CITY OF FRANKLIN

COMMUNITY DEVELOPMENT DEPARTMENT

MINUTES

REDEVELOPMENT COMMISSION
June 21, 2016

Members Present:

Bob Heuchan	President
Richard Wertz	Vice President
BJ Deppe	Secretary
Paul Buening	Member
Keith Fox	Member

Others Present:

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 8:00 a.m.

A motion was made to approve both the May 17th and June 7th minutes by BJ Deppe and seconded by Richard Wertz. Motion carried.

Old Business:
None.

New Business:

Shell Building 2 Project Update
Rob Schafstall introduced Chris King from Runnebohm Construction. He reported that since the last meeting they have started on civil design. One thing that has come up is the location of the road into the site and Runnebohm has been working with the city and Linvilles to evaluate the best place for it. This is a key piece to figure out for the budget. There will be a meeting to decide this so there is good access to the site and that safety concerns are dealt with due to the hill along Graham Road. Surveying and design are moving forward. Mr. Wertz asked if it was appropriate to engineer detention ponds for the entire property. Mr. King responded that detention could be looked at more regionally but that it would likely be difficult to do detention on this property for the entire 70 acres but maybe for 35 acres or so. Mr. Wertz continued to wonder if it wouldn't be valuable from an RDC perspective to evaluate how the property will be developed. Keith Fox concurred. Mr. Heuchan summed up that things are moving and full consideration is being given to the whole property. Mr. Wertz highlighted the north side of the property where there is a slight rise, so that will need to be evaluated by the city and county as to how traffic flow will be handled. Ms. Linke assured she will work on putting a meeting together. Mr. Wertz asked what the time frame is. Mr. King surmised that by the end of the year it would be under roof with some paving and site work waiting until spring. Ms. Linke asked about the preliminary

budget. Mr. King said it is being worked on, but the location and the length of the road will make a big difference.

55 W. Madison Street Update

Eric Prime with Van Valer Law Firm presented. The EDA was signed on June 20, 2014 and closed on June 29, 2014, and also expires on June 29, 2016. Phil Warrenburg was sidetracked due to circumstances beyond his control and thus unable to keep the originally intended 24-month time period. Mr. Warrenburg paid in $10,000 as consideration for the deed for the property. The RDC advanced $260,000 which included his $10,000, and that money is all in the building. Mr. Prime reviewed a list of improvements made on and in the building with those monies. In addition, Mr. Warrenburg personally invested an approximate additional $90,000 used for engineering, legal, consulation, etc. The project will not be completed within the 24 months required by the EDA. The EDA requires written notice from the city of a breech, but that point has not been reached yet. If a written notice is received and Mr. Warrenburg were to contest, it's to go to mediation. Unsuccessful mediation results in possible litigation between parties. If that point is reached there is an act of God out or delay permitted in the EDA. Their proposal is not mediation or litigation but as follows:

1. 55 W. Madison Street will deed back to the city in its current improved condition. In exchange they asked the RDC to terminate the EDA with a mutual release.

2. There is a life insurance policy on Mr. Warrenburg that RDC or the city is the beneficiary of. They asked for the policy to be released to Mr. Warrenburg.

3. They asked that the $10,000 Mr. Warrenburg put in to the building be refunded to him. He feels he put that money into the value of the building and is now returning it to the city.

Mr. Prime identified that utilities and facility insurance would need to be wrapped up as well. Mr. Wertz asked if the property is on the tax rolls today, and Mr. Prime confirmed it is. Mr. Warrenburg's company paid 2013 payable 2014 before he had the property. Mr. Warrenburg plans to discuss that with the county. Mr. Prime explained that it shouldn't have been on the tax rolls in 2013 as it was municipally owned at that point. Mr. Heuchan sought clarification that a deal cannot be approved today. Mr. Schafstall confirmed that it would need to be appropriated, a legal ad done and come back to the next meeting of the RDC or a special meeting but allowing for 14 days. Mr. Heuchan explained that if authorization was given to Mr. Schafstall to prepare the documentation needed for the resolution, it is not binding in any way other than addressing it at the next meeting with a public hearing and vetting out during that meeting.

Mr. Deppe made a motion to authorize Mr. Schafstall to advertise for a resolution that would consider the $10,000 refund and authorize him to meet with Mr. Prime and Mr. Warrenburg to discuss all the details related to this situation such as real estate taxes, building insurance policy, utilities, etc. Mr. Wertz seconded.

Mr. Prime reported a slight urgency on the property insurance quarterly payment due on June 29. Mr. Fox asked if potentially not approving the $10,000 reimbursement would require a complete re-start. He expressed RDC's usual expectation that the person involved will have an investment in the project so wondered why reimbursement would be considered. Mr. Prime explained that if the property is being deeded back as improved, the city is actually being enriched by $10,000. The RDC's original $250,000 is being given back to the city in the building, but Mr. Warrenburg's $10,000 is also in the building, so they

city is enriched by that $10,000. He also asked about making two resolutions. Mr. Prime also asked that with regards to timing, would it be possible to have two resolutions, one to authorize the EDA and insurance policy releases and a second just for the $10,000 reimbursement. Mr. Deppe preferred one resolution for all of it. Mr. Fox was fine with everything leading up to the $10,000 reimbursement but felt a precedent would be set for future projects by such a reimbursement. Mr. Heuchan didn't see a problem with keeping all elements of the deal in one resolution as the $10,000 piece wouldn't hold up the other items. Mr. Deppe mentioned the possibility of having two motions at the next regular meeting.

The motion passed.

Garment Factory & Wayne Street Redevelopment Project Update

Mayor Joe McGuinness reported that all six properties have been purchased. Four homes are owned by RDC. The Garment Factory and Double Cola building are owned by The Bemis Group. The last building to be vacated is the Garment Factory. Ms. Linke is working with Habitat for Humanity and Franklin Heritage to salvage anything of worth from the four homes. The police, sheriff and fire departments will then use them for training before demolition. Sometime later this week Billy Bemis hopes they will begin interior clean up and demolition on the Double Cola Building. Mr. Wertz asked if the schedule on the training and demolition could be communicated to surrounding residents so they can be prepared. The mayor doesn't know when it will be, but notice will be given. Mr. Schafstall asked if the four properties could be transferred from RDC to BOW. Ms. Linke thought that was part of the closing. Mr. Schafstall explained that RDC was required to take title. He asked if consideration could be given today to a motion to authorize Ms. Linke to work with the non-profits on salvage and to authorize Mr. Schafstall and Mr. Heuchan to work on the transfer from RDC to BOW.

Mr. Fox made the motion and Mr. Deppe seconded. Passed.

Ms. Linke asked about the timing for the road work. City Engineer Travis Underhill reported that Crossroad Engineering should be providing in the next few weeks a 90% set of plans. Bids will be advertised and received within the next month and all construction will take place this year except for the final lift of asphalt in the spring.

Resolution 2016-22: IAWC pass through

Mr. Underhill reported having secured an agreement with the water company that instead of them performing their relocations on Jefferson Street for the last six months and delaying the project, they have agreed to go as part of the project. $1,350,000 is a round up from their preliminary cost estimate. Actual cost is closer to $1,250,000. They ran about $50-60,000 over on North Main, so instead of multiple resolutions, Mr. Underhill hopes this one is rounded up enough to cover. It is just a pass through, allowing RDC to take Indiana-American Water's check and write a check to the state of Indiana.

Mr. Schafstall supported the plan but cited that the money received will need to go into the RDC's unobligated general fund and the payment come out of the bond fund. Ms. Linke and Mayor McGuiness have met and worked out the details. Mr. Deppe asked about the obligated bond funds. Ms. Linke explained that it is not yet reflected in the financial reports because it hasn't been approved yet. Mr. Schafstall suggested the RDC could approve this subject to the Clerk-Treasurer helping to determine how the monies needed to be handled. Mr. Deppe asked if approval could be granted in that way or subject to other resolutions being amended to create the balance needed to cover this resolution. Ms. Linke explained from her conversations with the mayor that there are adequate funds not yet allocated

in the bond to cover these costs. Mr. Wertz asked where the monies received will go and could they be used to subsidize other bond projects. Mayor McGuiness explained yes, but the bond funds have to be spent within three years.

Mr. Fox moved to approve the resolution. Mr. Wertz seconded. Mr. Deppe requested the financial report be redone so that it is identified that there is no resolution to spend the $2.4 million and it will be deducted from that amount on the report. Ms. Linke confirmed she would update the report to show line 16 – 2015 I-65 Interchange Economic Development Plan Recommendations, reduced by the amount of Resolution 2016-22B ($1,350,000). Motion passed.

84 Lumber Economic Development Agreement – Reimbursement Request

Mr. Schafstall reported being ready to close out this agreement. Ms. Linke explained needing approval to process this $200,000 reimbursement claim. A motion to authorize Ms. Linke to pay out the reimbursement claim per the resolution was made by Mr. Fox with a second by Mr. Wertz. Motion passed.

Other Business

May 2016 Financial Report:

Ms. Linke reported not having received the May property tax disbursement yet, but it should be received and reflected on the June financial report. Another INDOT reimbursement has been received. Deposit interest, approved resolutions and TIF bonds are reported on the spreadsheet. Mr. Wertz asked about the large increase of the November property tax numbers. Ms. Linke explained that it is based on the increase in assessed value and the projections prepared by Peters Municipal Consultants.

May 2016 TIF Bond Financial Report:

This is tracked separately. Ms. Linke has re-arranged them to be in chronological order by resolution number and will update them monthly. $3.863 million has been spent through May on TIF projects. She will update this with the IN-American Water resolution 16-22B for the next meeting. Mr. Heuchan reminded that financial reports are available on the website.

Cash Flow Analysis Worksheet #30:

The only thing added since the last meeting was the $100,000 shell building appropriation under approved projects.

Public Comment and Announcements

Tara Payne reminded that Smoke on the Square is this weekend.

There being no further business, the meeting was adjourned.

Respectfully submitted this 19th day of July, 2016.

Bob Heuchan, President

BJ Deppe, Secretary