



CITY OF FRANKLIN

COMMUNITY DEVELOPMENT DEPARTMENT

MINUTES

SPECIAL MEETING REDEVELOPMENT COMMISSION October 2, 2018

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
Rob Schafstall	Legal Counsel

Call to Order:

Bob Heuchan called the meeting to order.

Approval of Minutes

Old Business

None.

New Business

Economic Development Agreement for the Purchase, Expansion, Completion, and Use of Shell

Building No. 2 – Rob Schafstall presented the draft acceptable to the developer and signed. The company is proposing to purchase the building from RDC in its current condition for \$2,282,670. In exchange for the purchase the company has agreed over the next several years to expand the building and add an additional \$10 million of real estate improvements to the structure and site and install \$20 million of personal property and employ up to 120 employees at an hourly rate exceeding the county average as set forth in Exhibit A. The developer hopes after the signing of the agreement to engage engineers to get into the site to begin evaluation of structural changes and priority order, specifically prior to closing. Mr. Schafstall observed this to be an unusual request, but he built it in to the agreement at the developer's request. He worded it so that any changes made have to be approved by a review panel made up of the Director of Community Development, the President of the Redevelopment Commission and the Mayor, or their designees. They would be required to have insurance acceptable to the city indemnifying the City if something were to go bad, holding us harmless. This is pre-closing possession or the ability to make modifications subject to city approval. At closing money would change hands. The city would receive payment and the developer would grant a mortgage back to the city. In order to expand the building, they are not going to finish a wall and some of the roof, exposing the inside of the building as part of the expansion. Mr. Schafstall was concerned about what would happen if the project were to stop at that point. The purpose of the mortgage is to

prevent this scenario as the city would release it once the developer received their Certificate of Occupancy. GM Development was engaged to build the building. They borrowed from Horizon Bank, and the city has pledged TIF revenue to pay off that note. Mr. and Mrs. Linville are also owed more money for the land. Two of three payments have been made. Once there is a signed agreement all these things can occur. Mr. Schafstall remains concerned that as of yesterday morning the company had still not registered with the Secretary of State. Their attorney says it's not necessary. Mr. Schafstall concurs that it may not be necessary, but he recommends it.

Leslie Wagner from Genovis explained she had provided Tim May and his legal team last week all the necessary information to register with the Secretary of State and he is working to accomplish that. His intent is to insure that it's done by the time of purchase. Mr. Schafstall has heard repeatedly that it's going to happen, and he is waiting for it to happen. Closing could be in 120 days. Mr. Heuchan advised if the agreement could be approved with the stipulation that Secretary of State filing be complete by closing. BJ Deppe clarified that if there is a problem between now and closing, the city isn't covered. The agreement does state that the company will release the city from liability, waive any faults on our side, indemnify if something bad happens and be adequately insured. Proof of insurance before possession was recommended. Mr. Deppe was also hesitant over the lack of Secretary of State registration. Keith Fox asked why it can't be a focus of the company. Ms. Wagner assured it is a focus, but with all the other activity it has not been accomplished yet. Mr. Heuchan will not sign the document until proof of insurance and Secretary of State registration is received. Mr. Schafstall didn't see the need for proof of insurance until they begin work on the building. He did prefer they be registered with the Secretary of State before entering into a legal agreement.

Ms. Wagner further mentioned that the design phase hadn't started yet. The company doing the design engineering isn't beginning until there is an executed document. Without it the company doesn't have assurance the project is moving forward. No work will be done in the building until the design and engineering is complete which is a 30-45-day period. During that period it is the expectation that the formal registration would be completed and the insurance company is notified as to their intent with the building. It was clarified that a wall will be not be removed. Mr. Wertz shared some positive results from his due diligence in support of this company and agrees with state registration.

Mr. Deppe made a motion authorizing the RDC president to sign the agreement after legal counsel has advised that filing has been made with the Secretary of State. Mr. Fox seconded. Passed.

Resolution 2018-40: \$100,000 for U.S. 31 Improvements Project -- Mark Richards, city engineer, presented a request for approval of a design contract for \$100,000 with Crossroad Engineers. It is for topographic and route surveys and environmental document preparation for the US 31 project. It will encompass US 31 corridor through the entire city limits of Franklin. The contract will cover 100% of the environmental documentation and the remainder of the funds would cover a part of the topographical survey. The project is on a tight timeline. If the state is successful in securing a build grant from the federal government, it could require construction to start in 2021. If they are not successful it would start in 2023. It would be several phases over a couple of years. The total amount of the contract will be significantly higher than \$100,000. There is no design estimate yet. Crossroad is working with its sub-consultants to prepare the full design cost, expected fairly soon. The city would be obligated under an inter-local agreement with the state to pay only the design fees. The state would pick up all of the construction, right-of-way and inspection costs. Construction is expected to be between \$40-50 million. A public hearing was held. Mr. Fox made a motion for approval. Mr. Wertz seconded. Passed.

Resolution 2018-41: \$309,000 for Yandes Reconstruction Project – Mr. Richards mentioned both resolutions 40 and 41 were approved by the Board of Public Works two weeks ago subject to funding approved by RDC. This is for full design services for the Yandes Street project. Federal funding was recently received through the MPO for construction and inspection services. Right-of-way is not expected. The design contract will be with GAI Consultants for \$309,000. There are 12 elements in the contract, not including inspection because federal funding will be received after going through a selection process. The project will restore Yandes Street between Jefferson and Ohio and also Madison between Yandes and the railroad to a brick surface including landscaping, lighting and sidewalks. Mr. Wertz asked if utilities could be put underground. Mr. Richards said it could be looked into and costs developed. A public hearing was held. Mr. Fox moved for approval. Paul Buening seconded. Approved. Mr. Heuchan reported that City Council gave approval of the agreement last night pending approval by the RDC.

Other Business

Public Comment and Announcements

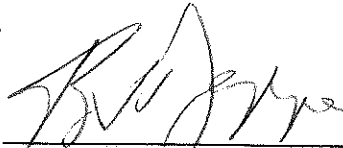
Mr. Deppe shared a story about a high school classmate that was in town for a class reunion at Franklin College. His wife hadn't been here for a number of years and felt the town to be dying when last here and couldn't believe the changes since then and how great everything looked.

Emily Snyder announced Holiday Lighting on December 1. She also thanked Parks and Recreation for the Fall Festival and announced their upcoming HalloweenTown on October 27.

Respectfully submitted this 20th day of November, 2018.



Bob Heuchan, President



BJ Deppe, Secretary