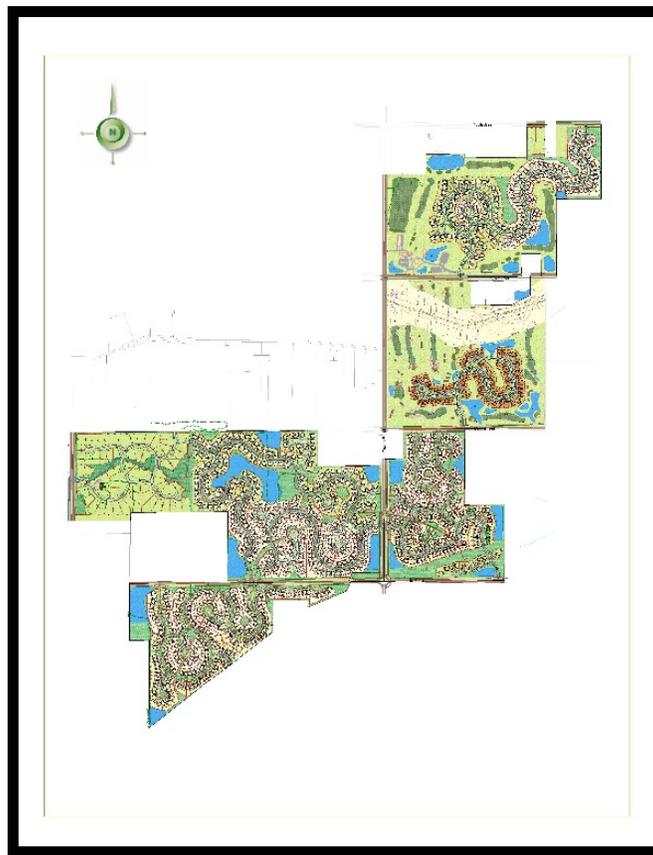


City of Westfield, Indiana – Wood Wind

Proposed Pulte Golf Course Community

Resources Anticipated from Proposed Development



Prepared by:





October 25, 2016

Mr. David Compton
VP Land Acquisition: Indianapolis
Pulte Group
11590 N. Meridian Street Ste 530
Carmel IN 46032

Re: Financial Analysis – Pulte’s Proposed Wood Wind Development

Dear Mr. Compton:

Pursuant to your request and desire to commission an independent assessment of the potential financial impacts that the proposed Wood Wind development could present for the City of Westfield, Westfield Washington School Corporation (“WWSC”) and other overlapping taxing units, we have compiled (without audit) the accompanying illustrations, exhibits, tables and charts relative to the estimated total assessed and net assessed values of the proposed development. From the projected project configuration provided by Pulte Group (“Pulte”), we computed estimates of what the City of Westfield might expect in annual property tax revenues, County Option Income Tax (COIT) receipts, LRS & MVH distributions, as well as up-front contributions towards City Development Permits, Impact Fees and up-front contributions of land, right of way and construction of public trails throughout the development. We have also compiled projected property tax revenues for the WWSC and all Other Overlapping Taxing Units (i.e. County, Solid Waste District, Township & Library collectively).

In preparing the Wood Wind (After Build-Out) illustration and exhibits, we relied upon information obtained (without audit) from Pulte, WWSC, the City’s 2015 Annual Report, Hamilton County Auditor’s Office, Indiana Department of Local Government Finance (DLGF) and US Census Data. We have assumed that tax rates (including referendum rates) would remain unchanged and that Student Population would increase at a rate of .5 pupils per Single Family Home. Because there are many variables that could impact future property or income tax rates, circuit breaker credits and the amount of tax that the taxpayers’ might ultimately pay, actual results are likely to vary from the computations included in the illustrations, tables and exhibits contained herein; and, the variations could be material. We have not audited the information provided by the sources noted above. Therefore, we express no opinion or any other form of assurance as to the accuracy of the data or the achievability of the revenue projections and/or cost savings contained herein.

A primary objective of requesting our firm to compile the accompanying illustrations, tables and computations is to coordinate a set of assumptions with the Finance Director for WWSC to ensure consistency with the School Corporation's expectations regarding student population and assessed valuation thresholds that the School has determined to be necessary to support each pupil. Consequently, we have attempted to quantify the expected market valuation and net assessed valuation of the Wood Wind project configuration at buildout, along with the related property & income tax revenues for the City of Westfield, WWSC and the other overlapping taxing units.

While the City no longer owns the water and sewer utilities serving Westfield, the proposed Wood Wind development offers Citizens Water & Wastewater ("CWW") economies of scale that should have a stabilizing effect on monthly user rates for CWW's 11,000 current business and residential sewer customers. The expected incremental sales and resulting gross margins expected from Wood Wind's proposed 1,200 new customers over the next 12 to 15 years should help reduce the need for and frequency of future water and wastewater rate increases for CWW. Also, if Wood Wind is approved and the golf course remains intact, Pulte proposes to allow CWW to reroute the Westfield Wastewater Treatment Plant (WWTP) Interceptor Master Plan on a much more direct route. Rerouting the Interceptor Master Plan on a more direct path to the WWTP along with cash contributions from Pulte is expected to reduce the project funding requirements for CWW by approximately \$4,500,000. Without Wood Wind, the current route for the WWTP Interceptor would remain within existing Road Right of Way. Therefore, the total length and depth of the WWTP Interceptor would be much greater. By reducing the construction costs and funding requirements of the Interceptor Master Plan is expected to provide further reductions in future wastewater rate increases that would otherwise be necessary for CWW to recover their costs.

Wood Wind Project Configuration by Product Type (per Pulte Group)

With those caveats, Table A (below) summarizes the anticipated financial impact of Wood Wind with respect to the projected number of housing units by product type, price points and assessed valuation at buildout (in 2016 dollars). The valuations summarized in Table A are based upon current average selling prices in similar communities in Central Indiana. Full build-out would not occur immediately. Rather, it is anticipated that the build-out would occur gradually over an expected 12yr to 15yr period. While price points are expected to increase over the next 12 to 15 yrs, valuations are based upon today's price points. Population estimates are based upon recent US Census Data (2.7 persons per Single Family Home) and Student Population is based upon assumptions provided by WWSC (assumes .5 pupils per Single Family Home). As there will be 1 & 2 BR Apartment Units, with very few 3BR Units, Pulte has assumed a .7 equivalency index (70%) of the projected Single Family Home population assumptions.

Table A. Project Configuration

Wood Wind - Summary of Residential & Commercial Master Development						
Product Type	Total # of Lots / Units	Per Unit			Extended Value	
		Population	Student Population	Projected Price Point		
Crossings / Legacy	411	2.7	0.5	\$ 325,000	\$ 133,575,000	
Manors	270	2.7	0.5	425,000	114,750,000	
Estates / Heritage	291	2.7	0.5	525,000	152,775,000	
Custom Homes	66	2.7	0.5	900,000	59,400,000	
Totals	1,038		Average	\$ 443,642	\$ 460,500,000	
Apartments	2%	225.0	1.9	0.35	110,000	24,750,000
Commercial	3%	15.0			1,500,000	22,500,000
Medical Office Bldg	3%	10.0			1,000,000	10,000,000
		Total # of Res. Units	Population	Student Population		\$ 57,250,000
Totals		1,263.0	3,163	598		\$ 517,750,000

Based upon the assumptions noted above, Wood Wind’s proposed project configuration includes 1,038 single family homes with an average market value of approximately \$442,663 (total gross assessed valuation of \$460.5 million). Apartments, Medical Offices and Commercial developments are estimated to add an additional \$57.3 million of assessed value for a total gross assessed value of nearly \$518 million. Assuming 2.7 persons and .5 students for every single-family home, and assuming apartments will have the equivalency of .7 of a single family home, the projected increase to Westfield’s population and WWSC’s student population is expected to amount to 3,163 and 598, respectively.

Estimated Impact on Property Tax Revenue

Our next step is to determine Net Assessed Values for the various product types and determine the distribution percentages for the non-referendum property taxes. Table B, below, identifies the current tax cap allocations for Residential Homesteads amounts to 64% to 68% of their respective price point levies; and, Apartments are expected to generate approximately 75% of their tax levy. Commercial property will not hit the 3% tax cap. So, their tax bills will not be reduced and each taxing unit will receive 100% of their respective Commercial property tax levy. In addition to the tax cap distributions (above), WWSC will receive 100% of the Referendum Tax Rate (proposing \$.20 / \$100 for 2017).

Table B.

Product Type	Projected Price Point	School Referendum Rate			NAV	\$0.2000 WWSC TOTAL	Times City Tax Rate	Times Total Tax Rate	Tax Cap Limit	% of Total Tax
		Homestead	Mort. Ded.	Suppl H.S.						
					\$ 1.5403	\$ 0.7698	\$ 2.6546	\$ 1.0000	37.7%	
					w/o Referendum	w/o Referendum	Tax Cap			
Crossings / Legacy	\$ 325,000	\$ (45,000)	\$ (3,000)	\$ (98,000)	\$ 179,000	\$ 2,757	\$ 1,378	\$ 4,752	\$ 3,250	68.4%
Manors	425,000	(45,000)	(3,000)	\$ (133,000)	244,000	3,758	1,878	6,477	4,250	65.6%
Estates / Heritage	525,000	(45,000)	(3,000)	\$ (168,000)	309,000	4,760	2,379	8,203	5,250	64.0%
Custom Homes	900,000	(45,000)	(3,000)	\$ (273,750)	578,250	8,907	4,451	15,350	9,000	58.6%
Average	\$ 443,642	1% Tax Cap	\$ 0.2000							
Apartments	110,000	2% Tax Cap			110,000	1,694	847	2,920	2,200	75.3%
Commercial	1,500,000	3% Tax Cap			1,500,000	23,105	11,547	39,819	45,000	100.0%
Medical Office Bldg	1,000,000	3% Tax Cap			1,000,000	15,403	7,698	26,546	30,000	100.0%

Table C (below) computes the annual property tax revenues by taxing unit assuming 100% of the single-family homes qualify for Homestead exemptions and that the School receives the proposed \$.20 per \$100 proposed Operating Cost Referendum. The yellow shaded area represents the City of Westfield’s allocation of the property tax capped levy distributions. The blue shaded area represents WWSC’s allocation, plus the \$.20 per \$100 O&M Referendum tax rate. The remaining taxing units, collectively, are presented in the orange shaded area. Again, the non-referendum allocations are based upon each taxing unit’s proportional share of the total tax rates (before applying the tax caps). Table C also computes the average property tax revenue per student based upon the index of .5 students per household (or household equivalent). Based upon these assumptions, including the assumption that 100% of the proposed single family homes qualify as “Homesteads”, the average WWSC revenue per student for Wood Wind is computed to amount to approximately \$6,875.

Table C. Estimated Property Tax Distributions by Taxing Unit – 100% Residential Homesteads

Wood Wind - Summary of Residential & Commercial Master Development						
	29.0%		58.0%	WWSC REF. \$0.2000	13.0%	
	City of Westfield		Westfield/Washington Schools		Other Taxing Units	
Product Type	Revenue Per House	Total City Amount	Per Unit Home Amt.	School Total 58.0%	Computed Rev / Unit	Other Tot. Amt.
	With Referendum					
Crossings / Legacy	\$ 942	\$ 387,162	\$ 2,244	\$ 922,273	\$ 422	\$ 173,347
Manors	1,232	332,640	2,954	797,583	552	148,917
Estates / Heritage	1,522	442,902	3,664	1,066,297	681	198,263
Custom Homes	2,610	172,260	6,379	420,990	1,168	77,086
Apartment	638	143,550	1,497	336,724	286	64,238
Commercial	11,547	173,205	26,105	391,568	5,168	77,513
Medical Office Bldg	7,698	76,980	17,403	174,030	3,445	34,450
	City of Westfield Prop Taxes		Westfield/Washington Schools		Other	
	29.0%	% Tax Cap/Unit	58.0%	\$0.2000	13.0%	
Property Taxes by Unit	\$ 1,728,699	City Only	\$ 4,109,465	School Rev.	\$ 773,814	
Total Property Tax	\$ 6,611,977	City/School/All	598	Student Pop.		
				\$ 6,875	School Revenue / Pupil	

US Census Data reports that less than 80% of homes in Westfield are “owner occupied”. It is likely that there will be incidents of Non-Owner Occupied Homes in Wood Wind as well. Not all homes will qualify for Homestead treatment: 1. No Homestead exemptions; and, 2. Subject to a 2% tax cap instead of 1%. Table D (below) compares the annual property taxes between Homestead and Non-Homestead Residential homes. Homesteads pay approximately 50% less than a home that is not eligible for Homestead treatment (i.e. non-owner occupied homes or 2nd homes).

Table D. Residential Homestead vs. Non-Homestead Residential Annual Property Tax

Product Type	MARKET VALUE	Property Taxes / Unit	
		Homestead	Non-Homestead
Crossings / Legacy	\$ 325,000	\$ 3,608	\$ 7,150
Manors	425,000	4,738	\$ 9,350
Estates / Heritage	525,000	5,868	\$ 11,550
Custom Homes	900,000	10,157	\$ 19,800

Table E (below) is an illustration of the potential annual property tax revenues assuming only 90% of the “Non-Custom Homes” qualify for the Residential Homestead exemptions and a 1% tax cap. The remaining 10% of the “Non-Custom Homes” are assumed to be treated in the same manner as Apartments (no exemptions and a 2% tax cap). Computed School Revenues per Student could be expected to amount to approximately \$7,321 / Student.

Table E. Annual Property Tax Revenue - 10% of Non-Custom Homes Ineligible for Homestead

HOMESTEADS	90% Homesteads, Subject to 1% Tax Cap					
	City	School	Other	Rev / Unit	Units	Check Total
Crossings	\$ 348,540	\$ 830,196	\$ 156,054	\$ 1,334,790	370.0	\$ 1,334,790
Manors	299,376	717,825	134,025	1,151,226	243.0	1,151,226
Estates	398,764	960,033	178,505	1,537,303	262.0	1,537,303
Custom Homes	172,260	420,990	77,086	670,337	66.0	670,337
						\$ 4,693,655
NON-HOMESTEADS	10% Non-Homesteads, Subject to 2% Tax Cap					
	City	School	Other	Rev / Unit	Units	Sub-Totals
Crossings	\$ 77,282	\$ 181,283	\$ 34,585	\$ 293,150	41.0	\$ 293,150
Manors	66,552	156,115	29,783	252,450	27.0	252,450
Estates	88,301	207,132	39,516	334,950	29.0	334,950
Custom Homes	-	-	-	-	-	-
						\$ 880,550
TOTAL RESIDENTIAL	Homesteads & Non-Homesteads - Combined					
	City	School	Other	Annual Rev.	Units	Average / Unit
Crossings	\$ 425,822	\$ 1,011,480	\$ 190,639	\$ 1,627,940	411.0	\$ 3,961
Manors	365,928	873,940	163,808	1,403,676	270.0	5,199
Estates	487,065	1,167,166	218,022	1,872,253	291.0	6,434
Custom Homes	172,260	420,990	77,086	670,337	66.0	10,157
TOTAL RESIDENTIAL	\$ 1,451,075	\$ 3,473,576	\$ 649,555	\$ 5,574,205	1,038.0	\$ 5,370
APTS/COMMERCIAL	Apartments & Commercial					
	City	School	Other	Annual Rev.	Units	Average / Unit
Apartments 225	\$ 143,550	\$ 336,724	\$ 64,238	\$ 544,512	225.0	\$ 2,420
Medical 15	173,205	391,568	77,513	642,285	15.0	42,819
Commercial 10	76,980	174,030	34,450	285,460	10.0	28,546
TOTALS	\$ 393,735	\$ 902,321	\$ 176,201	\$ 1,472,257	250.0	
Total Combined Residential & Commercial						
	City	School	Other	Annual Rev.		
Total Property Taxes	\$ 1,844,810	\$ 4,375,897	\$ 825,756	\$ 7,046,463		
Average Revenue per Student \$ 7,321 Based upon 598 Students						

Westfield’s “median” home value, based upon recent US Census Data, is approximately \$219,300, with Median Household Incomes (MHI) at \$85,000. The City’s current MHI represents approximately 38% of Westfield’s Median Home Value. Based upon typical mortgage banking practices, Household Income should be at or exceed approximately 30% of the value of a homeowner’s residence. As can be seen in Table F (below), Wood Wind’s proposed configuration would require an average minimum household income of approximately \$133,100 per year for new home buyers, or approximately 156% of the City’s current “MHI”. The average proposed home value for Wood Wind (approximately \$443,600) exceeds the City’s current Median Home Value by more than 2 times.

Table F. MHI vs. Average Home Values

Comparison of Wood Wind to Westfield U.S. Census Data				
Per U.S. Census Data Updated in 2015			Per Proposed Pulte Development Plan	
Median Household Income	Median Home Value		Average Household Income	Average Home Value
\$85,071	\$219,300		\$133,092	\$443,642
100%	100%	Ratios	156%	202%
38.8%	MHI % of Home Value	Ratios	30.0%	MHI % of Home Value

These statistics are significant in that they reinforce the anticipated incremental County Option Income Tax (COIT) revenues, as well as other miscellaneous revenues that the City could expect to realize from the proposed Wood Wind development. In 2014 and 2015, the City’s COIT revenues amounted to approximately 92% of Property Tax revenues. In 2016, COIT exceeded Property Taxes by approximately 16% (COIT amounted to 116% of Property Tax revenues due to a “Special COIT Distribution” by the Indiana Department of Revenue). Conservatively, the illustration assumes that Local Income Taxes (“LIT” – DLGF’s new acronym) from Wood Wind would amount to 90% of the Property Taxes anticipated to be generated. The illustration further assumes that all other Miscellaneous Revenues for the City will be proportional to the average revenue per capita currently being realized from LRS & MVH distributions, as well as excise taxes and other miscellaneous revenue distributions. Westfield’s total computed annual “post-buildout” revenues are summarized in Table G (below), along with the anticipated annual property tax revenues for WWSC and the Other overlapping taxing units. It appears that revenues from Wood Wind should be sufficient to cover any related “cost of service”.

Table G. Summary of Incremental Property Tax & Miscellaneous Revenues – Wood Wind

Wood Wind Total Rev.	City	School	Other Units	Annual Rev.
Total Property Taxes	\$ 1,844,810	\$ 4,375,897	\$ 825,756	\$ 7,046,463
City COIT	1,660,329	90%	COIT % of Property Taxes	
LRS & MVH Revenue	11,874	598 Est. Student Population		
Other Misc Revenue	12,572			
Total City Revenue	\$ 3,529,584	\$ 7,321	Est. WWSC Rev / Student	

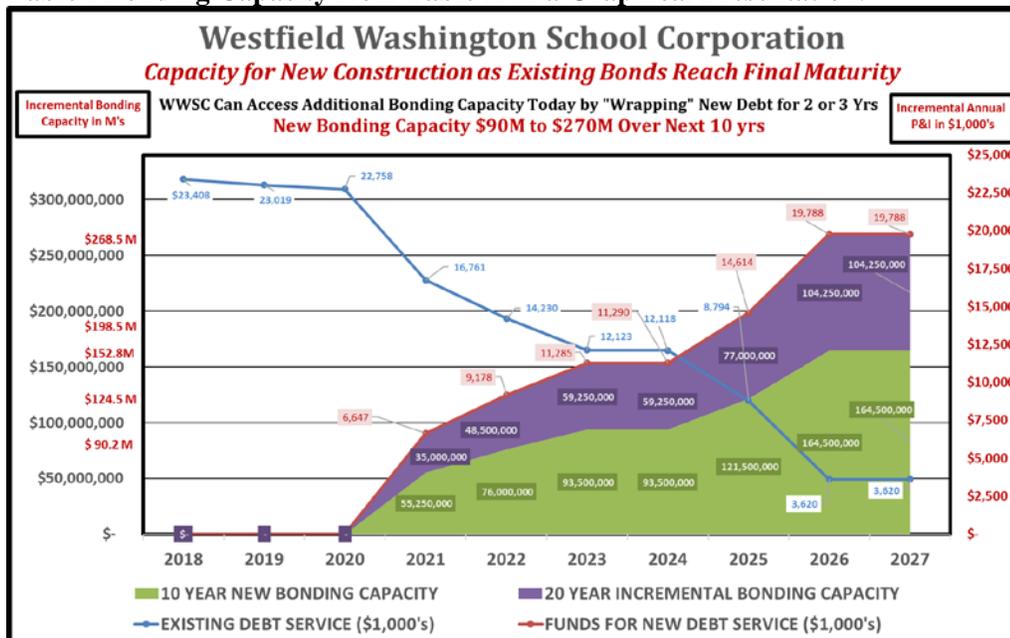
WWSC's Capacity to Fund Current Expansion Needs

It is widely known that some Schools within WWSC are nearing capacity; and, regardless of the proposed Wood Wind Development, WWSC plans to expand its capacity at the High School, both Middle Schools and perhaps some of the Elementary Schools as well. Fortunately, WWSC has done an outstanding job in managing its debt; and, over the next few years there will be a substantial number of existing bonds that will reach final maturity. As old bonds mature, capacity for new construction becomes available. In fact, significant bond retirements will be realized in 2020 and annually thereafter thru 2026. Upon consultation with WWSC's Financial Manager and the School's Financial Advisor from City Securities Corp., the following Table H (below) identifies the existing annual debt payments over the next 10 years. Table H then goes on to compute the annual reductions in annual debt payments as existing bonds reach final maturity; and, if those annual debt reductions are utilized to fund new construction, the potential for additional bonding capacity is presented assuming either 10 yr or 20 yr bond terms @ 3.5% and 4%, respectively.

Table H. Capacity for New Construction as Existing Bonds Roll Off

10 YR PRO FORMA	EXISTING ANNUAL DEBT SERVICE - NEXT 10 YEARS		CAPACITY FOR NEW CONSTRUCTION BONDING	
	EXISTING DEBT SERVICE (\$1,000's)	FUNDS FOR NEW DEBT SERVICE (\$1,000's)	10 YEAR NEW BONDING CAPACITY	20 YEAR NEW BONDING CAPACITY
2018	\$ 23,408	\$ -	\$ -	\$ -
2019	23,019	-	-	-
2020	22,758	-	-	-
2021	16,761	6,647	55,250,000	90,250,000
2022	14,230	9,178	76,000,000	124,500,000
2023	12,123	11,285	93,500,000	152,750,000
2024	12,118	11,290	93,500,000	152,750,000
2025	8,794	14,614	121,500,000	198,500,000
2026	3,620	19,788	164,500,000	268,750,000
2027	3,620	19,788	164,500,000	268,750,000

Table I Bonding Capacity from Table H in a Graphical Presentation.



The WWSC Financial Manager has indicated that it takes approximately \$375,000 of Net Assessed Value to support the School Corporation’s portion (the portion not covered by Indiana Sales Tax distributions) of educating each student within the District. Table J (below) summarizes the estimated gross and net assessed valuation of Wood Wind’s proposed project configuration, along with computed NAV and Property Tax Revenue anticipated per Student (\$543K and \$7,321, respectively per Student).

Table J. Computed NAV and Property Tax Revenue per Student – WWSC

		Estimated Gross & Net Assessed Value		WWSC Specific Calculations	
Single Family Residential		Gross AV	Net AV	Computed NAV per Student	
Crossings		133,575,000	73,569,000		
Manors		114,750,000	65,880,000	Combined Net AV	\$ 324,782,500
Estates		152,775,000	89,919,000	Estimated Number	
Custom Homes		59,400,000	38,164,500	of Additional Students	598
Sub-totals		\$ 460,500,000	\$ 267,532,500	Computed Net AV	
Apartments & Commercial				per Student	\$ 543,342
Apartments		24,750,000	24,750,000		
Commercial		22,500,000	22,500,000	Projected Property Tax	
Medical		10,000,000	10,000,000	Revenue for WWSC	\$ 4,375,897
Sub-totals		\$ 57,250,000	\$ 57,250,000		
				Computed Prop Tax	
Totals		\$ 517,750,000	\$ 324,782,500	Revenue per Student	\$ 7,321

Citizens Water & Wastewater (CWW) Economies of Scale & Capital Cost Savings

Isolating CWW’s existing customer base (approximately 11,000 sewer customers in Westfield’s service area), the potential capital cost savings from the WWTP Interceptor Master Plan discussed previously in this report could translate into monthly savings of approximately \$3-\$4 per month (\$4.5M amortized over 20yr @ 3.5%, plus minimum debt service coverage requirements – 125%). Because this Interceptor Project is necessary regardless of Pulte’s proposed development, these avoided capital costs could be realized sooner rather than later. In addition, economies of scale from the incremental marginal gross profits that could come from Wind Wood should produce an additional \$5 to \$10 per month in reduced water and wastewater (combined) rate increases in the future. These ancillary benefits could certainly be a relevant consideration in evaluating the financial impact of Wood Wind, as most taxpayers are also ratepayers for CWW.

Executive Summary

In summary, this report attempts to independently identify many of the key financial resources that a project such as Wind Wood could produce assuming all of the variables presented in the proposed Wind Wood Development by Pulte: Project Configuration; Market Value of the proposed Homes, as well as the proposed Apartments and Commercial developments; Contributions of Capital for Permits, Road and Park Impact Fees; Estimated Property Tax Revenues for WWSC and the City; COIT & Other Miscellaneous Revenues for Westfield; and, Contributions of Land, Right of Way and Public Perimeter Paths. Table K (below) summarizes these key resources for the School Corp, the City and the other taxing units that overlap with the City and School District.

Table K. Summary of Anticipated Resources for Local Government & Utilities – Wood Wind

<p>Average Home Price \$443.6K</p> <p>Household Income Requirements will be 150% - 300% over current MHI</p> <p>Total Projected Assessed Value \$518M</p> <p>Projected Net Assessed Value \$325 M - or \$543K per Student</p> <p>WWSC Prop Tax Rev \$4.4M per Yr - or \$7,321 per Pupil</p> <p>Perimeter Paths (Public) \$1.6 M</p> <p>City Permits & Impact Fees \$6.3 M</p> <p>Land & ROW Contributions \$2.2 M</p> <p>Westfield City Revenue \$3.5 M / Yr</p>	<p>Economies of Scale for Taxpayers / Utility Ratepayers / Taxing Units</p> <p>Avoided Capital Costs (Sewer Interceptor) \$4.5M - CWW Ratepayer Savings \$3-\$4 / Mo.</p> <p>Incremental Utility Revenues good for Future Utility Rate Stabilization (CWW): \$1.5 M / Yr in Add'l W&S Revenues Potential Future Rate Savings \$5-\$10 / Mo.</p> <p>Rooftops Should Foster Commercial Growth throughout City of Westfield</p> <p>Price Points & Household Income levels will significantly exceed Westfield's median home values (> double) and MHI (by \$50K to 225K/yr)</p>
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In conclusion, as CPAs and Municipal Financial Advisors to Indiana Cities, Towns, Counties & Schools, we prepared these financial impact (feasibility) calculations to independently quantify the potential resources under the build-out scenario proposed by Pulte for Wood Wind’s Planned Unit Development (PUD). Our report focuses primarily on the determination of up-front and ongoing annual revenues that might be anticipated assuming the proposed development occurs precisely as presented by Pulte; and, utilizing current property tax rates, AVs and NAVs as outlined in the Tables above.

Comparing average home prices for Wood Wind with Westfield’s most recent US Census Data (2015), the average single family home value of Wood Wind is slightly more than double Westfield’s existing average home value. The computed NAV per student for Wood Wind (\$543K/Pupil) exceeds the \$375K threshold (for supporting each pupil as determined by WWSC’s Business & Finance Manager) by nearly 45%. Household income levels necessary to qualify for mortgage financing in Wood Wind (\$133K/Yr) would exceed Westfield’s MHI (\$85K/Yr) by 56%. Finally, based upon existing student enrollment growth, WWSC will be looking to expand the Middle & High Schools before Wood Wind begins contributing students into the School System. Fortunately, WWSC has demonstrated consistent capabilities and outstanding results in their past debt management practices; and, a large portion of their outstanding bonds will mature over the next 3 to 6 years making it possible to commence with expansion plans today.

Again, events and circumstances do not always occur as expected. Variations from the illustrations above are likely; and, the variations could be material. We have no responsibility to update these calculations for events and circumstances occurring after the date of this report.

O. W. Krohn & Associates, LLP

Otto W. “Buzz” Krohn, CPA, CGMA – Executive Partner

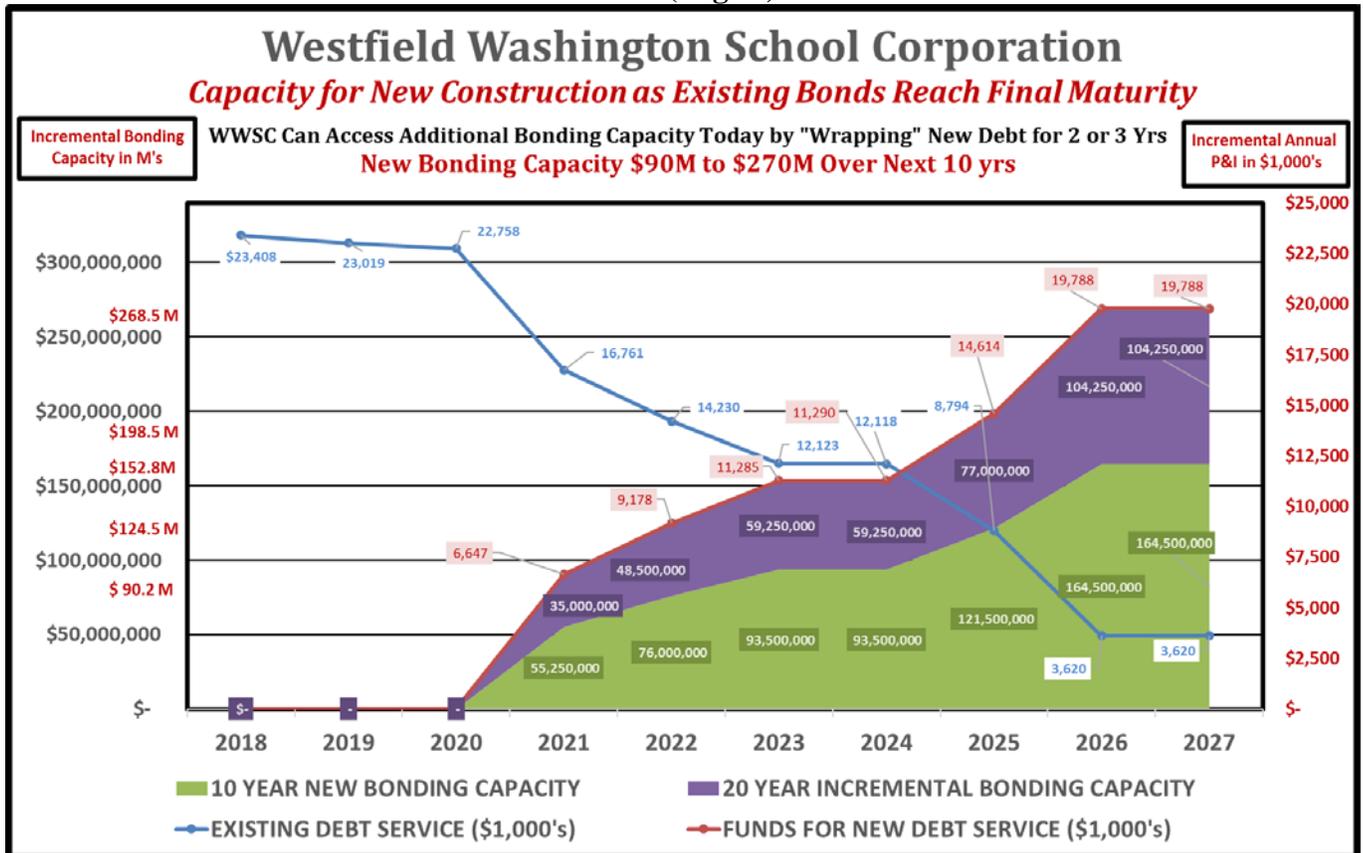
CC: Mr. Nick Verhoff, WWSC Finance Manager
 Mr. Matthew Schumaker

Enlarged Tables H. & I. – WWSC Bonding Capacity for New Construction

Table H. (Page 7)

10 YR PRO FORMA BOND YEARS	EXISTING ANNUAL DEBT SERVICE - NEXT 10 YEARS		CAPACITY FOR NEW CONSTRUCTION BONDING	
	EXISTING DEBT SERVICE (\$1,000's)	FUNDS FOR NEW DEBT SERVICE (\$1,000's)	10 YEAR NEW BONDING CAPACITY	20 YEAR NEW BONDING CAPACITY
2018	\$ 23,408	\$ -	\$ -	\$ -
2019	23,019	-	-	-
2020	22,758	-	-	-
2021	16,761	6,647	55,250,000	90,250,000
2022	14,230	9,178	76,000,000	124,500,000
2023	12,123	11,285	93,500,000	152,750,000
2024	12,118	11,290	93,500,000	152,750,000
2025	8,794	14,614	121,500,000	198,500,000
2026	3,620	19,788	164,500,000	268,750,000
2027	3,620	19,788	164,500,000	268,750,000

Table I. (Page 7)



Statement of
Matthew Will
to the
CITY OF WESTFIELD, IN
Advisory Plan Commission Meeting
11/09/16

My name is Dr. Matthew Will. I am an Associate Professor of Finance at the University of Indianapolis. I was contacted in October by David Compton from Pulte Homes and commissioned to provide an independent economic analysis of the Wood Wind Planned United Development. This analysis is my own and has not been shared with anyone prior to this evening. Also, no additional compensation will be received from what I say tonight.

My complete credentials can be found on my website, at www.mattwill.com. For this hearing it is worth noting I have been conducting economic analysis since 1985, when I was coordinator of Research at the Indiana University Center for Real Estate Studies. Most recently as last month I conducted research and analysis for President Mitch Daniels of Purdue University for a series of economic speeches he is giving related to household incomes, housing costs and standards of living. My work has been presented to numerous industry groups including the Construction Financial Management Association.

I have reviewed the material related to this project (including the 227 page Westfield Comprehensive Plan). I have visited local retail establishments and examined the proposed sites. From my examination there are reasons why people would be both in favor of and against this project. In my professional opinion, the reasons to be in favor are based primarily on economic considerations and far outweigh the predominantly personal reasons to oppose it.

From the perspective of the Westfield city managers, the Pulte development offers a unique opportunity to proactively control your future fiscal health and establish reliable economic development, while at the same time fulfilling a large portion of your Comprehensive Plan. The question is not whether or not development will occur. I can assure you development will occur. The question is do you wish to do so in a proactive manner that is fiscally responsible with a private partnership or do you wish to create a fiscal nightmare by having it occur randomly over the next two decades.

Let me give you an example. On the north side of 146th Street you have a patchwork of stores built without an architectural or fiscal plan in mind: Hobby Lobby, Walmart, Target, and various outlots with the usual selection of chain stores. On the southside of the same street you have possibly the premier retail complex in the entire state of Indiana, Clay Terrace. The difference is obvious. Clay Terrace is a perfect example of what proactive development in partnership with a

private developer can accomplish. You would be hard pressed to find someone not impressed with the economic success of Clay Terrace.

A key benefit of Wood Wind, however, is its compatibility with The Westfield Comprehensive Plan. Nothing will be a perfect fit for the Plan, but this proposal checks more boxes than anything likely to come along. The proposal gives proper attention to controlled growth and suburban sprawl. For public plans to succeed, private partners are a requirement. The Pulte projects offers you a rare chance to partner with a developer and implement your plan in a manner very close to its original design.

In fact, the very first item listed under Themes and Trends in the Comprehensive Plan is a contiguous residential development requirement. The Pulte project allows you to satisfy this precise goal for at least the next 12 years. In fact, the section of your plan that deals explicitly with the Southwest Township development, requires mixed use to include a golf course. Since the center piece of the project is preservation of the golf course, it seems as if this proposal was designed specifically to satisfy this objective of your Comprehensive Plan.

After reviewing the original design and now the latest version, it is obvious compromises have been made to satisfy the community. This is how the process should work and it has done so very well. This plan has been improved to include more green space, water features, enhanced landscaping and a focus on conservancy. This plan allows you solve future problems, before they occur. Grand government plans often error by not realizing the need for the fiscal support afforded by private development. It is rare a partner like Pulte shows up ready to satisfy a large portion of your needs. I believe it would be an error to reject a proposal because it is not 100% perfect with every aspect of your plan. This plan is an excellent fit.

For me, however, the real benefit of this project is in the long term fiscal health of Westfield. The key to business success is predictability. A 12 to 15 year planned unit development lets Westfield plan its fiscal future with tremendous certainty. The perfect example of a bad outcome is Franklin Township in Marion County. Development was successfully fought. Grand plans like Pulte's never occurred. Instead, development occurred randomly, without a plan and the result is a fiscal nightmare. Much needed schools were built without predictable revenue. Commercial development did not materialize because of a lack of predictable residential customers. The same schools that were built due to overcrowding were later closed due to insufficient funding. The need still exists, but there is no money.

Just as government needs predictable revenue sources so does commercial development. Franklin Township has a minimal commercial tax base because businesses refused to take a risk without some assurance of customers. The predictability of population growth from the Pulte development will attract many more upscale businesses than what is envisioned in the current proposal. The high income families who move into Westfield will attract landscaping needs, service jobs, high end retail establishments and probably even professional service businesses as

traffic in Indianapolis continues to be a problem. If approved, I suspect you will soon be contacted by commercial developers eager to join the party.

As a financial economist, I find the financial features of the Pulte project to be the most compelling. There are two I would like to highlight.

First, according to the school district's financial manager it takes a Net Assessed Value of \$375,000 to educate one child in Westfield. If approved, the Pulte development will create a Net Assessed Value of \$543,000. That is 45% more than you need to educate your children. If this proposal is rejected, instead of debating how to spend the inflow of cash, you will embark on an era of never ending property tax referendum battles and neighbor versus neighbor acrimony. This is exactly what has occurred in my Franklin Township example.

I also examined the city budget. According to your 2016 budget, 30% of all revenue comes from the County Option Income Tax. Given the average home price in the proposed development will be more than double the existing home values in Westfield, you can expect the average household income to go up at least 56% and possibly double. Besides the windfall from property taxes, you will now benefit from a much more stable revenue source, income taxes.

In contrast to the fiscal benefits, I understand the emotional resistance to progress and that some people oppose change. If I were a high income family living on a large piece of land in Westfield I might be inclined to oppose this development. The construction of high priced homes will cause property values to go up for everyone and this increase in assessments would increase my property taxes. If my estate had an existing well and septic system, the \$4.5 million savings in the Sewer Interceptor expense, would be meaningless to me. But, all of this would be selfish on my part and not compassionate to a city in need of fiscal health.

As the son of a career Air Force sergeant, I was raised in a very "practical" household. Decisions are based on facts and not emotions. For me, the major savings in sewer costs, the enhanced tax base for education, the long term planning ability and alignment of this proposal with your Comprehensive Plan makes the decision an obvious yes.

People always ask me to predict the future. Where is the stock market going? What will interest rates be next year? No one can predict the future. Not even me. What I am very good at is knowing the cause and effect of decisions and policies. I can assure you that a decision to approve the Pulte project will cause Westfield to have a much stronger economic and fiscal future. A no vote will cause the opposite.

I thank you for your time and would be happy to answer any questions you may have.