



MUNICIPAL ADVISORS

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November 29, 2021

Allen County Council and  
Board of Commissioners  
1 East Main Street  
Fort Wayne, Indiana 46802

Re: Proposed Jail Project

Dear Members of the County Council and Board of Commissioners:

Per your request, we have prepared the attached schedules to assist in the discussion and planning of the proposed jail project. The attached schedules (listed below) present unaudited and limited information. 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.

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*Scenario 1 – Assumes the Bonds are payable from the correctional local income tax*

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

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

Emma R. Adlam, Director

ALLEN COUNTY, INDIANA

Scenario 1

Proposed Jail Project

**ILLUSTRATIVE PROJECT COSTS AND FUNDING**

*Assumes the Bonds are payable from the correctional local income tax*

Illustrative Project Costs:

Net proceeds available for the project	\$279,270,000
Capitalized interest through January 15, 2026 (1)	18,360,921
Allowance for underwriter's discount (0.75%)	1,763,625
Allowance for Bond issuance costs and contingencies	<u>605,454</u>
Total Illustrative Project Costs	<u><u>\$300,000,000</u></u>

Illustrative Project Funding:

Illustrative Local Income Tax Lease Rental Revenue Bonds (2)	\$235,150,000
Estimated Correctional and Rehabilitation LIT funds on hand (3)	<u>64,850,000</u>
Total Illustrative Project Funding	<u><u>\$300,000,000</u></u>

- (1) Assumes construction is completed by October 2025. The final financing structure will determine the amount of interest that is capitalized
- (2) Assumes the bonds are payable from Correctional and Rehabilitation LIT ("Correctional LIT") revenues with a property tax backup.
- (3) Assumes the County adopts the Correctional LIT in 2022 to start collections in 2023. Assumes the County applies \$64,850,000 of the estimated Correctional LIT accumulated from 2023 through 2025 to the project.

(Subject to the attached letter dated November 29, 2021)  
(Preliminary - Subject to Change)  
(For Internal Use Only)

ALLEN COUNTY, INDIANA

Scenario 1

Proposed Jail Project

**ILLUSTRATIVE AMORTIZATION OF \$235,150,000 PRINCIPAL AMOUNT OF  
LOCAL INCOME TAX LEASE RENTAL REVENUE BONDS**  
Assumes Bonds dated January 26, 2023

Payment Date	Principal Outstanding	Principal	Illustrative Interest Rates (1)	Illustrative Interest	Illustrative Total Debt Service	Illustrative Capitalized Interest	Illustrative Net Debt Service	Illustrative Fiscal Year Debt Service	Illustrative Lease Rentals (2)
07/15/23	\$235,150,000			\$2,902,709	\$2,902,709	(\$2,902,709)	\$0		
01/15/24	235,150,000			3,091,643	3,091,643	(3,091,643)	0	\$0	\$0
07/15/24	235,150,000			3,091,643	3,091,643	(3,091,643)	0		
01/15/25	235,150,000			3,091,643	3,091,643	(3,091,643)	0	0	0
07/15/25	235,150,000			3,091,643	3,091,643	(3,091,643)	0		
01/15/26	235,150,000			3,091,643	3,091,643	(3,091,643)	0	0	0
07/15/26	235,150,000	\$5,755,000	1.30%	3,091,643	8,846,643		8,846,643		
01/15/27	229,395,000	5,790,000	1.40%	3,054,235	8,844,235		8,844,235	17,690,878	17,696,000
07/15/27	223,605,000	5,830,000	1.40%	3,013,705	8,843,705		8,843,705		
01/15/28	217,775,000	5,870,000	1.75%	2,972,895	8,842,895		8,842,895	17,686,600	17,692,000
07/15/28	211,905,000	5,925,000	1.75%	2,921,533	8,846,533		8,846,533		
01/15/29	205,980,000	5,975,000	1.85%	2,869,689	8,844,689		8,844,689	17,691,221	17,697,000
07/15/29	200,005,000	6,030,000	1.85%	2,814,420	8,844,420		8,844,420		
01/15/30	193,975,000	6,085,000	1.95%	2,758,643	8,843,643		8,843,643	17,688,063	17,694,000
07/15/30	187,890,000	6,145,000	1.95%	2,699,314	8,844,314		8,844,314		
01/15/31	181,745,000	6,205,000	2.10%	2,639,400	8,844,400		8,844,400	17,688,714	17,694,000
07/15/31	175,540,000	6,270,000	2.10%	2,574,248	8,844,248		8,844,248		
01/15/32	169,270,000	6,335,000	2.20%	2,508,413	8,843,413		8,843,413	17,687,660	17,693,000
07/15/32	162,935,000	6,405,000	2.20%	2,438,728	8,843,728		8,843,728		
01/15/33	156,530,000	6,475,000	2.30%	2,368,273	8,843,273		8,843,273	17,687,000	17,692,000
07/15/33	150,055,000	6,550,000	2.30%	2,293,810	8,843,810		8,843,810		
01/15/34	143,505,000	6,625,000	2.40%	2,218,485	8,843,485		8,843,485	17,687,295	17,693,000
07/15/34	136,880,000	6,705,000	2.40%	2,138,985	8,843,985		8,843,985		
01/15/35	130,175,000	6,785,000	2.70%	2,058,525	8,843,525		8,843,525	17,687,510	17,693,000
07/15/35	123,390,000	6,880,000	2.70%	1,966,928	8,846,928		8,846,928		
01/15/36	116,510,000	6,970,000	2.80%	1,874,048	8,844,048		8,844,048	17,690,975	17,696,000
07/15/36	109,540,000	7,070,000	2.80%	1,776,468	8,846,468		8,846,468		
01/15/37	102,470,000	7,170,000	2.90%	1,677,488	8,847,488		8,847,488	17,693,955	17,699,000
07/15/37	95,300,000	7,270,000	2.90%	1,573,523	8,843,523		8,843,523		
01/15/38	88,030,000	7,375,000	3.10%	1,468,108	8,843,108		8,843,108	17,686,630	17,692,000
07/15/38	80,655,000	7,490,000	3.10%	1,353,795	8,843,795		8,843,795		
01/15/39	73,165,000	7,610,000	3.20%	1,237,700	8,847,700		8,847,700	17,691,495	17,697,000
07/15/39	65,555,000	7,730,000	3.20%	1,115,940	8,845,940		8,845,940		
01/15/40	57,825,000	7,855,000	3.30%	992,260	8,847,260		8,847,260	17,693,200	17,699,000
07/15/40	49,970,000	7,985,000	3.30%	862,653	8,847,653		8,847,653		
01/15/41	41,985,000	8,115,000	3.40%	730,900	8,845,900		8,845,900	17,693,553	17,699,000
07/15/41	33,870,000	8,250,000	3.40%	592,945	8,842,945		8,842,945		
01/15/42	25,620,000	8,390,000	3.50%	452,695	8,842,695		8,842,695	17,685,640	17,691,000
07/15/42	17,230,000	8,540,000	3.50%	305,870	8,845,870		8,845,870		
01/15/43	8,690,000	8,690,000	3.60%	156,420	8,846,420		8,846,420	17,692,290	17,698,000
Totals		<u>\$235,150,000</u>		<u>\$83,933,599</u>	<u>\$319,083,599</u>	<u>(\$18,360,921)</u>	<u>\$300,722,678</u>	<u>\$300,722,678</u>	<u>\$300,815,000</u>

(1) We have prepared the interest rate assumptions using our evaluation of the underlying credit pledge to this financing and current market conditions. These factors are subject to change. Changes may result in the actual interest rates varying from the interest rates assumed for this analysis and that variance may be material. The interest rates used in this analysis include 80-100 basis points of cushion from current rates.

(2) Represents the annual debt service rounded up to the nearest \$1,000 plus \$5,000 for trustee and administrative fees.

ALLEN COUNTY, INDIANA

Scenario 1

Proposed Jail Project

**COMPARISON OF ESTIMATED ANNUAL CORRECTIONAL LIT AND  
ILLUSTRATIVE ANNUAL LEASE RENTALS**  
*Assumes the Bonds are payable from the correctional local income tax*

Taxes Payable Year	Estimated Correctional LIT (1)	Illustrative Project Contribution (2)	Illustrative Lease Rentals (3)	Illustrative Correctional LIT Remaining	Illustrative Revenue Coverage
2023	\$21,618,000	(\$21,618,000)	\$0	\$0	N/A
2024	21,618,000	(21,618,000)	0	0	N/A
2025	21,618,000	(21,614,000)	0	4,000	N/A
2026	21,618,000		(17,696,000)	3,922,000	122%
2027	21,618,000		(17,692,000)	3,926,000	122%
2028	21,618,000		(17,697,000)	3,921,000	122%
2029	21,618,000		(17,694,000)	3,924,000	122%
2030	21,618,000		(17,694,000)	3,924,000	122%
2031	21,618,000		(17,693,000)	3,925,000	122%
2032	21,618,000		(17,692,000)	3,926,000	122%
2033	21,618,000		(17,693,000)	3,925,000	122%
2034	21,618,000		(17,693,000)	3,925,000	122%
2035	21,618,000		(17,696,000)	3,922,000	122%
2036	21,618,000		(17,699,000)	3,919,000	122%
2037	21,618,000		(17,692,000)	3,926,000	122%
2038	21,618,000		(17,697,000)	3,921,000	122%
2039	21,618,000		(17,699,000)	3,919,000	122%
2040	21,618,000		(17,699,000)	3,919,000	122%
2041	21,618,000		(17,691,000)	3,927,000	122%
2042	21,618,000		(17,698,000)	3,920,000	122%
Totals	<u>\$432,360,000</u>	<u>(\$64,850,000)</u>	<u>(\$300,815,000)</u>	<u>\$66,695,000</u>	

- (1) Assumes a Correctional LIT Rate of 0.20% is adopted in 2022 and revenues are collected starting in 2023. Estimate is based on the estimated 2022 Public Safety LIT revenues of \$10,809,053 with a 0.10% tax rate.
- (2) Assumes the County applies \$64,850,000 of estimated Correctional LIT accumulated from 2023 through 2025 to the project.
- (3) See page 3.

(Subject to the attached letter dated November 29, 2021)  
(Preliminary - Subject to Change)  
(For Internal Use Only)

ALLEN COUNTY, INDIANA

Scenario 1

Proposed Jail Project

SUMMARY OF LOCAL INCOME TAXES - 2022

<b>Max Rates = &gt;&gt;</b>	<b>1.25%</b>	<b>2.5% (all counties except Marion*)</b>				<b>Statute</b>
	<b>Relief</b>	<b>Expenditure</b>				<b>Special Purpose</b>
		Certified Shares	Public Safety	Economic Development	Correctional and Rehabilitation Facilities	

\* Marion County's maximum rate is 2.75%.

<b>Allen County</b>	<b>Property Tax Relief</b>	<b>Expenditure</b>				<b>Special Purpose</b>
Current Rates	<b>0.3679%</b>	<b>0.4821%</b>	<b>0.10%</b>	<b>0.53%</b>	<b>0.00%</b>	<b>0.00%</b>
Illustrative Rates	<b>0.3679%</b>	<b>0.4821%</b>	<b>0.10%</b>	<b>0.53%</b>	<b>0.20%</b> (1)	<b>0.00%</b>
Illustrative Additional Allowed	<b>0.8821%</b>	<b>1.1879%</b>				

(1) Represents the illustrative Correctional and Rehabilitation Facilities rate of 0.20%.

(Subject to the attached letter dated November 29, 2021)  
 (Preliminary - Subject to Change)  
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ALLEN COUNTY, INDIANA

Scenario 1

Proposed Jail Project

HISTORY OF ALLEN COUNTY ADJUSTED GROSS INCOME

<u>Calendar Year</u>	<u>Adjusted Gross Income</u>	<u>Adjusted Gross Income Annual Percent Change</u>
	(1)	
2010	\$7,686,245,087	
2011	8,163,275,003	6.21%
2012	8,353,372,930	2.33%
2013	8,322,087,272	-0.37%
2014	8,936,689,081	7.39%
2015	9,204,413,668	3.00%
2016	9,481,337,072	3.01%
2017	10,009,987,364	5.58%
2018	10,490,692,809	4.80%
2019	11,004,314,326	4.90%

(1) Per the Indiana Department of Revenue. Adjusted Gross Income information is not currently available for years 2020-2022.

(Subject to the attached letter dated November 29, 2021)  
(Preliminary - Subject to Change)  
(For Internal Use Only)

**ALLEN COUNTY, INDIANA**

***Proposed Jail Project***

**ILLUSTRATIVE ANNUAL TAXPAYER IMPACT**

	Certified Tax Rate	Effective Tax Rate (1)	Illustrative Annual Income Tax Liability				Illustrative Monthly Income Tax Liability				
			Gross Income				Gross Income				
			\$30,000	\$54,857 (2)	\$75,000	\$125,000	\$30,000	\$54,857 (2)	\$75,000	\$125,000	
Illustrative Additional LIT											
Correctional LIT	0.200%	0.188%	\$56.40	\$103.13	\$141.00	\$235.00	\$4.70	\$8.59	\$11.75	\$19.58	

(1) Adjusted by 94% to account for deductions and exemptions claimed by taxpayers, per the Indiana Department of Revenue.

(2) Represents the Median Household Income for Allen County, per the U.S. Census Bureau 2015-2019 American Community Survey 5-year Estimates.

(Subject to the attached letter dated November 29, 2021)  
(Preliminary - Subject to Change)  
(For Internal Use Only)

ALLEN COUNTY, INDIANA

Scenario 2

*Proposed Jail Project*

**ILLUSTRATIVE PROJECT COSTS AND FUNDING**

*Assumes the Bonds are payable from an ad valorem property tax levy*

Illustrative Project Costs:

Net proceeds available for the project	\$273,725,000
Capitalized interest through January 15, 2026 (1)	23,424,195
Allowance for underwriter's discount (0.75%)	2,250,000
Allowance for Bond issuance costs and contingencies	<u>600,805</u>
Total Illustrative Project Costs	<u><u>\$300,000,000</u></u>

Illustrative Project Funding:

Illustrative Lease Rental Revenue Bonds (2)	<u><u>\$300,000,000</u></u>
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- (1) Assumes construction is completed by October 2025. The final financing structure will determine the amount of interest that is capitalized
- (2) Assumes the bonds are payable from an ad valorem property tax levy on all taxable property within Allen County.

(Subject to the attached letter dated November 29, 2021)  
(Preliminary - Subject to Change)  
(For Internal Use Only)



ALLEN COUNTY, INDIANA

Scenario 2

Proposed Jail Project

**ILLUSTRATIVE AMORTIZATION OF \$300,000,000 PRINCIPAL AMOUNT OF  
LEASE RENTAL REVENUE BONDS**  
Assumes Bonds dated January 26, 2023

Payment Date	Principal Outstanding	Principal	Illustrative Interest Rates (1)	Illustrative Interest	Illustrative Total Debt Service	Illustrative Capitalized Interest	Illustrative Net Debt Service	Illustrative Fiscal Year Debt Service	Illustrative Lease Rentals (2)
07/15/23	\$300,000,000			\$3,703,170	\$3,703,170	(\$3,703,170)	\$0		
01/15/24	300,000,000			3,944,205	3,944,205	(3,944,205)	0	\$0	\$0
07/15/24	300,000,000			3,944,205	3,944,205	(3,944,205)	0		
01/15/25	300,000,000			3,944,205	3,944,205	(3,944,205)	0	0	0
07/15/25	300,000,000			3,944,205	3,944,205	(3,944,205)	0		
01/15/26	300,000,000			3,944,205	3,944,205	(3,944,205)	0	0	0
07/15/26	300,000,000	\$7,340,000	1.30%	3,944,205	11,284,205		11,284,205		
01/15/27	292,660,000	7,385,000	1.40%	3,896,495	11,281,495		11,281,495	22,565,700	22,571,000
07/15/27	285,275,000	7,440,000	1.40%	3,844,800	11,284,800		11,284,800		
01/15/28	277,835,000	7,490,000	1.75%	3,792,720	11,282,720		11,282,720	22,567,520	22,573,000
07/15/28	270,345,000	7,555,000	1.75%	3,727,183	11,282,183		11,282,183		
01/15/29	262,790,000	7,625,000	1.85%	3,661,076	11,286,076		11,286,076	22,568,259	22,574,000
07/15/29	255,165,000	7,695,000	1.85%	3,590,545	11,285,545		11,285,545		
01/15/30	247,470,000	7,765,000	1.95%	3,519,366	11,284,366		11,284,366	22,569,911	22,575,000
07/15/30	239,705,000	7,840,000	1.95%	3,443,658	11,283,658		11,283,658		
01/15/31	231,865,000	7,915,000	2.10%	3,367,218	11,282,218		11,282,218	22,565,875	22,571,000
07/15/31	223,950,000	8,000,000	2.10%	3,284,110	11,284,110		11,284,110		
01/15/32	215,950,000	8,085,000	2.20%	3,200,110	11,285,110		11,285,110	22,569,220	22,575,000
07/15/32	207,865,000	8,175,000	2.20%	3,111,175	11,286,175		11,286,175		
01/15/33	199,690,000	8,260,000	2.30%	3,021,250	11,281,250		11,281,250	22,567,425	22,573,000
07/15/33	191,430,000	8,355,000	2.30%	2,926,260	11,281,260		11,281,260		
01/15/34	183,075,000	8,455,000	2.40%	2,830,178	11,285,178		11,285,178	22,566,438	22,572,000
07/15/34	174,620,000	8,555,000	2.40%	2,728,718	11,283,718		11,283,718		
01/15/35	166,065,000	8,660,000	2.70%	2,626,058	11,286,058		11,286,058	22,569,775	22,575,000
07/15/35	157,405,000	8,775,000	2.70%	2,509,148	11,284,148		11,284,148		
01/15/36	148,630,000	8,895,000	2.80%	2,390,685	11,285,685		11,285,685	22,569,833	22,575,000
07/15/36	139,735,000	9,020,000	2.80%	2,266,155	11,286,155		11,286,155		
01/15/37	130,715,000	9,145,000	2.90%	2,139,875	11,284,875		11,284,875	22,571,030	22,577,000
07/15/37	121,570,000	9,275,000	2.90%	2,007,273	11,282,273		11,282,273		
01/15/38	112,295,000	9,410,000	3.10%	1,872,785	11,282,785		11,282,785	22,565,058	22,571,000
07/15/38	102,885,000	9,555,000	3.10%	1,726,930	11,281,930		11,281,930		
01/15/39	93,330,000	9,705,000	3.20%	1,578,828	11,283,828		11,283,828	22,565,758	22,571,000
07/15/39	83,625,000	9,860,000	3.20%	1,423,548	11,283,548		11,283,548		
01/15/40	73,765,000	10,020,000	3.30%	1,265,788	11,285,788		11,285,788	22,569,335	22,575,000
07/15/40	63,745,000	10,185,000	3.30%	1,100,458	11,285,458		11,285,458		
01/15/41	53,560,000	10,350,000	3.40%	932,405	11,282,405		11,282,405	22,567,863	22,573,000
07/15/41	43,210,000	10,525,000	3.40%	756,455	11,281,455		11,281,455		
01/15/42	32,685,000	10,705,000	3.50%	577,530	11,282,530		11,282,530	22,563,985	22,569,000
07/15/42	21,980,000	10,895,000	3.50%	390,193	11,285,193		11,285,193		
01/15/43	11,085,000	11,085,000	3.60%	199,530	11,284,530		11,284,530	22,569,723	22,575,000
Totals		<u>\$300,000,000</u>		<u>\$107,076,900</u>	<u>\$407,076,900</u>	<u>(\$23,424,195)</u>	<u>\$383,652,705</u>	<u>\$383,652,705</u>	<u>\$383,745,000</u>

(1) We have prepared the interest rate assumptions using our evaluation of the underlying credit pledge to this financing and current market conditions. These factors are subject to change. Changes may result in the actual interest rates varying from the interest rates assumed for this analysis and that variance may be material. The interest rates used in this analysis include 80-100 basis points of cushion from current rates.

(2) Represents the annual debt service rounded up to the nearest \$1,000 plus \$5,000 for trustee and administrative fees.

**ALLEN COUNTY, INDIANA**

**Scenario 2**

***Proposed Jail Project***

**ILLUSTRATIVE ANNUAL TAXPAYER IMPACT**

Scenario	Illustrative Maximum Lease Rental	Illustrative Effective Property Tax Rate	Illustrative Homeowner Property Tax Rate	Illustrative Annual Impact					
				\$75,000 Home Value	\$100,000 Home Value	\$129,300 Home Value	\$175,000 Home Value	100 Acres Agricultural Land	\$100,000 Commercial/ Rental
Scenario 2A - Non-Referendum (1)	\$22,577,000 (3)	\$0.1049 (4)	\$0.0969 (6)	(7) \$15.99	(7) \$31.73	(7)(8) \$50.19	(7) \$78.97	(9) \$135.32	\$104.90
Scenario 2B - Referendum (2)	22,577,000 (3)	0.1073 (5)	0.1073	17.70	35.14	55.58	87.45	138.42	107.30

- (1) Annual impact estimates do not take into consideration the impact of Circuit Breaker Tax Credits on taxpayers within the County. Assumes the project is subject to the referendum process, but that the referendum process is not initiated.
- (2) Assumes the project is subject to the referendum process and it is approved by voters. As a result, the associated tax rate would be exempt from the property tax caps.
- (3) See page 9.
- (4) Assumes license excise/financial institutions factor of 5%, with 95% payable from a property tax levy. Tax rate is shown per \$100 of net assessed value. Based on the County's 2022 certified net assessed value of \$19,139,444,624, per the Department of Local Government Finance. Accounts for the 2021 Local Income Tax Property Tax Replacement Credit of 6.4147%.
- (5) Assumes license excise/financial institutions factor of 5%, with 95% payable from a property tax levy. Tax rate is shown per \$100 of net assessed value. Based on the County's 2022 certified net assessed value of \$19,139,444,624, plus the pay 2022 incremental assessed value of \$843,861,824, per the Department of Local Government Finance. Does not account for the Local Income Tax Property Tax Replacement Credit or Homestead Credit, as these credits are not applied to referendum property tax rates.
- (6) Accounts for the 2021 Local Income Tax Homestead Credit of 7.1316%.
- (7) Includes the standard deduction at the lesser of \$45,000 or 60% of home value, the 35% supplemental homestead deduction, and the \$3,000 mortgage deduction.
- (8) Represents the median home value in Allen County per the U.S. Census Bureau, 2015-2019 American Community Survey 5-year estimates.
- (9) Assumes agricultural land is assessed at \$1,290 per acre based upon assessments for pay 2022. Actual impact per acre will vary based on the County's productivity factors.

(Subject to the attached letter dated November 29, 2021)  
(Preliminary - Subject to Change)  
(For Internal Use Only)