



ADVANTIX

DEVELOPMENT CORPORATION

2018 ANNUAL REPORT

Advantix Board of Directors

David G. Hatfield - Chairman Glenda B. Hampton - Vice-Chairman Mildred Thacker - Secretary
Richard Engbers - Director Daniel J. McGinn - Director Daphne Robinson - Director

LETTER FROM THE CEO



It is with great honor that I present the 2018 Annual Report for Advantix Development Corporation. The growth of Advantix over the past year has been astounding to say the least. An additional six employees were added to the non-profit organization, for a total of 13 at this time. Policies and procedures are in place as we continue to improve and expand on them, allowing

for company growth operationally, financially and with ongoing acquisition of development projects throughout the state.

Currently, Advantix operates over 1000 units of affordable housing in Indiana. Its development division has four projects in the works with two more recently awarded. The construction department has two building sites progressing at a rapid pace and plans to begin new

construction of a 3-bedroom ADA home with the help of YouthBuild participants. Over the next year, Advantix will continue to build equity in the company through additional tax credit applications, project planning and construction, and implementation of management strategies.

I must say, it is truly astounding to see multi-million-dollar projects come to fruition. More importantly, we are overcome with a sense of humble pride as our efforts provide us with the ability to offer residents improved housing they can afford, in addition to improving their overall quality of life.

As I extend thanks to our Board of Directors, team members and partners throughout the state, I look forward to pursuing efforts to enhance the mission of Advantix in 2019.

– Rick Moore, CEO

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

DEVELOPING A BRIGHT FUTURE

RAD Updates: Evansville Housing Authority's (EHA) RAD V Scattered Sites conversion closed in December 2018, and in January 2019, Advantix Development Corporation took over management of 135 units from EHA. Advantix started rehab work on 15 scattered sites homes in 2018, and all homes will be available for lease up in 2019. Homes are receiving new kitchens, carpet, tile, fixtures, and bathroom remodels.

HOME Grant:

Youth helping local community - Advantix was awarded a HOME Grant from the City of Evansville in 2018 that will support the new construction of a 3 bedroom ADA compliant single family home on vacant land in Evansville. The home will serve as a construction project for EHA's YouthBuild program, and once completed in 2019, will be available as an affordable lease-purchase unit.



EHA RAD IV – FULTON SQUARE

The Rental Assistance Demonstration (RAD) allows public housing authorities to tap outside sources of capital by converting public housing properties into project-based rental assistance contracts. The RAD program is an opportunity to address the public housing stocks severe backlog of repairs and other capital needs. Through the RAD program, EHA converts its public housing operating subsidy into long-term project based rental assistance. With that contract in hand, EHA can more readily assemble a mix of private and public sources, including tax exempt bonds and 4% tax credits, to address the immediate and long-term capital needs of the housing units.

The same development team that is working on EHA RAD I & II, led by Advantix Development Corporation, an affiliated not-for-profit of the Evansville Housing Authority as sole general partner and developer, will complete this effort in addition to construction activities for this property. Other key team members include Flaherty & Collins for property management, the architect is Myszak and Palmer, Kuhl & Grant provides legal services and Jim Higgs is the financial consultant.

The major investment in these properties preserves affordable housing and meaningfully improves the quality of housing affordable to extremely low-income households.

QUICK FACTS (EHA RAD IV)

Location:	Evansville, IN												
Sources of Funding:	<table> <tr> <td>LIHTC:</td> <td>\$6,462,473</td> </tr> <tr> <td>221(d)(4)</td> <td>\$4,100,000</td> </tr> <tr> <td>IHCDA DFL:</td> <td>\$727,476</td> </tr> <tr> <td>Seller Note:</td> <td>\$6,890,000</td> </tr> <tr> <td>EHA Loan</td> <td>\$2,000,000</td> </tr> <tr> <td>Deferred Fee:</td> <td>\$358,179</td> </tr> </table>	LIHTC:	\$6,462,473	221(d)(4)	\$4,100,000	IHCDA DFL:	\$727,476	Seller Note:	\$6,890,000	EHA Loan	\$2,000,000	Deferred Fee:	\$358,179
LIHTC:	\$6,462,473												
221(d)(4)	\$4,100,000												
IHCDA DFL:	\$727,476												
Seller Note:	\$6,890,000												
EHA Loan	\$2,000,000												
Deferred Fee:	\$358,179												
Tax Credit Investor:	PR Mortgage and Investments												
Unit Count:	194												
Unit Sizes:	381 SF to 1214 SF												
Income Groups Served:	Low Income												
Projected & Actual Cost:	<table> <tr> <td>Projected Cost:</td> <td>\$18,538,228</td> </tr> <tr> <td>Actual Cost:</td> <td>Pending</td> </tr> </table>	Projected Cost:	\$18,538,228	Actual Cost:	Pending								
Projected Cost:	\$18,538,228												
Actual Cost:	Pending												
Timely Delivery:													
Contracted Begin/End	Dec 2017/Dec 2018												
Actual Begin/End	Dec 2017/Pending												

Client Reference: Evansville Housing Authority, IHCDA



CORYDON SCHOOL SENIOR LOFTS

Corydon School Senior Lofts creates 45 units for seniors with 25 of those via an adaptive reuse of the local historic school with 20 newly constructed units on the same site. The development is located within the town limits of Corydon in Harrison County. The rent levels for the project are as follows: 9 units of 30% area median income (“AMI”) rent level; 10 units of 40% AMI rent level; 13 units of 50% AMI rent level. The balance of the units will be at or below 60% AMI. Unit sizes consist of 23 two bedroom units, 18 one bedroom units and 4 efficiencies.

A HOME grant and an IHCDCA Development Fund Loan are being requested with this RHTC application. Advantix Development Corporation serves as co-developer and General Contractor and Andy Myszak serves as architect and also as a co-developer. A limited partnership will be the owner of the Corydon School Senior Lofts. ADVANTIX owns 100% of the general partner entity of the Limited Partnership. In addition to ADVANTIX, the rest of the experienced development team includes: American Apartment Management, property management, Kuhl & Grant (provides legal services), Myszak & Palmer, design and engineering services, and McKinley Development LLC for financial consulting services.

QUICK FACTS

Location:	Corydon, IN
Sources of Funding:	
LIHTC:	\$8,574,000
HTC:	\$984,000
GP Capital:	\$100
HOME Loan:	\$400,000
Development Loan Fund:	\$800,000
Deferred Developer Fee:	\$244,228
Tax Credit Investor:	R4 CAPITAL
Unit Count:	45
Unit Sizes:	546 SF to 890 SF
Income Groups Served:	Elderly
Projected & Actual Cost:	
Projected Cost:	\$11,000,700
Actual Cost:	Pending
Timely Delivery:	
Contracted Begin/End	Oct 2017/Dec 2018
Actual Begin/End	Dec 2017/Dec 2018
Client Reference:	Evansville Housing Authority, IHCDCA



KOKOMO – TRAILSIDE TOWNHOMES

Trailside Townhomes creates 45 newly constructed units for affordable lease purchase housing. The development is located within the city limits of Kokomo in Howard County. The rent levels for the project are as follows: 12 units of 30% area median income (“AMI”) rent level; 11 units of 50% AMI rent level. The balance of the units will be at or below 60% AMI. Unit sizes consist of 45 three-bedroom units.

A HOME grant and an IHCDCA Development Fund Loan are being requested with this RHTC application. Advantix Development Corp serves as developer and general contractor, deferring a portion of their development fee.

A to-be-formed limited partnership will be the owner of the Trailside Townhomes. Advantix owns 100% of the general partner entity of the Limited Partnership. In addition to Advantix as developer and general contractor, the rest of the experienced development team includes: American Apartment Management, property management, Kuhl & Grant (provides legal services), Myszak & Palmer, design and engineering services, and J L H Development LLC for financial consulting services.

QUICK FACTS

Location:	Kokomo, IN
Sources of Funding:	
LIHTC:	\$742,500
HOME Loan:	\$200,000
Development Loan Fund	\$5,000,000
Deferred Developer Fee:	\$310,000
Tax Credit Investor:	PR Mortgage & Investments
Unit Count:	45
Unit Sizes:	1282 SF
Income Groups Served:	Low Income
Projected & Actual Cost:	
Projected Cost:	\$7,300,000
Actual Cost:	Pending
Timely Delivery:	
Contracted Begin/End	Feb 2019/Mar 2020
Actual Begin/End	Pending
Client Reference:	Evansville Housing Authority, IHCDCA



VINCENNES – RIVER VIEW

River View creates 44 newly constructed units with 22 of those for affordable lease purchase housing. The development is located within the city limits of Vincennes in Knox County. The rent levels for the project are as follows: 11 units of 30% area median income (“AMI”) rent level; 11 units of 50% AMI rent level. The balance of the units will be at or below 60% AMI. Unit sizes consist of 22 three-bedroom units and 22 one-bedroom units.

A HOME grant and an IHCD Development Fund Loan are being requested with this RHTC application. Advantix Development Corp serves as co-developer and general contractor, deferring a portion of their development fee. Andy Myszak serves as architect and also as a co-developer.

A limited partnership called River View Vincennes, L.P. will be the owner of the River View. Advantix owns 100% of the general partner entity of the Limited Partnership. In addition to Advantix as co-developer and general contractor, the rest of the experienced development team includes: American Apartment Management, property management, Kuhl & Grant (provides legal services), Myszak & Palmer, design and engineering services, and J L H Development LLC for financial consulting services.

QUICK FACTS

Location:	Vincennes, IN
Sources of Funding:	
LIHTC:	\$730,000
HTC:	
GP Capital:	
HOME Loan:	\$400,000
Development Loan Fund:	\$500,000
Deferred Developer Fee:	\$647,000
Tax Credit Investor:	R4 CAPITAL
Unit Count:	45
Unit Sizes:	546 SF to 890 SF
Income Groups Served:	Elderly
Projected & Actual Cost:	
Projected Cost:	\$8,113,128
Actual Cost:	Pending
Timely Delivery:	
Contracted Begin/End	May 2019/May 2020
Actual Begin/End	Pending
Client Reference:	Evansville Housing Authority, IHCD



EVANSVILLE TOWNHOMES

Evansville Townhomes preserves and rehabilitates 30 units of affordable housing and creates 30 newly constructed units. The development is located within the city limits of Evansville in Vanderburgh County. The rent levels for the project are as follows: 15 units of 30% area median income ("AMI") rent level; 15 units of 50% AMI rent level. The balance of the units will be at or below 80% AMI. Unit sizes consist of 50 three-bedroom units and 10 two-bedroom units.

An IHCD Development Fund Loan is being requested with this RHTC application. Advantix Development Corp. serves as developer and general contractor, deferring a portion of their development fee.

A to-be-formed limited partnership will be the owner of Evansville Townhomes. Advantix owns 100% of the general partner entity of the Limited Partnership. In addition to Advantix as developer and general contractor, the rest of the experienced development team includes: American Apartment Management as property management, Kuhl & Grant for legal services, Barnes Dennig for accounting services, Myszak & Palmer as design and engineering services, and D Murphy Development LLC for financial consulting services.

QUICK FACTS

Location:	Evansville, IN
Sources of Funding:	
LIHTC:	\$8,799,120
Construction Loan	\$6,500,000
Seller Financing	\$1,000,000
Development Loan Fund:	\$500,000
Deferred Developer Fee:	\$608,284
Tax Credit Investor:	TBA
Unit Count:	60
Unit Sizes:	TBA
Income Groups Served:	Low Income
Projected & Actual Cost:	
Projected Cost:	\$6,765,000
Actual Cost:	Pending
Timely Delivery:	
Contracted Begin/End	Oct 2019/Oct 2020
Actual Begin/EndP	Pending

Client Reference: Evansville Housing Authority, IHCD

KOKOMO SUPPORTIVE HOUSING – SARGENT PLACE

Sargent Place creates 35 newly constructed units for permanent supportive housing. The development is located within the city limits of Kokomo in Howard County. The rent levels for the project are as follows: 9 units of 30% area median income ("AMI") rent level; 9 units of 50% AMI rent level. The balance of the units will be at or below 60% AMI. Unit sizes consist of 5 one-bedroom units (all at 30% of AMI), 20 two-bedroom units (4 at 30% of AMI, 9 at 50% of AMI, 7 at 60% of AMI), and 10 three-bedroom units (all at 60% of AMI). We are requesting project-based rental assistance for all 35 units, as all of our prospective tenants are at very low income levels.

A Housing Trust fund grant, a HOME loan, and an IHCD Development Fund Loan are being requested with this RHTC application. Advantix Development Corp serves as developer and general contractor, deferring a portion of their development fee.

A to-be-formed limited partnership will be the owner of the Trailside Commons. Advantix owns 100% of the general partner entity of the Limited Partnership. In addition to Advantix as developer and general contractor, the rest of the experienced development team includes: Flaherty & Collins Property Management, Kuhl & Grant (provides legal services), Barnes Dennig (providing accounting services), SRKM Architecture, design and engineering services, and D Murphy Development LLC for financial consulting services.

QUICK FACTS

Location:	Kokomo, IN
Sources of Funding:	
LIHTC:	\$6,071,393
Housing Trust Fund Grant	\$400,000
Construction Loan	\$4,900,000
HOME Loan:	\$400,000
Development Loan Fund:	\$500,000
Deferred Developer Fee:	\$37,785
Tax Credit Investor:	TBA
Unit Count:	35
Unit Sizes:	TBA
Income Groups Served:	Low Income/Special Needs
Projected & Actual Cost:	
Projected Cost:	\$7,409,178
Actual Cost:	Pending
Timely Delivery:	
Contracted Begin/End	Oct 2019/Oct 2020
Actual Begin/End	Pending

Client Reference: Kokomo Housing Authority, IHCD



Financial Report

Advantix Development Corp. unaudited statements of revenues, expenses and changes in net assets as Of December 31, 2018.

OPERATING REVENUES

Dwelling Rent	\$181,578
HUD Subsidy & Grant Income	\$186,476
Developer Fee Income.	\$1,961,098
Construction Revenues	\$14,255,020
Interest Income	\$11,123
Other Income	\$22,178
Total Income	\$16,617,473

EXPENDITURES

Adminstrative Salaries and Benefits.	\$531,696
Construction costs	\$12,138,852
Other Administration.	\$657,859
Utilities	\$37,823
Maintenance Labor & Materials.	\$87,491
Insurance and Payment in Lieu of Taxes	\$132,998
Contract & Consulting Costs	\$45,408
Development costs	\$147,537
Total Expenditures	\$13,779,664

Net Income	\$2,837,809
Less Depreciation Expense	\$152,894
Income (Loss) After Depreciation	\$2,684,915
Capital/Equity Transfers	\$6,397,115

Net Assets

Beginning of Year	\$3,176,537
End of Year	\$12,258,567

This financial statement has not been audited, reviewed or compiled by independent auditors. This statement has been prepared internally and has omitted certain disclosures required by generally accepted accounting principles in the United States of America and are subject to adjustment and additional disclosures pending an independent audit. – Danial Berry, CFO



Equal Housing Opportunity Statement: We are pledged to the letter and spirit of U.S. policy for the achievement of equal housing opportunity throughout the Nation. We encourage and support an affirmative advertising and marketing program in which there are no barriers to obtaining housing because of race, color, religion, sex, handicap, familial status, national origin or any other classification protected by applicable federal, state or local law.