

MINUTES

NEW ALBANY REDEVELOPMENT COMMISSION

The regular meeting of the New Albany Redevelopment Commission was held immediately following a **Public Hearing** on Tuesday, May 12, 2015, at 2:30 p.m., in the Assembly Room, City-County Building, New Albany, Indiana.

Commission Members Present: Irving Joshua, President
Adam Dickey, Vice President
Edward Hancock, Secretary
Dan Coffey
John Gonder

Staff Members Present: David C. Duggins, Jr., Director
Trent Baker, Economic Development Office
Jessica Campbell, Public Facilities Specialist (PFS)
Robin King, Neighborhood Initiatives Assistant (NIA)
Brad Ramsey, Concentrated Code Enforcement

Others Present: Lisa Donohue, New Albany Housing Authority
Stacey Ely, New Albany Housing Authority
Herschel Frierson, Crowe Horwath
Rebecca Gardenour, President, NAFC School Board
Michael Higdon
Fred McWhorter, Chief Business Officer, NAFC School Corporation
Robbie Norrington, AFL-CIO
Casey Rice
Daniel Suddeath, New Albany Tribune
Beau Zoeller, Frost Brown Todd

The President called the meeting to order at 2:32 p.m., and roll was called. All were present.

The President opened the **Public Hearing confirming the Amending Declaratory Resolution of the State Street Parking Garage Economic Development Area**. The President asked Fred McWhorter of the New Albany Floyd County School Corporation to take the floor.

Fred McWhorter, representing New Albany/Floyd County School Corporation, and Rebecca Gardenour, President of the NAFC School Board, took the floor. Mr. McWhorter stated that the school corporation had received the Economic and Tax Revenue Impact Statement for the expansion of the State Street Garage Economic Development Area from Crowe Horwath, and, while they are not opposed to economic growth, they had some concerns. Mr. McWhorter read from the resolution where it was stated that the Commission expects the project not to exceed \$16,000,000.00, and the City would issue bonds of \$4,000,000.00. He asked if the remaining funds were coming from a cash reserve. He also questioned why issuing \$4,000,000.00 in bonds would only increase the assessed property values by \$174,606.00, as stated on the last page of the resolution. The Director apologized for the confusion, and stated he had asked good questions.

The Director explained that the cost of the project is \$16,000,000.00, and the City will issue bonds for \$4,000,000.00. Mr. McWhorter asked if the City's portion was for infrastructure improvements. The Director stated that it was, and that it also allowed the City to take advantage of the \$3,500,000.00 Industrial Recovery tax credit that was awarded from the Governor's office. He explained that the City has to match that credit going into the project, so the bond will be to cover that match. The Director stated that, without the tax credit, it is doubtful that the project would go forward. The Director also explained that the \$174,606.00 is the estimated taxation. The assessed value was estimated to increase \$11,000,000.00 to \$12,000,000.00. The Director asked Mr. Frierson to verify, and he confirmed. Mr. McWhorter read from the resolution where it stated that there would be an estimated increase of the property tax base of \$174,606.00 of assessed valuation. The Director stated that is the estimated tax bill. The Director asked Mr. Zoeller to correct that statement in the resolution.

Mr. McWhorter stated the Commission may also want to change the wording in Exhibit C, which stated the redevelopment plan will add 200 market rate apartments and all necessary infrastructure. The Director explained that that wording referred to the developer's plan to redevelop that site, not the Redevelopment Commission.

Mr. McWhorter stated another concern was that building 200 apartments would lead to increased enrollment in the schools. He stated that expanding the TIF area will freeze the assessed property values for 20 years, which would mean the school system would not receive benefit of an increase in property values for that duration. He stated that, with the existing TIFs, the City has \$10,900,000.00 in the bank. He stated that the State Street Garage TIF is bringing in 22% more than it needs to satisfy existing bonds.

The Director stated that the City does an excellent job managing its TIFs. He explained that there are currently projects planned that those additional TIF funds will be used for, so the City does not acquire new debt with every project undertaken.

Mr. McWhorter stated, "So the City doesn't expand TIFs to pay for existing bonds, but adds projects as it goes?" The Director reiterated that there are projects on the books, but that the reason the City wants to expand this TIF is for the Coyle property project specifically. Mr. McWhorter then read the purpose of the plan from the resolution. He stated that they were valid goals, and were ones that the school system also shared. He noted that Indiana Code 36-7-25-7 allows 15% of the TIF funds to be set aside for educational programs. He asked that the resolution be amended to include that.

Mr. Coffey stated that school enrollment is declining. Mr. McWhorter stated that there has been an increase in the last two years. Mr. Coffey asked what the change was over five years. Mr. McWhorter stated it was level. Mr. Coffey asked how their bottom line will be affected if they are receiving the same amount of revenue and serving fewer students. Mr. McWhorter stated that, over 20 years, it will affect the bottom line greatly, especially with the implementation of property tax caps and circuit breaker credits. He stated that circuit breaker credits currently have a \$3,600,000.00 impact on Floyd County. He stated that freezing the assessed values will force rates to increase in order to generate the same levy, getting to the circuit breaker more quickly. The Director stated that would happen only if the assessed value of the entire taxation district remains static, and it increases every year. Mr. McWhorter stated it has decreased for the last two years. The Director stated that the new development will consist of 1-2 bedroom

apartments geared toward millennials without children, or empty-nesters, not families, so he expected the impact of additional students to be minimal. Mr. McWhorter stated that the assessed value would still be taken away from the county, the schools, and the library. The Director stated that if this project were to not move forward, the assessed values would surely not increase. He stated that the City needed to expand the TIF to take advantage of the tax credits.

Mr. Coffey stated that funds to the City have dwindled over time, and TIFs allow for improvements to the City that increase the quality of life of the residents. Mr. McWhorter stated that the City is robbing Peter to pay Paul. Mr. Coffey stated that that was not the case. He stated the City was making an investment, and that the school corporation is asking to rob Peter to pay Paul. Mr. Coffey stated that the school corporation could have addressed any concerns before now. He stated that the notice was published in the paper, and this is the first time someone from the school corporation questioned anything.

Mr. McWhorter stated that there should be a school board member on the commission as the statute requires. He asked why there wasn't an appointment. The President stated that past appointees failed to attend the meetings.

Ms. Gardenour stated that when she attended, she was told not to return. She stated the school board appointed Jessica Knable, but the mayor did not approve the appointment. Ms. Gardenour stated she would appreciate it if Ms. Knable would be allowed to attend.

Mr. Hancock stated that there has been a vacancy for the last couple of years, so that's their problem, not the City's problem. Ms. Gardenour stated that all appointments the school board have made have been vetoed.

Mr. Dickey stated that the appointment must be made through the proper authority, so it is inappropriate to discuss it at the Public Hearing.

Mr. McWhorter reiterated that the school corporation was not opposed to the project, but they wanted to have a voice at the table, and to be informed. He stated that he wants the Commission to know how their decisions affect the school, and he wanted to ask for the opportunity to ask that the 15% be set aside for the schools.

Mr. Gonder asked why estimated taxation is only 1% of the \$16,000,000.00. Mr. Frierson explained that the investment cost of the project is \$16,000,000.00, but the assessed value is estimated at \$11,000,000.00 - \$12,000,000.00. He stated that, from the standpoint of assessed value, circuit breaker tax credits for apartments are capped at 2%. The tax rate is 2-1/2%.

Mr. Gonder asked if the lower rate reflective of the tax credits.

The Director stated no. He explained that the tax credits and the bond are separate entities. He explained that tax credits are up-front money generated through equity. The developer will sell them at 70% of the value to generate up-front money. The Director explained that the assessed value will be based on the actual brick and mortar value. He stated that the developer will have approximately \$90,000.00 invested

in each unit.

Mr. McWhorter asked if the TIF will be expanded if the project falls through. The President states it will. Mr. McWhorter asked if the resolution can be written so that it does not. The Director stated that the City is in the business of building a vibrant downtown by increasing residency. He stated that the increase in density will increase the assessed property values, which will help the schools.

The President stated that the TIF funds do not just impact the TIF areas themselves. He explained that TIF funds can be used to improve areas surrounding the TIFS. The President stated that growing New Albany brings advantages to every community, not just New Albany, and everyone benefits.

The President asked if there were any further comments, and, there being none, the Public Hearing was closed.

The first item of business was approval of the **Minutes from April 14, 2015, and April 28, 2015**. Mr. Dickey motioned to approve the minutes, Mr. Hancock seconded, and the motion carried 5-0.

The second item of business was **Examination of the Financial Report**. There were general questions, but no action was required.

The President then asked for comments from the public concerning any other matters, and noted there were none.

The first item of old business was **Resolution RC-02-15 Confirmatory Resolution of the State Street Parking Garage Economic Development Area**. The Director explains that the Resolution is to expand the TIF only, and has nothing to do with the bond. Mr. Coffey motioned to approve Resolution RC-02-15 Confirmatory Resolution of the State Street Parking Garage Economic Development Area. Mr. Hancock seconded, and the motion carried 5-0.

The second item of old business was the **Adoption of the Fiscal Year 2015-2019 Community Development Block Grant Program Five-Year Consolidated Plan and One-Year Action Plan**. The Director stated that HUD visited the City on Monday, and gave the City very high marks on how it manages and allocated CDBG funds. Mr. Dickey motioned to approve the Adoption of the Fiscal Year 2015-2019 Community Development Block Grant Program Five-Year Consolidated Plan and One-Year Action Plan. Mr. Hancock seconded, and the motion carried 5-0.

The first item of new business was the **Economic and Tax Revenue Impact Statement for the State Street Parking Garage Economic Development Area – State Street Parking Garage Allocation Area**. Mr. Frierson took the floor to explain that the Tax Impact Statement was sent to every overlapping taxing unit to explain the potential impact the project will have on specific funds if it moves forward. He stated that there are schedules at the end of the report for each taxing unit affected. Mr. Gonder asked how the rate can be reduced to \$2.00 from the current \$2.83. Mr. Frierson stated that the Circuit Breaker is different than the tax rate process. He explained that the Circuit Breaker is based on the individual taxing unit's budget, and the assessed value of that particular taxing unit. He explained that to lower the rate, their budgets would have to greatly decrease, or the assessed values would have to greatly increase. The

President asked for a motion. Mr. Coffey motioned to accept, Mr. Gonder seconded, and the motion carried 5-0.

The second item of new business was the **TEG Water Park Concession Build-out Addendum** for \$8,000.00. The Director explained that this was a design change based on the kitchen equipment selected. He noted that this was expected, as the kitchen design was intentionally left off the original plans until it was decided what type of equipment was needed. Mr. Coffey motioned to approve the TEG Water Park Concession Build-out Addendum for \$8,000.00. Mr. Dickey seconded, and the motion carried 5-0.


The third item of new business was **Krempp Construction Change Order #1** for the water park, for an increase of \$143,405.00. The Director explained this was for the purchase of the concession equipment. Mr. Hancock motioned to approve the Krempp Construction Change Order #1 for the water park, in the amount of \$143,405.00. Mr. Dickey seconded, and the motion carried 5-0.

In other business, the President expressed concern about the safety of the users of **Binford Park**, due to the increase in traffic on Graybrook Lane. He noted that the soccer fields are positioned in such a way that the balls can be kicked out into the road into traffic. The Director stated that there are plans to install high fencing around the fields. Mr. Gonder asked if speed bumps could be installed. Mr. Coffey suggested caution lights like those at school crossings. Mr. Dickey suggested that the Board of Public Works and the City Engineer evaluate and offer suggestions to improve safety at Binford Park.

Casey Rice, of 418 East 5th Street, apologized for not signing in, and asked to speak. The President asked him to come to the podium for the record. Mr. Rice stated that he lived in the expansion area and asked if it were possible that his home would be subject to eminent domain. The Director stated no, that the City looked at the homes there as an enhancement to the mixed-use development. The Director stated he would come by their property in the coming weeks to answer any further questions.

There being no other business, the meeting was adjourned at 3:25 p.m.

Approved and Adopted this 9th day of June, 2015.


Irving Joshua, President

ATTEST:


Edward Hancock, Secretary