CITY OF FRANKLIN

COMMUNITY DEVELOPMENT DEPARTMENT

MINUTES

REDEVELOPMENT COMMISSION
*****SPECIAL MEETING*****
November 4, 2016

Members Present:

Bob Heuchan	President
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 and presented the purpose of the meeting to be the hearing of the proposals for the old city hall building. He further identified the review committee members as Rob Henderson, Keith Fox, Mayor Joe McGuinness, Ken Austin, Jay Goad and Mr. Heuchan.

New Business

Presentation of Offers to Purchase 55 W. Madison Street

Daron Short presented his plan for a community space in the building. His desire is to renovate the space to accommodate six to eight businesses anchored by a small restaurant or bakery type space along with a coffee shop/juice and smoothie bar type establishment. These would be located in the upper level as the community gathering space would exist with a variety of types of seating. He also proposes a gallery space along with a stage area for poetry nights, open mic nights, guest musicians, etc. The lower level would highlight a mixed use space with other types of businesses such as chiropractor, artist studio, mercantile, florist, etc., but all health focused ideas. Mr. Short would like to own the building and also work as the owner/operator of the juice/smoothie bar, leasing to the rest of the businesses. He is a resident of Colorado but grew up in Franklin and has many connections here yet with his father living here and is a general contractor, so Mr. Short's been able to put together a good team. Mr. Heuchan asked what resources Mr. Short has to complete the project. He identified savings and home equity along with plans for loans, partnerships and investors. He projected the cost to renovate and open would be roughly $80,000 from him after getting to the white box stage, assisted by city funding. Mr. Heuchan followed up by asking if any of Mr. Short's finances included restricted retirement monies to which Mr. Short highlighted his 403(b). Mr. Fox asked about Mr. Short's personal income stream to be able to carry the additional $240,000 debt load. Mr. Short acknowledged the risk but feels confident with his passion for the project and maintaining his current job in addition to loans and investments.

Rob Henderson thanked Mr. Short for his submission and expressed support of his concept. He requested more firm funding data from Mr. Short before their next committee meeting. He asked if

Honest Pour was a franchise or an independent business and Mr. Short confirmed it to be independent. Mr. Henderson further requested figures for startup and operating expenses on that business as well.

Mr. Fox asked if the people listed in the proposal will be tied to the project or only advisors for the proposal presentation. They are people who will at least advise him through the entire project though may not be involved financially or moving here to set up business. And some of the individuals are interested in actually doing business from the building. Mr. Short also presented that he plans for the income stream from Honest Pour to help support him and the rental fees from other tenants would support the loans he required for the project. Mr. Heuchan asked if cost estimates are firm. HVAC and plumbing are exact with others being rough. Mr. Fox asked how build out and utilities will be covered in the leases. Mr. Short anticipates building that into the lease fees.

The second proposal was presented by John and Lesa Talley of Madison Street Properties. They began by giving their personal and company backgrounds. They proposed a high quality destination restaurant with an outdoor dining area on the east side and a kitchen in the basement. Approximately 3000 square feet is preferred for a restaurant and the building has 4000 square feet both up and down. Retail support space or another independent entity could be identified for the remaining space not used by the restaurant upstairs. American Disabilities Act compliance is a significant consideration. A second is whether a sprinkler system install will be required. They are able to be fully funded at the start for building improvements. They also will be asking for community financial assistance with façade grant, building renovation grant, along with self-financing the remainder available from day one. They have calculated approximately 65-67% in private dollars of the project total depending on the tax abatement and are prepared to invest immediately their private funds. Mr. Fox asked about the tax abatement plan. Mr. Talley doesn't know how they work yet, so does not have the details on that to be able to calculate. Ms. Linke explained they do not take effect until the building is occupied and the new value assessed. They would pay taxes the first year for the year previous. Mr. Fox followed up with asking their idea of the length of the tax abatement. Mr. Talley is aware of approximately a three-year abatement. Mr. Heuchan asked about the buildings qualification for the National Historical Register. The Talleys cited that it is pending and they would be in support of that status and remodeling according to the guidelines for such. They want to open the property before the end of 2017. Mr. Fox asked about the restaurant ownership. They want to own the building and might be a 25% owner partner in any restaurant or open it themselves. Mr. Heuchan asked if funding is available and they affirmed it is and are happy to make those figures available.

Mr. Henderson asked what they would ask from the RDC and they said a purchase price of $10,000. Mr. Henderson asked about abatement of real vs. personal property. Mr. Henderson is uncertain of the abatement for real property but is more comfortable with the abatement for personal property. Mr. Henderson then sought clarification of some of the details of the two different pro forma models.

Mr. Heuchan explained that in the past RDC has placed mortgages on the property for the advanced amounts to protect the RDC.

Ms. Linke reported the committee is meeting next Thursday. The next regular monthly meeting is Nov. 15 where the committee's recommendation will be presented.

Other Business

None.

Public Comment and Announcements
None.

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

Respectfully submitted this 15th day of November, 2016.

Robert W. Heuchan

Bob Heuchan, President

BJ Deppe, Secretary