



CITY OF FRANKLIN

COMMUNITY DEVELOPMENT DEPARTMENT

MINUTES

REDEVELOPMENT COMMISSION

December 15, 2015

Members Present:

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| Bob Heuchan | President |
| BJ Deppe | Secretary |
| Rob Henderson | Member |
| Danny Vaught | Franklin Community School Corporation Representative |
| Richard Wertz | Member |

Others Present:

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|----------------|-----------------------------------|
| Krista Linke | Director of Community Development |
| Julie Spate | Recording Secretary |
| Rob Schafstall | Legal Counsel |

Call to Order:

Bob Heuchan called the meeting to order at 8:01 a.m.

Mr. Heuchan acknowledged the last meeting of two members, Jay Goad and Rob Henderson. Mr. Henderson served four years and was strategically involved with the shell building. Mr. Goad played a significant role in the Elks Club and Old Post Brewery. He also set up the template for the cash flow analysis. They were both thanked for their service.

Approval of Minutes:

Richard Wertz made a motion to approve the November 17, 2015 minutes. BJ Deppe seconded the motion. The motion carried.

Old Business:

Shell Building 2 Update:

Mr. Henderson reported with Mr. Wertz that the City Council had given a "head nod" approval to move ahead with the project after it was presented to them at the last City Council Meeting. At this point it seems vetted enough to ask Rob Schafstall to prepare the timeline. Referencing back to shell building one, the possibility of including deferment of payment, obtaining two opinions of value on the subject parcel, advertising RFP for construction work, etc. With Mr. Henderson leaving the commission, Mr. Wertz will take over as point person for this project. Ms. Morphew expressed her support for the benefit of having a broker. Mayor McGuinness and Steve Barnett offered words of support for the project. A motion to proceed with the process was made by Mr. Henderson and a second by Mr. Wertz. The motion passed.

Creation of new TIF District-Declaratory Resolution:

Mr. Schafstall introduced Rick Hall from Barnes & Thornburg who presented referencing documents in a packet that had been distributed. This new TIF district would be aimed at the US 31 corridor through Franklin. There would be two new allocation areas, one on the north end and one on the south end. From these areas could be captured new growth in assessed value. If RDC moves forward on this this morning, the next step is before Plan Commission (January), then to City Council (February) and back to the RDC (February) for a public hearing and final approval. Mr. Heuchan asked for a description of the defined area. Ms. Linke explained that

the area where the money can be spent is every parcel touching 31 on both sides of US 31 from Knollwood Farms on the north side of Franklin to the Jefferson Street intersection on the south end of Franklin. The areas of tax collection are much smaller, the northwest and southwest corner of Commerce Drive and US 31 and all the parcels from Mallory Parkway on US 31 North until south of the Big Lots property. Ms. Linke also reminded the projects would cost between \$10-20 million and a lot of them are found in the December 2014 Safe Routes to School plan and the February 2015 Stormwater Master Plan. Mr. Wertz asked if this had to go to county or any other tax receiving entities. Mr. Hall explained not for approval, but prior to RDC final consideration they will receive notice of public hearing and projected tax impact document. He also distributed a process timeline he'd prepared. Ms. Linke asked if anyone had comments on the parcels identified in Exhibits B & C since they are a bit different from last month. A time of Q & A took place among the board members simply clarifying some of the markings and layouts presented on the exhibits. Mr. Hall further explained the inclusion of these businesses in either the economic development area or the allocation area does not affect their taxes in any way. Mr. Heuchan expressed concern over money being used for other purposes besides along 31. Mr. Hall assured that legally the funds can only be used in the designated TIF area. Mr. Deppe asked if money could be earmarked for a designated project list. Mr. Hall explained that expenditure of the funds will be approved by the RDC. The RDC can also establish the priority project list for the area subject to change at RDC discretion at any time. Mr. Wertz believes it will take several years to see the funds allocated and these projects to happen. Mr. Deppe asked of City Council's feedback. Mr. Wertz said of the four individuals he's spoken with, three are in favor and one against. Mr. Deppe asked if additional land were granted could it be a separate TIF or could this be amended and Mr. Hall confirmed. He explained that the life of any additions would be governed by RDC action to pledge TIF revenue to repayment of an obligation. Not until bonds were issued, did a financing and pledged the TIF revenues to that that would start a 25-year clock. Mr. Schafstall stated the alternative is to link all your TIF zones so funds could be used in any area, but they are not linked at this time. Ms. Linke cited that this doesn't affect the other integrated TIF since 2008 and Mr. Schafstall confirmed. A motion was made by Mr. Wertz to approve the resolution and a second by Mr. Henderson. The motion passed.

New Business:

Hetsco, Inc./Shell Building: Tax Issue:

Eric Prime of Van Valer Law Firm representing Hetsco presented. The sale to Hetsco of shell building one closed on October 15, 2014. The purchase agreement called for 2014 real estate taxes to be prorated to the date of closing. The seller would be responsible for the first nine and a half months of 2014 and the purchaser would be responsible for the last two and a half months and all property taxes thereafter. Mr. Schafstall clarified about the city being the seller. Mr. Prime didn't know the actual relationship between Runnebohm and the city so included both in his statement. Mr. Prime went on to explain how taxes were calculated and the additional reassessment of the ground that was not identified at closing. In spring 2015 a tax bill comes out reflecting new assessed value of the empty shell building in excess of \$2 million. Thus, property taxes went from several hundred dollars a half to \$32,500 a half. A second half came due in the fall of 2015 as well, both paid by Hetsco. As a result, Hetsco feels shorted at closing and contacted Lynn Gray, Mr. Schafstall and Runnebohm's counsel to determine what could be done. Mr. Prime read Runnebohm's response. "The City of Franklin would be responsible for any reimbursement to you. Our agreement with them was that they would pay or reimburse us for any carrying costs of which property taxes was one of those expenses. The real estate was a pass through deal for us. We made no profit." Signed by COO Mike Runnebohm. Mr. Prime is presenting to dialog with RDC on how to fix the situation. One possibility is that Runnebohm or the city or some combination could write a check for the difference. Hetsco is willing to consider other options including a one-year extension on the abatement. Because taxes were to be prorated Hetsco feels they shouldn't have been left with the excessive tax bill. Mr. Heuchan suggested deferring to legal counsel for thought and recommendation. Mr. Schafstall expressed hesitancy to comment immediately, but Mr. Schafstall agreed to dialog and work together with all parties to determine a solution. Mr. Prime added that JCLT's stance was that they were operating with the then current taxes and didn't have notice of the new assessment either. Mr. Henderson explained that the economic development agreement with Runnebohm is a matter of public record and should be available online. Mr. Henderson further takes exception to Runnebohm's comment of making

no profit on the deal. It was not a non-profit transaction for any of the parties involved. Mr. Heuchan summarized that it is in the hands of our counsel to work through and represent our efforts.

Interchange Plan Update

This was not presented today.

Resolution 2015-30: Amending Resolution 94-1 to designate Shipston Aluminum Technologies International, Inc. as a successor “designated taxpayer” to Casting Technology Company

Mr. Schafstall explained that in 1994 the RDC designated Castings Technology as a taxpayer so the personal property taxes have been captured. Castings is now operating under Shipston Aluminum Technologies International, Inc. The county asked Counsel if RDC’s intention was to continue capturing the personal property taxes. Mr. Schafstall prepared a resolution designating the successor entity for the county if approved by RDC. And he also wanted to add four words to the resolution previously omitted. Under paragraph one, adding “it’s successors and assigns” after Shipston’s name. Motion to read by title only was made by Mr. Wertz and seconded by Mr. Deppe. Passed. A public hearing was held. A motion to approve the resolution was made by Mr. Deppe and a second by Mr. Wertz. Passed.

Other Business

November 2015 Financial Report & TIF Bond Project List:

Ms. Linke highlighted some changes on the monthly financial report. Some of the TIF projects coming out of the TIF bond were still calculating to subtract from overall cash balance. The estimated cash balance is \$3.78 million dollars for the end of this year. A large reimbursement was received from INDOT for N Main St. Phase II, \$138,000. And interest earned was \$52,560.20 for the year. The second disbursement of taxes will be reflected on December’s report. TIF bond expenditures are in a newly added column. Mr. Henderson asked if there could be a separate control fund for the 31 corridor and Ms. Linke concurred.

Cash Flow Analysis Worksheet #24:

The FDC programming grant was moved to approved projects and the INDOT interest income and reimbursement were added to the fourth quarter of 2014.

2016 Calendar of Meeting Dates

Ms. Linke expressed the assumption that the third Tuesday of the month was their continued desire. Mr. Wertz asked if it should wait until January with the new commission. Ms. Linke is required to report this to the Daily Journal before the end of the year.

Public Comment and Announcements

Mayor McGuinness offered thanks for Mr. Goad and Mr. Henderson for their last four years of service. He thinks this has been the most progressive time frame. On behalf of the city, thank you for all your time and effort. Mr. Barnett and Ms. Morphew also offered words of thanks to Mr. Goad and Mr. Henderson for their contributions to the Redevelopment Commission.

Mr. Deppe suggested a resolution of RDC thanks for Mr. Goad and Mr. Henderson. Mr. Deppe so moved and Mr. Wertz seconded. Passed.

Mr. Wertz suggested discussion of the status of the Old Post Brew Pub and B2S Labs in the new year.

There being no further business, the meeting was adjourned at 8:55 am.

Respectfully submitted this 19th day of January, 2016.

Bob Heuchan, President

BJ Deppe, Secretary