

COMMON COUNCIL OF THE CITY OF HOBART, INDIANA

RESOLUTION NO. 2022-02

**RESOLUTION OF THE COMMON COUNCIL OF THE CITY OF
HOBART, INDIANA, APPROVING A FORM OF DEVELOPMENT AGREEMENT
AMONG THE CITY OF HOBART, INDIANA, THE CITY OF HOBART
REDEVELOPMENT COMMISSION AND SIR RLJ, LLC**

WHEREAS, there has been presented to the Common Council (the "Common Council") of the City of Hobart, Indiana (the "City"), for its consideration a Development Agreement among the City, the City of Hobart Redevelopment Commission (the "Redevelopment Commission"), and SIR RLJ, LLC (the "Company"), in the form of Exhibit A attached hereto (the "Development Agreement"); and

WHEREAS, pursuant to the Development Agreement, the Company or an affiliate thereof would agree to make certain further investments in connection with the Albanese Confectionary Group, Inc. operations in the City all as further described in the Development Agreement; and

WHEREAS, the Common Council believes that the approval of the Development Agreement is in the best interests of the citizens of the City and necessary for the redevelopment and economic development of the City; and

WHEREAS, the Common Council desires to approve the Development Agreement substantially in the form of Exhibit A hereto;

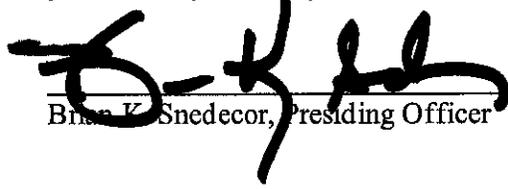
NOW THEREFORE, BE IT RESOLVED by the Common Council of the City of Hobart, Indiana, as follows:

Section 1. The Common Council hereby approves the Development Agreement substantially in the form attached hereto and the Mayor and the Clerk-Treasurer of the City (respectively, the "Mayor" and "Clerk-Treasurer") are hereby authorized to execute and attest, respectively, the Development Agreement, with such changes as the Mayor and Clerk-Treasurer shall approve, such approval to be evidenced by their execution and attestation, respectively, thereof.

Section 2. Two copies of the attached Development Agreement shall be kept on file in the office of the Clerk-Treasurer of the City for public inspection.

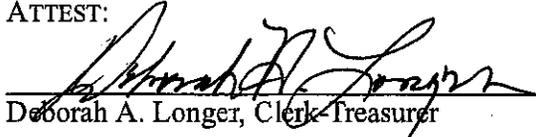
Section 3. This resolution shall be effective immediately upon its adoption.

PASSED AND ADOPTED on this 2nd day of February, 2022, by the Common Council of the City of Hobart, Indiana.



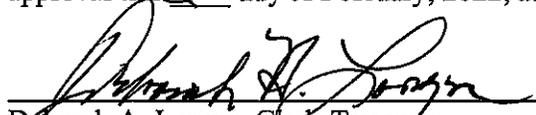
Brian K. Snedecor, Presiding Officer

ATTEST:



Deborah A. Longer, Clerk-Treasurer

PRESENTED by me, the Clerk-Treasurer of the City of Hobart, Indiana, to the Mayor for his approval this 2nd day of February, 2022, at 7:00 am/p.m.



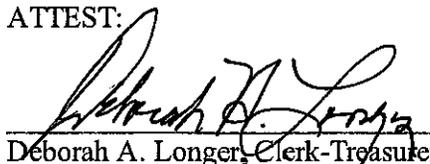
Deborah A. Longer, Clerk-Treasurer

APPROVED, SIGNED AND RETURNED by me to the Common Council of the City of Hobart, Indiana, this 2nd day of February, 2022.



Brian K. Snedecor, Mayor

ATTEST:



Deborah A. Longer, Clerk-Treasurer

EXHIBIT A
FORM OF DEVELOPMENT AGREEMENT
(See attached)

DEVELOPMENT AGREEMENT

BETWEEN

CITY OF HOBART, INDIANA,

AND

CITY OF HOBART REDEVELOPMENT COMMISSION,

AND

**SIR RLJ, LLC,
an Indiana limited liability company**

RE:

ALBANESE CONFECTIONERY EXPANSION

DATED: February _____, 2022

DEVELOPMENT AGREEMENT

This DEVELOPMENT AGREEMENT (this "**Agreement**") made as of this ____ day of February ___, 2022 (the "**Effective Date**"), by and between the City of Hobart, Indiana, an Indiana municipal corporation (the "**City**"), City of Hobart Redevelopment Commission (the "**Redevelopment Commission**"), the governing body of the Hobart, Indiana Department of Redevelopment, and the Redevelopment District of the City of Hobart, Indiana (the "**District**"), and SIR RLJ, LLC, an Indiana limited liability company (the "**Developer**").

WITNESSETH:

A. The City and the Redevelopment Commission (collectively, the "**City Parties**") desire to stimulate and promote economic development activities in or about the U.S. 30 & 69th Avenue Economic Development Area (defined herein as the "**Economic Development Area**");

B. The City has established a Redevelopment Commission in accordance with the RDC Act (as defined herein);

C. The Redevelopment Commission has the responsibility to investigate, study and survey areas and promote the use of land in a manner that best serves the City, and has the responsibility to cooperate with departments and agencies of the City in ways that best serve the development or redevelopment of areas of the City;

D. The Redevelopment Commission desires to stimulate and promote economic development activities in or about the Economic Development Area (as depicted on **Exhibit A**) and specifically Allocation Area No. 2 (defined herein as the "**Allocation Area**" and outlined on **Exhibit A**);

E. Simultaneously herewith, Developer has submitted to the Redevelopment Commission a proposal for a two (2) phase project consisting of the construction of a building addition and a four (4) story employee/office center, the installation of an additional production

line and a warehouse racking system and completion of miscellaneous production related capital projects in the first phase and the construction of a distribution center of approximately 100,000 to 130,000 square feet and/or the installation of an additional production line in the second phase (collectively the "**Project**");

F. The Redevelopment Commission, pursuant to a Declaratory Resolution and a Confirmatory Resolution (each as defined herein), has taken or will take such actions as shall be reasonably necessary to adopt an "economic development plan" for the Economic Development Area and to cause a portion of the Area to be designated as an "allocation area" within the meaning of the RDC Act known as "Allocation Area No. 2;"

G. The Redevelopment Commission desires to induce the Developer to proceed with the Project in the City, by providing to the Developer financial incentives, including an amount not to exceed \$8,800,000 through the sale of the hereinafter defined Bonds to be applied to the cost of the Project as well as other incentives listed in Section 1.11 of this Agreement (collectively, the "**Incentive**");

H. The Redevelopment Commission has requested that the City take all steps as shall be reasonably necessary to issue its Taxable Economic Development Revenue Bonds, Series 2022 (Albanese Project) (the "**Bonds**"), to finance all or a portion of the Incentive;

I. The Redevelopment Commission has determined that it is in the best interest of the citizens of the City to assist in: (i) the development of the Project, (ii) the provision of the Incentive to be applied to the costs of the Project, and (iii) the taking of such other actions as are hereinafter set forth, all for the promotion of economic development in or about the Allocation Area; and

J. The Redevelopment Commission and the Developer desire to enter into this Agreement to effectuate the foregoing recitals, to the end that the Project shall be constructed in the Allocation Area.

NOW, THEREFORE, in consideration of the foregoing premises, the mutual covenants of the parties herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Redevelopment Commission and the Developer agree as follows:

DEFINED TERMS

"Affiliate" means any entity or business that is owned or controlled by, controls or is under common control with, the Developer.

"Agreement" means this Development Agreement between the City Parties and the Developer.

"Allocation Area" means the real property described in the allocation provision of the Declaratory Resolution as Allocation Area No. 2 and depicted on **Exhibit A** attached hereto.

"Applicable Laws" means all laws, rules, regulations, ordinances, codes, administrative actions and/or orders of any judicial court or governmental agency or unit, whether federal, state or local, properly exercising or having jurisdiction with respect to or over the subject matter in question.

"Bonds" means a taxable economic development revenue bonds entitled "City of Hobart, Indiana, Economic Development Revenue Bonds, Series 2022 (Albanese Project)" issued by the City pursuant to Indiana Code 36-7-12 and payable solely from the TIF Revenues.

"Business Day" means each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in the City are authorized or obligated by law or executive order to close.

"City" means the City of Hobart, Indiana, a municipal corporation, duly organized and existing under the laws of the State; provided, that it is expressly understood and agreed by the Developer that, except as otherwise expressly provided in this Agreement, any obligations of the

City under this Agreement may be fulfilled by the duly authorized and appropriate (as the context so requires) subdivision, unit, agency, commission, department, authority, instrumentality, Common Council, Mayor, or other officer, executive or representative or any combination thereof, of the municipal corporation of the City.

"City Parties" means, collectively, the City and the Redevelopment Commission.

"Confirmatory Resolution" means the resolutions of the Redevelopment Commission confirming all prior actions of the Redevelopment Commission in connection with the creation and subsequent of the Area and the Allocation Area.

"Declaratory Resolution" means the resolutions of the Redevelopment Commission declaring the Area to be an "economic development area" within the meaning of the RDC Act, approving the Plan for the Area and subsequently amending the Area to designate a portion of the Area as a tax increment finance "allocation area" known as "Allocation Area No. 2" within the meaning of the RDC Act.

"Developer" means SIR RLJ, LLC, an Indiana limited liability company, and its agents, assigns and subsidiaries.

"Economic Development Area" means the geographic area containing the Area that has been designated by the Declaratory Resolution as an economic development area pursuant to the EDC Act.

"Economic Development Plan" means the Economic Development Plan for the Area approved and adopted by the Redevelopment Commission in the Declaratory Resolution.

"EDC Act" means Indiana Code 36-7-11.9 and 12, et seq., as supplemented and amended.

"Environmental Law" means any and all federal, state or local statutes, laws, regulations, ordinances, codes, rules, orders, licenses, judgments, decrees or requirements relating to public health and safety and the environment now or hereafter in force as amended and hereafter

amended, including, but not limited to: (i) the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. §9601 et seq.); (ii) the Resource Conservation and Recovery Act (42 U.S.C. §6901 et seq.); (iii) the Clean Air Act (42 U.S.C. §7401 et seq.); (iv) the Clean Water Act (33 U.S.C. §11251 et seq.); (v) the Toxic Substances Control Act (15 U.S. C. §2601 et seq.); and (vi) the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. § 136 et seq.).

"Hazardous Materials" means any substance, chemical, material or waste (a) the presence of which causes a nuisance or trespass of any kind in violation of an Environmental Law; (b) which is regulated by any federal, state or local governmental authority because of its toxic, flammable, corrosive, reactive, carcinogenic, mutagenic, infectious, radioactive, or other hazardous property or because of its effect on the environment, natural resources or human health and safety, including, but not limited to, petroleum and petroleum products, asbestos-containing materials, polychlorinated biphenyls, lead and lead-based paint, radon, radioactive materials, flammables and explosives; or (c) which is designated, classified, or regulated as being a hazardous or toxic substance, material, pollutant, waste (or a similar such designation) under any Environmental Law, and other federal, state and local laws now or hereafter in effect governing the existence, removal, or disposal of toxic or hazardous substances or materials existing at the Project Site.

"Incentive" means all of the Incentives defined in Section 1.11, including but not limited to the sale of the Bonds to net an amount not to exceed \$8,800,000 provided to the Developer by the City to be applied to the costs of the Project.

"Incentive Date" means the date of Closing on the Bonds.

"Mayor" means the Mayor of the City or the duly authorized representative of the mayor of the City serving solely at the Mayor's pleasure and designated by the Mayor to carry out certain actions and responsibilities required to be performed by the Mayor of the City hereunder.

"Phase" means either and each of Phase 1 or Phase 2 of the Project.

"Pledged TIF Revenues" means those TIF Revenues pledged to the payment of the Bonds as set out in Section 1.11 hereof.

"Project" means the project to be completed in two (2) phases in an aggregate investment amount of approximately \$120,000,000 consisting of (i) the construction of an approximately 276,000 square foot building addition, the construction and operation of a four (4) story employee/office center, the installation of an additional production line and a warehouse racking system and the completion of miscellaneous production related capital projects as the first phase (**"Phase 1"**), and (ii) if commercially reasonable for then-current market conditions, a second phase consisting of the construction of a distribution center of approximately 100,000 to 130,000 square feet and/or the installation of an additional production line (**"Phase 2"**).

"Project Costs" means any and all costs incurred by Developer for or in connection with development, construction, installation and operation of the Project.

"Project Implementation Plan" means the concept site plan for the Project submitted to the Redevelopment Commission by the Developer.

"Project Site" means the real property described on **Exhibit B** hereto and which is the site of the Project.

"RDC Act" means, collectively, Indiana Code 36-7-14 and 36-7-25, et seq., as supplemented and amended.

"Redevelopment Commission" means the City of Hobart Redevelopment Commission, the governing body of the Hobart, Indiana Department of Redevelopment and the Redevelopment District of the City of Hobart, Indiana, duly organized and validly existing under the RDC Act.

"State" means the State of Indiana.

"TIF Revenues" means all property tax proceeds attributable to the assessed valuation of real property and depreciable personal property of designated taxpayers in the Allocation Area in excess of the assessed valuation described in IC 36-7-14-39(b)(1), as such statutory provision exists on the date of the issuance of the Bonds.

ARTICLE I

CONSTRUCTION

Section 1.1 Construction of Project.

The Developer shall commence or cause the commencement of construction of (i) Phase 1 of the Project in November 2021 with substantial completion of Phase 1 of the Project occurring on or before September 30, 2024; and (ii) if commercially reasonable for then-current market conditions, Phase 2 of the Project in the first quarter of 2025 with completion of Phase 2 of the Project on or before December 31, 2026 (the date on which construction begins for each phase, the **"Commencement Date"**). The Developer shall substantially complete construction of each phase of the Project as stated herein, subject to any Force Majeure Event as set forth in Section 7.4 below. The time frames set forth herein are subject to the City, the Redevelopment Commission and/or the District obtaining and providing to the Developer the Incentive as outlined herein including Section 1.11. Any delays in obtaining and providing to the Developer the Incentive shall work as a day-for-day extension of all time requirements set forth in this section.

Section 1.2 Construction and Operation of the Project.

The Developer shall not cause or permit any Hazardous Materials to be brought upon, kept, used, stored, discharged, released or transported at, on, to or from the Project Site in violation of any Environmental Law without the prior written consent of the City.

Section 1.3 Developer to Construct the Project.

The Developer shall construct or cause the construction of the Project in accordance with all applicable building codes of the City and the terms of this Agreement. The Developer shall complete or cause the completion of the construction of Project in accordance with the schedule set forth in Section 1.1 of this Agreement.

Section 1.4 Project Cooperation Between Developer and the City.

Each of the City Parties acknowledges and agrees to the right of the Developer to develop, acquire, lease, construct, equip, install and operate the Project in accordance with Applicable Laws, without undue interference from or disruption by any of the City Parties. Each of the City Parties and the Developer recognize that, by creating additional jobs and investment, the construction of the Project benefits the community. Accordingly, each of the City Parties and the Developer agree to work together towards the successful completion of the Project.

Section 1.5 Areas Affected by Work.

The Redevelopment Commission shall not be liable or responsible for any damage to any land or area, or the owner/occupant of any land or area that results from construction of the Project or relates to the performance of work or the non-performance of the Developer's obligations under this Agreement.

Section 1.6 Project Documents.

The Developer shall maintain during construction of the Project in a secure location at the Project Site one (1) set of all plans, specifications, drawings, addenda, written amendments, shop

drawings, change orders, work directive changes, field orders and written interpretations and clarifications in good order and annotated to show all changes made during construction, relating to the performance of the work or construction of the Project or any component thereof, which documents shall be in either written or digital (electronic) format and shall be available to the City and its representatives for review as may be reasonably requested in writing by the City. The Developer will provide five (5) architectural renderings for the Project to the City for display at various City government buildings during the construction of the Project. On or before sixty (60) days after the completion of the construction of the Project, a copy of all "as built" and record plans and specifications shall be delivered by the Developer to the City of Hobart Building Commissioner.

Section 1.7 Project Safety.

The Developer's general contractor shall be responsible for initiating, maintaining and supervising all safety precautions and programs in connection with the development and construction of the Project and performance of the work on the Project Site. The general contractor shall be required to have its subcontractors adopt safety precautions and programs and comply with all federal, state and local safety laws and ordinances, including but not limited to Occupational Safety and Health Act in connection with the work such subcontractor performs at the Project. The Developer's general contractor shall take all reasonable precautions for the safety of, and provide protection as reasonably necessary to prevent damage, injury or loss to:

- A. All workers and laborers providing labor for the construction of the Project;
- B. All materials and equipment incorporated in the Project whether in storage or located at the Project Site; and
- C. Other property at the Project Site or adjacent or in proximity thereto, including trees, shrubs, lawns, walks, sidewalks, pavements, roadways, structures, utilities and underground

facilities not designated for removal, relocation or replacement in connection with the construction of the Project.

Section 1.8 Drug Free Work Place.

The Developer agrees to undertake commercially reasonable efforts during the construction of the Project to provide and maintain a drug free workplace at the Project Site.

Section 1.9 Labor Objectives and Requirements.

- A. The Developer agrees that the Project shall be subject to all applicable City labor-related ordinances, including, but not limited to the following:

Compliance with Responsible Bidding Practices Ordinance and City Standards. As to the construction of all streets, common areas, parks, public amenities and appurtenances, comply with the requirements of the City of Hobart Responsible Bidding Practices Ordinance, as amended, (HMC §§33.200 through 207) as to any contractor and subcontractor engaged by the Companies, unless the application of such Ordinance is waived by the Common Council of the City, and with all City engineering and construction standards that may apply as determined by the City Engineer;

- B. The Developer shall not discriminate against any applicant for employment with respect to the employee's hire, tenure, terms, conditions of employment or in any manner directly or indirectly related to employment, because of the employee's race, religion, color, sex, age, genetic information, disability, sexual orientation, national origin, ancestry, disabled veterans' status or veterans' status.

Section 1.10 Developer Covenants.

Developer covenants and agrees that it will:

- A. Prior to the Commencement Date of Phase 1, provide or cause to be provided to the City Parties for approval a final site plan of the Project.

- B. Construct or cause to be constructed Phase 1 and/or Phase 2 of the Project in accordance with Section 1.1.

C. Purchase or cause to be purchased the Bonds which are to be repaid solely from the Pledged TIF Revenues.

D. Within twelve (12) months of the completion of Phase 1 of the Project, hire approximately 75 additional employees with an average hourly wage range of \$24-\$32 per hour, and, if completed, within twelve (12) months of completion of Phase 2 of the Project, hire approximately 55 additional team members with an average hourly wage range of \$29-\$32/hour.

Section 1.11 Incentive; Issuance of Bonds.

The City Parties, subject to further proceedings required by law, shall provide the following Incentive to the Developer:

A. The City Parties agree to provide an incentive to the Developer through the issuance of the Bonds to be purchased by the Developer and secured for repayment by the TIF Revenues described as follows (collectively the “**Incentive**”):

1. In consideration of the current estimated cost to develop the Project Site and construct the Project, the Redevelopment Commission and the City shall each, subject to further proceedings required by law, cause the issuance of the Bonds in an aggregate principal amount expected to be \$11,300,000 pursuant to IC 36-7-12, as amended and all acts supplemental thereto, with the proceeds thereof, less costs of infrastructure to be constructed by the City in the approximate amount of \$2,200,000 (the “**City Infrastructure Costs**”) and less issuance costs, to be provided to Developer, or deemed to be provided in the form of a financial credit to the Developer, and applied solely to pay any and all Project Costs or to reimburse the Developer for prior payment of such Project Costs. The Bonds shall have a term of not to exceed sixteen (16) years from the date of issuance it being understood that the Bonds shall be paid from the collection by the Redevelopment Commission of TIF Revenues for a period not to exceed fifteen (15) years and shall bear interest at a taxable rate (for purposes of federal income taxes) of 0% per annum.

The Bonds may be issued as draw bonds, meaning that as the Developer completes portions of the Project, it may be deemed to have drawn down proceeds of the Bonds upon request from time to time as set forth in the purchase agreement providing for the sale of the Bonds (the “**Bond Purchase Agreement**”) for payment and/or reimbursement of Project Costs. Notwithstanding the foregoing, at the initial closing for the disbursement of the Bonds proceeds, the Developer shall pay an amount equal to the City Infrastructure Costs and the costs of the issuance of the Bonds which amount shall be deposited with the trustee for the Bonds and disbursed as set forth in the Trust Indenture (defined hereinbelow).

The Developer agrees to purchase the Bonds or cause the Bonds to be purchased, with the final terms thereof to be set forth in the Bond Purchase Agreement, subject to the terms and conditions of this Agreement. Subject to proceedings required by law, the Bonds shall be authorized by the City Parties, no later than ninety (90) days following the execution of this Agreement. Subject to the Developer’s compliance with Section 1.1, the City Parties agree to issue the Bonds to the Developer no later than March 30, 2022; *provided, however*, in the event the Developer begins work on the Project prior to such date, the Developer may be deemed to be reimbursed for prior payment of Project Costs from the proceeds of the Bonds when issued. The proceeds of the Bonds will be disbursed in accordance with the terms of a trust indenture (the “**Trust Indenture**”) and a financing agreement (the “**Financing Agreement**”) to be executed in connection with the issuance of the Bonds.

2. The Developer acknowledges and agrees that the Bonds will be secured by and payable solely from the Pledged TIF Revenues, and that the Redevelopment Commission and the City will not pledge any tax revenues or funds of the Redevelopment Commission or the City to the repayment of the Bonds, except the Pledged TIF Revenues. In the event that the Pledged TIF Revenues are in excess of the amount necessary to make scheduled principal payments on the

Bonds when due (the "Excess TIF Revenues"), the Commission shall retain such Excess TIF Revenues received for the years through and including 2027 and may use such Excess TIF Revenues for any purpose under the RDC Act, including without limitation at the option of the Commission, to redeem a portion of the outstanding Bonds. Beginning with the Excess TIF Revenues received for the year 2028 and thereafter, the Commission shall retain and use 50% of such Excess TIF Revenues for any purpose under the RDC Act, including without limitation at the option of the Commission, to redeem a portion of the outstanding Bonds, and the Commission shall apply the remaining 50% of such Excess TIF Revenues to redeem a corresponding amount of the Bonds which remain outstanding as of the date thereof. The Developer hereby agrees that non-payment of the Bonds due to the inadequacy of the Pledged TIF Revenues shall not be deemed to be a default on the Bonds, and that in such event there shall be no recourse to any of the City Parties. The Developer acknowledges and agrees that the pledge of the Pledged TIF Revenues to the Bonds will automatically terminate concurrently with the final maturity date of the Bonds, regardless of whether any principal of or interest on the Bonds remains outstanding on such final maturity date due to any inadequacy of the Pledged TIF Revenues during the term of the Bonds. Furthermore, in the event that the assessed value of the Project as of January 1, 2027, is less than 90% of the total estimated assessed value of Phase 1 and Phase 2 of the Project as set forth on **Exhibit C** hereto (the foregoing being subject to any permitted delays and extensions contemplated in Section 1.1 hereof), the Developer acknowledges and agrees that the Trust Indenture, the Financing Agreement and the Bonds will contain provisions automatically reducing the par amount of the Bonds then outstanding by the percentage that the actual assessed value of the Project as of the January 1, 2027, assessment date is less than the total estimated value of Phase 1 and Phase 2 of the Project as set forth on **Exhibit C** attached hereto so that payment of Pledged TIF Revenues will be reduced accordingly beginning on and after January 1, 2027. The Developer

further acknowledges and agrees that the Trust Indenture, the Financing Agreement and the Bonds will contain provisions automatically terminating the pledge of the Pledged TIF Revenues to the Bonds in the event that any proceeding is commenced and not cured within one hundred twenty (120) days by or against the Developer under any applicable bankruptcy, insolvency or similar law now or hereafter in effect, and the Project has not yet been completed in accordance with the terms of this Agreement.

3. Based on the information provided by the Developer, the Developer and the City Parties anticipate that the development, construction and completion of the Project will result in an increase in the assessed valuation of the real property and personal property on the Project Site as set forth on Exhibit C and will generate estimated tax increment revenues in the amounts set forth on Exhibit C (the “Pledged TIF Revenues”). The assessed value estimates and Pledged TIF Revenues estimates set forth on Exhibit C are based upon current Indiana law as of the date hereof. Any future state legislative changes to applicable Indiana law may affect the payment or amount of available Pledged TIF Revenues. The Redevelopment Commission shall, subject to further proceedings required by law, cause the Pledged TIF Revenues to be pledged to the payment of the Bonds, subject to the terms and conditions contained herein. In connection with such pledge, the City and the Redevelopment Commission will use their best efforts, subject to compliance with all procedures required by law (including approvals by the City Council and the City of Hobart Plan Commission) to create the Allocation Area as a separate tax increment financing allocation area consisting solely of the parcels on which the Project Site is located.

Section 1.12 Permits and Compliance with Applicable Laws.

The Developer shall be responsible for (a) giving all necessary notices to and obtaining all necessary permits, approvals, consents and authorizations of the proper governmental authorities having jurisdiction over the construction of the Project and (b) complying with all Applicable Laws

bearing on the construction of the Project and shall notify the City of any of the plans and specifications for construction that are at variance therewith. The City shall cooperate with the Developer in obtaining all such permits, approvals, consents and authorizations to the extent permitted by law. In addition, the City shall process all such necessary permits, approvals, consents and authorizations that it issues or over which it has authority in a reasonable manner. Portions of the building permit fees may be waived at the discretion of the City Parties.

Section 1.13 Site Management.

During the performance of the construction of the Project, the Developer shall take all reasonably necessary steps to cause the Project Site to be kept free from accumulation of waste materials, rubbish and other debris resulting from such construction in amounts beyond those typically accumulated in a well-managed and well-maintained construction project of comparable scope. Upon final completion of the construction of either Phase of the Project, the Developer shall cause all refuse and debris, tools, construction equipment, machinery and surplus materials (to the extent such items are not intended to be used in the Developer's operation of the Project or, if following the completion of Phase 1, to be used in for the construction of Phase 2) to be removed from that portion of the Project Site upon which the work or specified portion thereof has been completed.

Section 1.14 Utility Service During Construction.

The Developer, at its expense and in compliance with applicable rules and regulations of relevant utility companies and government agencies, shall be responsible for (a) arranging for provision to the Project Site during each Phase of the Project of such water, electrical, waste disposal and other utility services as are reasonably required for completion of such construction in the time and manner contemplated by this Agreement, and (b) payment for all such services.

Section 1.15 Access to Work.

Prior to final completion of the Project, the City and all governmental agencies having legal jurisdiction thereover shall be afforded such access to the Project Site as may reasonably be necessary for their observation and inspection of the Project. The City and any such governmental agencies shall notify the Developer of their desire to access the Project Site not less than one (1) Business Day prior to the desired date of the access to the Project Site. The City and any such governmental agencies accessing the Project Site shall not interfere with the construction or operation of the Project by the Developer and shall be accompanied at all times by personnel of the Developer. The Developer shall advise persons with such access of the Developer's site safety procedures and programs so that they may comply therewith as applicable. This Section 1.15 shall not limit the rights, otherwise provided by law, of the building inspector, fire inspector or other similar regulatory office to inspect the Project in accordance with Applicable Law.

Section 1.16 Insurance.

A. The Developer shall purchase and maintain insurance at all times during the term of this Agreement as required by law.

B. The Developer shall obtain and maintain or cause its contractors to obtain and maintain in force builder's risk insurance in an amount equal to one hundred percent (100%) of the insurable value of the Phase of the Project being constructed protecting against risks of physical loss of the work. Such insurance shall insure against the perils of fire, extended coverage, vandalism and malicious mischief. The Developer shall furnish the City with a certificate of insurance showing coverage of such risks. If a fire or other insured casualty shall occur during the construction of the Project, the Developer shall apply any related insurance proceeds received by the Developer to the construction of the Project provided that such insurance proceeds are in an amount sufficient for the Developer to re-construct the Project to substantially the same condition as existed prior to casualty. If the insurance proceeds are not in an amount sufficient to re-construct

the Project, the Developer shall notify the City Parties of the insufficiency and of the Developer's intended actions related to the Project.

Section 1.17 Waiver of Tax Appeals/Assessments

During the period or term for which any Bonds are outstanding for which Pledged TIF Revenue from the designated Allocation Area is pledged as security for repayment of such Bonds as approved by resolution of the Hobart Redevelopment Commission, the Developer as the property owner and its successors and/or assigns, waives its rights to appeal real (land and improvements) property assessed valuations of the Project, the Project Site or the Allocation Area. The City of Hobart Common Council reserves the right to waive the above condition upon written request of the Developer as the property owner or its successors and/or assigns.

ARTICLE II

REPRESENTATIONS AND WARRANTIES OF THE DEVELOPER

The Developer makes the following representations and warranties, which representations and warranties are materially true and correct as of the Effective Date:

Section 2.1 Organization and Existence.

The Developer is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Indiana and is qualified to do business in the State of Indiana.

Section 2.2 Power and Authority.

The Developer has all requisite corporate power and authority to own, lease and operate the Project, to carry on its business as now being conducted and as contemplated under this Agreement, and to enter into this Agreement and to perform its obligations under this Agreement.

Section 2.3 Due Authorization.

All corporate acts and other proceedings required to be taken by the Developer to authorize the execution, delivery and performance of this Agreement have been duly and properly taken.

Section 2.4 Due Execution.

This Agreement has been duly executed and properly delivered by the Developer and constitutes the valid and binding obligation of the Developer, enforceable against the Developer in accordance with its terms, subject to (i) bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights generally heretofore or hereafter enacted and (ii) to the exercise of judicial discretion in accordance with the general principles of equity.

Section 2.5 No Violation.

The execution and delivery of this Agreement by the Developer does not, and the consummation of the transactions contemplated hereby and compliance with the terms hereof will not, (a) conflict with or result in a violation of (i) its organizational documents; (ii) any judgment, order, writ, injunction, decree, statute, law, ordinance, rule or regulation applicable to the Developer; or (iii) to the Developer's knowledge, any Applicable Laws; or (b) to Developer's knowledge, conflict with, or result in or cause any material breach, violation of or default under, any material contract, agreement, other instrument, commitment, arrangement of understanding to which the Developer is a party or which otherwise applies to the Developer which would have a material adverse effect on Developer's ability to perform its obligations hereunder.

Section 2.6 No Consents Required.

To Developer's knowledge, no authorization, consent or approval of, or filing with or notice to, any person (including any governmental authority or body) is required in connection with the execution or delivery of this Agreement by the Developer which has not been obtained

and which, if not obtained, would have a material adverse effect on the ability of the Developer to perform its obligations hereunder.

Section 2.7 No Material Non-Arm's-Length Transactions.

The Developer has not entered into any transaction or agreement with any Affiliate of the Developer on other than commercially reasonable terms which transaction or agreement could have a materially adverse effect on the Developer's ability to perform its obligation under this Agreement.

Section 2.8 Financial Capacity to Complete Project.

As of the Effective Date, the Developer has or will have sufficient assets or has or will have otherwise secured all financing necessary to carry out and complete its obligations with respect to the development, construction and completion of the Project pursuant to this Agreement.

Section 2.9 Survival of Representations and Warranties.

The Developer covenants that the representations and warranties made by it in this Agreement shall be materially true and correct on each day that this Agreement remains in full force and effect, with the same effect as if such representations and warranties had been made and given on and as of such day; except that if any such representation and warranty is specifically given in respect of a particular date or particular period of time and related only to such date or period of time, then such representation and warranty shall continue to be given only as of such date or for such period of time.

ARTICLE III
REPRESENTATIONS, WARRANTIES AND COVENANTS OF
THE CITY PARTIES

Each of the City Parties makes the following representations and warranties, which representations and warranties are true and correct on the Effective Date, and makes the following covenants and agreements:

Section 3.1 Power and Authority.

Each of the City Parties has all requisite corporate power and authority to enter into this Agreement and to perform its respective obligations under this Agreement.

Section 3.2 Due Authorization.

All acts and other proceedings required to be taken by each of the City Parties to authorize the execution, delivery and performance of this Agreement have been duly and properly taken.

Section 3.3 Due Execution.

This Agreement has been duly executed and properly delivered by each of the City Parties and constitutes the valid and binding obligation of each of the City Parties, enforceable in accordance with this Agreement's terms, subject to (i) bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights generally heretofore or hereafter enacted; (ii) the exercise of judicial discretion in accordance with the general principles of equity; (iii) the valid exercise of the constitutional powers of each of the City Parties, the State and the United States of America; and (iv) public policy of the State and the United States of America.

Section 3.4 No Violation.

The execution and delivery of this Agreement by each of the City Parties do not, and the consummation by each of the City Parties of the transactions contemplated hereby and compliance by each of the City Parties with the terms hereof will not:

A. Conflict with or result in a violation of (i) any provision of any instrument governing any of the City Parties (including, without limitation, the State Constitution, and any City, Commission or state enabling legislation) or (ii) any judgment, order, writ, injunction, decree, statute, law, ordinance, rule or regulation applicable to any of the City Parties; or

B. Conflict with or result in or cause any material breach, violation of or default under any material contract, agreement, other instrument, commitment, arrangement, or understanding, or grant to which any of the City Parties is a party or which is otherwise applicable to any of the City Parties, including, without limitation, the terms of Bond Purchase Agreement, the Trust Indenture, the Financing Agreement, resolutions or other similar documentation, arising from or in any way related to the Bonds, the Pledged TIF Revenues, or the planning, development, construction and maintenance of the Project.

Section 3.5 Operation of Project.

There is no law, ordinance, regulation or rule of any of the City Parties enacted or, to the best knowledge of any of the City Parties, proposed that would prohibit the Developer from fully utilizing the Project on a 24-hours-a-day, seven-days-a-week basis.

Section 3.6 Legal Procedural Requirements.

Execution of this Development Agreement by each of the City Parties is subject to all legal procedural requirements.

Section 3.7 No Litigation.

There is no proceeding against or involving any of the City Parties (whether in progress or to the best of knowledge of such party threatened) which, if determined adversely to the such party would materially adversely affect its ability to perform any of the provisions of this Agreement or which purports to affect the legality, validity and enforceability of this Agreement; to the each of the City Parties' knowledge, no event has occurred which might give rise to any proceeding; and there is no judgment, decree, injunction, rule, aware or order of any governmental body outstanding against any of the City Parties which has or may have a material adverse effect on its or their ability to perform any of the provisions of this Agreement or which purports to affect the legality, validity and enforceability of this Agreement.

Section 3.8 Survival of Representations and Warranties.

Each of the City Parties covenants that the representations and warranties made by it in this Agreement shall be true and correct on each day that this Agreement remains in force and effect, with the same effect as if such representations and warranties had been made and given on and as of such day; except that if any such representation and warranty is specifically given in respect of a particular date or particular period of time and related only to such date or period of time, then such representation and warranty shall continue to be given only as of such date or for such period of time.

Section 3.9 Joint and Several Liability.

The City Parties shall be jointly and severally liable for all obligations of any of the City Parties under this Agreement, including, but not limited to, the payment of the Incentive to the Developer as described herein and the payment of the principal of the Bonds with the Pledged TIF Revenues as set forth in the Bond Indenture and the Financing Agreement and subject to the terms and conditions set forth herein and therein.

ARTICLE IV

AFFIRMATIVE COVENANTS OF THE DEVELOPER

The Developer covenants and agrees for the Term of this Agreement as follows:

Section 4.1 Conduct of Business.

The Developer shall do or cause to be done all things reasonably necessary to maintain its corporate existence and maintain its qualifications to do business in the State, to maintain its organizational power and capacity to own the Project and to carry on its business in accordance with normal industry standards so as not to adversely affect Developer's ability to perform its obligations under this Agreement.

Section 4.2 Compliance with Applicable Laws, Sublease and Contracts.

The Developer shall comply in all material respects with the requirements of all Applicable Laws governing the Developer's construction and completion of the Project prior to the expiration of any applicable cure or compliance periods provided by such Applicable Laws. In addition, the Developer shall comply in all material respects with all obligations, insurance policies and contracts to which it is a party and which, if contravened, could have a material adverse effect on the Developer's ability to perform its obligations under this Agreement.

Section 4.3 Payment of Taxes and Claims.

The Developer shall or shall cause any contractor, with respect to the construction of the Project, to (i) pay and discharge all lawful claims for labor, material and supplies prior to the recording of any mechanic' liens against the Project; (ii) pay and discharge prior to delinquency all taxes payable by it; and (iii) withhold and collect all taxes required to be withheld and collected by it and prior to delinquency remit such taxes to the appropriate governmental body at the time and in the manner required; provided, however, that no such claim or taxes need be paid, collected or remitted if (a) it is being actively and diligently contested in good faith by appropriate

proceedings; (b) reserves considered adequate by the Developer and its accountants shall have been set aside; and (c) all enforceable proceedings with respect to such claim or taxes have been stayed and appropriate security shall have been given, if required, to prevent the commencement or continuation of proceedings.

Section 4.4 Site Visit.

Except to the extent prohibited by Applicable Law or as may be necessary to protect the Developer's proprietary information, the Developer shall permit the City and its authorized employees, representatives and agents (collectively, the "City Agents"), upon giving written notice at least one (1) Business Day in advance, to inspect the construction of the Project during normal business hours. All City Agents making such an inspection shall not interfere with the construction or operation of the Project by the Developer, shall comply with all safety rules of the Developer, and shall be accompanied by the Developer. The City Agents agree that the Project is an active construction site and that there are inherent dangers therein including the risk of personal injury and property damage. City Agents shall coordinate all site visits to the Project with Developer.

ARTICLE V

DEFAULT AND REMEDIES

Section 5.1 Events of Default.

The following events, if not remedied, as hereinafter provided, shall be deemed an "Event of Default" by the respective party:

A. The Developer's failure to construct the Project in substantial compliance with the schedule set forth in Section 1.1 hereof;

B. The failure by any of the City Parties to perform any covenant or agreement herein on such party's part to be kept or performed.

Section 5.2 Notice and Cure of Event of Default.

In the event of an Event of Default by the Developer or any of the City Parties, or any of their successors or assigns, the defaulting or breaching party (the “**Defaulting Party**”) shall, upon written notice from the other party (the “**Notice Party**”) specifying such Event of Default, commence to cure or remedy such Event of Default within thirty (30) days after receipt of such written notice, provided that, in the event that the Defaulting Party diligently and in good faith commences to cure or remedy such Event of Default within the initial thirty (30) day period but is unable to cure or remedy such default or breach within such thirty (30) day period, the Defaulting Party shall, prior to the end of such thirty (30) day period, provide notice to the Notice Party that it has in good faith commenced to cure or remedy such Event of Default, whereupon the Defaulting Party shall have an additional ninety (90) days to cure or remedy such Event of Default. In case such cure or remedy is not taken within the initial thirty (30) day period or not diligently pursued, or the Event of Default is not be cured or remedied prior to the end of the additional ninety (90) day period, the remedy to the Notice Party shall be as set forth below in Section 5.3.

Section 5.3. Remedies.

Upon the occurrence of any Event of Default and the expiration of all applicable cure periods as set forth in Section 5.2, the remedies to Notice Party shall be as follows:

A. In the case of an Event of Default by the Developer as stated in subsection (A) of Section 5.1, the City shall be entitled to seek any and all remedies available to it at law or in equity, including reasonable attorney fees.

B. In the case of an Event of Default by any of the City Parties, the Developer shall be entitled to seek any and all remedies available to it at law or in equity, including reasonable attorney fees.

Section 5.4 Exclusion of Certain Damages.

Each of the City Parties and the Developer shall be entitled to make claims against each other solely for direct and actual damages. The City Parties and the Developer waive all claims against each other (and against each other's respective Affiliates, members, managers, shareholders, officers, directors, agents and employees) for any consequential, incidental, indirect, special, exemplary or punitive damages, regardless of whether any such claim arises out of breach of contract, tort, product liability, indemnity, contribution, strict liability, or any other legal theory.

ARTICLE VI

TERM OF AGREEMENT AND TERMINATION

The term (“**Term**”) of this Agreement, and its effectiveness, shall commence as of the Effective Date and shall continue in full force and effect until the first to occur of (i) the Developer completes construction of the Project and receives the entire amount of the Incentive, or (ii) the termination of this Agreement by the City Parties upon not less than sixty (60) days' prior written notice to the Developer due to a failure by the Developer to substantially complete the construction of the Project in accordance with Section 1.1 hereof following the applicable cure periods set forth in Section 5.2 hereof or elsewhere in this Agreement, or (iii) the termination of this Agreement by the Developer upon not less than thirty (30) days' prior written notice to the City Parties due to a failure by the City Parties to deliver to the Developer any portion of the Incentive pursuant to Section 1.11 or the failure of the Developer to receive the zoning variance or any other local, state or federal approval necessary to complete the construction or operation of the Project. The parties hereto acknowledge that, notwithstanding the termination of this Agreement, each of them may have continuing obligations under the Bond Purchase Agreement, the Trust Indenture and/or Financing Agreement entered into with respect to the issuance of the Bonds. Notwithstanding anything to the contrary, in the event the City Parties fail to obtain the full amount of the Incentive

pursuant to Section 1.11, the Developer shall have the sole option of (i) completing the Project; or (ii) terminating the Agreement. In the event the Developer elects to terminate the Agreement on the foregoing ground, the City Parties shall deliver written authorization to the Developer and any contractors to terminate their payment, performance, or any other surety bonds related to the construction of the Project.

ARTICLE VII

MISCELLANEOUS

Section 7.1 No Agency, Partnership or Joint Venture.

Nothing contained in this Agreement nor any act of any of the City Parties or the Developer, or any other person, shall be deemed or construed by any person to create any relationship of third-party beneficiary, or of principal and agent, limited or general partnership, or joint venture between any of the City Parties and the Developer.

Section 7.2 Negotiated Document.

The Developer and each of the City Parties acknowledge that the provisions and the language of this Agreement have been negotiated at arm's-length and agree that no provision of this Agreement shall be construed against either the Developer or the City Parties by reason of either party having drafted such provision of this Agreement.

Section 7.3 Compliance with Laws.

The Developer and each of the City Parties acknowledge that the obligations of the each of the City Parties described in this Agreement, including without limitation any obligation to acquire property, or to sell, lease or dispose of any interest in property owned by any of the City Parties, may involve certain and various legally required proceedings and/or approvals, and any and all such obligations or undertakings of the City Parties described herein are accordingly subject

to compliance with such proceedings and all other Applicable Laws to which the City Parties may be subject.

Section 7.4 Force Majeure.

Neither the Developer nor any of its successors and/or assigns shall be considered in breach or default of its obligations under this Agreement, and times for performance of obligations hereunder shall be extended in the event of any delay caused by an event of force majeure, including, but not limited, an Act of God, strike, lockout, slowdown or other industrial disturbance (whether or not such strike, lockout or other industrial disturbance could be avoided or mitigated by acceding to worker demands), acts of vandals, criminals or public enemies, act of terrorism, war, blockade, public riot, lightning, fire, storm, flood, extreme weather conditions, explosion, blackout, a local, regional or national pandemic, orders of the government of the United States of America, the State or municipality or any of their departments, agencies or officials, orders of any civil military authority, unavailability, disruptions, shortages of materials and labor, failure to perform (as applicable) of transportation, carriers, suppliers, contractors, subcontractors, product or equipment, breakage or accident to machinery, transmission pipes or canals, partial or entire failure of utilities, and any other cause which is not reasonably within the control of the Developer (any and all of the foregoing a “**Force Majeure Event**”); provided that such Force Majeure Event shall not be deemed to exist as to any matter initiated or sustained by either party in bad faith, and further provided that the Developer notifies the City Parties in writing within sixty (60) days of the commencement of such claimed Force Majeure Event.

Section 7.5 Exhibits.

All Exhibits identified in or attached to this Agreement are incorporated herein and made part hereof by this reference.

Section 7.6 Captions.

The captions, headings and arrangements in this Agreement are for convenience only and do not in any way define, limit or modify the terms or provisions hereof.

Section 7.7 Number and Gender.

Whenever the singular number is used in this Agreement, the same shall include the plural where appropriate and words of any gender shall include the other gender where appropriate.

Section 7.8 Notices.

No notice, approval, consent or other communication authorized or required by this Agreement shall be effective unless the same shall be in writing. Any such communications shall be effective (i) upon receipt if it is hand delivered; (ii) seventy two (72) hours after it is sent postage prepaid by United States registered or certified mail, return receipt requested; (iii) twenty four (24) hours after it is deposited with a national courier for overnight delivery with delivery fees prepaid; or (iv) twenty four (24) hours after it is sent by email, with written confirmation response obtained, directed or addressed in each case set forth in (i) through (iv) above to the other party at its address (or email address) set forth below.

The addresses for notices are:

To the City and the Redevelopment Commission:
City of Hobart
414 Main Street
Hobart IN 46342
Attention: Beth Jacobson, AICP
Email: bjacobson@cityofhobart.org

With Copy To:
David W. Westland
Westland & Bennett P.C.
2929 Carlson Drive, Suite 300
Hammond IN 46323
Email: dwestland@westlandbennett.com

To the Developer:
SIR RLJ, LLC
5441 E. Lincoln Highway
Merrillville IN 46410

Attention: James Dragon
Email: jamesd@albaneseconfectionery.com

With Copy To:

Hinshaw & Culbertson LLP
333 South 7th Street, Suite 2000
Minneapolis, MN 55402
Attention: Amy L. DuMond Kottke
Email: akottke@hinshawlaw.com

Any party may, in substitution of the foregoing, designate a different address and addresses (and/or fax number or numbers) within the continental United States for purposes of this Section by written notice delivered to all other parties in the manner prescribed in this Section 7.8 at least ten (10) days in advance of the date upon which such change of address is to be effective.

Section 7.9 Survival.

All representations, warranties and indemnities set forth in this Agreement shall survive the termination hereof for a period expiring on the earlier of (a) the maturity date of any outstanding Bonds, or (b) the date of repayment of all outstanding Bonds.

Section 7.10 Counterparts.

This Agreement may be executed in a number of identical counterparts and, if so, executed, each such counterpart is deemed an original for all purposes, and all such counterparts shall collectively constitute one Agreement.

Section 7.11 Binding Effect.

The Developer may assign its rights and obligations under this Agreement to an Affiliate of the Developer without the consent of any of the City Parties and may otherwise assign its rights and obligations under this Agreement with the consent of the Redevelopment Commission, acting on behalf of itself and the other City Parties, which consent shall not be unreasonably withheld, conditioned or delayed. The rights of the Developer and each of the City Parties under this

Agreement shall inure to the Developer and each of the City Parties respectively, and their respective successors and assigns

Section 7.12 Time of the Essence.

Time is of the essence in the performance of this Agreement and each and every provision contained herein.

Section 7.13 Costs of Proceedings.

In the event of the institution of any proceeding relating to the performance of this Agreement, the parties agree that costs and expenses, including reasonable attorneys' fees and expenses, incurred by the Prevailing Party (as defined herein) in connection with such proceeding, will be paid by the Non-Prevailing party. As used herein, the "**Prevailing Party**" is (i) the party which ultimately is awarded an amount (net of any offsets or counterclaims awarded to the other party) in excess of the last settlement offer made in writing by the other party prior to the filing of the lawsuit, or (ii) the party which made the last settlement offer in writing, if the amount ultimately awarded (net of any offsets or counterclaims awarded to the other party) is less than such last settlement offer prior to the filing of the lawsuit, or (iii) the party which ultimately is awarded an amount, regardless of sum, if no settlement offer was ever made in writing by the other party, or (iv) if no amount is awarded, but instead equitable relief is granted, the party in whose favor such equitable relief is granted. The "**Non-Prevailing Party**" is the other party to any proceeding with the Prevailing Party.

Section 7.14 Severability.

If and in the event any provision of this Agreement is determined to be invalid for any reason, it shall be severed and all other provisions not determined invalid shall continue with full force and effect; provided, however, that if (i) such declaration of invalidity relieves a party of a material obligation to the other, or eliminates a material benefit to a party, and (ii) the effect of

either of the foregoing is to deprive the other party of substantially all of the benefits to such party of the transactions contemplated by this Agreement, then the adversely affected party shall have the right to terminate this Agreement, by giving thirty (30) day notice of such termination to the other party.

Section 7.15 Non-Waiver.

No failure by either party hereto, at any time, to require the performance by the other of any term of this Agreement, shall in any way affect the right of either party to enforce such terms, nor shall any waiver by either party of any term hereof be taken or held to be a waiver of any other provision of this Agreement. No waiver of any term or provision of this Agreement shall be effective unless the same is in writing, signed by the parties hereto.

Section 7.16 Governing Law.

This Agreement is entered into in the State of Indiana and shall be governed by and construed (and all of the rights and obligations hereunder shall be determined) in accordance with the internal laws of the State of Indiana, without reference to the choice of law principles thereof.

Section 7.17 No Third-Party Beneficiaries.

Nothing in this Agreement shall be construed as creating any rights of entitlement that inure to the benefit of any person or entity not a party of this Agreement.

Section 7.18 Jurisdiction and Consent to Suit.

Subject to the provisions of this Agreement, each of the City Parties and the Developer hereby agree and consent to the exclusive personal and subject matter jurisdiction of the Superior/Circuit Courts of Lake County, Indiana, or the United States District Court for the Northern District of Indiana, Hammond Division, which are the exclusive forums in connection with any claim, cause of action or other dispute by either of them against the other arising out of or relating to the terms, obligations and conditions of this Agreement. The parties agree that service

shall be effective by notice under the Federal Rules of Civil Procedure to any individual listed in Section 7.8 or authorized representative or agent; provided, however, that each party shall retain any rights in may have under Applicable Laws then in effect to seek a change of judge in any proceeding before such designated court. Each of the City Parties covenants that it shall not assert in any such action, as a defense to any claim by the Developer for breach or violation by any of the City Parties of this Agreement, any defense of sovereign or governmental immunity to which any of the City Parties might otherwise claim to be entitled under Applicable Laws then in effect.

Section 7.19 Confidentiality.

The parties acknowledge that the Agreement shall be subject to public disclosure under the laws of the State.

Section 7.20 Standards for Consent.

Where any provision of this Agreement requires the consent or approval of either party, each party agrees that it will not unreasonably withhold, condition, or delay such consent or approval, except as otherwise expressly provided in this Agreement, and the reasonableness of each party's determination shall be evaluated in accordance with any particular standards governing such particular consent or approval as expressly set forth in this Agreement, or if no standards are expressly set forth, then in accordance with all relevant facts and circumstances.

Where any provision of this Agreement requires one party to do anything to the satisfaction of the other party, the other party agrees that it will not unreasonably refuse to state its satisfaction with such action. Any dispute over the reasonableness of either party withholding or conditioning its consent or satisfaction shall be resolved pursuant to this Agreement.

ARTICLE VIII

DISPUTE RESOLUTION AND TERMINATION

Section 8.1 Alternative Dispute Resolution.

If a dispute arises between the Developer and any of the City Parties relating to this Agreement, the Developer and the City Parties, to the fullest extent permitted by applicable law, agree to use the following procedure to resolve the dispute:

A. A meeting shall be held promptly between the parties, attended by individuals with decision-making authority regarding the dispute, to attempt in good faith to negotiate a resolution of the dispute; and

B. If, within fourteen (14) days after that meeting, the parties have not succeeded in negotiating a resolution to the dispute, they hereby agree to submit the dispute to mediation in accordance with the Commercial Mediation Rules of the American Arbitration Association and to bear equally the costs of the mediation.

1. The parties will jointly appoint a mutually acceptable mediator, seeking assistance in this regard from the American Arbitration Association if they are unable to agree upon this appointment within twenty-one (21) days from the conclusion of the negotiation period; and

2. The parties agree to participate in good faith in the mediation and negotiation related thereto for a period of thirty (30) days.

C. If, upon the completion of the mediation process described in subparagraphs A and B, the parties have not succeeded in reaching a resolution to the dispute, then the parties may assert claims or bring actions in a court of law or pursue any other remedy with respect to any rights of the parties under this Agreement or in connection with the transactions contemplated this Agreement.

ARTICLE IX

DEVELOPER'S INDEMNIFICATION OBLIGATIONS

Section 9.1 Environmental Indemnification.

The Developer agrees, at the Developer's sole cost and expense, to protect, defend, indemnify and save harmless the City Parties from and against any and all liabilities, obligations, claims, damages, penalties, causes of action, response and clean-up costs, and other costs and expenses (including, without limitation, reasonable attorneys' fees, the cost of any remedial action, consultant fees, investigation and laboratory fees, court costs and litigation expenses) arising out of or relating to, the presence, disposal, escape, seepage, leakage, spillage discharge, emission, release or threatened release of any Hazardous Materials on, from or affecting the Project Site to the extent caused by the Developer in the construction of the Project and as a result of Event of Default under this Agreement; provided, however, in no event shall Developer have any liability or obligation to indemnify the City Parties for any such claims, damages, penalties, causes of action, response and clean-up costs, and other costs and expenses arising out of or relating to, the presence, disposal, escape, seepage, leakage, spillage discharge, emission, release or threatened release of any Hazardous Materials on, from or affecting the Project Site to the extent such action occurred prior to the Developer taking possession of the Project Site.

Section 9.2 General Indemnification.

A. The Developer shall hold harmless, indemnify and defend the City Parties and their governing body members, officers, agents, employees and independent contractors (the “**City Indemnitees**”) for any damage or injury to the persons or property of the Developer or its officers, agents, employees, independent contractors or any other persons who may be about the Project during construction thereof (the “**Developer Parties**”), except for matters arising out of the gross negligence or willful misconduct of the City Indemnitees.

B. Each of the City Indemnitees shall not be liable for any damage or injury to the persons or property of the Developer Parties except for matters arising out of the gross negligence or willful misconduct of the City Indemnitees.

C. All covenants, stipulations, promises, agreements and obligations of each of the City Parties contained herein shall be deemed to be the covenants, stipulations, promises, agreements and obligations of each of the City Parties and not of any of their governing body members, officers, agents, attorneys, employees or independent contractors in their individual capacities.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first written above, to be effective as the Effective Date of this Agreement.

[signature pages follow this page]

SIGNATURE PAGE OF CITY
TO
DEVELOPMENT AGREEMENT

CITY:

CITY OF HOBART, INDIANA, an
Indiana municipal corporation

By: _____

Name: _____

Title: _____

ATTEST:

By: _____
Clerk-Treasurer

SIGNATURE PAGE OF REDEVELOPMENT COMMISSION
TO
DEVELOPMENT AGREEMENT

REDEVELOPMENT COMMISSION:

CITY OF HOBART REDEVELOPMENT COMMISSION

By: _____

Name: _____

Title: _____

ATTEST:

By: _____
Secretary

SIGNATURE PAGE OF DEVELOPER
TO
DEVELOPMENT AGREEMENT

DEVELOPER:

SIR RLJ, LLC, an Indiana limited liability company

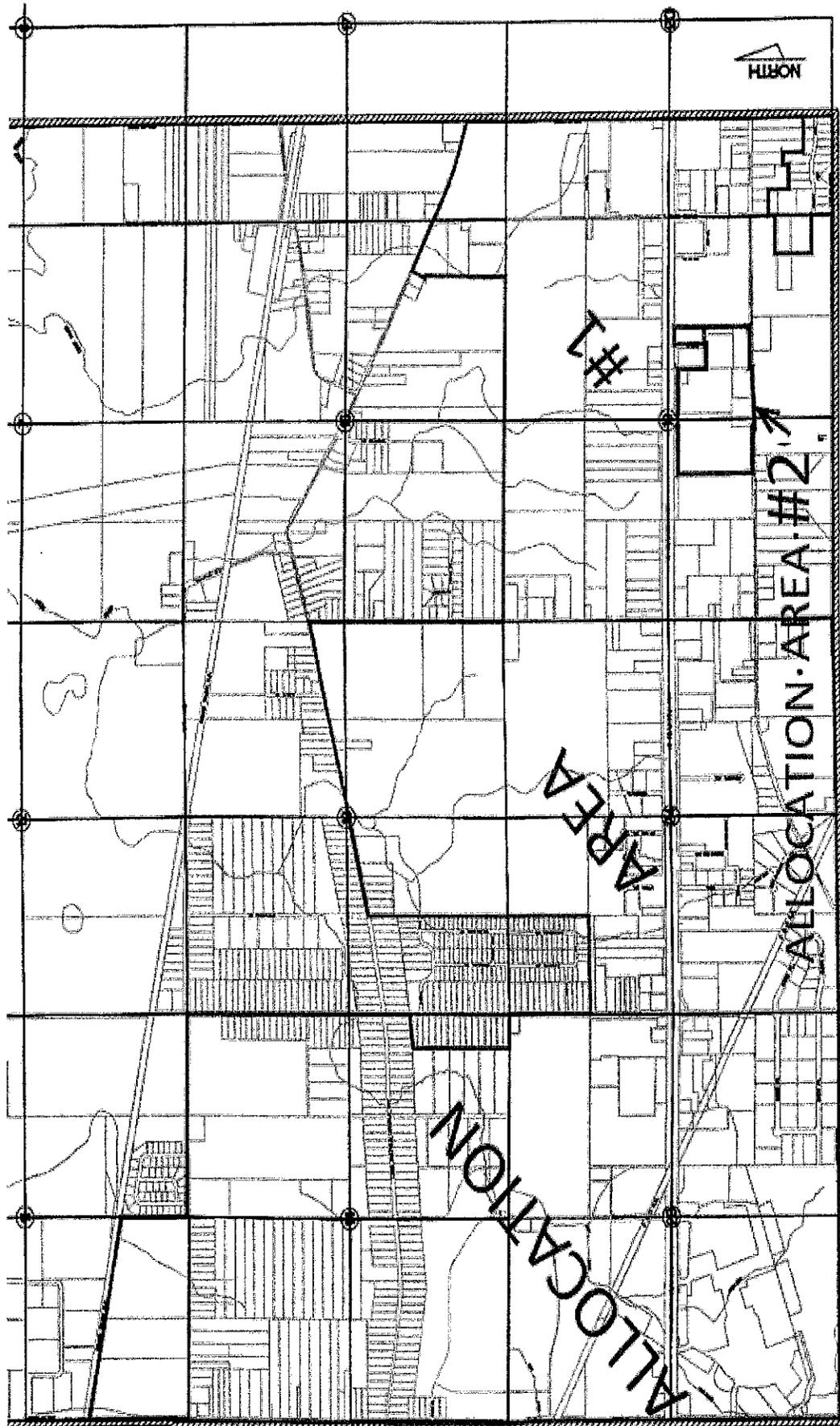
By: _____

Name: _____

Title: _____

EXHIBIT A

Description of Economic Development Area and Allocation Area



U.S. 30 and 69TH AVE. ECONOMIC DEVELOPMENT AREA

Created 10-21-2021

EXHIBIT B

Description of Project Site

LOT 1 OF ALBANESE ADDITION TO THE CITY OF HOBART, INDIANA, RECORDED AS DOCUMENT NUMBER 2014-022164 IN PLAT BOOK 107 PAGE 09 IN THE OFFICE OF THE RECORDER, LAKE COUNTY, INDIANA.

ALSO - LOT 1 OF US 30 ENTERPRISE PARK AS RECORDED IN PLAT BOOK 81 PAGE 99 IN SAID RECORDER'S OFFICE.

ALSO - LOT 3, LOT 4, AND A PRIVATE DRAINAGE EASEMENT AS RECORDED IN VELOCITY DEVELOPMENT IN PLAT BOOK 101 PAGE 44 IN SAID RECORDER'S OFFICE.

ALSO - A PARCEL OF LAND IN THE SOUTHEAST $\frac{1}{4}$ OF SECTION 19, TOWNSHIP 35 NORTH, RANGE 7 WEST OF THE 2ND PRINCIPAL MERIDIAN, MORE PARTICULARLY DESCRIBED AS FOLLOWS: COMMENCING AT A POINT ON THE EAST LINE OF THE WEST $\frac{1}{2}$ OF THE WEST $\frac{1}{2}$ OF THE SOUTHEAST $\frac{1}{4}$ OF SECTION 19, 100.00 FEET SOUTH OF ITS INTERSECTION WITH THE NORTH LINE OF THE SOUTH $\frac{1}{2}$ OF SECTION 19, AND POINT LOCATED IN THE SOUTH RIGHT OF WAY LINE OF U.S. ROUTE 30; THENCE WESTERLY 200 FEET ALONG THE SOUTH RIGHT OF WAY LINE TO A POINT; THENCE SOUTH 217.8 FEET ON A LINE PARALLEL TO THE EAST LINE OF THE WEST $\frac{1}{2}$ OF THE WEST $\frac{1}{2}$ OF THE SOUTHEAST $\frac{1}{4}$ OF SECTION 19; THENCE EAST 200.00 FEET ALONG A LINE PARALLEL TO THE SOUTH RIGHT OF WAY LINE OF U.S. ROUTE 30 TO A POINT ON THE EAST LINE OF THE WEST $\frac{1}{2}$ OF THE WEST $\frac{1}{2}$ OF THE SOUTHEAST $\frac{1}{4}$ OF SECTION 19; THENCE NORTHERLY 217.8 FEET ALONG THE SAID EAST LINE OF THE WEST $\frac{1}{2}$ OF THE WEST $\frac{1}{2}$ OF THE SOUTHEAST $\frac{1}{4}$ OF SECTION 19 TO THE PLACE OF COMMENCEMENT IN LAKE COUNTY, INDIANA, EXCEPTING THEREFROM THE NORTH 55.00 FEET FROM THE EASTERNMOST BOUNDARY TO THE WESTERNMOST BOUNDARY OF THE PARCEL, AND ALSO EXCEPTING THEREFROM THAT PART DEEDED TO THE STATE OF INDIANA BY QUIT CLAIM DEED RECORDED MAY 7, 1998 AS DOCUMENT NO. 98033129.

MORE COMMONLY KNOWN AS 5701 EAST 81ST AVE., MERRILLVILLE, INDIANA.

ALSO - THAT PART OF THE EAST $\frac{1}{2}$ SW $\frac{1}{4}$ AND OF THE WEST $\frac{1}{2}$ WEST $\frac{1}{2}$ SE $\frac{1}{4}$ SECTION 19, TOWNSHIP 35 NORTH, RANGE 7 WEST OF THE 2ND P.M., MORE PARTICULARLY DESCRIBED AS FOLLOWS: COMMENCING AT THE INTERSECTION OF THE NORTH-SOUTH CENTERLINE OF SAID SECTION 19 WITH THE CENTERLINE OF A PUBLIC ROAD SAID POINT OF INTERSECTION BEING 1393.22 FEET SOUTH OF THE NE CORNER OF THE EAST $\frac{1}{2}$, SW $\frac{1}{4}$ OF SAID SECTION 19, THENCE WEST ALONG THE CENTER OF SAID PUBLIC ROAD

107.5 FEET, THENCE NORTH PARALLEL TO SAID NORTH-SOUTH CENTERLINE 351.90 FEET, MORE OR LESS, TO A POINT 281.52 FEET NORTH OF THE SOUTH LINE OF THE NORTH 1/2 , SOUTH 1/2 OF SAID SECTION 19, THENCE EAST PARALLEL TO THE SOUTH LINE OF NORTH 1/2 SOUTH 1/2 OF SAID SECTION A DISTANCE OF 384.64 FEET; THENCE SOUTH PARALLEL TO SAID NORTH-SOUTH CENTERLINE 340.03 FEET TO THE CENTERLINE OF SAID PUBLIC ROAD, THENCE WESTERLY ALONG THE CENTERLINE OF SAID PUBLIC ROAD 277.24 FEET, MORE OR LESS, TO THE POINT OF BEGINNING, CONTAINING 3.066 ACRES, MORE OR LESS.

MORE COMMONLY KNOWN AS: 5606 E 83RD AVE., MERRILLVILLE, INDIANA

ALSO - PART OF THE WEST 1/2 OF THE WEST 1/2 OF THE SOUTHEAST 1/4 OF SECTION 19, TOWNSHIP 35 NORTH, RANGE 7 WEST OF THE 2ND PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS; COMMENCING AT THE INTERSECTION OF THE EAST LINE OF THE WEST 1/2 OF THE WEST 1/2 OF THE SOUTHEAST 1/4 OF SAID SECTION 19 WITH THE CENTER LINE OF A PUBLIC ROAD; THENCE NORTH ALONG THE EAST LINE OF THE WEST 1/2 OF THE WEST 1/2 OF THE SOUTHEAST 1/4 OF SAID SECTION 19, 324.62 FEET MORE OR LESS, TO A POINT 281.52 FEET NORTH OF THE SOUTH LINE OF THE NORTH 1/2 OF THE SOUTH 1/2 OF SAID SECTION 19; THENCE WEST PARALLEL TO THE SOUTH LINE OF THE NORTH 1/2 OF THE SOUTH 1/2 OF SAID SECTION 19, A DISTANCE OF 384.63 FEET; THENCE SOUTH PARALLEL TO THE NORTH-SOUTH CENTER LINE OF SAID SECTION 19, A DISTANCE OF 340.03 FEET TO THE CENTER LINE OF SAID PUBLIC ROAD; THENCE EASTERLY ALONG THE CENTER LINE OF SAID PUBLIC ROAD 384.82 FEET TO THE PLACE OF BEGINNING, IN LAKE COUNTY, INDIANA.

MORE COMMONLY KNOWN AS: 5708 E 83RD AVE., MERRILLVILLE, INDIANA

ALSO- LOT 2 OF VELOCITY DEVELOPMENT AS RECORDED IN VELOCITY DEVELOPMENT IN PLAT BOOK 101 PAGE 44 IN THE OFFICE OF THE RECORDER, LAKE COUNTY, INDIANA.

ALSO – THE EAST 206.35’ OF 82ND AVENUE (BEING A 60’ RIGHT OF WAY) LYING SOUTH OF AND ADJACENT TO SAID LOT 2 OF VELOCITY DEVELOPMENT

EXHIBIT C

Estimated Pledged TIF Revenues

(See Attached Baker Tilly Municipal Advisors, LLC Letter Dated January 13, 2022)



January 13, 2022

Ms. Beth Jacobson, Director of Development
 City of Hobart
 414 Main Street
 Hobart, Indiana 46324

Baker Tilly Municipal Advisors, LLC
 8365 Keystone Crossing, Ste 300
 Indianapolis, IN 46240
 United States of America

Re: Proposed Project Talon

T: +1 (317) 465 1500
 F: +1 (317) 465 1550
 bakertilly.com

Dear Ms. Jacobson:

The attached schedules (listed below) present unaudited and limited information for the purpose of discussion of the proposed Project Talon by the appropriate officers, officials and advisors of the City of Hobart. The use of these schedules should be restricted to this purpose, for internal use only, as the information is subject to future revision and final report.

Page

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|----|--|
| 2 | Assumptions – Proposed Investment |
| 3 | Assumptions – Existing Development |
| 4 | Estimated Tax Increment from Real Property – Existing Development |
| 5 | Estimated Tax Increment from Real Property – Proposed Investment |
| 6 | Estimated Tax Increment from Personal Property – Existing Development |
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| 10 | Illustrative Project Costs and Funding |
| 11 | Illustrative Amortization of \$11,250,000 Principal Amount of Taxable Economic Development Revenue Tax Increment Revenue Bonds, Series 2022 – Issued Amortization |
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Estimated Property Tax Abatement

| | |
|----|---|
| 15 | Estimated Property Tax Liability for the Proposed Investment - Real Property |
| 16 | Estimated Property Tax Liability for the Proposed Investment - Personal Property |
| 17 | Estimated Annual Combined Property Tax Abatement Savings for the Proposed Investment |

We would appreciate your questions or comments on this information and would provide additional information upon request.

Very truly yours,

BAKER TILLY MUNICIPAL ADVISORS, LLC

A handwritten signature in black ink, appearing to read "Matthew R. Eckerle".

Matthew R. Eckerle, Principal

HOBART (INDIANA) REDEVELOPMENT COMMISSION

Proposed Project Talon

ASSUMPTIONS - PROPOSED INVESTMENT

The following investment assumptions are based on information provided by the Company

| | | <u>Estimated Cost</u> |
|--|-------------------|-----------------------------|
| Real Property: | | |
| New Building Construction (1) | | |
| Phase 1 | | |
| - First assessed January 1, 2024 for taxes payable in 2025 | \$47,000,000 | |
| Phase 2 | | |
| - First assessed January 1, 2027 for taxes payable in 2028 | <u>15,000,000</u> | |
| Subtotal Real Property | | \$62,000,000 |
| Depreciable Personal Property: | | |
| Proposed Investment (1) | | |
| Paine, LLC | | |
| Pool #2 (2) | | |
| Phase 1 | | |
| - First assessed January 1, 2025 for taxes payable in 2026 | \$40,000,000 | |
| Phase 2 | | |
| - First assessed January 1, 2027 for taxes payable in 2028 | <u>35,000,000</u> | |
| Subtotal Personal Property | | <u>75,000,000</u> |
| Total Investment | | <u><u>\$137,000,000</u></u> |

- (1) Per investment information provided by Company representatives.
- (2) For the purposes of this analysis, it has been assumed that the equipment will be purchased as new and be depreciated in Pool # 2 (5- 8 year useful life) for property tax purposes. Once installed, the Company may report the depreciation in a different pool, which may have a material effect on the resulting tax increment calculations. No assumption has been made for future equipment retirement/replacement.

| Property Tax Rates | |
|-------------------------------|----------|
| Certified Pay 2021 Tax Rate | |
| - Hobart Ross taxing district | \$3.0161 |

Note: Indiana Code 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 (the "Circuit Breaker Tax Credit"). For commercial and industrial property, the Circuit Breaker Tax Credit reduces a taxpayer's tax liability to 3% of their property's gross assessed value. The Indiana property tax caps, in combination with other potential future changes, such as increases in budgets and tax rates of overlapping taxing units, a loss of a major taxpayer, the adoption of local option income tax for property tax relief purposes, or future changes in Indiana property tax law and regulations, could affect the actual assessed value of the proposed development and the applicable property tax rates, and cause the actual tax increment to differ significantly from the estimates shown in these schedules.

(Subject to the attached letter dated January 13, 2022)
(Preliminary - Subject to Change)
(For Internal Use Only)

HOBART (INDIANA) REDEVELOPMENT COMMISSION

Proposed Project Talon

ASSUMPTIONS - EXISTING DEVELOPMENT

The following assumptions are based on information provided by the Company and the Lake County Auditor's office

Real Property Assessed Value:

| | |
|--|--------------|
| Existing Development (1) | |
| - January 1, 2021 assessment taxes payable 2022 gross assessed value | \$22,755,600 |

Depreciable Personal Property Cost:

| | | |
|---|------------------|--------------------|
| Jefferson LLC (2) | | |
| Pool #2 | | |
| - As of January 1, 2021 assessment date | \$22,458,409 | |
| Hancock Enterprises, LLC (3) | | |
| Pool #2 | | |
| - As of January 1, 2021 assessment date | 59,699,847 | |
| Paine, LLC (4) | | |
| Pool #2 | | |
| - As of January 1, 2021 assessment date | 69,777,650 (5) | |
| SIR RLJ, LLC (6) | | |
| Pool #2 | | |
| - As of January 1, 2021 assessment date | <u>3,484,139</u> | |
| Subtotal Personal Property | | <u>155,420,045</u> |

| | | |
|-------------------------|--|------------------------------------|
| Total Investment | | <u><u>\$178,175,645</u></u> |
|-------------------------|--|------------------------------------|

- (1) Per the Lake County Auditor's office. Represents the assessed value for parcels 45-13-19-326-005.000-046, 45-13-19-400-001.000-046, and 45-13-19-400-024.000-046.
- (2) Per the Indiana Business Tangible Personal Property Assessment Return completed by Jefferson LLC for January 1, 2021 taxes payable 2022.
- (3) Per the Indiana Business Tangible Personal Property Assessment Return completed by Hancock Enterprises, LLC for January 1, 2021 taxes payable 2022.
- (4) Per the Indiana Business Tangible Personal Property Assessment Return completed by Paine, LLC for January 1, 2021 taxes payable 2022.
- (5) Includes estimated investment to be in service on January 1, 2022. Per information provided by Company representatives related to a previously-approved property tax abatement.
- (6) Per the Indiana Business Tangible Personal Property Assessment Return completed by SIR RLJ, LLC for January 1, 2021 taxes payable 2022.

| | |
|-------------------------------|----------|
| Property Tax Rates | |
| Certified Pay 2021 Tax Rate | |
| - Hobart Ross taxing district | \$3.0161 |

Note: Indiana Code 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 (the "Circuit Breaker Tax Credit"). For commercial and industrial property, the Circuit Breaker Tax Credit reduces a taxpayer's tax liability to 3% of their property's gross assessed value. The Indiana property tax caps, in combination with other potential future changes, such as increases in budgets and tax rates of overlapping taxing units, a loss of a major taxpayer, the adoption of local option income tax for property tax relief purposes, or future changes in Indiana property tax law and regulations, could affect the actual assessed value of the proposed development and the applicable property tax rates, and cause the actual tax increment to differ significantly from the estimates shown in these schedules.

(Subject to the attached letter dated January 13, 2022)
(Preliminary - Subject to Change)
(For Internal Use Only)

HOBART (INDIANA) REDEVELOPMENT COMMISSION

Proposed Project Talon

ESTIMATED TAX INCREMENT FROM REAL PROPERTY - EXISTING DEVELOPMENT

| Taxes Payable Year | Estimated Net Assessed Value (1) | Less: Base Assessed Value (2) | Estimated Incremental Assessed Value | Tax Rate (3) | Gross Tax Increment | Estimated Tax Increment | | Net Tax Increment |
|-----------------------|--|-------------------------------------|---|-----------------|------------------------|--------------------------------------|------------|----------------------|
| | | | | | | Circuit Breaker Tax Credit (4) | | |
| 2022 | \$18,291,000 | (\$18,291,000) | \$0 | \$3.0161 | \$0 | \$0 | \$0 | \$0 |
| 2023 | 19,779,200 | (18,291,000) | 1,488,200 | 3.0161 | 44,890 | 0 | 0 | 44,890 |
| 2024 | 21,267,400 | (18,291,000) | 2,976,400 | 3.0161 | 89,770 | 0 | 0 | 89,770 |
| 2025 | 22,011,500 | (18,291,000) | 3,720,500 | 3.0161 | 112,210 | 0 | 0 | 112,210 |
| 2026 | 22,755,600 | (18,291,000) | 4,464,600 | 3.0161 | 134,660 | 0 | 0 | 134,660 |
| 2027 | 22,755,600 | (18,291,000) | 4,464,600 | 3.0161 | 134,660 | 0 | 0 | 134,660 |
| 2028 | 22,755,600 | (18,291,000) | 4,464,600 | 3.0161 | 134,660 | 0 | 0 | 134,660 |
| 2029 | 22,755,600 | (18,291,000) | 4,464,600 | 3.0161 | 134,660 | 0 | 0 | 134,660 |
| 2030 | 22,755,600 | (18,291,000) | 4,464,600 | 3.0161 | 134,660 | 0 | 0 | 134,660 |
| 2031 | 22,755,600 | (18,291,000) | 4,464,600 | 3.0161 | 134,660 | 0 | 0 | 134,660 |
| 2032 | 22,755,600 | (18,291,000) | 4,464,600 | 3.0161 | 134,660 | 0 | 0 | 134,660 |
| 2033 | 22,755,600 | (18,291,000) | 4,464,600 | 3.0161 | 134,660 | 0 | 0 | 134,660 |
| 2034 | 22,755,600 | (18,291,000) | 4,464,600 | 3.0161 | 134,660 | 0 | 0 | 134,660 |
| 2035 | 22,755,600 | (18,291,000) | 4,464,600 | 3.0161 | 134,660 | 0 | 0 | 134,660 |
| 2036 | 22,755,600 | (18,291,000) | 4,464,600 | 3.0161 | 134,660 | 0 | 0 | 134,660 |
| 2037 | 22,755,600 | (18,291,000) | 4,464,600 | 3.0161 | 134,660 | 0 | 0 | 134,660 |
| Totals | | | | | \$1,862,790 | \$0 | \$0 | \$1,862,790 |

(1) Based on taxes payable 2022 assessment information provided by the Lake County auditor's office for parcel numbers 45-13-19-326-005.000-046, 45-13-19-400-001.000-046, and 45-13-19-400-024.000-046. Accounts for the expiration of outstanding real property tax abatements.

(2) Assumes the Redevelopment Commission establishes a new allocation area for the project site with a base assessment date of January 1, 2021.

(3) Represents the certified pay 2021 tax rate for the Hobart-Ross Township taxing district.

(4) Assumes the Circuit Breaker Tax Credit, which limits property tax liability to 3% of gross assessed value for an industrial parcel, is applied. Accounts for the application of the pay 2021 LIT PTRC of 16.3121%.

Note: This analysis assumes no additional growth in assessed values or changes in tax rates. Changes to the assumptions outlined above may have a material effect on the tax increment revenue illustrations contained in this analysis.

(Subject to the attached letter dated January 13, 2022)

(Preliminary - Subject to Change)

(For Internal Use Only)

HOBART (INDIANA) REDEVELOPMENT COMMISSION

Proposed Project Talon

ESTIMATED TAX INCREMENT FROM REAL PROPERTY - PROPOSED INVESTMENT

| | January 1 Completion Date <u>(1)</u> | Estimated Sq. Ft. <u>(2)</u> | Estimated Assessed Value / Sq. Ft. <u>(3)</u> | Estimated Tax Increment | |
|--|---|------------------------------------|--|-------------------------|------------------|
| | | | | Taxes Payable Year | |
| | | | | <u>2025-2027</u> | <u>2028-2037</u> |
| Estimated Assessed Value | | | | | |
| Phase 1 - Building 1 | | | | | |
| Production | 2024 | 176,000 | \$55 | \$9,680,000 | \$9,680,000 |
| Warehouse | 2024 | 100,000 | 45 | 4,500,000 | 4,500,000 |
| Phase 1 - Employee/Office Center | 2024 | 47,000 | 65 | 3,055,000 | 3,055,000 |
| Phase 2 | 2027 | 115,000 (4) | 45 | | 5,175,000 |
| Estimated Incremental Assessed Value | | | | 17,235,000 | 22,410,000 |
| Times: Tax Rate (5) | | | | \$3.0161 | \$3.0161 |
| Estimated Tax Increment | | | | 519,820 | 675,910 |
| Less: Estimated Circuit Breaker Credit (6) | | | | 0 | 0 |
| Estimated Net Tax Increment | | | | <u>\$519,820</u> | <u>\$675,910</u> |

| | | |
|-------------------------------------|-----------|-----------|
| Estimated Phase 1 Net Tax Increment | \$519,820 | \$519,820 |
| Estimated Phase 2 Net Tax Increment | 0 | 156,090 |

- (1) Per Company representatives. Assumes the first taxes payable year will be the year following the January 1 assessment date.
- (2) Per Company representatives.
- (3) Estimated assessed values are based upon the January 1, 2020 assessment for the Company's existing facility, prior to the application of any market factors. Actual assessed values will be determined by the Lake County Assessor upon completion, and the actual assessed values may be materially different from the values used in this analysis.
- (4) The estimated building is a range of 100,000 to 130,000 square feet.
- (5) Represents the certified pay 2021 tax rate for the Hobart Ross taxing district.
- (6) Accounts for the application of the Circuit Breaker Tax Credit, which limits property tax liability to 3.0% of gross assessed value for industrial property. Accounts for the application of the pay 2021 LIT PTRC of 16.3121%.

Note: This analysis assumes no additional growth in assessed values or changes in tax rates. Changes to the assumptions outlined above may have a material effect on the tax increment revenue illustrations contained in this analysis.

(Subject to the attached letter dated January 13, 2022)
(Preliminary - Subject to Change)
(For Internal Use Only)

HOBART (INDIANA) REDEVELOPMENT COMMISSION

Proposed Project Talon

ESTIMATED TAX INCREMENT FROM PERSONAL PROPERTY - EXISTING DEVELOPMENT

| Taxes Payable Year | Estimated Total Net Assessed Value | Less: Base Assessed Value | Estimated Incremental Assessed Value | Tax Rate | Estimated Tax Increment | | Net Tax Increment |
|-----------------------|---------------------------------------|------------------------------|---|-----------------|-------------------------|-------------------------------|----------------------|
| | | | | | Gross Tax Increment | Circuit Breaker Tax Credit | |
| 2022 | (1) \$18,047,130 | (2) (\$18,047,130) | \$0 | (3) \$3.0161 | \$0 | \$0 | \$0 |
| 2023 | 21,468,810 | (18,047,130) | 3,421,680 | 3.0161 | 103,210 | 0 | 103,210 |
| 2024 | 24,905,790 | (18,047,130) | 6,858,660 | 3.0161 | 206,860 | 0 | 206,860 |
| 2025 | 27,279,460 | (18,047,130) | 9,232,330 | 3.0161 | 278,460 | 0 | 278,460 |
| 2026 | 28,912,920 | (18,047,130) | 10,865,790 | 3.0161 | 327,720 | 0 | 327,720 |
| 2027 | 29,799,440 | (18,047,130) | 11,752,310 | 3.0161 | 354,460 | 0 | 354,460 |
| 2028 | 40,526,020 | (18,047,130) | 22,478,890 | 3.0161 | 677,990 | 0 | 677,990 |
| 2029 | 42,651,750 | (18,047,130) | 24,604,620 | 3.0161 | 742,110 | 0 | 742,110 |
| 2030 | 43,795,200 | (18,047,130) | 25,748,070 | 3.0161 | 776,590 | 0 | 776,590 |
| 2031 | 44,778,520 | (18,047,130) | 26,731,390 | 3.0161 | 806,250 | 0 | 806,250 |
| 2032 | 46,014,660 | (18,047,130) | 27,967,530 | 3.0161 | 843,540 | 0 | 843,540 |
| 2033 | 46,626,010 | (18,047,130) | 28,578,880 | 3.0161 | 861,980 | 0 | 861,980 |
| 2034 | 46,626,010 | (18,047,130) | 28,578,880 | 3.0161 | 861,980 | 0 | 861,980 |
| 2035 | 46,626,010 | (18,047,130) | 28,578,880 | 3.0161 | 861,980 | 0 | 861,980 |
| 2036 | 46,626,010 | (18,047,130) | 28,578,880 | 3.0161 | 861,980 | 0 | 861,980 |
| 2037 | 46,626,010 | (18,047,130) | 28,578,880 | 3.0161 | 861,980 | 0 | 861,980 |
| Totals | | | | | \$9,427,090 | \$0 | \$9,427,090 |

(1) Based on the assumptions outlined on pages 2 and 3. Accounts for the expiration of current personal property tax abatements that have been granted to the different entities.

(2) Assumes the Redevelopment Commission establishes a new allocation area for the project site with a base assessment date of January 1, 2021. Represents the entire estimated base assessed value for the designated personal property.

(3) Represents the certified pay 2021 tax rate for the Hobart-Ross Township taxing district.

(4) Assumes the Circuit Breaker Tax Credit, which limits property tax liability to 3% of gross assessed value for an industrial parcel, is applied. Accounts for the application of the pay 2021 LIT PTRC of 16.3121%.

Note: This analysis assumes no additional growth in assessed values or changes in tax rates. Changes to the assumptions outlined above may have a material effect on the tax increment revenue illustrations contained in this analysis.

(Subject to the attached letter dated January 13, 2022)

(Preliminary - Subject to Change)

(For Internal Use Only)

HOBART (INDIANA) REDEVELOPMENT COMMISSION

Proposed Project Talon

ESTIMATED TAX INCREMENT FROM PERSONAL PROPERTY - PHASE 1 PROPOSED INVESTMENT

| Taxes Payable Year | Estimated Total Net Assessed Value (1) | Less: Base Assessed Value (2) | Estimated Incremental Assessed Value | Tax Rate (3) | Estimated Tax Increment | | Net Tax Increment |
|--------------------|---|----------------------------------|--------------------------------------|-----------------|-------------------------|-----------------------------------|--------------------|
| | | | | | Gross Tax Increment | Circuit Breaker Tax Credit (4) | |
| 2026 | \$16,000,000 | \$0 | \$16,000,000 | 3.0161 | \$482,580 | \$0 | \$482,580 |
| 2027 | 22,400,000 | 0 | 22,400,000 | 3.0161 | 675,610 | 0 | 675,610 |
| 2028 | 12,000,000 | 0 | 12,000,000 | 3.0161 | 361,930 | 0 | 361,930 |
| 2029 | 12,000,000 | 0 | 12,000,000 | 3.0161 | 361,930 | 0 | 361,930 |
| 2030 | 12,000,000 | 0 | 12,000,000 | 3.0161 | 361,930 | 0 | 361,930 |
| 2031 | 12,000,000 | 0 | 12,000,000 | 3.0161 | 361,930 | 0 | 361,930 |
| 2032 | 12,000,000 | 0 | 12,000,000 | 3.0161 | 361,930 | 0 | 361,930 |
| 2033 | 12,000,000 | 0 | 12,000,000 | 3.0161 | 361,930 | 0 | 361,930 |
| 2034 | 12,000,000 | 0 | 12,000,000 | 3.0161 | 361,930 | 0 | 361,930 |
| 2035 | 12,000,000 | 0 | 12,000,000 | 3.0161 | 361,930 | 0 | 361,930 |
| 2036 | 12,000,000 | 0 | 12,000,000 | 3.0161 | 361,930 | 0 | 361,930 |
| 2037 | 12,000,000 | 0 | 12,000,000 | 3.0161 | 361,930 | 0 | 361,930 |
| Totals | | | | | <u>\$4,777,490</u> | <u>\$0</u> | <u>\$4,777,490</u> |

- (1) Based on the assumptions outlined on pages 2 and 3. Represents the estimated Phase 1 investment only. Accounts for the impact of the existing personal property investment of Paine, LLC as outlined on page 3, on the true tax value and deduction calculation for the respective proposed investments.
- (2) Assumes the Redevelopment Commission establishes a new allocation area for the project site with a base assessment date of January 1, 2021. For the purposes of this analysis, allocates the estimated base assessed value to the existing development.
- (3) Represents the certified pay 2021 tax rate for the Hobart-Ross Township taxing district.
- (4) Assumes the Circuit Breaker Tax Credit, which limits property tax liability to 3% of gross assessed value for an industrial parcel, is applied. Accounts for the application of the pay 2021 LIT PTRC of 16.3121%.

Note: This analysis assumes no additional growth in assessed values or changes in tax rates. Changes to the assumptions outlined above may have a material effect on the tax increment revenue illustrations contained in this analysis.

(Subject to the attached letter dated January 13, 2022)
(Preliminary - Subject to Change)
(For Internal Use Only)

HOBART (INDIANA) REDEVELOPMENT COMMISSION

Proposed Project Talon

ESTIMATED TAX INCREMENT FROM PERSONAL PROPERTY - PHASE 2 PROPOSED INVESTMENT

| Taxes Payable Year | Estimated Total Net Assessed Value (1) | Less: Base Assessed Value (2) | Estimated Incremental Assessed Value | Tax Rate (3) | Estimated Tax Increment | | |
|-----------------------|--|-------------------------------------|---|-----------------|-------------------------|--------------------------------------|----------------------|
| | | | | | Gross Tax Increment | Circuit Breaker Tax Credit (4) | Net Tax Increment |
| 2028 | \$10,500,000 | \$0 | \$10,500,000 | \$3.0161 | \$316,690 | \$0 | \$316,690 |
| 2029 | 10,500,000 | 0 | 10,500,000 | 3.0161 | 316,690 | 0 | 316,690 |
| 2030 | 10,500,000 | 0 | 10,500,000 | 3.0161 | 316,690 | 0 | 316,690 |
| 2031 | 10,500,000 | 0 | 10,500,000 | 3.0161 | 316,690 | 0 | 316,690 |
| 2032 | 10,500,000 | 0 | 10,500,000 | 3.0161 | 316,690 | 0 | 316,690 |
| 2033 | 10,500,000 | 0 | 10,500,000 | 3.0161 | 316,690 | 0 | 316,690 |
| 2034 | 10,500,000 | 0 | 10,500,000 | 3.0161 | 316,690 | 0 | 316,690 |
| 2035 | 10,500,000 | 0 | 10,500,000 | 3.0161 | 316,690 | 0 | 316,690 |
| 2036 | 10,500,000 | 0 | 10,500,000 | 3.0161 | 316,690 | 0 | 316,690 |
| 2037 | 10,500,000 | 0 | 10,500,000 | 3.0161 | 316,690 | 0 | 316,690 |
| Totals | | | | | \$3,166,900 | \$0 | \$3,166,900 |

- (1) Based on the assumptions outlined on pages 2 and 3. Represents the estimated Phase 2 investment only. Accounts for the impact of the existing personal property investment of Paine, LLC as outlined on page 3, on the true tax value and deduction calculation for the respective proposed investments.
- (2) Assumes the Redevelopment Commission establishes a new allocation area for the project site with a base assessment date of January 1, 2021. For the purposes of this analysis, allocates the estimated base assessed value to the existing development.
- (3) Represents the certified pay 2021 tax rate for the Hobart-Ross Township taxing district.
- (4) Assumes the Circuit Breaker Tax Credit, which limits property tax liability to 3% of gross assessed value for an industrial parcel, is applied. Accounts for the application of the pay 2021 LIT PTRC of 16.3121%.

Note: This analysis assumes no additional growth in assessed values or changes in tax rates. Changes to the assumptions outlined above may have a material effect on the tax increment revenue illustrations contained in this analysis.

(Subject to the attached letter dated January 13, 2022)
(Preliminary - Subject to Change)
(For Internal Use Only)

HOBART (INDIANA) REDEVELOPMENT COMMISSION

Proposed Project Talon

ESTIMATED ANNUAL COMBINED TAX INCREMENT

| Taxes Payable Year | Estimated Tax Increment | | | | | | | | | | Total | |
|-----------------------|-------------------------|-------------------|-------------|---------------|-------------------|-------------|---------------|-------------------|-------------|-------------|-------|--------------|
| | Existing Development | | Phase 1 | | | | Phase 2 | | | | | |
| | Real Property | Personal Property | Subtotal | Real Property | Personal Property | Subtotal | Real Property | Personal Property | Subtotal | | | |
| 2023 | (1) | \$103,210 | \$148,100 | | | | | | | | | \$148,100 |
| 2024 | | 89,770 | 206,860 | 296,630 | | | | | | | | 296,630 |
| 2025 | | 112,210 | 278,460 | 390,670 | | | | | | | | 910,490 |
| 2026 | | 134,660 | 327,720 | 462,380 | | | | | | | | 1,464,780 |
| 2027 | | 134,660 | 354,460 | 489,120 | | | | | | | | 1,684,550 |
| 2028 | | 134,660 | 677,990 | 812,650 | | | | | | | | 2,167,180 |
| 2029 | | 134,660 | 742,110 | 876,770 | | | | | | | | 2,231,300 |
| 2030 | | 134,660 | 776,590 | 911,250 | | | | | | | | 2,265,780 |
| 2031 | | 134,660 | 806,250 | 940,910 | | | | | | | | 2,295,440 |
| 2032 | | 134,660 | 843,540 | 978,200 | | | | | | | | 2,332,730 |
| 2033 | | 134,660 | 861,980 | 996,640 | | | | | | | | 2,351,170 |
| 2034 | | 134,660 | 861,980 | 996,640 | | | | | | | | 2,351,170 |
| 2035 | | 134,660 | 861,980 | 996,640 | | | | | | | | 2,351,170 |
| 2036 | | 134,660 | 861,980 | 996,640 | | | | | | | | 2,351,170 |
| 2037 | | 134,660 | 861,980 | 996,640 | | | | | | | | 2,351,170 |
| Totals | | \$1,862,790 | \$9,427,090 | \$11,289,880 | \$6,757,660 | \$4,777,490 | \$11,535,150 | \$1,560,900 | \$3,166,900 | \$4,727,800 | | \$27,552,830 |

- (1) See page 4.
- (2) See page 6.
- (3) See page 5.
- (4) See page 7.
- (5) See page 8.

(Subject to the attached letter dated January 13, 2022)
(Preliminary - Subject to Change)
(For Internal Use Only)

HOBART (INDIANA) REDEVELOPMENT COMMISSION

Proposed Project Talon

ILLUSTRATIVE PROJECT COSTS AND FUNDING

Illustrative Project Costs:

| | |
|---|----------------------------|
| Net Bond Proceeds (1) | |
| Allocation for Incentive | \$8,800,000 |
| Allocation for Infrastructure | 2,200,000 |
| Allowance for Bond issuance costs and contingencies | <u>250,000</u> |
| Total Illustrative Project Costs | <u><u>\$11,250,000</u></u> |

Illustrative Project Funding:

| | |
|--|----------------------------|
| Illustrative Taxable Economic Development Revenue (Tax Increment) Bonds, Series 2022 (Albanese Project) | <u><u>\$11,250,000</u></u> |
|--|----------------------------|

- (1) Represents bond proceeds, net of issuance costs, that will be available to the Company for capital expenditures related to the project and to the City for infrastructure needs.
- (2) Assumes the Bonds will be purchased by the Company or a related subsidiary. The Company or its related subsidiary will be required to make the initial cash outlay to purchase the Bonds.

Note: It is assumed that the Bonds will be payable solely from a pledge of project tax increment revenues.

(Subject to the attached letter dated January 13, 2022)
(Preliminary - Subject to Change)
(For Internal Use Only)

HOBART (INDIANA) REDEVELOPMENT COMMISSION

Proposed Project Talon

**ILLUSTRATIVE AMORTIZATION OF \$11,250,000 PRINCIPAL AMOUNT OF TAXABLE
ECONOMIC DEVELOPMENT REVENUE TAX INCREMENT REVENUE BONDS, SERIES 2022 -**

ISSUED AMORTIZATION

Assumes Bonds dated February 2, 2022

| <u>Payment Date</u> | <u>Principal Outstanding</u> | <u>Principal</u> | <u>Illustrative Interest Rate</u> (1) | <u>Illustrative Interest</u> | <u>Illustrative Total Debt Service</u> | <u>Illustrative Fiscal Year Debt Service</u> |
|---------------------|------------------------------|---------------------|--|------------------------------|--|--|
| 08/01/22 | \$11,250,000 | | | \$0 | \$0 | |
| 02/01/23 | 11,250,000 | | | 0 | 0 | \$0 |
| 08/01/23 | 11,250,000 | \$30,000 | 0.00% | 0 | 30,000 | |
| 02/01/24 | 11,220,000 | 30,000 | 0.00% | 0 | 30,000 | 60,000 |
| 08/01/24 | 11,190,000 | 60,000 | 0.00% | 0 | 60,000 | |
| 02/01/25 | 11,130,000 | 61,000 | 0.00% | 0 | 61,000 | 121,000 |
| 08/01/25 | 11,069,000 | 186,000 | 0.00% | 0 | 186,000 | |
| 02/01/26 | 10,883,000 | 186,000 | 0.00% | 0 | 186,000 | 372,000 |
| 08/01/26 | 10,697,000 | 299,000 | 0.00% | 0 | 299,000 | |
| 02/01/27 | 10,398,000 | 299,000 | 0.00% | 0 | 299,000 | 598,000 |
| 08/01/27 | 10,099,000 | 344,000 | 0.00% | 0 | 344,000 | |
| 02/01/28 | 9,755,000 | 344,000 | 0.00% | 0 | 344,000 | 688,000 |
| 08/01/28 | 9,411,000 | 442,000 | 0.00% | 0 | 442,000 | |
| 02/01/29 | 8,969,000 | 442,000 | 0.00% | 0 | 442,000 | 884,000 |
| 08/01/29 | 8,527,000 | 455,000 | 0.00% | 0 | 455,000 | |
| 02/01/30 | 8,072,000 | 455,000 | 0.00% | 0 | 455,000 | 910,000 |
| 08/01/30 | 7,617,000 | 463,000 | 0.00% | 0 | 463,000 | |
| 02/01/31 | 7,154,000 | 463,000 | 0.00% | 0 | 463,000 | 926,000 |
| 08/01/31 | 6,691,000 | 469,000 | 0.00% | 0 | 469,000 | |
| 02/01/32 | 6,222,000 | 469,000 | 0.00% | 0 | 469,000 | 938,000 |
| 08/01/32 | 5,753,000 | 477,000 | 0.00% | 0 | 477,000 | |
| 02/01/33 | 5,276,000 | 477,000 | 0.00% | 0 | 477,000 | 954,000 |
| 08/01/33 | 4,799,000 | 480,000 | 0.00% | 0 | 480,000 | |
| 02/01/34 | 4,319,000 | 480,000 | 0.00% | 0 | 480,000 | 960,000 |
| 08/01/34 | 3,839,000 | 480,000 | 0.00% | 0 | 480,000 | |
| 02/01/35 | 3,359,000 | 480,000 | 0.00% | 0 | 480,000 | 960,000 |
| 08/01/35 | 2,879,000 | 480,000 | 0.00% | 0 | 480,000 | |
| 02/01/36 | 2,399,000 | 480,000 | 0.00% | 0 | 480,000 | 960,000 |
| 08/01/36 | 1,919,000 | 480,000 | 0.00% | 0 | 480,000 | |
| 02/01/37 | 1,439,000 | 480,000 | 0.00% | 0 | 480,000 | 960,000 |
| 08/01/37 | 959,000 | 480,000 | 0.00% | 0 | 480,000 | |
| 02/01/38 | 479,000 | 479,000 | 0.00% | 0 | 479,000 | 959,000 |
| Totals | | <u>\$11,250,000</u> | | <u>\$0</u> | <u>\$11,250,000</u> | <u>\$11,250,000</u> |

(1) The actual interest rate will be determined through negotiation with the Company, in its role as Bond purchaser. The actual interest rate may vary materially from the rate assumed in this analysis.

(Subject to the attached letter dated January 13, 2022)
(Preliminary - Subject to Change)
(For Internal Use Only)

HOBART (INDIANA) REDEVELOPMENT COMMISSION

Proposed Project Talon

**COMPARISON OF ESTIMATED ANNUAL TAX INCREMENT AND
ILLUSTRATIVE ANNUAL DEBT SERVICE -
BASED ON AMORTIZATION AT ISSUANCE**

| <u>Taxes Payable Year</u> | <u>Estimated Tax Increment</u> | <u>Illustrative Debt Service</u> | <u>Illustrative Tax Increment Remaining</u> | <u>Illustrative Tax Increment Coverage</u> |
|-------------------------------|------------------------------------|--------------------------------------|---|--|
| | (1) | (2) | (3) | |
| 2023 | \$148,100 | (\$60,000) | \$88,100 | 247% |
| 2024 | 296,630 | (121,000) | 175,630 | 245% |
| 2025 | 910,490 | (372,000) | 538,490 | 245% |
| 2026 | 1,464,780 | (598,000) | 866,780 | 245% |
| 2027 | 1,684,550 | (688,000) | 996,550 | 245% |
| 2028 | 2,167,180 | (884,000) | 1,283,180 | 245% |
| 2029 | 2,231,300 | (910,000) | 1,321,300 | 245% |
| 2030 | 2,265,780 | (926,000) | 1,339,780 | 245% |
| 2031 | 2,295,440 | (938,000) | 1,357,440 | 245% |
| 2032 | 2,332,730 | (954,000) | 1,378,730 | 245% |
| 2033 | 2,351,170 | (960,000) | 1,391,170 | 245% |
| 2034 | 2,351,170 | (960,000) | 1,391,170 | 245% |
| 2035 | 2,351,170 | (960,000) | 1,391,170 | 245% |
| 2036 | 2,351,170 | (960,000) | 1,391,170 | 245% |
| 2037 | 2,351,170 | (959,000) | 1,392,170 | 245% |
| Totals | <u>\$27,552,830</u> | <u>(\$11,250,000)</u> | <u>\$16,302,830</u> | |

(1) See page 9.

(2) See page 11.

(3) Assumes that beginning with the August 1, 2028 payment date 50% of the tax increment remaining after the scheduled principal payment will be available to prepay bond principal.

(Subject to the attached letter dated January 13, 2022)

(Preliminary - Subject to Change)

(For Internal Use Only)

HOBART (INDIANA) REDEVELOPMENT COMMISSION

Proposed Project Talon

**ILLUSTRATIVE AMORTIZATION OF \$11,250,000 PRINCIPAL AMOUNT OF TAXABLE
ECONOMIC DEVELOPMENT REVENUE TAX INCREMENT REVENUE BONDS, SERIES 2022 -**

ASSUMES PRINCIPAL PREPAYMENT

Assumes Bonds dated February 2, 2022

| <u>Payment Date</u> | <u>Principal Outstanding</u> | <u>Illustrative Scheduled Principal</u> | <u>Illustrative Principal Prepayment</u> (1) | <u>Illustrative Interest Rate</u> (2) | <u>Illustrative Interest</u> | <u>Illustrative Total Debt Service</u> | <u>Illustrative Fiscal Year Debt Service</u> |
|---------------------|------------------------------|---|---|--|------------------------------|--|--|
| 08/01/22 | \$11,250,000 | | | | \$0 | \$0 | |
| 02/01/23 | 11,250,000 | | | | 0 | 0 | \$0 |
| 08/01/23 | 11,250,000 | \$30,000 | | 0.00% | 0 | 30,000 | |
| 02/01/24 | 11,220,000 | 30,000 | | 0.00% | 0 | 30,000 | 60,000 |
| 08/01/24 | 11,190,000 | 60,000 | | 0.00% | 0 | 60,000 | |
| 02/01/25 | 11,130,000 | 61,000 | | 0.00% | 0 | 61,000 | 121,000 |
| 08/01/25 | 11,069,000 | 186,000 | | 0.00% | 0 | 186,000 | |
| 02/01/26 | 10,883,000 | 186,000 | | 0.00% | 0 | 186,000 | 372,000 |
| 08/01/26 | 10,697,000 | 299,000 | | 0.00% | 0 | 299,000 | |
| 02/01/27 | 10,398,000 | 299,000 | | 0.00% | 0 | 299,000 | 598,000 |
| 08/01/27 | 10,099,000 | 344,000 | | 0.00% | 0 | 344,000 | |
| 02/01/28 | 9,755,000 | 344,000 | | 0.00% | 0 | 344,000 | 688,000 |
| 08/01/28 | 9,411,000 | 442,000 | \$320,000 | 0.00% | 0 | 762,000 | |
| 02/01/29 | 8,649,000 | 442,000 | 321,000 | 0.00% | 0 | 763,000 | 1,525,000 |
| 08/01/29 | 7,886,000 | 455,000 | 330,000 | 0.00% | 0 | 785,000 | |
| 02/01/30 | 7,101,000 | 455,000 | 330,000 | 0.00% | 0 | 785,000 | 1,570,000 |
| 08/01/30 | 6,316,000 | 463,000 | 334,000 | 0.00% | 0 | 797,000 | |
| 02/01/31 | 5,519,000 | 463,000 | 335,000 | 0.00% | 0 | 798,000 | 1,595,000 |
| 08/01/31 | 4,721,000 | 469,000 | 339,000 | 0.00% | 0 | 808,000 | |
| 02/01/32 | 3,913,000 | 469,000 | 339,000 | 0.00% | 0 | 808,000 | 1,616,000 |
| 08/01/32 | 3,105,000 | 477,000 | 344,000 | 0.00% | 0 | 821,000 | |
| 02/01/33 | 2,284,000 | 477,000 | 345,000 | 0.00% | 0 | 822,000 | 1,643,000 |
| 08/01/33 | 1,462,000 | 480,000 | 347,000 | 0.00% | 0 | 827,000 | |
| 02/01/34 | 635,000 | 480,000 | 155,000 | 0.00% | 0 | 635,000 | 1,462,000 |
| 08/01/34 | 0 | 0 | 0 | 0.00% | 0 | 0 | |
| 02/01/35 | 0 | 0 | 0 | 0.00% | 0 | 0 | 0 |
| 08/01/35 | 0 | 0 | 0 | 0.00% | 0 | 0 | |
| 02/01/36 | 0 | 0 | 0 | 0.00% | 0 | 0 | 0 |
| 08/01/36 | 0 | 0 | 0 | 0.00% | 0 | 0 | |
| 02/01/37 | 0 | 0 | 0 | 0.00% | 0 | 0 | 0 |
| 08/01/37 | 0 | 0 | 0 | 0.00% | 0 | 0 | |
| 02/01/38 | 0 | 0 | 0 | 0.00% | 0 | 0 | 0 |
| Totals | | <u>\$7,411,000</u> | <u>\$3,839,000</u> | | <u>\$0</u> | <u>\$11,250,000</u> | <u>\$11,250,000</u> |

- (1) Assumes that beginning with the August 1, 2028 payment date principal is prepaid in the amount of 50% of the annual tax increment remaining following the scheduled principal payments.
- (2) The actual interest rate will be determined through negotiation with the Company, in its role as Bond purchaser. The actual interest rate may vary materially from the rate assumed in this analysis.

(Subject to the attached letter dated January 13, 2022)
(Preliminary - Subject to Change)
(For Internal Use Only)

HOBART (INDIANA) REDEVELOPMENT COMMISSION

Proposed Project Talon

**COMPARISON OF ESTIMATED ANNUAL TAX INCREMENT AND
ILLUSTRATIVE ANNUAL DEBT SERVICE -
ASSUMES PRINCIPAL PREPAYMENT**

| <u>Taxes Payable Year</u> | <u>Estimated Tax Increment</u> | <u>Illustrative Debt Service with Principal Prepayment</u> | <u>Illustrative Tax Increment Remaining</u> | <u>Illustrative Tax Increment Coverage</u> |
|-------------------------------|------------------------------------|--|---|--|
| | (1) | (2) | | |
| 2023 | \$148,100 | (\$60,000) | \$88,100 | 247% |
| 2024 | 296,630 | (121,000) | 175,630 | 245% |
| 2025 | 910,490 | (372,000) | 538,490 | 245% |
| 2026 | 1,464,780 | (598,000) | 866,780 | 245% |
| 2027 | 1,684,550 | (688,000) | 996,550 | 245% |
| 2028 | 2,167,180 | (1,525,000) | 642,180 | 142% |
| 2029 | 2,231,300 | (1,570,000) | 661,300 | 142% |
| 2030 | 2,265,780 | (1,595,000) | 670,780 | 142% |
| 2031 | 2,295,440 | (1,616,000) | 679,440 | 142% |
| 2032 | 2,332,730 | (1,643,000) | 689,730 | 142% |
| 2033 | 2,351,170 | (1,462,000) | 889,170 | 161% |
| 2034 | 2,351,170 | 0 | 2,351,170 | N/A |
| 2035 | 2,351,170 | 0 | 2,351,170 | N/A |
| 2036 | 2,351,170 | 0 | 2,351,170 | N/A |
| 2037 | 2,351,170 | 0 | 2,351,170 | N/A |
| Totals | <u>\$27,552,830</u> | <u>(\$11,250,000)</u> | <u>\$16,302,830</u> | |

(1) See page 9.

(2) See page 13. Assumes that beginning with the August 1, 2028 payment date 50% of the tax increment remaining after the scheduled principal payment will be available to prepay bond principal.

(Subject to the attached letter dated January 13, 2022)
(Preliminary - Subject to Change)
(For Internal Use Only)

HOBART (INDIANA) REDEVELOPMENT COMMISSION

Estimated Property Tax Abatement

Proposed Project Talon

ESTIMATED PROPERTY TAX LIABILITY FOR THE PROPOSED INVESTMENT - REAL PROPERTY

Assumes a 10-year real property tax abatement

| Taxes Payable Year | Estimated Net Assessed Value (1) | | Net Tax Rate (3) | Estimated Property Tax Liability | | | Estimated Abatement Savings | |
|--------------------|----------------------------------|----------------------------|------------------|----------------------------------|--------------------------------|----------------------------|-----------------------------|-------------|
| | With Proposed Abatement (2) | Without Proposed Abatement | | With Proposed Abatement | | Without Proposed Abatement | | |
| | | | | Gross Taxes | Circuit Breaker Tax Credit (4) | Net Taxes | | Gross Taxes |
| 2025 | \$0 | \$17,235,000 | \$2.5241 | \$0 | \$0 | \$0 | \$435,030 | \$435,030 |
| 2026 | 861,750 | 17,235,000 | 2.5241 | 21,750 | 21,750 | 0 | 435,030 | 413,280 |
| 2027 | 3,447,000 | 17,235,000 | 2.5241 | 87,010 | 87,010 | 0 | 435,030 | 348,020 |
| 2028 | 6,032,250 | 22,410,000 | 2.5241 | 152,260 | 152,260 | 0 | 565,650 | 413,390 |
| 2029 | 8,876,250 | 22,410,000 | 2.5241 | 224,050 | 224,050 | 0 | 565,650 | 341,600 |
| 2030 | 11,376,000 | 22,410,000 | 2.5241 | 287,140 | 287,140 | 0 | 565,650 | 278,510 |
| 2031 | 13,875,750 | 22,410,000 | 2.5241 | 350,240 | 350,240 | 0 | 565,650 | 215,410 |
| 2032 | 16,375,500 | 22,410,000 | 2.5241 | 413,330 | 413,330 | 0 | 565,650 | 152,320 |
| 2033 | 18,616,500 | 22,410,000 | 2.5241 | 469,900 | 469,900 | 0 | 565,650 | 95,750 |
| 2034 | 19,995,750 | 22,410,000 | 2.5241 | 504,710 | 504,710 | 0 | 565,650 | 60,940 |
| 2035 | 21,375,000 | 22,410,000 | 2.5241 | 539,530 | 539,530 | 0 | 565,650 | 26,120 |
| 2036 | 21,892,500 | 22,410,000 | 2.5241 | 552,590 | 552,590 | 0 | 565,650 | 13,060 |
| 2037 | 22,151,250 | 22,410,000 | 2.5241 | 559,120 | 559,120 | 0 | 565,650 | 6,530 |
| Totals | | | | \$4,161,630 | \$0 | \$4,161,630 | \$6,961,590 | \$6,961,590 |

(1) See page 5.

(2) Assumes the real property receives 10-year real property tax abatements for each phase of the proposed investment with the following deduction percentages: 100%, 95%, 80%, 65%, 50%, 40%, 30%, 20%, 10%, and 5%.

(3) Represents the certified pay 2021 tax rate for the Hobart Ross taxing district of \$3.0161, adjusted for the 2021 LIT Property Tax Replacement Credit of 16.3121%.

(4) Accounts for the application of the Circuit Breaker Tax Credit, which limits property tax liability to 3.0% of gross assessed value for industrial property. Accounts for the application of the pay 2021 LIT PTRC of 16.3121%.

Note: This analysis assumes no additional growth in assessed values or changes in tax rates. Changes to these assumptions or to those outlined above and on pages 2 and 3 may have a material effect on the property tax liability estimates contained in this analysis.

(Subject to the attached letter dated January 13, 2022)
(Preliminary - Subject to Change)
(For Internal Use Only)

HOBART (INDIANA) REDEVELOPMENT COMMISSION

Estimated Property Tax Abatement

Proposed Project Talon

ESTIMATED PROPERTY TAX LIABILITY FOR THE PROPOSED INVESTMENT - PERSONAL PROPERTY

Assumes a 10-year personal property tax abatement

| Taxes Payable Year | Estimated Net Assessed Value (1) | | Net Tax Rate (3) | Estimated Property Tax Liability | | | Estimated Abatement Savings |
|--------------------|----------------------------------|----------------------------|------------------|----------------------------------|----------------------------|-------------|-----------------------------|
| | With Proposed Abatement (2) | Without Proposed Abatement | | With Proposed Abatement | Without Proposed Abatement | Net Taxes | |
| 2026 | \$0 | \$16,000,000 | 2.5241 | \$0 | \$0 | \$403,860 | \$403,860 |
| 2027 | 2,240,000 | 22,400,000 | 2.5241 | 56,540 | 56,540 | 565,400 | 508,860 |
| 2028 | 0 | 22,500,000 | 2.5241 | 0 | 0 | 567,920 | 567,920 |
| 2029 | 0 | 22,500,000 | 2.5241 | 0 | 0 | 567,920 | 567,920 |
| 2030 | 612,614 | 22,500,000 | 2.5241 | 15,460 | 15,460 | 567,920 | 552,460 |
| 2031 | 5,287,147 | 22,500,000 | 2.5241 | 133,450 | 133,450 | 567,920 | 434,470 |
| 2032 | 9,504,924 | 22,500,000 | 2.5241 | 239,910 | 239,910 | 567,920 | 328,010 |
| 2033 | 13,056,588 | 22,500,000 | 2.5241 | 329,560 | 329,560 | 567,920 | 238,360 |
| 2034 | 15,900,000 | 22,500,000 | 2.5241 | 401,330 | 401,330 | 567,920 | 166,590 |
| 2035 | 18,150,000 | 22,500,000 | 2.5241 | 458,120 | 458,120 | 567,920 | 109,800 |
| 2036 | 20,400,000 | 22,500,000 | 2.5241 | 514,920 | 514,920 | 567,920 | 53,000 |
| 2037 | 21,450,000 | 22,500,000 | 2.5241 | 541,420 | 541,420 | 567,920 | 26,500 |
| Totals | | | | \$2,690,710 | \$0 | \$6,648,460 | \$3,957,750 |

(1) Based on the investment assumptions on page 2. Accounts for the impact of the existing personal property investment of Paine, LLC as outlined on page 3, on the true tax value and deduction calculation for the respective proposed investments.

(2) Assumes the personal property receives 10-year personal property tax abatements for each phase of the proposed investment with the following deduction percentages: 100%, 90%, 80%, 70%, 60%, 50%, 40%, 30%, 20%, and 10%.

(3) Represents the certified pay 2021 tax rate for the Hobart Ross taxing district of \$3.0161, adjusted for the 2021 LIT Property Tax Replacement Credit of 16.3121%.

(4) Accounts for the application of the Circuit Breaker Tax Credit, which limits property tax liability to 3.0% of gross assessed value for industrial property. Accounts for the application of the pay 2021 LIT PTRC of 16.3121%.

Note: This analysis assumes no additional growth in assessed values or changes in tax rates. Changes to these assumptions or to those outlined above and on pages 2 and 3 may have a material effect on the property tax liability estimates contained in this analysis.

(Subject to the attached letter dated January 13, 2022)
(Preliminary - Subject to Change)
(For Internal Use Only)

HOBART (INDIANA) REDEVELOPMENT COMMISSION

Estimated Property Tax Abatement

Proposed Project Talon

ESTIMATED ANNUAL COMBINED PROPERTY TAX ABATEMENT SAVINGS FOR THE PROPOSED INVESTMENT

Assumes 10-year real property and 10-year personal property tax abatements

| Taxes Payable Year | Estimated Property Tax Liability | | | Estimated Abatement Savings |
|--------------------|---|-----------------------|--|-----------------------------|
| | Assumes the Proposed Investment receives an Abatement (1) | | Assumes the Proposed Investment does <u>not</u> receive an Abatement Total | |
| | Real Property (2) | Personal Property (3) | | |
| 2025 | \$0 | \$0 | \$435,030 | \$435,030 |
| 2026 | 21,750 | 21,750 | 435,030 | 817,140 |
| 2027 | 87,010 | 56,540 | 435,030 | 856,880 |
| 2028 | 152,260 | 0 | 565,650 | 981,310 |
| 2029 | 224,050 | 0 | 565,650 | 909,520 |
| 2030 | 287,140 | 15,460 | 565,650 | 830,970 |
| 2031 | 350,240 | 133,450 | 565,650 | 649,880 |
| 2032 | 413,330 | 239,910 | 565,650 | 480,330 |
| 2033 | 469,900 | 329,560 | 565,650 | 334,110 |
| 2034 | 504,710 | 401,330 | 565,650 | 227,530 |
| 2035 | 539,530 | 458,120 | 565,650 | 135,920 |
| 2036 | 552,590 | 514,920 | 565,650 | 66,060 |
| 2037 | 559,120 | 541,420 | 565,650 | 33,030 |
| Totals | \$4,161,630 | \$2,690,710 | \$6,961,590 | \$6,757,710 |
| | | | \$6,648,460 | \$13,610,050 |

(1) Assumes the Company receives 10-year real property and 10-year personal property tax abatements.

(2) See page 15.

(3) See page 16.

Note: Changes to the assumptions on pages 2 - 3 and 15 - 16 may have a material effect on the property tax liability estimates contained in this analysis.

(Subject to the attached letter dated January 13, 2022)
(Preliminary - Subject to Change)
(For Internal Use Only)

Regular meetings are held on the 1st and 3rd Wednesdays of each month in the Council Chambers, 2nd floor, Hobart City Hall

CITY OF HOBART

AGENDA ITEM REQUEST FORM

(Please Print)

Meeting Date: 2/2/22

Board of Public Works (3:30 p.m.)

Common Council (6:00 p.m.)

Item to be Added to Agenda: Resolution No. 2022-02 Approving a Development Agreement with SIR RLJ, LLC (Albanese)

Brief Description of Request for Consideration:

A Resolution to approve a Development Agreement with SIR RLJ, LLC

Supporting Documentation Attached: Development Agreement

Request Submitted by: Beth Jacobson

Address (Department): Economic Development

Phone Number (Ext.): 219-942-5517

Date Submitted: 1/26/22

Turn in Completed Request Form to the Clerk-Treasurer's Office, Hobart City Hall