



# CITY OF FRANKLIN

COMMUNITY DEVELOPMENT DEPARTMENT

## MINUTES

### REDEVELOPMENT COMMISSION

March 17, 2015

#### **Members Present:**

Bob Heuchan	President
Jay Goad	Vice-President
BJ Deppe	Secretary
Rob Henderson	Member
Richard Wertz	Member
Danny Vaught	Franklin Community School Corporation Representative

#### **Others Present:**

Rhoni Oliver	Community Development Specialist
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 February 17, 2015 minutes. Jay Goad seconded the motion. The motion carried.

#### **Old Business:**

#### **TIF Analysis:**

Rob Henderson stated they have discussed having TIF revenue analysis completed. He stated he has solicited Peters Municipal Consultants and Umbaugh & Associates to submit proposals. He stated they each bid on the same thing. Umbaugh's not to exceed cost is \$20,000 and Peterson's is \$15,000. The other difference is that Peters would provide various spreadsheets that the Board could manage going forward. Mayor Joe McGuinness stated that Peters is the financial consultant for the City of Franklin. He stated it made sense to him to have all the financial issues tied together with the same plan. Mr. Jeff Peters, Peters Municipal Consultants, stated they can help with bond issues as well. Mr. Henderson stated he would like for the Board to make the decision today. Mr. Peters stated they would have numbers ready within a couple of months. He stated they would have detailed worksheets for the Board. He stated the revenue part would be integral with bond issues. The proposal includes real and personal property.

Rob Henderson made a motion to proceed with the proposal provided by Peters Municipal Consultants to be paid from Resolution 15-02. BJ Deppe seconded the motion. The motion carried.

#### **New Business:**

#### **Resolution 2015-07: Jefferson and King Street Supplemental #6 (CrossRoad Engineers):**

Trent Newport stated the supplemental resolution is for the Jefferson Street project. The City has decided to replace the sanitary sewers in Jefferson while they are doing the job. He stated the sewers still have to be

designed. He stated there are some minor services for landscaping at Eastview Drive at the roundabout. He stated the last item is for right-of-way services. They are mainly east of Forsythe Street, not all of the parcels have a dedicated right-of-way like they anticipated. It has been to Board of Works and a favorable recommendation to the RDC was given.

BJ Deppe made a motion to read the resolution by title only. Rob Henderson seconded the motion. The motion carried. A public hearing was held.

Jay Goad made a motion to approve the resolution as presented. Rob Henderson seconded the motion. The motion carried.

**Resolution 2015-08: South Main Street Bridge #502 Improvements:**

Travis Underhill, City Engineer, stated the City would partner with the County on the bridge reconstruction project. The amount is \$173,000. The City would pay 50% of the design right-of-way inspection and 50% of the 20% match. They will be able to include the sidewalks, decorative rails and light poles by partnering on the cost. Mr. Henderson stated they had approved \$310,000 in the past for the bridge. Mr. Underhill stated it is cheaper than they originally thought. It has been discussed at the Board of Works. Mr. Goad questioned if they need another resolution and if the item was encumbered. The 2014 resolution will be looked into. The item was tabled.

**Resolution 2015-09: B2S Labs Economic Development Agreement:**

Mayor Joe McGuinness stated the project has been going on for 18 months. B2S makes reagents for other pharmaceutical companies. They are planning on partnering with Franklin College students. Mayor McGuinness stated they are eligible for a \$250,000 grant from the RDC, a \$50,000 façade grant from the FDC and \$200,000 loan from the FDC and a vacant building abatement from the EDC. They are purchasing the building for \$75,000 from the FDC. Mr. Davis stated they work in the pharmaceutical industry. They do not make the drugs themselves but make reagents to help with other products. The grant money would be used for the development and renovation of the building. He stated that they are going to submit for an NIH grant for \$250,000. He stated there is a \$50,000 component from that program that would be used for the building as well. If they received it they would get the money in August. Mr. Davis stated they would also like to be in the building around August. They have a global client base and a large customer base in the U.S. and Indiana. They are looking at around \$1 million total in their investment in the building including grant money. He stated he believes they are paying for about half of that themselves.

Richard Wertz made a motion to read the resolution by title only. Rob Henderson seconded the motion. The motion carried. A public hearing was held. Mr. Schafstall stated they are working on an economic development agreement. Richard Wertz will work on the agreement with Mr. Schafstall and B2S.

Jay Goad made a motion to approve the resolution as presented. Rob Henderson seconded the motion. The motion carried.

**Discussion Regarding TIF Bonds:**

Rick Hall, Barnes and Thornburg, stated there was a change in TIF legislation in 2014 that stated that TIF areas established before July 1, 1995 that previously had no expiration date, would now expire after 30 years unless there was outstanding debt that was payable from TIF revenues. He stated the Franklin TIF areas that would expire in 2024 unless secured. If debt is issued, they would not expire until the debt is paid off. He stated in order to take advantage of the provision; bonds would have to be issued by July 1, 2015. It takes about 90 days to process a bond. Mr. Hall stated if they establish new TIF areas they would have a 25 year life from the date that bonds are issued. The TIF districts that expire in 2024 generate approximately \$1.4 million per year. The eastside TIF is at \$206,000. Mr. Hall stated they wouldn't have to capture all the TIF, and if they did

continue to capture it, they wouldn't have to commit it all to debt service. He stated they could take some of the money on pay as you go projects. When a TIF area expires, you can still go back and create a new TIF area with the same property but what happens is that the base value from which the TIF is judged is the current assessed value. You would capture future growth but not past or current growth.

Mr. Jeff Peters stated for the real and personal property to be considered for extension, it's about \$1,391,000 in current taxes. If the RDC did expand out and did a 15 year bond issue to 2030, 6 years would get about \$8.35 million in additional TIF revenue that otherwise would not be seen. He stated they had talked two years ago about a \$15,000 growth bond amount that could be funded. He stated the RDC could go above that amount.

Mr. Wertz questioned if the \$1.3 million gets divided up into the schools, city, county, etc. Mr. Hall stated the revenue does not, the assessed value falls back to the tax base. He stated it's a convoluted increase in revenue. He stated there are analyses that can be done with the County's computer system. Mr. Wertz questioned how long it takes to get a bond set. Mr. Hall stated they can do it in 60 days but they need to get started and figure out how much they want to borrow. When the bond is financed they can assign it to one or more projects. They could wrap it up in June if they get a list of projects in May.

Mayor McGuinness stated if it's a \$15 million dollar bond some should go to the downtown and the rest to the interstate area. He stated there's an investor that's ready to roll to bring in businesses out by the interstate but the land needs utility hook ups first. He stated without TIF bonds, they won't be able to do the projects. He stated some of the flooding issues in the city could be mitigated with the funds. Mr. Goad stated he doesn't have an issue with doing a bond but feels like it's going to be last minute. He stated if they are going to do it, it needs to be fast tracked.

Mr. Wertz stated he is opposed to a bond and stated his concern about the schools not getting their money. He stated that he worries about the short time period and there needs to be a special meeting if it is to go forward. Mayor McGuinness stated he has concerns with King Street and not starting redevelopment soon near the interstate. Mr. Heuchan stated they probably should've had a bond years ago. Mr. Deppe stated they should meet soon and not wait a month to figure things out.

BJ Deppe made a motion to authorize Rob Schafstall and Rick Hall to look at the economic development plan to see if the projects are encompassed within it and if not, to bring back a proposed amendment for the next meeting. Rob Henderson seconded the motion. The motion carried.

A special meeting will tentatively be held on Wednesday, April the 8<sup>th</sup>, 2015.

Jeff Mercer, Franklin Community Schools, stated the schools will really start to lose funds because of the circuit breaker laws from 2024-2026. They will lose \$3.2 million this year and have lost over \$13 million in the last 5 years. He stated that from the school's perspective the bond issue wouldn't really have a massive effect on them one way or another. Dr. Clendening stated that assessed value can rise and is a bonus for the school district as they can then capture more dollars.

Steve Barnett, City Council, stated he is has been against bonds in the past but looks at this one differently. They are gaining the \$8.5 million over a period of time that you can do projects with which you don't get from other bond issues. He suggested having a joint RDC/City Council meeting. Mayor McGuinness stated the next City Council meeting will be on Monday, April the 6<sup>th</sup>. Mr. Heuchan stated he or Krista Linke will get the special meeting set up.

**Other Business:**

**RDC Compensation Discussion: Richard Wertz:**

Mr. Wertz stated the City Council passed Resolution 15-10 which pays a per diem to the members of the RDC which will be funded through the Community Development Department. Elected officials cannot be paid. The other members will be paid \$50 per meeting, which is \$600 per year and will be paid quarterly. It will be effective starting in April. Mr. Barnett stated the Council passed the resolution for the future members. Mr. Goad requested that his funds go straight to Discover Downtown Franklin. Mr. Wertz stated he would check with the Clerk's office.

**Annual Activities Report for 2014:**

Mr. Schafstall stated the deadline was March 15<sup>th</sup>. The report has been submitted to the Mayor and has been posted on the website. BJ Deppe made a motion to approve the report. Rob Henderson seconded the motion. The motion carried. Jay Goad was absent from the vote.

**February 2015 Financial Report:**

Mr. Goad stated the monthly financials are just reflective of what's been allocated. He stated they will get the cash receipts in June.

**Public Comment:**

Mr. Wertz questioned if the Brew Pub could be on agenda next month. Ms. Oliver stated it could and she would notify them.

There being no further business, the meeting was adjourned. Respectfully submitted this 21st day of April, 2015.

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Bob Heuchan, President

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BJ Deppe, Secretary