



CITY OF FRANKLIN

COMMUNITY DEVELOPMENT DEPARTMENT

MINUTES

REDEVELOPMENT COMMISSION

September 21, 2015

Members Present:

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

Others Present:

Krista Linke	Director of Community Development
Julie Spate	Recording Secretary
Rob Schafstall	Attorney

Call to Order:

Bob Heuchan called the meeting to order at 8:00 a.m. Mr. Heuchan expressed thanks for working to make this new meeting date work.

Approval of Minutes:

Richard Wertz made a motion to approve the August 18, 2015 minutes. BJ Deppe seconded the motion. The motion carried.

Old Business:

None.

New Business:

I-65 Interchange Design Update: HWC:

City Engineer Travis Underhill reported project design has been worked on diligently. The first phase is the portion from the on/off ramps to the end of the vacant commercial property on the north side of King Street. There was a design meeting last week with HWC regarding their 30% complete plans. Later this winter, design boards to view should be available. The multi-phase project is moving along well. Mr. Wertz asked if there is anything on the south side of King Street. Mr. Underhill confirmed there is. There will be a 10' bike path on the entire north side of King Street and an 8' bike path on the entire south side of King Street. That is from Eastview Drive to the Paris Bypass and includes landscaping.

Old Post Brew Pub: Phil Warrenburg – Request to modify agreement

Phil Warrenburg from Old Post Holdings requests consideration of writing a letter of subordination of a bank's lending requirements, specifically an SBA backed note. As RDC is currently the first lien holder, no commercial lender will consider them as a borrower unless they would be the first holder, so Mr. Warrenburg would like the RDC to agree by letter to relinquish position of first lien holder. Mr. Heuchan asked if the loan amount will get them open and operational and Mr. Warrenburg confirmed that it will. Mr. Deppe asked if RDC would like to see the terms of the loan. Mr. Heuchan explained that Mr. Warrenburg is just seeking whether RDC is willing to do this but no actual letter written until the other loan is specifically identified. Mr. Heuchan

reminded that on the Elks building project, RDC did agree to subordinate. Jay Goad suggested a one-page summary of what is being put together would be helpful. Mr. Heuchan suggested going ahead and getting financing with bank's approval subject to RDC's subordination and in so doing would provide RDC their needed information. Mr. Heuchan asked if the project is still on the same level as it was a year ago or has it been scaled back some. Mr. Warrenburg did identify some scaling back has been required, especially on the brewery and kitchen sides due to less local support that originally expected. Mr. Wertz asked if the SBA loan amount meets all the needs of the model. Mr. Warrenburg affirmed that for the initial opening and cash flow requirements, yes, but not for the full build out. Mr. Heuchan is open to consider the subordination. Mr. Wertz agrees with Mr. Goad's request for a summary from Mr. Warrenburg. Mr. Wertz wants to be sure there is enough working capital. Mr. Deppe would consider it but just wants to be informed as to what RDC would be subordinating to.

Franklin Community School Corporation – Chromebooks

Mr. Wertz had asked Dr. David Clendening, in looking at the bond issue, for any projects RDC could partner with the school on and Dr. Clendening presented in response to that request at today's session. Students are using Chromebooks all day in all classes. Mr. Mercer reported 508 attendees from all over Indiana and outside the state as well at the Google conference. The initial estimate was \$180,000 for economic impact but sure that was exceeded. The goal for the next Google conference is 800 attendees. Year one of the Chromebooks program has resulted in more engaged students, increased curricula resources, an implemented structured writing process and increased learning opportunities. The opportunity for Chromebooks at the middle school is projected to result in student engagement, focus on English/language arts, professional development and Custer Baker Intermediate School (CBIS) impact. Matt Sprout joined the presentation to specifically discuss the CBIS impact. If the RDC chooses to fund this project, the plan would be to take the partial supply of Chromebooks currently at FCMS and add them to those currently at Custer Baker to make that school a one-to-one ratio as well. The cost of \$330,000 is for the Chromebooks. An additional \$445,000 is needed for the wireless upgrade. \$79,000 is required for a switch upgrade. The total cost is \$455,000 to bring this forward to the middle school, but for RDC consideration is the \$375,000 for Chromebooks and wireless. Mr. Sprout gave Chromebook selection features. The project pricing order is the order of priority of request to RDC. Mr. Wertz asked for a re-explanation that with this funding, Chromebooks will be supplied to all of 5th grade through HS. Mr. Clendening confirmed this to be the case. Two years from now, Chromebooks will also become part of textbook rental. Mr. Goad asked for the target date for purchase. Mr. Clendening identified the end of October as the goal so they can have it up and running by second semester. Mr. Sprout has determined a plan for connectivity between all students. Mr. Wertz described students being able to work together from the individual homes. Mr. Sprout confirmed this to be true. Mr. Heuchan asked Mr. Wertz what he had in mind for a request to the RDC. In discussion Mr. Wertz had with Dr. Clendening and the school, \$375,000 was identified as the amount of consideration to implement and get it started this year. Mr. Heuchan described the process then to be to make a motion for a resolution to consider at the next meeting. Currently in the capital fund is \$254,000. Mr. Heuchan is not sure what impact this would have, but the prior Chromebook purchase was made out of this fund. Sharon Barnard actually corrected that there is a total of \$754,000 in the account between cash and an additional investment.

Mr. Wertz made a motion to fund the Franklin school system for \$375,000 with a resolution for the next meeting. Seconded by Mr. Goad. Mr. Heuchan called for discussion. Mr. Deppe confirmed that this is a motion to advertise for it. Krista Linke asked where it would be advertised through the bond or capital fund and Mr. Heuchan confirmed it to be through the capital fund. Mr. Deppe does not think this is a proper use of RDC money and will vote against it. The motion carried with Mr. Deppe's nay vote.

Request for 2016 Program Funding: Franklin Development Corporation

Steve Woods, FDC president, reported on the success of the \$5 million awarded by RDC to FDC in 2008 and the positive difference it has made in the appearance of downtown Franklin. FDC member Jeff Mercer reported

on how they focused in on the programming needs. Mr. Mercer reminded that about a year ago FDC did a community survey to try to determine if the money being invested was going in the right direction. It was also felt that stakeholders would benefit from being together and doing an Analytical Hierarchy Process (AHP) which is designed to outline priorities. Façade grants continue to be very important. Abandoned and tax sale homes were a very close second. Direct investments came in far below any others not because it is any less important, but because it is an initiative generated more from the RDC or the city, and FDC is interested in continuing this partnership. Upon completion of the AHP, the group went through a Failure Modes and Effects Analysis (FMEA). This tool is designed to identify all that can go wrong and how that will be handled. In concert with the FMEA, Kim Minton has worked on a strategic plan of five areas with each board member participating in two of the five areas. The FDC request from RDC is for programming dollars and not operating dollars, as the RDC goal was to establish a three-year operating budget so as not to have to present any additional asks for operational dollars. Residential, commercial and façade grant dollars will continue to feed back in to programming dollars. FDC anticipates the ability to fund operational dollars for the next four to five years, but they are not able to fund programming dollars, thus this ask presentation to the RDC at this time. The FDC is here today to request from the RDC a minimum of \$500,000 for reconstitution of programming funds. Mr. Woods gave thanks for Mr. Mercer's leadership in this process and reiterated that FDC is formally requesting \$500,000 today. Mr. Woods explained the community support gleaned through this process and stated that RDC will experience greater control and accountability. Mr. Heuchan asked for a definition of FMEA. Mr. Mercer explained that it is a process to work through everything possible that could be thought of that could go wrong with, in this case, each of the FDC areas (i.e., each of the grant programs, etc.) resulting in a score and priority order. Mr. Heuchan asked what the resulting conclusion was of this process. Mr. Mercer stated that the façade grant program would continue along with the commercial loans. A new critical influence was the new low-moderate income (LMI) stipulations with regards to lower income families. Rhoni Oliver was extremely important in helping the FDC with some new opportunities with abandoned homes and tax sale properties with the new LMI scenario. Mr. Goad affirmed the exercise for helping you learn whether factors really are a problem or not. Mr. Goad asked if all loans are current. Mr. Mercer expressed they were. Mr. Heuchan is supportive of considering this request and appreciates all the work that has been done to get to this point. Mr. Heuchan did ask that if \$500,000 is approved, what impact will that have on RDC cash flow, also in light of debt repayment coming out as well, so maybe it would be good to have Jeff Peters come in to counsel RDC as to the effect the granting of this request would have. Mr. Goad asked if for the next meeting Ms. Linke could plot in this request so the effect on cash flow could be seen. Mr. Heuchan confirms that RDC needs another meeting to analyze this as a board and also suggested a similar presentation to the City Council as well, not for a vote but as an information piece. Mr. Goad reiterated RDC's affirmation and praised FDC's presentation work. Mr. Wertz asked whether projects FDC is working on specifically downtown or more of the city. Mr. Woods thinks the eastside development will heavily influence and push out the FDC project focus. Mr. Wertz would like westward work as well. Ms. Linke reminded that FDC is limited by the integrated TIF boundaries. Mr. Goad further suggested that FDC would be following good weather conditions for work, so in a few months not much more activity. Mr. Woods confirmed but admitted never knowing what will come with possible commercial interior build out activity, etc. Mr. Heuchan thinks November will entertain the final vote on this.

Public Parking Improvements on Crowell and Depot Street between Jefferson and King Street

Mr. Heuchan thinks this might come out of bond proceeds. Mayor McGuinness thinks this might be a bit premature. The new owner of the Depot building has not been publicly announced. Initial project estimates are right at \$1 million dollars. Depot Street has been broken in to north and south as two projects and with Crowell Street as one, this makes three projects totaling \$1 million dollars. Mr. Heuchan suggested that not a lot of discussion is needed today. Mayor McGuinness confirmed first needing to know who the new owner is and also have the opportunity to inform that as to the Jefferson Street project and the impact that could have starting next year. Mr. Heuchan admits this is just initial conversation without any expense or commitment.

Resolution 2015-24B: Downtown Redevelopment Projects

Rob Schafstall explained that he was trying to follow RDC's earlier guidance and keep \$2 million dollars allocated for downtown improvements and instructing the clerk treasurer's office to maintain this allocation for core downtown projects. RDC would specify going forward what those projects are that would receive funding from this allocation. Mr. Heuchan reviewed that this came about as a result of his ask that a resolution be prepared for improvements to the Artcraft Theater of up to \$300,000 for replacement of the heating and cooling system and up to \$75,000 for a digital projector. It was to have been brought in for discussion and based on public comment, the normal process would have been to have the resolution today, discussed it, held a public hearing and then voted. The intent of this resolution is to make it easier to approve and accomplish without having to advertise, etc. But it would still be insured that anything considered to come out of the bond proceeds would still come before the board in a public way. Mr. Heuchan was not approached by the Artcraft on this but rather a concern initiated with himself and in his thought for several months. Mr. Heuchan further acknowledged that some have grown fatigued by the grants received by Franklin Heritage over the years, and that this would likely be the last one for a while. Mr. Goad cited one consideration is the allocation of \$2 million dollars earmarked for projects to be determined in the future sometime within a certain geographic area. Mr. Schafstall corrected that the resolution proposes \$2 million of the \$15 million bond proceeds and those monies must be spent in three years. Mr. Goad further reviewed that if money is awarded to the Artcraft, it would come out of the allocated \$2 million. And that the resolution today is not in consideration of any particular project funding. Projects to be awarded from this \$2 million would still follow the normal process and come before the board. Mr. Heuchan informed not necessarily but it depended on what the board decided. It could also be done without a resolution and just a motion and vote. Mr. Schafstall confirmed these options. Mr. Deppe supports the opportunity for a month's deliberation on any given project rather than deciding at the same meeting that the funding request is initially presented. All agreed. Mr. Wertz asked if allocating a specific \$2 million requires that it all be spent in the downtown rather than still being available for any other area. Mayor McGuinness countered that the purpose was to identify projects as previously asked by RDC and \$2 million represents the total for those projects without any likely left over. It is simply an earmark, protecting the \$2 million so we are not dipping in to it for other things. Mr. Heuchan can respect this plan without a formal resolution and just keep track of it going forward. Mr. Goad does not have a problem with the resolution if it is helpful with a grant request still following the normal review process. Mayor McGuinness reviewed that sometimes the wait period is not always the most ideal in the scheduling of some economic development projects when they finally become ready to go. Mr. Deppe supports adopting the resolution and earmarking the funds. Mr. Heuchan said a resolution to read by title only is needed. Mr. Goad sought clarification of the interface of this with the Artcraft request as well and suggested the consideration of the Artcraft project be a totally separate issue and process.

Mr. Deppe made a motion to read by title only. Mr. Goad seconded the motion. Mr. Heuchan called for any discussion. The motion passed. A public hearing was conducted and closed. A motion was made to approve the resolution by Mr. Deppe and a second by Mr. Goad. The motion was approved.

Shell Building Discussion:

Mr. Wertz reported, in the absence of Rob Henderson, that Mr. Henderson met with Runnebohm and Fred and Charlotte Linville to discuss the 70 acres behind Direct Shot, putting in an entrance off the bypass off Graham Road. Runnebohm is preparing pictorials of breaking that in to 15 acre plots or maybe a 30 acre, 15 acre and five acres. Probably at the next meeting pictures and more information will be available, but they are looking at opening up that quadrant. Mayor McGuinness reported discussing with Mr. Henderson about another shell building, partnering with JCDC again and considering what a shell building would look like now that would meet Franklin's needs. Mayor McGuinness fully supports another shell building and reviewed the successes of the last shell building in the last few years. Cheryl Morphew added that they are working on data compilation for a team presentation at the October meeting. Mr. Heuchan revisited that Franklin's first go round at this

was a success. Mayor McGuinness reminded that without a shell building, a community often gets passed over for new business. Mr. Heuchan asked if other communities are involved in this type of thing. Ms. Morphew described Franklin as being ahead of the curve the last time. Now with time more communities are developing these. Mayor McGuinness supports the data gathering process and having a good understanding of what fits your market. Mr. Heuchan said this will keep moving forward through the process.

Creation of New TIF Districts Discussion

Mr. Wertz spoke with Mayor McGuinness and Mr. Schafstall in looking at the future development of Franklin with a new Meijer and Kroger coming in. The 31 corridor is probably in need of some updating. This would be a way of putting a possible TIF on these two projects that would fund money for the school corporation and the city for that north 31 and school entrance. Mr. Wertz has asked how to move forward with this if it is a possibility. Mr. Schafstall says it is a possibility and would require a new allocation area identified. This means the increased real estate taxes are captured by the RDC and can then be spent in our economic development area. It is a four step process requiring a declaratory resolution, Plan Commission approval, City Council approval and then back to RDC for a public hearing and final approval. It is a technical process that would require Mr. Schafstall to bring in a bond counselor and a financial advisor. Jeff Peters would need to prepare a tax impact analysis. The fastest possible timeline was prepared and handed out at the meeting although it could go more slowly. And there is no year-end requirement, so it could go into the spring if desired. The key is to get it accomplished before a new assessment comes because the increment would be lost at that time. Mr. Heuchan asked Mr. Wertz about possible benefits. Mr. Wertz stated enhancing the upper 31 corridor of Franklin which is becoming the shopping area. Dr. Clendening wishes for the setup of a formula so the school corporation could capture some of the dollars. Mr. Schafstall stated having all of next year for the time frame if needed. Mr. Heuchan asked the board if they are supportive of looking at this further. Mr. Deppe confirmed with Mr. Schafstall that it would have to be completed next year before the 2017 assessment. Mr. Heuchan cited hearing no objections so asked Mr. Wertz and Mr. Schafstall if they would keep this moving ahead. Mr. Wertz spoke of the foot traffic on the 31 corridor and the potential investment that requires dollars and through the city, RDC and school corporation, this could be a way to help fund some of the improvements to that corridor. Mr. Goad asked Mr. Mercer about a funding formula used by the school he had previously reported on. Mr. Heuchan asked for thoughts from administration or city council. Mr. Barnett is in favor both of creating a new TIF on the expanded 31 corridor and working out some sort of formula with the school system. And it needs to be in writing so the next group of officials when this comes to pass can follow through. Mr. Heuchan reviewed the possibilities of access roads and walkways. Mr. Wertz spoke of assisting with trails, reminding that 31 is controlled by the state but that this could be a way to improve safe travel to the school and improve the box corridor all the way to Knollwood. Mr. Heuchan mentioned Ms. Linke's suggestion to have Jeff Peters come in and give analysis. Ms. Linke said this would give a better idea of what projected captured revenue might be, timing, etc., before a decision is made. Mr. Goad confirmed the decision to engage Mr. Peters in the near future. Mr. Heuchan affirmed this to be the next step. Mr. Goad asked if authorization was needed to start exploration since hiring Mr. Peters will be an expense. Ms. Linke assured that this expense is already built in to professional fees, but she would like the board to make the recommendation.

Mr. Goad made a motion to start the exploratory process and pay for the hire of Mr. Peters out of professional fees. Mr. Deppe seconded the motion. Mr. Heuchan called for discussion. The motion passed.

Mr. Heuchan returned to discussion about the Artcraft Theater and a possible resolution for the October meeting. Rob Shilts could bring cost projections for both the HVAC system and digital projector. Mr. Goad would be helped if Franklin Heritage would bring a report like FDC did today to the October meeting. Mr. Heuchan requested more specifics. Mr. Goad further explained a report format that is not limited to the need for the project but also looks ahead to the future and gives information about their organization as a whole. Mr. Deppe agrees. Mr. Shilts presented being held back at the Artcraft Theater because of an 80-year-old

HVAC system. The building was first purchased for \$175,000 and is now turned into a model bringing more than 30,000 people into the downtown a year. It also supports local businesses due to food and beverage business on program nights at the Artcraft. Engineering studies have already been conducted and geo-thermal systems considered. Much has been reviewed to maintain the current historic footprint of the building along with systems that would require expansion of the footprint and where would external equipment be able to be placed to maintain the historical integrity of the building. A system like this will allow for more programming in the future. Mr. Heuchan asked if FHI is open to doing a presentation as Mr. Goad suggested and Mr. Shilts confirmed they are. Dr. Clendening offered to help Mr. Shilts with the presentation preparation.

Other Business:

August 2015 Financial Report:

Ms. Linke highlighted that the report shows what's been spent by resolution through the end of August and what remains.

2015 TIF Bond Project List:

Ms. Linke reported that this report dovetails with the monthly financial report to where projects are being paid from and what projects have been allocated from each of the funds. Nothing has changed since last month.

Cash Flow Analysis Worksheet #21:

Ms. Linke explained this report is not significantly different from last month. She will add the Chromebooks and FDC requests under Projects Under Consideration and e-mail out today. Mr. Goad appreciates Ms. Linke's work.

Public Comment and Announcements

Mr. Heuchan thanks everyone for working with his schedule to be able to change the date of this meeting. The next meeting will be Tuesday, Oct. 20.

There being no further business, the meeting was adjourned at 9:50am.

Respectfully submitted this 20th day of October, 2015.

Bob Heuchan, President

BJ Deppe, Secretary