



# CITY OF FRANKLIN

## COMMUNITY DEVELOPMENT DEPARTMENT

### MINUTES

#### REDEVELOPMENT COMMISSION

February 21, 2017

#### **Members Present:**

Bob Heuchan	President
Richard Wertz	Vice President
BJ Deppe	Secretary
Paul Buening	Member
Keith Fox	Member
Danny Vaught	School Board Representative

#### **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.

#### **Approval of Minutes**

BJ Deppe made a motion to approve the January 17, 2017 minutes. A second was received from Paul Buening and the motion passed. Richard Wertz highlighted two documents he'd requested but not received. Krista Linke cited they had been e-mailed to all members. She will resend to Mr. Wertz. Mr. Wertz made a motion to approve the January 27, 2017 minutes with a second from Keith Fox. Approved.

#### **Old Business**

##### **Resolution 2017-03: Appropriating \$200,500 for the Frechette Eye Clinic**

Ms. Linke introduced the estimate for needed plans for the two or two and a half story building. An estimate from Sebree Architects has been received for \$7000. This cost rests with the RDC and not the building owner. Mr. Deppe asked if the estimate included any necessary tie ons with the adjoining buildings and Ms. Linke confirmed it does. Mr. Deppe also asked if the owners of adjoining buildings have been contacted yet and Ms. Linke responded they had not. Mr. Heuchan explained the background of this project. A motion was made by Mr. Wertz to approve up to \$7000 with a second by Mr. Buening. Passed.

##### **55 W Madison Street Update**

Mr. Fox reported that multiple meetings have gone on with John and Lesa Talley. The conclusion has been that the building will be deeded to the Talleys for \$1.00 and recommend to RDC to assign \$300,000 to the project along with \$300,000 escrow amount from the Talleys and will receive a tax abatement as well. The expectation is that this will be presented at the March RDC meeting or a called special

meeting. A motion was made by Mr. Fox for Rob Schafstall to prepare the EDA to be ready for the March meeting. A second was made by Mr. Buening. Motion passed.

### **New Business**

#### **Shell Building Progress Update**

Mr. Wertz reported moving forward. Robert Carmony from Runnebohm presented the shell building budget update. Mr. Heuchan added that the road on the south side of the proposed building will be taken on by the city directly as a separate project with TIF dollars as road improvements in a TIF area. Mr. Wertz highlighted a prepared timeline citing the project to begin on May 1. Ms. Linke highlighted process steps and deadlines. Mr. Heuchan reviewed the budgeted price to build the building at \$2,561,000 not including the road at about \$750,000 nor the land cost. The property will be in the name of Runnebohm for a contract of three years and RDC will bear the expense of that until the property is sold.

#### **Resolution 2017-05: Shell Building Expenses**

Ms. Linke identified this to be the project carrying costs for a maximum of \$100,000. The first project spent only \$40-50,000. Mr. Deppe made a motion to read by title only and Mr. Wertz seconded. Motion passed. A public hearing was held. A motion to approve the resolution was made by Mr. Wertz and a second by Mr. Fox. The motion passed.

#### **Resolution 2017-07: \$500,000 Grant to the Franklin Development Corporation for 2017**

Jeff Mercer, FDC president, highlighted their projection for coming out of 2016 with \$62,244. Rather, FDC ended up with over \$100,000. The requested \$500,000 would be split up with residential at \$100,000, façade grants at \$250,000 and commercial loans at \$150,000. Mr. Heuchan asked if this is an annual request or as needed only and Mr. Mercer confirmed as needed. Mr. Heuchan expressed appreciation for the transparency and work of the FDC. A motion to read by title only was made by Mr. Fox and seconded by Mr. Wertz. Mr. Deppe asked if the resolution citing \$400,000 for commercial should be amended. Ms. Linke explained the façade grant being for commercial only, so the \$250,000 and \$150,000 combined make the \$400,000 total. Motion passed. A public hearing was held. The motion to approve the resolution was made by Mr. Fox and seconded by Mr. Wertz. Mr. Wertz asked if the ongoing three-year program discussed last year was still in place and part of the FDC long range plan to be self-sustaining after the third year. Mr. Mercer stated their belief that operationally they would be, likely for about five years. He did not believe program dollars were included in that plan for sustainability but only the charge to sustain operationally. The motion passed.

#### **Urban Air Parking Lot Improvement Request – 1172 N Main Street: Tim Conrad**

Urban Air is an indoor trampoline park looking at the former Marsh location. They have been through the process for the vacant building tax abatement. They are requesting RDC assistance for their internal parking lot that needs significant repair. Owner Nichole Rains and Consultant Tim Conrad reported. Owner investment will be about \$700,000 put into the build out and structure along with approximately \$500,000 of equipment. Their request was for \$9,886 for the parking lot repair. They also are going before FDC Thursday to request a façade grant for external beautification. Because the building faces the parking lot instead of the street, the request is not able to just go through committee, but must go before the commission as a whole. A motion to request Mr. Schafstall to prepare a resolution for the March meeting was made by Mr. Fox and seconded by Mr. Wertz. The motion passed.

**Overton Industries Request – McClain Drive Extension: Steve Overton**

Steve Overton presented their request for the city to extend McClain Drive past their current facility to be able to construct a \$1 million, 12,000 sq. ft. building. The culdesac option works the best and is the least expensive. Mayor Steve Barnett added a recommendation for \$300,000 instead of \$244,000, and if all is not used, it could be given back. Ms. Linke added that Banning's specifications need to match city standards so if the road was ever given back, it would match city regulations. Mr. Fox asked if the culdesac would cover any future expansion as well, and Mr. Overton assured it would for at least 10-15 years out. Mr. Heuchan asked Mr. Overton to give a brief overview of his company. Mr. Deppe asked what the difference was between the two bids and Mr. Overton identified it was primarily the engineering costs. A March 7<sup>th</sup> special meeting was scheduled to accommodate Mr. Overton's time urgency. Mr. Fox moved and Paul Buening seconded to have Mr. Schafstall prepare a resolution for the March 7<sup>th</sup> meeting. The motion passed.

**I65 Interchange Economic Development Agreement: Rob & Amy Richardson**

Rob & Amy Richardson presented two concept plans for the L-shaped property that wraps around the McDonalds at the I65 interchange. On the north side they would like to construct a 120-unit multi-family complex. On the south side they have partnered with HDS out of Oxford, OH, to build an 80-room, three- to four-story hotel under one of three flags, Intercontinental, Marriott or Hilton. They have also designated land to the east for a potential out lot. Mr. Heuchan highlighted a road to the west that would not go out to Fairway Lakes Drive. Petitioners explained they would make that a private road due to cost and quick maintenance ability. Mr. Heuchan asked three questions. 1) Do you have any timing issues with your agreements with the property owner? Mr. Richardson said they do. 2) There will need to be variances on the residential portion of this project. 3) Are there any hotel chains that have first dibs on the property? Mr. Richardson explained the number of hotel properties HDS has across the country and that contract negotiations are happening with one of them. They have an LOI contribution agreement. The Richardsons will be partners in the hotel as well through contribution of the land. Closing on the land purchase is scheduled to be March 7. The due diligence period has been exceeded. Mr. Fox expressed need at some point for what hotel chain it will be as there would be some that would not be desirable. Mr. Fox further asked for an explanation of the take down plan. Mr. Richardson explained it to be a two-phase process. The land has to be taken down quickly at a given price. And there is an opportunity for an additional 18-month take down for additional dollars. The Richardsons desire to remove the current landowner from the picture as soon as possible so a third party is not involved anymore and so the bank is in the first position for loan securement and not an additional party owed money. Mr. Wertz asked if they had any thoughts for the east side of the property as well. Mr. Richardson stated their desire to be involved but it is a complicated scenario with many parties involved. He further explained their desire to replicate The Seasons of Carmel for their multi-family complex focused specifically on the millenials. Mr. Heuchan asked the Richardsons to discuss the conversations they've had with Mayor McGuinness and bond proceeds options. \$50,000/acre for 11.28 acres of property was discussed to be given from the city, approximately \$560,000. Their plan is to pay cash for the ground. Portions of the ground have already been acquired by the city to put in the roundabout and new access frontage road just north of King Street. The land would serve as their equity for hotel and multi-family. They would propose to give the city the first mortgage on the land initially. Once enough of the project had been developed and proven, the bank would take over first mortgage. Mr. Fox added the need for performance stop gaps in the EDA agreement even after that time. Mr. Vaught asked about school-age children in the complex, not likely given the proposed target group. Mrs. Richardson explained the fair housing rule of two people per bedroom. Mr. Heuchan pointed out that the multi-family property is not eligible for tax abatement but the hotel property is. They would like to break ground in late summer or early fall this year and would

like to coordinate dirt work to be handled at the same time with the hotel coming out of the ground first. Mr. Schafstall asked if they need the construction to do the dirt work, and Mr. Richardson affirmed. Mr. Barnett expressed the hotel to be his main concern, that it be to the standard needed to better the city. He supports the project as long as the hotel is a name brand and starts first. Ms. Linke added that when the economic development interchange plan was complete, there was money set aside for development at the interchange. About half of it has been used for the Paris Drive bypass and roundabout construction. The remainder has been to incentivize development at the interchange. This plan is in line with that plan. Mr. Heuchan asked if Mr. Schafstall had any restraints and he did not. Mr. Wertz asked if they would know the hotel by the March 7<sup>th</sup> meeting. The Richardsons hope so. Mr. Heuchan reiterated that RDC would have first mortgage on the property and that if it isn't done to the level or expectations of RDC, the city's investment is protected. Mr. Deppe asked if the money would come from Line 16 of the bond worksheet titled 2015 I-65 Interchange Economic Development Plan Recommendations (Remainder) and Ms. Linke confirmed that to be correct. Mr. Fox made a motion to draft the resolution for the March 7 meeting. Mr. Deppe seconded. Motion passed.

### **HWC Supplemental #3: Irrigation Design Services for the King Street Corridor: Anthony Krycka**

Anthony Krycka explained the irrigation proposal and project cost estimate. The desire is to split this project in to two phases, the local and the INDOT portions. The total cost for irrigation between Eastview and I65 is about \$270,000. Phase one is to install the irrigation system along King Street between Fairway Lakes and I65 bid locally by the city of Franklin for installation prior to the landscaping during the spring of 2017. Phase two of the irrigation project is along King Street within the Phase Four road construction project area. The final cost to complete the design work is \$12,800 not included in the original \$270,000 bid. Additional irrigation design costs will be a supplement to HWC's existing project contract. Additional costs associated with Phase one irrigation construction will be paid for separately during an independent bidding process undertaken by the city of Franklin. Additional costs associated with phase two irrigation construction will be added to the King Street phase four INDOT job estimate, increasing the anticipated construction costs by an estimated amount of approximately \$155,000. Mayor Barnett added the rationale for this project based on how to maintain the beautification along the sides. A motion was made by Mr. Fox and a second by Mr. Buening. The motion passed.

### **Site Certification for the Franklin Business Park and the Franklin Tech Park: Dana Monson, JCDC**

Dana Monson with JCDC and Sarah Browning with Banning Engineering presented. Indiana used to have a shovel-ready program that Franklin Industrial and Tech Parks were certified in. Last year the program was revised to a site certification program. This new program has changed requirements and created different levels. The state has said any entities certified under the shovel ready program can migrate over to the site certification program as long as there was progress being made to be certified in one of the new levels. JCDC has been working with the state and been placed on that. Ms. Browning explained the scope of work required to make the migration complete to the site certified silver level. They offer their services for \$5000 per site. She recommended new phase ones be done per site due to parceling out that's been done. Matt McNaught is willing to share the expense for the Tech Park. Mr. Heuchan asked for any deadline and there is none. Ms. Linke needs advance notice so funds can be appropriated. A motion to prepare a resolution for up to \$10,000 was made by Mr. Wertz and seconded by Mr. Buening to be brought back to the March 21<sup>st</sup> meeting. The motion passed.

### **Other Business**

#### **Rescind Resolution 2017-06B**

Ms. Linke explained this to be the safety net for the Red Carpet Inn in case it went to commissioners tax sale. It did not so this resolution is no longer needed. Mr. Deppe made the motion to rescind and Mr. Buening seconded. Passed.

#### **January 2017 Financial Report**

Ms. Linke pointed out resolutions unencumbered into this year. The year's beginning cash balance is \$3,613,151 in general TIF control fund, just over \$5,000 in capital fund and two investments at \$3,300,000 and \$400,000 for capital. The year begins with a cash balance of \$7,318,196. Cash balance at the end of this year is \$7.5 million.

#### **January 2017 TIF Bond Financial Report**

Ms. Linke removed the approved amounts for completed projects and put in the actual project costs. The balance remaining on bond funds is \$448,076. Mr. Huechan confirmed funds approved for Talleys will not come out of the bond funds.

#### **Cash Flow Analysis Worksheet #37**

Ms. Linke plans to add 2020 for next month's meeting with 2015 coming off. Transition notes cover the updates made.

### **Public Comment and Announcements**

None.

There being no further business, the meeting was adjourned.

Respectfully submitted this 21st day of March, 2017.

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Bob Heuchan, President

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BJ Deppe, Secretary