



CITY OF FRANKLIN

COMMUNITY DEVELOPMENT DEPARTMENT

MINUTES

REDEVELOPMENT COMMISSION

June 20, 2017

Members Present:

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

Others Present:

Krista Linke	Director of Community Development
Rhoni Oliver	Community Development Specialist
Rob Schafstall	Legal Counsel

Call to Order:

Bob Heuchan called the meeting to order.

Approval of Minutes

Keith Fox made a motion to approve the May 16, 2017 minutes. A second was received from BJ Deppe and the motion passed.

Old Business

New Business

Resolution 2017-25: Authorizing the Acquisition of Real Property

Rob Schafstall explained that this is the resolution authorizing the RDC to purchase the Linville property on North Graham Road that will be used to construct the shell building. The resolution is capped at \$610,000, but the actual purchase price is \$600,080. If all shell building related resolutions are approved today, the closings for the real estate purchase and financing agreements relative to construction of the shell building will be possible. Mr. Fox made a motion to read by title only with a second from Paul Buening. The motion passed. A public hearing was called. Mr. Schafstall reviewed that upon closing, approximately \$200,000 will be paid. If the building has not sold a year from now, another \$200,000 down will be paid. Again two years from today, if the building is yet to be sold, the final \$200,000 will be paid out. A motion to approve the resolution was made by Mr. Fox and seconded by Mr. Buening. The motion passed.

Shell Building Project

Mr. Schafstall continued to explain these next documents to be related to the construction of the building. Chris King of Runnebohm and Greg Martz of GM Development were in attendance. The RDC issued a request for proposals several months ago for the construction of the shell building. Mr. Martz and King with their team have proposed building it for \$2.4 million. Mr. Martz and his team will borrow

the money from Horizon Bank to build the building. RDC has pledged and will use TIF money to make the payments. For the first three years it is interest only. The next three years is principal and interest amortized over 20 years. At the end is a balloon payment for approximately \$2 million dollars. This is being done under the Build Operate Transfer Statute which allows for ownership of the building as it's being constructed. Once construction is complete, Mr. Martz and team will operate the building for six months and then transfer it to the RDC. During that time Mr. Martz and team will work on marketing the project to a final end user. If such a party is identified, the six-year plan would be terminated and the Linvilles would receive the real estate pay off if it has not taken place already. Mr. Martz explained that Mr. Heuchan would be the signer of the documents if approved today. Full construction documents and permitting will take about two months if approved today. Proposed ground breaking would be in September with construction completion in the spring. Mr. Heuchan verified that there is no pre-payment penalty which Mr. Martz confirmed. A motion to read resolution 17-26 and all accompanying documents by title only was made by Mr. Fox and seconded by Mr. Buening. Motion approved. A public hearing was called. A motion for approval of the resolution and supporting documentation was made by Mr. Fox and seconded by Mr. Deppe. The motion passed.

Linville Way – Appraisal Letters of Engagement

Krista Linke explained that two appraisals are required in order to purchase the needed right of way for Linville Way construction. City Engineer Mark Richards secured four appraisal estimates and recommended approval and authorization of the two lowest bids. Mr. Schafstall clarified that the section of right of way being purchased today needs to be carved out. Thus, this would be the east portion. A motion to approve the appraisal letters was made by Mr. Deppe and seconded by Mr. Fox. The motion was approved.

New Business Incentive Offer – Franklin Business Park

Mayor Steve Barnett introduced Mr. Doug Hefley, owner of Powder Metal Technicians. They are moving from Marion County to Franklin and will be investing approximately \$1.5 million in real property and bring 15 new jobs to Franklin. The average wage is \$18-25/hour excluding benefits and Mayor Barnett made an incentive offer for a seven-year real property tax abatement to be heard in front of EDC next month. The mayor also offered them \$40,000 in moving expenses to be heard before this commission. Powder Metal has a purchase agreement pending with the Linvilles depending on the outcome of the two boards' decisions. Mr. Hefley gave a detailed history and overview of his business started in 2001. Engineer Mr. Eddie Wiley was also in attendance. Central Nine and Ivy Tech will be good sources for their employees. Mr. Heuchan asked if \$40,000 would be a grant or repaid over time. Mayor identified that bills would be submitted as incurred and given to RDC for payment, so it is to be a grant. The business will locate on Graham Street. Mr. Hefley added that the building will be 14,000 square feet and Joel Fritz from CTC will be the contractor. Mr. Fox made a motion to proceed with establishing the EDA in place. Mr. Buening seconded. The motion passed.

Economic Development Agreement for Aisin Project

Mr. Schafstall explained that Aisin wants to improve its building by installing new commercial grade tractor trailer doors. RDC will help fund them 15% match of their expenses up to \$50,000. It would be a grant that would flow through the FDC and FDC would do the underlying agreement with Aisin. Mr. Fox moved to approve the EDA with a second from Mr. Buening. The motion passed.

55 W Madison Street Project – Plan Packet Approval

Ms. Linke reported that as required by the EDA Mr. Schafstall prepared, a review committee reviewed and approved the plan packet submitted by John and Lisa Talley. Mr. Schafstall added that the next

steps include RDC's funding of a \$300,000 escrow with the FDC. The Talleys will also fund \$300,000 in to that escrow, using those monies to rehab the building. The city will also sell them the building for \$1. Staff is already authorized to keep that moving. Mr. Fox added his excitement for the project. Ms. Linke identified the review committee members as Jeff Mercer, Mr. Heuchan, the mayor, Mr. Schafstall and Ms. Linke.

165 Interchange Hotel Development Project – Plan Packet Approval

Rob Richardson reported closing about a month ago on the 12.3 acres of land by McDonald's. Formerly the plan was for a Hilton project, and it will now be a Marriott project. Approval from Marriott is secured and will formally happen on July 15. They will appear before BZA on July 5 because the prototype for the Marriott Residence Inn is a four-story building instead of three-story. The current height restriction is 45' but the parapet wall above the entryway is 54'. With approval, projected target for breaking ground is September and completion with opening mid-summer 2018. They are also working with another group to buy the front three to four acres of ground for a couple different national chain restaurants. The review committee approved the plan packet subject to BZA approval. After complete approval, RDC will fund a \$560,000 escrow and proceed with construction. Mr. Fox expressed his excitement again for this project as well.

Economic Development Agreement with Shale Creek

Mr. Schafstall reported not having the EDA completed for their request for assistance with build-out and rehab of their facility. He offered to have it ready for next month's meeting or a specially called meeting. If there is a special meeting, it needs to be a minimum of 14 days from this meeting in order to approve the money flow. It was called for Thursday, July 6, at 8:00 a.m.

Amended Economic Development Agreement with B2S Labs

Mr. Schafstall reviewed discussions going on with B2S Labs for which he was asked to draft amendments to the existing agreements. Next month should be ready for a presentation.

Frechette Project Update

Ms. Linke spoke with Neil Dixon and learned his drawings are approximately 90% complete. Within the next week he should have them to a couple different contractors so preliminary construction estimates could be secured and presented at next month's meeting so the choice could be made between the story and a half or two-story design.

May 2017 Financial Report

Ms. Linke highlighted resolutions approved at last month's meeting. All amounts spent through May have been updated. May property tax disbursement has not been received yet, so it is still estimated. It should appear on the June report. With reflected receipts and expenditures, estimated year-end cash balance if all appropriations were made is \$5.8 million.

May 2017 TIF Bond Financial Report

Total spent to date is \$10.9 million and balance remaining not committed to projects is \$435,000 which must be spent by June of next year.

Determination of No Excess Assessed Value

Each year there is opportunity to turn over any excess funds not needed for projects back to the other taxing units. In years past those taxing entities have been notified that no excess funds exist and so no

return on those allocation areas. Approval was sought for this year's notification of the same thing. Mr. Fox made the motion. Mr. Buening seconded. The motion passed.

Cash Flow Analysis Worksheet #40

Ms. Linke update the approved projects list.

Public Comment and Announcements

Ms. Linke announced a site visit with Redevelopment Association of Indiana on June 29 from 10a-4p in Fishers. Any RDC members are welcome, just let her know.

There being no further business, the meeting was adjourned.

Respectfully submitted this 18th day of July, 2017.

Bob Heuchan, President

BJ Deppe, Secretary