



# CITY OF FRANKLIN

COMMUNITY DEVELOPMENT DEPARTMENT

## MINUTES

### REDEVELOPMENT COMMISSION

May 20, 2014

#### **Members Present:**

Bob Heuchan	President
Jay Goad	Vice-President
BJ Deppe	Secretary
Rob Henderson	Member
Richard Wertz	Member

#### **Members Absent:**

Danny Vaught	Franklin Community School Corporation Representative
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#### **Others Present:**

Rob H. Schafstall	Legal Counsel
Krista Linke	Director of Community Development
Jaime Shilts	Recording Secretary

#### **Call to Order:**

Bob Heuchan called the meeting to order at 8:00 a.m.

#### **Approval of Minutes:**

BJ Deppe made a motion to approve the April 15, 2014 minutes as presented. Richard Wertz seconded the motion. The motion passed unanimously.

#### **Old Business:**

#### **Shell Building Update:**

Rob Henderson stated he spoke with Jim Boggeman of Runnebohm Construction and there has been activity showing the building to prospective tenants. He stated they have also been sharing their information with people from Morgan County who are looking at doing a similar concept. Mr. Henderson stated that Fred Linville stated there could be an early payout on the property. He stated the price would be \$460,000 instead of \$480,000.

#### **New Business:**

#### **Resolution 2014-13: Discover Downtown Franklin Farmers' Market Arch:**

Tara Payne, DDF, provided the quote to the Board for the arch. She stated her estimate at the last meeting was \$6,000.00. The current quote is \$7,200.00. She stated the arch is 15' tall at the middle. It will be located on Jackson Street at the bottom of the steps. It will be able to be moved if needed.

Richard Wertz made a motion to read the resolution by title only. Jay Goad seconded the motion. A public hearing was held. Mr. Henderson questioned if the quote included the installation. Ms. Payne stated it did.

Richard Wertz made a motion to amend the resolution to \$7,200.00, all inclusive. Rob Henderson seconded the motion. The motion passed unanimously.

Richard Wertz made a motion to approve the resolution as amended. Jay Goad seconded the motion. Mr. Henderson questioned if DDF had looked for sponsors for the arch. Ms. Payne stated they had not as they were getting sponsors for other projects. The motion passed unanimously.

**Resolution 2014-14: Franklin East Bypass Proposal:**

Mayor Joe McGuinness requested that the resolution be tabled. Mr. Wertz questioned if they would be given any more information on the project. Mayor McGuinness stated that if they proceed at some point with the project, they would have more information. He stated he did not feel that the resolution would be moving forward until approved first by the Board of Works. Mr. Goad stated that he feels awkward that projects come to the RDC first. He stated he'd like to see more of a city entity in the driver's seat. Mayor McGuinness stated it was on the BOW agenda last night. He stated they will probably still bring the project to the MPO for funding and see what happens. He stated the project will need to be addressed at some point. His suggestion is to not do anything but to have an update at the next meeting. Mr. Henderson stated he is willing to have a special meeting. Mayor McGuinness stated there would not be construction for 4 years at least. Mr. Goad stated they put the full estimated cost in as a worst case scenario. Trent Newport, CrossRoad Engineers, stated they laid it out like it is local funding. He stated if you go through the federal process and get funding, it drags the process out.

Mr. Heuchan stated the resolution would be tabled for now.

**55 W. Madison Street-Old Post Brew Pub:**

Phil Warrenburg stated he has provided the scope, capital commitments, floor plans, and cash flow summary for the pub and brewery to completion. He stated they are looking for \$260,000 in expenses from the RDC. They have not yet seen the Phase 1 study. He stated that Eric Prime, Van Valer Law Firm, has formed the entities and the investor account. Their current financial commitments today are at \$206,000. He stated the escrow is now set up so investors can begin depositing. If the project does not come to fruition, they will get their money back. He intends to have a significant amount in the escrow account by the next meeting. He is hoping for more than \$260,000 in the account by then. Mr. Heuchan stated his hope is that Mr. Warrenburg could match the amount that the RDC is being requested to give. Mr. Heuchan stated the environmental report raised a concern about a dry cleaner having been located near the property. Ms. Linke stated she would email the environmental report to the Board. Mr. Warrenburg stated there is an issue with the release of the commitment with the mortgage. He stated the terms of the release need to be clear and defined. He stated they will provide documentation of how funding has been spent and also a Certificate of Occupancy.

Mike Ramsey, investor, stated they are concerned about the definition of completion. He stated that some of the major investors won't commit yet as there is not a building. He stated once they have the building and the agreements, they will have the dollars. The release of the mortgage would be upon completion of the building. They would then be able to use the building for additional cash flow and credit lines. Mr. Warrenburg stated the terms of completion need to be defined. Mr. Wertz questioned if Mr. Warrenburg was still wanting to have a public meeting on the 17<sup>th</sup> of June and closing prior to July 1<sup>st</sup>. Mr. Warrenburg stated he was.

Mr. Henderson stated the total development investment is \$773,000. Mr. Warrenburg stated the numbers have to come down for the project to succeed. Mr. Ramsey stated they need at least \$450,000 in escrow or by a letter of commitment. Mr. Goad stated there's a buy or lease decision on their kitchen equipment. Mr. Henderson questioned the profitability. Mr. Warrenburg stated the first year they won't make a lot of money, but won't lose a lot either. In year two there should be small profit and by the third year there should be some

profit. Mr. Henderson stated the profitability has an impact on the mortgage. Mr. Warrenburg stated the building and the credit line will carry them. They are looking at a \$40,000 shortfall until the beer starts to flow. The release of the mortgage is critical to their cash flow. Mr. Warrenburg stated that he has been accepted to the brewer's guild school, which starts in June. Mr. Goad stated that they are all waiting for the commitment with the escrow. He suggested that they advertise for it for the June meeting. Mr. Heuchan stated he feels they need to keep moving on it.

Mr. Henderson stated he is not comfortable with everything yet. Mr. Heuchan stated there would be a hearing in June and they will have the mortgage provisions figured out by then. Mr. Henderson stated he is okay with the real estate and the improvements. He is concerned with the new business and the mortgage. Mr. Goad stated that they would like the escrow agreement with the dollar amount put in it, the mortgage and release figured out, and the EPA report by the next meeting. Mr. Wertz stated he gave the City Council the information on the Brew Pub. He stated there was concern from a few of the members about the financing and use of the building.

Jay Goad made a motion to advertise for a public hearing at the June 9, 2014 meeting. BJ Deppe seconded the motion. The motion passed unanimously.

Richard Wertz made a motion to complete a Phase 2 study not to exceed \$6,000.00. Jay Goad seconded the motion. The motion passed unanimously.

#### **Other Business:**

##### **2014 April Financial Report:**

Ms. Linke stated the property taxes won't be available until the end of June. She stated she will add the resolutions that were approved today to the spreadsheet.

##### **2014-2018 Cash Flow Analysis:**

Ms. Linke stated it has been updated since the last meeting. Ms. Matthes stated she thought that the budget would suffice for the state's reporting requirements.

##### **TIF Analysis Update: Rob Schafstall:**

Rob Schafstall stated that Lauren Matthes of Umbaugh may be taking care of the analysis. Ms. Matthes stated there will be changes to the RDC this year. She stated the main change is that the City Council will have to review the RDC budget. She stated the general budgeting will be subject to review only, but something like staff salary, would need to be approved by the City Council. She stated by July 15<sup>th</sup> each year, there is a 200% excess test. If there's more than 200% of principal and interest in bonds, the money is supposed to be passed on to other taxing units or by having a list of projects to justify it. If there is more than 200%, it would go to City Council to look at and potentially modify. She stated it would be per allocation area. Ms. Matthes stated another change is that TIF areas that were created before July 1, 1995 now have expirations. She said that the Board needs to find out if the business park was created prior to July 1 of 1995. Ms. Linke is going to check the resolutions. Ms. Matthes stated there are new reporting dates that must be met. She stated most of it has to do with expenditures. She stated that Umbaugh can help with TIF management, reporting, monitoring, etc. She stated she notice that the RDC has not completed a depreciable personal property report and she can help with that.

##### **FDC Update: Steven Woods:**

Steve Woods, FDC Representative, stated that they recently conducted a town hall meeting and confirmed that their commercial and residential loan programs, façade programs and also their housing programs were all things that the community wanted to move forward with. He stated they've still be receiving requests for

loans and grants. They will have to ask for money if they are going to continue the programs. He stated they could be asking for money from the RDC as soon as next month. Mr. Henderson questioned if the money was for programming and operating. Mr. Woods stated it will be for programming only. Operating is funded through the end of 2014, but that money would come from the City Council. Jay Goad questioned if there were still open ended commitments. Mr. Woods stated there are and they have contacted all of them and have given them until the end of 2014 to use the money or return it. Mr. Goad stated he would like a total of all the dollars committed at the next meeting.

**Public Comments:**

There will be a special RDC meeting on Monday, June 9<sup>th</sup> at 8:00 a.m.

There being no further business, the meeting was adjourned. Respectfully submitted this 17<sup>th</sup> day of June, 2014.

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Bob Heuchan, President

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BJ Deppe, Secretary