,000)	190,770	179%
2034	431,770	(244,000)	187,770	177%
2035	431,770	(243,000)	188,770	178%
2036	431,770	(241,000)	190,770	179%
2037	431,770	(244,000)	187,770	177%
2038	431,770	(241,000)	190,770	179%
2039	431,770	(243,000)	188,770	178%
2040	431,770	(240,000)	191,770	180%
2041	431,770	(241,000)	190,770	179%
2042	431,770	(242,000)	189,770	178%
Totals	<u>\$9,930,710</u>	<u>(\$5,169,000)</u>	<u>\$4,761,710</u>	

(1) See page B-18.

(2) See page B-14.

(Subject to comments in the attached Report  
dated October 17, 2018 of Umbaugh.)

**CITY OF LEBANON, INDIANA**

*Gateway Marketplace Project*

**ESTIMATED ANNUAL TAX INCREMENT FROM THE PROPOSED DEVELOPMENT**

	January 1 Completion Date	Estimated Sq. Ft./Acre (1)	Estimated Assessed Value Sq. Ft./Acre (2)	Taxes Payable Year		
				2021 (3)	2022 (4)	2023 (5)
Estimated assessed value						
Fast Food Restaurant	2020	4,000	\$150	\$600,000	\$600,000	\$600,000
Small "B" Shops	2020	6,000	110	660,000	660,000	660,000
Sit Down Restaurant	2021	6,500	140		910,000	910,000
Sit Down Restaurant	2021	6,500	140		910,000	910,000
Hotel	2022	50,000	82 (6)			4,100,000
Fast Food Restaurant	2022	3,000	150			450,000
Medical Office Building	2022	40,000	150			6,000,000 (7)
Useable Land (9)				3,480,000	3,480,000	3,480,000 (8)
Retention Pond (10)				4,990	4,990	4,990
<b>Total estimated proposed development net assessed value</b>				<b>4,744,990</b>	<b>6,564,990</b>	<b>17,114,990</b>
Less: Base assessed value (11)				<b>(2,024,200)</b>	<b>(2,024,200)</b>	<b>(2,024,200)</b>
<b>Estimated incremental assessed value</b>				<b>2,720,790</b>	<b>4,540,790</b>	<b>15,090,790</b>
Times: Net tax rate (12)				<b>\$1.8183</b>	<b>\$1.8183</b>	<b>\$1.8183</b>
<b>Estimated Tax Increment</b>				<b>49,470</b>	<b>82,570</b>	<b>274,400</b>
Less: Estimated Circuit Breaker Credit (13)				<b>0</b>	<b>0</b>	<b>0</b>
<b>Estimated net Project Tax Increment</b>				<b>\$49,470</b>	<b>\$82,570</b>	<b>\$274,400</b>

- (1) Per the City representatives. Assumes no real property tax abatement.
- (2) Based upon comparable properties located in Boone County. The actual assessed value will be determined by the Boone County Assessor upon completion, and the actual value may vary materially from the value assumed in this illustration.
- (3) Per City representatives, assumes the Fast Food Restaurant and the Small "B" Shops will be first assessed January 1, 2020 for taxes payable in 2021.
- (4) Per City representatives, assumes the Sit Down Restaurants will be first assessed January 1, 2021 for taxes payable in 2022.
- (5) Per City representatives, assumes the Hotel, the Fast Food Restaurant, and the Medical Office Building will be first assessed January 1, 2022 for taxes payable in 2023.
- (6) Based upon the Hampton Inn Hotel in Whitestown. The actual assessed value will be determined by the Boone County Assessor upon completion, and the actual value may vary materially from the value assumed in this illustration.
- (7) Assumes the Medical Office Building is purchased by a tax-exempt entity after ten years. Assumes the tax-exempt entity will make PILOT payments equal to the Tax Increment following the purchase.
- (8) Assumes the Medical Office land of 7.9 acres becomes tax-exempt when the property is purchased by a tax-exempt entity. Assumes the tax-exempt entity will make PILOT payments equal to the Tax Increment following the purchase.
- (9) Assumes the 17.4 acres of useable land on project site will be assessed at \$200,000 per acre. The project site is comprised of parcel #06-10-36-000-120.000-002, #06-10-35-000-010.000-002, #06-10-36-000-114.000-002, and #06-10-36-000-122.000-002.
- (10) Based upon comparable properties in Boone County, assumes the 3.1 acre pond is assessed at \$1,610 per acre, which is the agricultural land base rate for pay 2019.
- (11) Assumes a new allocation area consisting of the project site is created in 2018. The net assessed value of the parcels will become the base assessed value of the new allocation area.
- (12) Represents the certified pay 2018 tax rate for the Lebanon City taxing district of \$2.1200, less the Lebanon Community School Corporation post-2009 referendum rate of \$0.3017.
- (13) Assumes the Circuit Breaker Tax Credit, which limits property tax liability to 3% of gross assessed value for a commercial parcel, is applied.

Note: The proposed project site is located in the Gateway Marketplace Allocation Area.

(Subject to comments in the attached Report  
dated October 17, 2018 of Umbaugh.)

**CITY OF LEBANON, INDIANA**

*Gateway Marketplace Project*

**HISTORICAL FOOD AND BEVERAGE COLLECTIONS**

<u>Year</u>	<u>Food and Beverage Revenues</u>
	(1)
2013	\$392,334
2014	454,413
2015	445,523
2016	415,624
2017	431,771

(1) Per the City's Statement of Cash and Investments  
for years 2013-2017.

(Subject to comments in the attached Report  
dated October 17, 2018 of Umbaugh.)

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## APPENDIX C





## SUMMARY OF CERTAIN PROVISIONS OF THE TRUST INDENTURE

The following is a brief summary of certain provisions of the Trust Indenture ("Trust Indenture") and does not purport to describe comprehensively that document in its entirety. Capitalized terms not defined in this summary or in this Official Statement shall have the definitions set forth in the Trust Indenture.

### Creation of Funds and Accounts

The Trust Indenture establishes the following funds and accounts to be held by the Trustee: (1) the Project Fund ("Project Fund") consisting of the Capitalized Interest Account, the Bond Issuance Expense Account and the Construction Account; (2) the Bond Fund ("Bond Fund"); (3) the Debt Service Reserve Fund ("Debt Service Reserve Fund"); and (4) the Rebate Fund ("Rebate Fund").

### Application of Bond Proceeds

Proceeds of the Bonds in an amount equal to capitalized interest on the Bonds through and including February 15, 2021 shall be deposited in the Capitalized Interest Account of the Project Fund. Proceeds in an amount equal to the costs of issuance shall be deposited in the Bond Issuance Expense Account of the Project Fund. The remaining proceeds of the Bonds, shall be deposited with the Trustee in the Construction Account of the Project Fund and used to pay Project Costs.

### Operation of Funds and Accounts

Project Fund. A portion of the proceeds of the Bonds will be deposited with the Trustee to pay the costs of completing the Project in accordance with the Act and the Economic Development Agreement, as follows:

(i) the "Bond Issuance Costs", namely the costs, fees and expenses incurred or to be incurred by the Issuer and the Developer in connection with the issuance and sale of the Bonds, including placement or other financing fees (including applicable counsel fees), the fees and disbursements of Bond Counsel, fees of the Issuer's municipal advisor, the acceptance fee of the Trustee and the first year of the Trustee's fees hereunder, application fees and expenses, publication costs, the filing and recording fees in connection with any filings or recording necessary under the Trust Indenture or to perfect the lien thereof, the out-of-pocket costs of the Issuer, the costs of preparing or printing the Bonds and the documentation supporting the issuance of the Bonds, the costs of reproducing documents, and any other costs of a similar nature reasonably incurred;

(ii) the "Capitalized Interest Costs", namely a portion of the interest on the Bonds from the date of their original delivery through and including August 15, 2020 and partially capitalized through and including February 15, 2021.

(iii) the cost of insurance of all kinds that may be required or necessary in connection with the construction of the Project;

(iv) all costs and expenses which Issuer or Developer shall be required to pay, or advance under the terms of any contract or contracts (including the architectural and engineering, development, and legal services with respect thereto), for the acquisition and construction of the Project; and

(v) any sums required to reimburse the Issuer or Developer for advances made by either of them subsequent to the date of inducement by the Issuer for any of the above items or for any other costs incurred and for work done by either of them which are properly chargeable to the Project.

Moneys held in the Capitalized Interest Account will be disbursed by the Trustee, without any further authorization to fully pay interest on the Bonds on each Interest Payment Date through and including August 15, 2020 and partially through and including February 15, 2021.

On the date of issuance of the Bonds, the Trustee will disburse funds from the Bond Issuance Expense Account as approved by the Issuer. Upon the filing with the Trustee of an affidavit of the Issuer that all expenses of issuance of bonds have been paid or on May 1, 2019, whichever comes first, any funds remaining in such Account shall be transferred by the Trustee to the Construction Account.

Any disbursements from the Construction Account described above to pay such fees, costs or expenses (or to reimburse the Developer for the payment of such fees, costs or expenses) will be made by the Trustee only upon the written request of an Authorized Developer Representative, with the prior written approval of an Authorized Issuer Representative.

Following the completion of the Project, the Issuer will file an Affidavit of Completion with the Trustee. If any money remains in the Series 2016A Construction Account after the filing of such Affidavit of Completion, the Issuer may direct the Trustee to disburse such remaining funds for other expenditures as permitted by law, or may direct the Trustee to transfer all such moneys to the Bond Fund.

In making disbursements from the Construction Account, the Trustee may rely upon such invoices or other appropriate documentation supporting the payments or reimbursements without further investigation.

Bond Fund. there shall be deposited in the Bond Fund, as and when received, (i) the Lease Rentals received pursuant to the Lease Rental Assignment Agreement; (ii) any amount remaining in the Project Fund to be transferred to the Bond Fund upon completion of the Project; (iii) all interest and other income derived from investments of Bond Fund moneys as provided herein; and (vi) all other moneys received by the Trustee under and pursuant to any of the provisions of the Financing Agreement which are required or which are accompanied by directions that such moneys are to be paid into the Bond Fund. The Issuer hereby covenants and agrees that so long as any of the bonds issued hereunder are outstanding it will deposit, or cause to be paid to Trustee for deposit in the Bond Fund for its account, sufficient sums from revenues

and receipts derived from the Lease Rental Assignment Agreement, promptly to meet and pay the principal of, premium, if any, and interest on the bonds as the same become due and payable. Nothing herein should be construed as requiring Issuer to deposit or cause to be paid to Trustee for deposit in the Bond Fund, funds from any source other than receipts derived from the Lease Rentals.

The Trustee will deposit the Lease Rentals, so received from the Issuer, into the Bond Fund, but no more than necessary for the payment of the principal of and interest on the Bond on the immediately succeeding Interest Payment Date (taking into consideration any amounts currently on deposit therein), together with Annual Fees coming due within the next six (6 ) months. Any amounts remaining following the deposit described in the preceding sentence will be applied by the Trustee as follows: (a) first, to pay any overdue principal and interest on outstanding Bonds, with interest continuing to accrue on such overdue amounts at the stated rate on such Bonds until paid, (b) second, to be transferred into the Debt Service Reserve Fund for the purpose of replenishing the Debt Service Reserve Fund to the Reserve Requirement with respect to the Bonds, and (c) third, to redeem outstanding Bonds in accordance with the terms of the Trust Indenture, or to be held as additional reserves for payment of debt service on the Bonds, as directed by the Issuer, or to be released and returned to the Issuer and used for any other purpose permitted by the Act. The Issuer will set aside and transfer the Pledged Revenues to the Trustee as payment of the Lease Rentals, no later than three (3) business days prior to February 15 and August 15 of each year, commencing February 15, 2018 for application in accordance with the Trust Indenture.

Moneys in the Bond Fund shall be used by the Trustee to pay interest, premium, if any, and principal on the Bonds as they become due at maturity, redemption or upon acceleration. The Trustee shall transmit such funds to the Paying Agent for any series of Bonds in sufficient time to insure that such interest will be paid as it becomes due.

Debt Service Reserve Fund. The Debt Service Reserve Fund shall be used solely for the payment of interest on and principal of the Bonds and only if money in the Bond Fund is insufficient to pay interest on and principal of the Bonds after taking into account available funds on deposit in the Bond Fund after making all required transfers under the Trust Indenture. Excess funds shall be transferred to the Project Fund or the Bond Fund, as directed by the Issuer.

Rebate Fund. The Rebate Fund shall be used to pay rebate in order to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes or to pay the penalty required by Section 148(f)(4)(C)(vii) of the Code. The Trustee shall deposit the required amounts so calculated in the Rebate Fund from the Operation and Reserve Fund or investment earnings on the Bond Fund.

#### Investment of Funds

Moneys in the Funds established hereunder may be invested in Qualified Investments to the extent and in the manner permitted by law and in the manner provided for in the Financing Agreement. Investment earnings from the Bond Fund may be used for deposits into the Rebate Fund. All such investments shall at all times be a part of the fund or account in which the

moneys used to acquire such investments had been deposited, and all income derived from the investment of moneys on deposit in such fund shall be deposited in or credited to and any loss resulting from such investment will be charged to the corresponding Fund from which such investment was made. Investments of moneys in the respective funds or accounts must be made so as to assure preservation of principal.

Neither the Trustee nor the Issuer shall be liable or responsible for any loss resulting from any investment. All such investments shall be held by or under the control of the Trustee or the Issuer, as applicable, and any income resulting therefrom shall be applied in the manner specified in the Trust Indenture.

The Developer shall not be authorized or entitled to direct, or obligated to make, investments of Bond proceeds or any other funds held under the Trust Indenture.

### Covenants

The Issuer covenants, among other things that:

(1) it will faithfully perform all provisions contained in each Bond and will punctually pay the principal of and interest on the Bonds;

(2) it is duly authorized under the laws of the State of Indiana to create and issue the Bonds, to execute and deliver the Trust Indenture, and to pledge the Lease Rentals as provided in the Trust Indenture;

(3) it will promptly make, execute, and deliver all indentures supplemental to the Trust Indenture and to take all action deemed advisable and necessary by the Trustee for the better securing of the Bonds; and

(4) it will maintain the priority of the lien created under the Trust Indenture.

### Tax Covenants

The Issuer covenants that the proceeds from the sale of the Bonds, proceeds received from the Lease Rentals, any other amounts received by the Issuer in respect to property directly or indirectly financed with any proceeds of such Bonds, and proceeds from interest earned on the investment and reinvestment of such proceeds and amounts, shall not be invested or otherwise used in a manner which would cause such Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code or any of the applicable regulations pertaining thereto. Any such investment or other use by the Trustee shall comply with Section 148 of the Code and such regulations or rules pertaining to Section 148, as may be applicable and any restrictions stated in the arbitrage certificate of the Authority. The Trustee shall be entitled to rely upon the arbitrage certificate as to the accuracy of the facts stated therein.

### Events of Default and Remedies

(a) any event of default as defined in the Financing Agreement shall occur and be continuing; or

(b) payment of any amount payable on the Bonds shall not be made when the same is due and payable; or

(c) the Issuer shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in the Trust Indenture or any agreement supplemental hereof on the part of the Issuer to be performed, and such default shall continue for sixty (60) days after written notice specifying such default and requiring the same to be remedied shall have been given to the Issuer by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the holders of all of the Bonds then outstanding hereunder; or

(d) the Issuer shall fail to apply collected Lease Rentals as required by the Trust Indenture; or

(e) an event of default shall have occurred under the Lease.

#### Additional Bonds

Additional bonds may be issued on a parity with the original bonds subject to the terms and limitations of the Trust Indenture. Additional bonds may be issued: (i) to refund all or a portion of one or more series of bonds outstanding hereunder, if such bonds may otherwise be refunded and (ii) financing the cost or estimated cost of completing the Project or of acquiring and/or constructing additional improvements to the Project, and, in each case, obtaining additional funds to pay the costs to be incurred in connection with the issuance of such Additional Bonds, to establish reserves with respect thereto and to pay interest during the estimated construction period of completing the additional improvements, if any.

#### Supplemental Trust Indentures

The Issuer and the Trustee may, without obtaining the approval of the holders of the Bonds, enter into supplemental indentures: (i) to cure any ambiguity or formal defect or omission in the Trust Indenture; (ii) to grant to the Trustee for the benefit of such holders any additional rights, remedies, powers, authority, or security that may be lawfully granted; (iii) to subject to the pledge of the Trust Indenture additional security, revenues, property, or collateral; (iv) to amend the Trust Indenture or any supplemental indenture to permit qualification under the Trust Indenture Act of 1939, as amended; (v) to comply with any applicable federal securities or tax law; (vi) to authorize the issuance of Additional Bonds; or (vii) for any other purpose which, in the judgment of the Trustee, is not to the prejudice of the Trustee, the Issuer, the Building Corporation or the holders of the bonds.

Exclusive of supplemental indentures covered in the preceding paragraph, and subject to the terms and provisions contained of the Trust Indenture, and not otherwise, the Requisite Bondholders shall have the right, from time to time, anything contained in the Trust Indenture to the contrary notwithstanding, to consent to and approve the execution by the Issuer and the Trustee of such other indenture or indentures supplemental hereto as shall be deemed necessary and desirable by the Issuer for the purpose of modifying, altering, amending, adding to or

rescinding, in any particular, any of the terms or provisions contained in this Indenture or in any supplemental indenture; provided however, that nothing in the Trust Indenture shall permit or be construed as permitting (except as otherwise permitted in the Trust Indenture) (a) an extension of the stated maturity or reduction in the principal amount of, or reduction in the rate or extension of the time of paying of interest on, any bonds, without the consent of the holder of such bond, or (b) a reduction in the amount or extension of the time of any payment required by any sinking fund applicable to any bonds without the consent of the holders of all the bonds which would be affected by the action to be taken, or (c) a reduction in the aforesaid aggregate principal amount of bonds the holders of which are required to consent to any such supplemental indenture, without the consent of the holders of all the Bonds at the time outstanding which would be affected by the action to be taken, or (d) a modification of the rights, duties or immunities of the Trustee, without the written consent of the Trustee, or (e) a privilege or priority of any bond over any other bonds, or (f) deprive the owners of any bonds then outstanding of the lien thereby created.

## APPENDIX D





## SUMMARY OF THE LEASE

The following is a summary of certain provisions of the Lease, dated as of August 29, 2018 ("Lease"), between the Lebanon Public Building Corporation (the "Building Corporation"), as lessor, and the Lebanon Redevelopment Commission (the "Redevelopment Commission"), as lessee, and does not purport to comprehensively describe that document in its entirety. Capitalized terms not defined in this summary or in this Official Statement shall have the definitions set forth in the Lease.

### Leased Premises, Term and Rental

Under the Lease, the Building Corporation leases to the Redevelopment Commission an interest in certain real estate (the "Real Estate") and the improvements consisting of the Project constructed thereon (the Real Estate and the Project, the "Leased Premises") by Lebanon Gateway Properties, LLC (the "Developer") in accordance with an economic development agreement between the City, the Developer, the Lebanon Economic Development Commission, the Building Corporation and the Redevelopment Commission.

The Leased Premises may be amended to add additional property to the Leased Premises or remove any portion of the Leased Premises, but only with the approval of the Lessee; provided, however, following such amendment, the rentals payable under this Lease shall be based on the value of the portion of the Leased Premises which is available for use, and the rental payments due under this Lease shall be in amounts sufficient to pay when due all principal of and interest on all outstanding Bonds. In the event that all or a portion of the Leased Premises shall be unavailable for use by the Lessee, subject to the completion of any process required by law, the Lessor and the Lessee shall amend the Lease to add to and/or replace a portion of the Leased Premises to the extent necessary to provide for available Leased Premises with a value supporting rental payments under this Lease sufficient to pay when due all principal of and interest on outstanding Bonds.

The term of the Lease will be for a term of no more than twenty-five (25) years which commences on the date the Project is completed and available for use and occupancy and expires prior to the date which is no more than twenty-five (25) years later. By each payment date, the Redevelopment Commission is to pay the installment of lease rental due under the Lease. The first rental installment shall be due on August 1 or February 1, determined on the date of issuance of the Bonds, but not earlier than February 1, 2021 or upon completion of the Project, whichever is later. Thereafter, such rental shall be payable in advance in semiannual installments on February 1 and August 1 of each year. The last semi-annual rental payment due before the expiration of this Lease shall be adjusted to provide for rental at the yearly rate so specified from the date such installment is due to the date of the expiration of this Lease. The lease rental shall be reduced following the sale of the Bonds to an amount equal to the multiple of \$1,000 next higher than the sum of principal and interest due on the Bonds in each twelve-month period ending on February 15, plus \$5,000, payable in equal semiannual installments, taking into account capitalized interest available to make that debt service payment. The schedule of reduced annual lease rentals shall be endorsed as an addendum to the Lease by the parties thereto at the time of the issuance of the Bonds. The lease rentals payable under the

Lease are to be paid directly to the Trustee.

### Sources of Rentals

Under the Lease, the Redevelopment Commission agrees to pay the Building Corporation semiannual lease rentals in amounts which are sufficient to pay the principal of and interest on the Bonds.

The fixed semiannual lease rentals due under the Lease are payable solely from (i) Tax Increment received by the Lessee, and (ii) to the extent the Tax Increment is insufficient, the Food and Beverage Tax Revenues pledged to the Redevelopment Commission by the Common Council of the City under the Bond Ordinance, and (iii) to the extent the Food and Beverage Tax Revenues are insufficient, a Special Benefits Tax levied by the Lebanon Redevelopment District. The Developer has no obligation to pay any fixed semiannual lease rentals under the Lease.

Under the Lease, the Redevelopment Commission reserves the right to enter into leases or other obligations payable from the Tax Increment on parity with the pledge of Tax Increment to the payment of the lease rentals due under the Lease, subject to the satisfaction of certain conditions as described in the Lease. See "SECURITY AND SOURCES OF PAYMENT - Additional Bonds" herein for a description of the provisions related to additional parity pledges of the Tax Increment.

The Issuer reserves the right to issue or incur additional obligations payable from Food and Beverage Tax Revenues on a parity with on parity with the pledge thereof to the Redevelopment Commission for the payment of lease rentals due under the Lease, subject to the satisfaction of certain conditions described in the Bond Ordinance. See "SECURITY AND SOURCES OF PAYMENT - Additional Bonds" herein for a description of the provisions related to additional parity pledges of the Food and Beverage Tax Revenues.

### Maintenance, Alterations and Repairs

The Redevelopment Commission assumes all responsibility for the operation, maintenance, repairs and alterations of the Project, but may enter into a sublease or contract with one or more parties for the operation, maintenance, repair and alterations of the Leased Premises or any portion of the Leased Premises.. Subject to the provisions of the Lease, at the end of the Lease Term, the Redevelopment Commission shall deliver the Leased Premises to the Building Corporation in as good condition as at the beginning of the Lease Term, reasonable wear and tear only excepted.

### Insurance

The Redevelopment Commission is required to carry, at its own expense, casualty insurance on the Leased Premises against physical loss or damage to the Leased Premises in an amount equal to 100% of the insurable value. Any casualty insurance policy shall be so written or endorsed as to make any losses payable to the Building Corporation, the Redevelopment

Commission or to such other person or persons as the Building Corporation under the Lease may designate.

During the full term of the Lease, the Redevelopment Commission is required, at its own expense, to maintain rent or rental value insurance in an amount equal to the rental value of the Leased Premises for a period of two (2) years against physical loss or damage of the type insured against as set forth above.

During the full term of the Lease, the Redevelopment Commission is also required to carry, at its own expense, combined bodily injury insurance, including accidental death and property damage, with reference to the Leased Premises in an amount not less than \$3,000,000. The liability insurance may be by blanket insurance policy or policies.

The proceeds of the public liability insurance required by the Lease shall be applied toward extinguishment or satisfaction of the liability with respect to which such insurance proceeds are paid.

Such policies shall be for the benefit of persons having an insurable interest in the Leased Premises, and shall be made payable to the Building Corporation, the Redevelopment Commission, and the Trustee, or to such other person or persons as the Building Corporation may designate. Such policies shall be countersigned by an agent of the insurer who is a resident of the State of Indiana. Such policies or certificates of insurance for each policy shall be deposited with the Building Corporation and the Trustee. If, at any time, the Redevelopment Commission fails to maintain insurance in accordance with the Lease, such insurance may be obtained by the Building Corporation and the amount paid therefor shall be added to the amount of rental payable by the Redevelopment Commission. However, the Building Corporation is under no obligation to obtain such insurance and any action or non-action of the Building Corporation shall not relieve the Redevelopment Commission of any consequence of its default in failing to obtain such insurance, including its obligation to continue the rental payments in case of total or partial destruction of the improvements as provided in the Lease.

#### Damage, Destruction or Condemnation

If the Leased Premises are destroyed (in whole or in part) or is taken under the exercise of eminent domain, at any time during the term of the Lease, the Building Corporation is to promptly rebuild and restore the portion of the Leased Premises damaged or destroyed, unavoidable strikes and other causes beyond the control of the Lessor excepted; provided, however, the Building Corporation is not obligated to spend more on such restoration or rebuilding than (1) the amount of proceeds received from the insurance proceeds, (2) the condemnation proceeds received by the Building Corporation, or (3) any funds provided specifically for that purpose in the Trust Indenture, whichever is applicable.

#### Abatement of Rent

If any part of the Leased Premises shall be partially or totally destroyed, rendered unusable or is taken under the exercise of the power of eminent domain, so as to render it unfit,

in whole or part, for use by the Lessee, it shall then be the obligation of the Lessor to restore and rebuild that portion of the Leased Premises as promptly as may be done, unavoidable strikes and other causes beyond the control of the Lessor excepted; provided, however, that the Lessor shall not be obligated to expend on such restoration or rebuilding more than the amount of the proceeds received by the Lessor from the insurance provided for in the Lease, the condemnation proceeds received by the Lessor or any funds provided specifically for this purpose in the Trust Indenture, whichever is applicable.

If there is in force on the date of partial or total destruction or taking, insurance on the Leased Premises and the rental value thereof, in accordance with the Lease, the rent shall be abated for the period during which the Leased Premises or any part thereof is unfit or unavailable for use. Such abatement shall be in proportion to the percentage of the Leased Premises which is unfit or unavailable for use.

#### Additional Rental

The Lease also provides that the Redevelopment Commission will pay as further rental for the Leased Premises (i) all taxes and assessments levied against or on account of the Leased Premises or the receipt of lease rental payments, (ii) the amount required to reimburse the Building Corporation for any insurance payments made by it under the Lease, (iii) all administrative expenses of the Building Corporation, including ongoing trustee fees, relating to the Bonds, and (iv) the amount calculated by or for the Building Corporation as the amount required to be rebated, or paid as a penalty, to the United States of America under Section 148(f) of the Internal Revenue Code of 1986, as amended and in effect on the date of the issue of the Bonds ("Code"), after taking into account other available moneys, to prevent the Bonds from becoming arbitrage obligations under Section 148 of the Code. The Redevelopment Commission may, at its own expense, in good faith contest any such taxes and assessments.

#### Events of Default and Remedies

The Lease provides that, if the Redevelopment Commission defaults (a) in the payment any rentals or other sums payable to the Building Corporation under the Lease, or is the payment of any other sum therein required to be paid for the Building Corporation; or (b) in the observance of any other covenant, agreement or condition under the Lease, and such default shall continue for sixty (60) days after written notice to correct the same, then, in any of or either of such events, the Building Corporation may proceed to protect and enforce its rights by suit or suits in equity or at law in any court of competent jurisdiction, whether for specific performance of any covenant or agreement contained herein, or for the enforcement of any other appropriate legal or equitable remedy; or the Building Corporation, at its option, without further notice, may terminate the estate and interest of the Redevelopment Commission thereunder, and resume possession of the Leased Premises.

The exercise by the Building Corporation of the right to terminate the Lease shall not release the Redevelopment Commission from the performance of any obligation thereof maturing prior to the Building Corporation's actual entry into possession. No waiver by the Building Corporation of any right to terminate the Lease upon any default shall operate to waive

such right upon the same or other default subsequently occurring.

#### Option to Purchase

The Redevelopment Commission has the option to purchase the Leased Premises on any date, upon sixty (60) days' written notice to the Building Corporation, at a price which is sufficient to allow the Building Corporation to liquidate by paying or providing for the payment in full of the then outstanding Bonds pursuant to the redemption provisions contained in the Trust Indenture. In no event, however, shall such purchase price exceed the capital actually invested by the Building Corporation represented by outstanding securities or existing indebtedness, plus the cost of transferring the property.

#### Option to Renew

The Redevelopment Commission has an option to renew the Lease for a further like or lesser term upon the same terms and conditions provided in the Lease.

#### Transfer of Ownership

The Lease provides that if the Redevelopment Commission has not exercised its option to purchase the Leased Premises, or any portion thereof, in accordance with the provisions of the Lease, and upon the full discharge and performance by the Redevelopment Commission of its obligations under this Lease, the Leased Premises, or such portion thereof remaining, shall thereupon become the absolute property of the Redevelopment Commission, and, upon the Redevelopment Commission's request the Building Corporation shall execute proper instruments conveying to the Redevelopment Commission, or to any entity (including the City) designated by the Redevelopment Commission.

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APPENDIX E





October 31, 2018

City of Lebanon, Indiana  
Lebanon, Indiana

Bernardi Securities, Inc.  
Chicago, Illinois

Re: \$3,260,000 City of Lebanon, Indiana Economic Development Lease  
Rental Bonds, Series 2018 (Gateway Marketplace Project)

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the City of Lebanon, Indiana ("Issuer") of its Economic Development Lease Rental Bonds, Series 2018 (Gateway Marketplace Project), in the aggregate principal amount of \$3,260,000, pursuant to (i) Indiana Code 36-7-11.9 and Indiana Code 36-7-12, each as amended (collectively, "Act") (ii) Resolution 2018-02, adopted by the Lebanon Economic Development Commission ("Economic Development Commission") on August 13, 2018, (iii) Ordinance 2018-14 adopted by the Common Council of the Issuer on August 27, 2018 ("Bond Ordinance"), (iv) the Lease Agreement dated as of August 29, 2018 ("Lease"), between the Lebanon Public Building Corporation ("Building Corporation"), as lessor, and the Lebanon Redevelopment Commission ("Redevelopment Commission"), as lessee, (v) the Trust Indenture, with respect to the Bonds, between the Issuer and U.S. Bank National Association, as trustee, dated as of October 1, 2018 ("Indenture"), and (vi) the Financing Agreement, dated as of October 1, 2018 ("Financing Agreement"), between the Issuer and Lebanon Gateway Properties, LLC ("Company"). In such capacity, we have examined the law and certified proceedings and other documents as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Issuer, the Redevelopment Commission and the Company contained in the Bond Ordinance, the Indenture, the Lease, the certified proceedings and other certifications of public officials furnished to us, and certifications, representations and other information furnished to us by or on behalf of the Issuer, the Company and others, without undertaking to verify the same by independent investigation. We have relied upon the legal opinion of counsel to the Issuer, the Economic Development Commission and the Redevelopment Commission, dated the date hereof, as to the matters stated therein. We have relied upon the report of H.J. Umbaugh & Associates, Certified Public Accountants, LLP, Indianapolis, Indiana, dated the date hereof, as to the matters stated therein.

Based on the foregoing, we are of the opinion that, under existing law:

1. The Bonds have been duly authorized, executed and delivered by the Issuer, and are valid and binding special and limited obligations of the Issuer, enforceable against the Issuer in accordance with their terms. The Bonds are payable solely from the Trust Estate (as defined in the Indenture).

2. Each of the Indenture and the Financing Agreement have been duly authorized, executed and delivered by the Issuer and assuming due authorization and execution by the other parties thereto, is a valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms.

3. The Lease has been duly authorized, executed and delivered by the Redevelopment Commission and, assuming due authorization, execution and delivery by the other parties thereto, is a valid and binding obligation of the Redevelopment Commission, enforceable against the Redevelopment Commission in accordance with its terms. The rental payments due under the Lease are payable solely from (a) Tax Increment (as defined in the Lease), and, to the extent Tax Increment is insufficient for such purpose, Food and Beverage Tax Revenues (as defined in the Indenture), and to the extent the Food and Beverage Tax Revenues are insufficient for such purpose, the Special Benefits Tax (as defined in the Indenture).

4. Under existing statutes, judicial decisions, regulations and rulings, the interest on the Bonds is exempt from income taxation in the State, except for the State financial institutions tax. This opinion relates only to the tax exemption of interest from State income taxation.

5. Under existing federal statutes, judicial decisions, regulations and rulings, the interest on the Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), is not an item of tax preference for purposes of the federal alternative minimum tax, although bond counsel observes that it will be included in adjusted current earnings in calculating corporate alternative minimum taxable income for taxable years that began prior to January 1, 2018. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement dated October 17, 2018 relating to the Bonds, and we express no opinion related thereto.

With respect to the enforceability of any document or instrument, this opinion is subject to the qualifications that: (i) the enforceability of such documents or instruments may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium, fraudulent conveyance and similar laws relating to or affecting the enforcement of creditors' rights; (ii) the enforceability of equitable rights and remedies provided for in such documents or instruments is subject to judicial

discretion, and the enforceability of such document or instrument may be limited by general principles of equity; (iii) the enforceability of such documents or instruments may be limited by public policy; and (iv) certain remedial, waiver and other provisions of such documents or instruments may be unenforceable, provided, however, that in our opinion the unenforceability of those provisions would not, subject to the other qualifications set forth herein, affect the validity of such documents or instruments or prevent the practical realization of the benefits thereof.

This opinion is given as of the date hereof and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

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## APPENDIX F



## CONTINUING DISCLOSURE UNDERTAKING AGREEMENT

This CONTINUING DISCLOSURE UNDERTAKING AGREEMENT (the "Agreement") dated as of October 31, 2018, by the City of Lebanon, Indiana ("Obligor"), for the purpose of permitting Bernardi Securities, Inc. ("Underwriter") to purchase the Obligor's \$3,260,000 Economic Development Lease Rental Bonds, Series 2018 (Gateway Marketplace Project) ("Bonds") in compliance with Securities and Exchange Commission ("SEC") SEC Rule 15c2-12 ("SEC Rule), as published in the Federal Register on November 17, 1994, as amended to the date hereof.

Section 1. Definitions. The terms defined herein, including the terms defined above and in this Section 1, shall have the meanings herein specified unless the context or use clearly indicates another or different meaning or intent. Any terms defined in the SEC Rule, but not otherwise defined herein, shall have the meanings specified in the SEC Rule unless the context or use clearly indicates another or different meaning or intent.

- (a) "Bond" shall mean any of the Bonds.
- (b) "Bondholder" or "holder" shall mean any registered or beneficial owner or holder of any Bond.
- (c) "Final Official Statement" shall mean the Final Official Statement dated October 17, 2018, relating to the Bonds, including any document included therein by specific reference which has been previously provided through EMMA.
- (d) "Fiscal Year" of any person shall mean any period from time to time adopted by such person as its fiscal year for accounting purposes.
- (e) "MSRB" shall mean the Municipal Securities SEC Rulemaking Board.
- (f) "Obligated Person" shall mean any person, including an issuer of municipal securities, who is either generally or through an enterprise, fund or account of such person committed by contract or other arrangement to support payment of all or part of the obligations on the Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities), for whom financial information or operating data is presented in the Final Official Statement.
- (g) "Redevelopment Commission" means the City of Lebanon, Indiana Redevelopment Commission.
- (h) "State" shall mean the State of Indiana.

Section 2. Term. The term of this Agreement shall commence on the date of delivery of the Bonds by the Obligor to the Underwriter and shall expire on the earlier of (a) the date of payment in full of principal of and premium, if any, and interest on the Bonds, whether upon

scheduled maturity, redemption, acceleration or otherwise, (b) the date of defeasance of the Bonds in accordance with the terms of the Resolution.

Section 3. Obligated Person. The Obligor hereby represents and warrants that, as of the date hereof:

(a) The only Obligated Persons with respect to the Bonds is the Obligor, which is acting on behalf of the Redevelopment Commission; and

(b) Except as disclosed in the Final Official Statement, in the five (5) years prior to the date of the Final Official Statement, the Obligated Persons have complied with any previous undertakings in a written contract or agreement specified in paragraph (b)(5)(i) of the SEC Rule.

Section 4. Undertaking to Provide Information. (a) The Obligor hereby undertakes to provide to the MSRB through the Electronic Municipal Market Access system ("EMMA"), either directly or indirectly through a registrar or a designated agent, the following information:

(i) within one hundred eighty (180) days after the close of each Fiscal Year of the City, beginning with the Fiscal Year ending on or after December 31, 2018, the following: (A) unaudited financial information of the City, if audited financial statements are not available and (B) operating data of the type provided under the following headings in Appendix A and Appendix B to the Official Statement:

#### APPENDIX A

##### GENERAL INFORMATION

- (A) Schedule of Historical Net Assessed Valuation;
- (B) Detail of Net Assessed Valuation;
- (C) Comparative Schedule of Certified Tax Rates;
- (D) Property Taxes Levied and Collected;
- (E) Large Taxpayers; and
- (F) Statement of Receipts and Disbursements;

#### APPENDIX B

- (A) Historical Tax Increment Collections (Gateway Marketplace Allocation Area); and
- (B) Historical Food and Beverage Tax Collections



For unaudited financial statements, please refer to the Indiana Gateway for Government Units at <https://gateway.ifionline.org/>;

(ii) If not submitted as part of the Annual Financial Information, then when and if available, to the MSRB through EMMA, audited financial statements for the City or the Examination Report of the City as prepared and examined by the Indiana State Board of Accounts for each Fiscal Year ending December 31, beginning with the Fiscal Year ending on December 31, 2018, together with the opinion of such accountants and all notes thereto within sixty (60) days of receipt from the Indiana State Board of Accounts. For audited or examined financial statements which have been released by the Indiana State Board of Accounts, please refer to <http://www.in.gov/sboa/resources/reports/audit/>; and

(iii) In a timely manner, not in excess of ten (10) business days of after the occurrence thereof, to the MSRB through EMMA, notice of any of the following events, if material (which determination of materiality shall be made by the Obligor in accordance with the standards established by federal securities laws), with respect to the Bonds:

(A) Non-payment related defaults;

(B) Modifications to rights of owners of the Bonds;

(C) Bond calls (other than mandatory, scheduled redemptions, not otherwise contingent upon the occurrence of an event, the terms of which redemptions are set forth in detail in the Final Official Statement) and tender offers;

(D) Release, substitution or sale of property securing repayment of the Bonds;

(E) The consummation of a merger, consolidation, or acquisition involving the Obligor or the sale of all or substantially all of the assets of the Obligor, or the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; and

(F) Appointment of a successor or additional trustee or the change of a name of trustee.

(iv) In a timely manner, not in excess of ten (10) business days of after the occurrence thereof, to the MSRB through EMMA, notice of any of the following events regardless of materiality, with respect to the Bonds:

(A) Principal and interest payment delinquencies;

(B) Unscheduled draws on debt service reserves reflecting financial difficulties

(C) Unscheduled draws on credit enhancements reflecting financial difficulties;

(D) Substitution of credit or liquidity providers, or their failure to perform;

(E) Defeasances;

(F) Rating changes;

(G) Adverse tax opinions, issued by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(H) Tender offers; and

(I) Bankruptcy, insolvency, receivership or similar events of the Obligated Person.

(b) Any financial statements of any Obligated Person provided pursuant to subsection (a)(i) of this Section 4 shall be prepared in accordance with any accounting principles mandated by the laws of the State, as in effect from time to time, or any other consistent accounting principles that enable market participants to evaluate results and perform year to year comparisons, but need not be audited.

(c) Any Annual Financial Information or audited financial statements may be set forth in a document or set of documents, or may be included by specific reference to documents previously provided to the MSRB through EMMA. If the document is a final official statement (as defined in the SEC Rule), it must be available from the MSRB through EMMA.

(d) If any Annual Financial Information otherwise required by subsection (a)(i) of this Section 4 no longer can be generated because the operations to which it relates have been materially changed or discontinued, a statement to that effect filed with the MSRB through EMMA, shall be deemed to satisfy the requirements of such subsection.

(e) If, for any reason, the Obligor fails to provide the audited financial statements of the City or the Examination Report of the City as required by subsection (a)(ii) of this Section 4 or Annual Financial Information as required by subsection (a)(i) of this Section 4, the Obligor shall provide notice of such failure in a timely manner to the MSRB through EMMA.

(f) All documents provided to the MSRB under this Agreement shall be accompanied by identifying information as prescribed by the MSRB.

Section 5. Termination of Obligation. The obligation to provide Annual Financial Information, audited financial statements and notices of events under Sections 4(a) hereof shall terminate with respect to any Obligated Person, if and when such Obligated Person no longer remains an obligated person (as defined in the SEC Rule) with respect to the Bonds.

Section 6. Bondholders. Each Bondholder is an intended beneficiary of the obligations of the Obligor under this Agreement, such obligations create a duty in the Obligor to each Bondholder to perform such obligations, and each Bondholder shall have the right to enforce such duty.

Section 7. Limitation of Rights. Nothing expressed or implied in this Agreement is intended to give, or shall give, to the Underwriters, the SEC or any Obligated Person, or any underwriters, brokers or dealers, or any other person, other than the Obligor and each Bondholder, any legal or equitable right, remedy or claim under or with respect to this Agreement or any rights or obligations hereunder. This Agreement and the rights and obligations hereunder are intended to be, and shall be, for the sole and exclusive benefit of the Obligor and each Bondholder.

Section 8. Remedies.

(a) The sole and exclusive remedy for any breach or violation by the Obligor of any obligation of the Obligor under this Agreement shall be the remedy of specific performance by the Obligor of such obligation and not for monetary damages of any kind or in any amount or for any other remedy for any breach or violation by the Obligor of any obligation of the Obligor under this Agreement, except the remedy of specific performance by the Obligor of such obligation.

(b) No breach or violation by the Obligor of any obligation of the Obligor under this Agreement shall constitute a breach or violation of or default under the Bonds or any other agreement to which the Obligor is a party.

(c) Any action, suit or other proceeding for any breach or violation by the Obligor of any obligation of the Obligor under this Agreement shall be instituted, prosecuted and maintained only in a court of competent jurisdiction in Hamilton County in the State.

(d) No action, suit or other proceeding for any breach or violation by the Obligor of any obligation of the Obligor under this Agreement shall be instituted, prosecuted or maintained by any Bondholder unless, prior to instituting such action, suit or other proceeding: (i) such Bondholder has given the Obligor notice of such breach or violation and demand for performance; and (ii) the Obligor has failed to cure such breach or violation within sixty (60) days after such notice.

Section 9. Annual Appropriations. This Agreement and the obligations of the Obligor hereunder are subject to annual appropriation by the Obligor.

Section 10. Amendment of Obligations. The Obligor may, from time to time, amend any obligation of the Obligor under this Agreement, without notice to or consent from any

Bondholder, if: (a)(i) such amendment or modification is made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the Obligor, or type of business conducted, (ii) this Agreement, as so amended and modified, would have complied with the requirements of the SEC Rule on the date hereof, after taking into account any amendments or interpretations of the SEC Rule, as well as any change in circumstances, and (iii) such amendment does not materially impair the interests of any Bondholders, as determined either by (A) nationally recognized bond counsel or (B) an approving vote of the Bondholders pursuant to the terms of the Resolution at the time of such amendment or modification; or (b) such amendment or modification (including an amendment or modification which rescinds this Agreement) is permitted by the SEC Rule, as then in effect.

Section 11. Dissemination Agent. The Obligor may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Obligor shall notify the MSRB through EMMA of the appointment or discharge of a Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Obligor shall be the Dissemination Agent.

Section 12. Communications. Any information, datum, statement, notice, certificate or other communication required or permitted to be provided, delivered or otherwise given hereunder by any person to any other person shall be in writing and, if such other person is the Obligor, shall be provided, delivered or otherwise given to the Obligor at the following address:

City of Lebanon, Indiana  
401 S. Meridian Street  
Lebanon, Indiana 46052  
Attention: Clerk-Treasurer

(or at such other address as the Obligor may, by notice to the MSRB through EMMA, provide), or, if such other person is not the Obligor, shall be provided, delivered or otherwise given to such other person at any address that the person providing, delivering or otherwise giving such information, datum, statement, notice, certificate or other communication believes, in good faith but without any investigation, to be an address for receipt by such other person of such information, datum, statement, notice, certificate or other communication. For purposes of this Agreement, any such information, datum, statement, notice, certificate or other communication shall be deemed to be provided, delivered or otherwise given on the date that such information, datum, statement, notice, certificate or other communication is (a) delivered by hand to such other person, (b) deposited with the United States Postal Service for mailing by registered or certified mail, (c) deposited with Express Mail, Federal Express or any other courier service for delivery on the following business day, or (d) sent by facsimile transmission, telecopy or telegram.

Section 13. Knowledge. For purposes of this Agreement, each Bondholder shall be deemed to have knowledge of the provision and content of any information, datum, statement or notice provided by the Obligor to the MSRB through EMMA on the date such information, datum, statement or notice is so provided, regardless of whether such Bondholder was a

registered or beneficial owner or holder of any Bond at the time such information, datum, statement or notice was so provided.

Section 14. Performance Due on other than Business Days. If the last day for taking any action under this Agreement is a day other than a business day, such action may be taken on the next succeeding business day and, if so taken, shall have the same effect as if taken on the day required by this Agreement.

Section 15. Obligations of Dissemination Agent; Indemnity. The Dissemination Agent shall have only such duties as are specifically set forth in this Agreement and any dissemination agreement entered into by the Obligor and the Dissemination Agent, and the Obligor agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise of performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the Obligor under this Section shall survive removal of the Dissemination Agent and payment of the Bonds.

Section 16. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Obligor, the Dissemination Agent and registered or beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 17. Waiver of Assent. Notice of acceptance of or other assent to this Agreement is hereby waived.

Section 18. Governing Law. This Agreement and the rights and obligations hereunder shall be governed by and construed and enforced in accordance with the internal laws of the State, without reference to any choice of law principles.

Section 19. Severability. If any portion of this Agreement is held or deemed to be, or is, invalid, illegal, inoperable or unenforceable, the validity, legality, operability and enforceability of the remaining portions of this Agreement shall not be affected, and this Agreement shall be construed as if it did not contain such invalid, illegal, inoperable or unenforceable portion.

Section 20. Successors and Assigns. All covenants and agreements in this Agreement made by the Obligor shall bind its successors, whether so expressed or not. No Bondholder may, without the prior written consent of the Obligor, assign any of its rights under this Agreement to any other person. The Obligor may not assign any of its rights or delegate any of its obligations under this Agreement to any other person (other than to any Dissemination Agent appointed hereunder to assist the Obligor), except that the Obligor may assign any of its rights or delegate any of such obligations to any entity (a) into which the Obligor merges, with which the Obligor consolidates or to which the Obligor transfers all or substantially all of its assets or (b) which is an "issuer of municipal securities" with respect to the Bonds or an Obligated Person with respect to the Bonds for whom financial or operating data is presented in the Official Statement, as those terms are defined in the SEC Rule.

Section 21. Waiver. Any failure by any Bondholder to institute any suit, action or other proceeding for any breach or violation by the Obligor of any obligation of the Obligor under this Agreement, within three hundred sixty (360) days after the date of such Bondholder first has knowledge of such breach or violation, shall constitute a waiver by such Bondholder of such breach or violation and, after such waiver, no remedy shall be available to such Bondholder for such breach or violation.

Section 22. Immunity of Officers, Directors, Members, Employees and Agents. No recourse shall be had for any claim based upon any obligation in this Agreement against any past, present or future officer, director, member, employee or agent of the Obligor, either directly or through the Obligor, under the SEC Rule or any rule of law or equity, statute or constitution.

Section 23. SEC Rule. This Agreement is intended to be an agreement or contract in which the Obligor has undertaken to provide that which is required by paragraph (b)(5) of the SEC Rule. If and to the extent this Agreement is not otherwise such an agreement or contract, this Agreement shall be deemed to include such terms not otherwise included herein, and to exclude such terms not otherwise excluded herein, as are necessary to cause this Agreement to be such an agreement or contract.

Section 24. Interpretation. The use herein of the singular shall be construed to include the plural, and vice versa, and the use herein of the neuter shall be construed to include the masculine and feminine. Unless otherwise indicated, the words "hereof," "herein," "hereby" and "hereunder," or words of similar import, refer to this Agreement as a whole and not to any particular section, subsection, clause or other portion of this Agreement.

Section 25. Captions. The captions appearing in this Agreement are included herein for convenience of reference only, and shall not be deemed to define, limit or extend the scope or intent of any rights or obligations under this Agreement.

*(Signature page follows)*

IN WITNESS WHEREOF, the Obligor has caused this Agreement to be executed on the date first above written.

CITY OF LEBANON, INDIANA

By: \_\_\_\_\_  
Matthew Gentry, Mayor

Attest:

\_\_\_\_\_  
Tonya Thayer, Clerk-Treasurer

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