

The revenues on the top portion of the attached chart carry no restrictions on use. They can be used to pay bond debt or operational costs.

As a rule, the CRC uses its funds, along with estimated upcoming TIF collections, to pay the scheduled debt service and lease payments as they become due, while managing its cash flow so that it pays other expenses and expenditures during the year.

We have broken the answers to your other questions into categories below:

Keystone Group revenue appears to be committed to repayment of parking garage maintenance at Sophia Square?

This is not true.

What information were you given that leads you to believe otherwise?

Merchants Square Bond – Is the TIF financial performance questionable?

The developer bond associated with the Merchants Square Economic Development Area was fully paid earlier this year. In the early years of this TIF area, 100% of the increment received was turned over to the Trustee and the increment received was well in excess of the scheduled debt service. The bond payoff was accomplished by using the excess increment accumulated by the Trustee during previous years.

After the redemption of the bonds, there was more than \$565,000 remaining with the Trustee. Those dollars were returned to the CRC and this revenue was included in the CRC's 2014 budget. Increment going forward will be received and retained by the CRC and used for the benefit of the big-TIF (the part in which there are no outstanding developer bonds). The Economic Development Plan was amended in 2013 to allow those funds to be retained for the benefit of the big- TIF.

As far as the performance of the Merchants Square TIF, it is well documented that the annual increment has been downward trending over the past several years (as a result of the economy, appeals, etc.). However, with the construction of the new Flix Brew, we are hopeful it will attract additional growth and eventually increase the TIF revenue in that area.

Because the increment being received was 100% held by the trustee, there was no impact on the CRC's budget/operations. Going forward, it is anticipated that the lower increment levels, based on recent collections and the revised Umbaugh analysis, would be used in the 2014 and subsequent CRC budgets.

Energy Center revenues – Are these committed to payment of Energy Center costs?

No. These revenues are not committed to paying energy center costs. They may, but are not required, to be used to pay portions of the debt service not covered by energy center consumption fees.

Parcel 7 rents?

These revenue streams are NOT committed to repayment of debt, nor are they committed to operating costs. They can be used for either.