

THE COMMON COUNCIL OF THE CIVIL CITY OF NEW ALBANY, INDIANA, HELD A REGULAR COUNCIL MEETING IN THE THIRD FLOOR ASSEMBLY ROOM OF THE CITY/COUNTY BUILDING ON THURSDAY, JULY 16, 2015 AT 7:00 P.M.

The meeting of the **New Albany City Council** was called to order by Mr. McLaughlin at 7:00 p.m.

PRESENT: Council Members, Mr. Coffey, Mr. Caesar, Mr. Phipps, Mrs. Benedetti, Mr. Blair, Mrs. Baird, Mr. Gonder, Mr. Zurschmiede, and President McLaughlin.

OTHERS PRESENT: Mr. Lorch, Mr. Michael Hall, Mr. Baker, Mr. Gibson, Mr. Duggins, Police Chief Bailey, Fire Chief Juliot and Mrs. Glotzbach

INVOCATION:

PLEDGE OF ALLEGIANCE:

APPROVAL OR CORRECTION OF THE FOLLOWING MINUTES:

Mrs. Baird moved to approve the Regular Meeting Minutes for July 6, 2015, Mr. Phipps second, all voted in favor.

COMMUNICATIONS – PUBLIC (AGENDA ITEMS):

Mark Cassidy spoke against R-15-15 and stated that this development his property taxes that would be going to help the city will now be going to pay for a major part of these residences. He asked why they would subsidize these type of developments and stated that it stinks of trickledown economics.

Larry Kochert stated that two times this year he has had a backup in his basement and the McLean Station project that would take care of the issue keeps getting pushed back. He explained that he read that they are going to give \$300,000.00 of sewer taps to entrepreneur and he doesn't understand how this works. He urged the council to think twice before voting on this.

Terry Homeister stated that he new to this process and thanked the council for their time and thanked them and the city for the Silver Street Park. He explained how his family has enjoyed it but that he is increasingly worried about the safety of the park. He stated that he made his concerns known to the park's board and inside the complex to the staff members. He explained that he was told to call the police which he doesn't want to do because he will be calling every time he goes to the park and has to deal with the same group of children that are causing problems. He asked that the council act swiftly to place a chaperone at the park during daylight hours.

Roger Baylor spoke against the Coyle property development. He said that instead of infrastructure improvements or two-way streets the city is once again saying that when you make a handout to a for profit business it is some sort of subsidy or incentive and it is definitely a trickledown process and isn't responsible.

Dale Bagshaw stated that he thinks that is sets a bad precedence to waive the sewer taps and asked why they think it is necessary to subsidize this project when other projects that benefit the city have built thousands of units without these kinds of incentives.

COMMUNICATIONS – COUNCIL:

Mr. Duggins stated that Mr. Thompson has surgery on his retina today but they are compiling a list.

Mrs. Benedetti stated that she would like to see a list compiled of where they are heading.

Mr. Caesar stated that good clean paved streets does make for a better quality of life so they should get as much paved as possible.

**A-15-03 Ordinance for Appropriation of EDIT
Money for the Police Department**

Coffey 3

Mr. Coffey introduced A-15-03 and moved to approve the third reading, Mr. Phipps second, all voted in favor with the exception of Mr. Blair who voted no. Bill A-15-03 becomes Ordinance A-15-09.

Mrs. Benedetti thanked Police Chief Bailey for sending the information on the cars.

Police Chief Bailey thanked the council for their consideration and noted that he spoke with Mr. Blair and they were able to resolve the concerns from the last meeting.

Mr. Blair thanked Chief Bailey for his time and explained that they looked at the expenses for each repair item and what the reoccurrence would be for cars of that age as well as the cost of new vehicles and what they came up with was about \$12,000.00 in savings to replace those 15 cars. He stated Chief Bailey is doing a good job controlling cost and looking out for the city's funding that he quizzed him pretty hard regarding the vehicles and he had an answer for every concern so he has done his research. He explained that besides the cost saving they have an ongoing issue with negotiating the contract and this could be used as a carrot to move that along because this is a definite benefit and he thinks they should hold off on the appropriation until that contract is finalized.

Police Chief Bailey stated that he respectfully disagrees with that assessment and would appreciate the funding of the cars.

Mr. Coffey stated he does understand what Mr. Blair is saying but when he first came on to the council the equipment was deplorable and it cost them more money than what they should have been using. He explained that it took them years to get here but they are almost caught up for rotation and you can't use this as a bargaining chip because other communities have tried. He stated that it puts them behind the eight ball again shelling out money on old equipment when they could save money by updating.

Mrs. Benedetti stated that she thinks in years past they have tried to budget that but it hasn't worked out.

Mr. Zurschmiede stated that it needs to be in the police budget so that they can keep track of it because it should be a non issue at this point.

Mr. Gonder asked how it manages to slithers out of the budget.

Mrs. Benedetti stated that she think that they assume they can come in every year but they all know they will have to replace so many so that should be factored in.

Mr. Phipps stated that we are going to start working on the budget in the next 60 days so they need to make a note to make sure it gets in the budget this time.

Mr. Gonder asked if these renderings are exactly what they are going to look like.

Mr. Duggins replied that these are still concepts even though they are far along into the process. He explained that they will still have to get a certificate of appropriateness from the Historic Preservation Commission as well as approval from BZA. He stated that this is the overall look and tone of what they are going to present.

Mr. Gonder stated that they should really know the final version before they vote.

Mr. Duggins stated that the development agreement will come back to Redevelopment which he sits on and the councils role is to determine if they have the funding and if it is a project that they are comfortable with Redevelopment boding the project. He explained that as they go through the process there will be some input areas but just like the pool they will see renderings throughout and that ended up looking pretty much exactly as they panned.

Mr. Flaherty went over the materials that would be used that they may not be able to identify from the renderings.

Mr. Gonder asked if the scale of this is what is driving the need for a public/private partnership.

Mr. Flaherty stated that the economic benefits go down with a smaller development and with their experience around 200 units is where they need to be to make it special.

Mr. Duggins stated that they have had two studies done to make sure there is a market for this project and they feel strongly that this amount of units can be absorbed in the market.

Mr. Flaherty stated that it isn't just the bank, he is personally on the loan so that shows how confident they are in the development and the demand for this type of housing. .

Mrs. Benedetti asked if it was going to be a phase in project or will it all be built at one time.

Mr. Flaherty stated that it will all be built at one time.

Mr. Caesar asked what the approximate rent would be.

Mr. Flaherty stated that on average it would be about \$1100.00

Mr. Caesar asked about jobs that would be created after construction.

Mr. Duggins stated that Crowe did a study that has a total of 90 during construction and 30 positions permanently.

Mr. Coffey asked if it would have a positive effect on our EDIT

Mr. Duggins replied yes and stated that sewer revenue will also go up because of the development.

Mrs. Baird asked how long they anticipate construction will take to complete.

Mr. Flaherty replied about 16 months from start to finish.

Mr. Blair stated that he had the opportunity to go to Indianapolis and meet with Mr. Carmony and explained that he is more interested in their operations and asked if they could speak a little about how they manage these properties.

Mr. Flaherty explained that they manage close to 17,000 units and it is very near and dear to their hearts. He stated that as far as managing the construction process as everyone knows they miss their numbers sometimes on the projects but that is their problem and they have progressively gotten better with that over the years.

Mr. Blair stated that what he came away with after meeting with them is that they are the company that continues to manage the project even after the construction is over which means they believe in their product.

Mr. Flaherty stated that it will be a long-term investment for them and they would love to be involved in more developments downtown.

Mr. Gonder stated that at the Redevelopment meeting he talked about how the bond itself is not a general obligation bond but it is an obligation of the TIF district and he noticed that there were two bankruptcies.

Mr. Flaherty explained that there were two in North Carolina

Mr. Gonder asked what protects the public in the public/private partnership when it goes south.

Mr. Flaherty explained that they would be hard pressed to find a developer that didn't have a blemish during the recession. He stated that they are focused on the "for rental" development because that is where they shine and explained that the bonds come first before the debt and everything else even if a catastrophic situation came up.

Mr. Gonder asked what would be considered a catastrophic

Mr. Flaherty stated that they have never seen it on the rental side but in the condo world the buyers were speculators with the idea that they could buy, flip it, make money and no one does that in the apartment world.

Mr. Duggins stated that there is no situation in which the bond wouldn't be paid even if the company went bankrupt because the bank has \$12M invested.

Mr. Caesar asked if there is any reserve held back for improvements.

Mr. Flaherty replied yes and stated that is what they called capital reserve accounts which is something they establish from the beginning.

Mr. Blair stated that this is on their cash flow statement and explained that it is \$38,000.00 per year.

Mr. Phipps stated that when he first came to the council he philosophically didn't believe in this and thought it was simply corporate welfare but after looking at the numbers he has been sold immediately. He explained that there are some naysayers in the audience that are saying that this isn't the democratic thing to do but he thought that renewing urban environments and cleaning up blighted areas was very much a democrat thing to do.

Mr. Flaherty stated that they do more of this in democratic cities but it is really just about who is supporting their downtown.

Mr. Duggins stated that they will meet with the assessor to make sure that the assessment based on the construction documents is going to be able to pay those bonds and the bonds will be structured around that.

Mr. Zurschmiede asked if that shouldn't have been done first.

Mr. Duggins stated that he can't move forward without the bond being able to be sold. He stated that they are trying to alleviate the capitalized interest and the debt service reserve and he is working with local banks to achieve this. He explained that they are looking at two TIF's which includes the downtown parking garage TIF and the State Street Parking Garage TIF.

Hershel Frierson explained that they look at all of the obligations against each of the TIF's when looking at the structure of the debt.

Mr. Duggins stated that no bank will buy their bond if it isn't financially stable.

Mr. Blair stated that what he heard was that they have twice as much money going into TIF than what is coming out.

Mrs. Benedetti asked why they are doing 25 years on the maturity date of the bonds.

Mr. Frierson stated that they are anticipating doing this as a 20 year.

Mr. Duggins stated that the project is very unique but the paperwork isn't.

Mr. Caesar stated that he would like for it to state 20 years and not 25.

Mr. Duggins stated that is not a problem.

There was a lengthy discussion regarding the bond rates.

Mrs. Benedetti asked if they will hire locally for construction on the project.

Mr. Flaherty replied yes and stated that they will most likely be the general contractor but they have already started reaching out to the local sub base.

Mr. Coffey stated that they have been dealing with this property for years and this is an investment for the community that is going to pay off. He explained that the people that are complaining are the same ones that keep saying something needs to be done with that property and now they have an opportunity to do something with it and they need to move forward. He stated that there comes a time when New Albany needs to invest and this is it.

Mrs. Benedetti stated that she is sorry that this got in on the sewer waiver fees because that is not a precedent that they want to set.

Mr. Flaherty stated that it is a tool they see used all of the time but he understands.

Mr. Zurschmiede asked who/how they determined the 191 units and if that number is set in stone with the passage of this.

Mr. Flaherty stated that they did preliminary layout and after considering the demands and the financial analysis they came up with the 191 and that is pretty well set.

Mr. Duggins stated that if it goes down then the assessed value goes down as well.

Mr. Zurschmiede asked if he could break down the cost from the city with the original 154 units.

Mr. Duggins stated that the usable amount was in the middle twos but by the time they issued the bonds it was \$3.3M.

Mrs. Benedetti asked how two-way streets come into play on this project.

Mr. Flaherty stated that they would be happy either way.

Mr. Zurschmiede asked for a breakdown of the cost and the different areas that would be funded.

Mr. Duggins stated that the total with purchase price is a little over \$17M and the soft cost is a little over \$23M. He stated that they received the \$3.3M from the (DINO) Credit, \$3.3 from the TIF's, and the developer is contributing over \$18M.

Mr. Zurschmiede stated that four homes were discussed at one meeting and asked if that has been addressed.

Mr. Duggins stated that one owner came to Redevelopment and asked to be left alone and one rental owner that said they would sell. He explained that they plan to make access a priority for them and if down the road they come up for sale they will consider it.

Mr. Gonder stated that is the reason that he brought up the design because he is still uncomfortable until they know exactly what is going to happen.

Mr. Duggins stated that construction documents have to go to BZA and Planning so they will know what is going on every step of the way. He explained that they also have to have a certificate of appropriateness that will be obtained from the Historic Preservation Commission and this is the style of building that is being built all over. He stated that it is iconic, it is nice, and they are protecting the Coyle building.

Mrs. Benedetti stated that she has been to Indianapolis and they really do build top of the line developments.

Mr. Caesar stated that he would like Mr. Duggins to let them know when this is going before any of the other boards.

Mr. Duggins stated that Mrs. Baird is on BZA and Mr. Coffey as well as Mr. Gonder are on the Redevelopment Commission and he is happy to meet with them at any time. He explained that he has an incredible level of trust with those that are involved in this project.

Mr. Caesar stated that he believes that this will benefit the city in many ways and they are revitalizing a piece of property that has been an issue for quite some time.

Mr. Coffey asked if there are any guarantees on the amount of taxing and if they can come back after it is built and claim that they are being taxed too much.

Mr. Duggins stated that it didn't come from him but they offered to do it and that is why he and Mr. Frierson are having conversations with the assessor to make sure the numbers are correct.

Mr. Zurschmiede stated that on page 15 section 11 it talks about junior bonds and asked if they could speak to that and what it allows.

Bo Zoeller stated that this is a text that Mr. Frierson runs to see if he can issue bonds down the road on par with these.

Mr. Frierson stated that this is more of a protection issue and explained that if they look back they will always see an additional bonds test section to know that if more bonds are issued in the future that you must meet this test.

Mr. Zoeller stated that the Redevelopment Commission is the issuer of the bonds and it comes to the Council for approval.

Mr. Zurschmiede asked if that could be added to the wording.

Mr. Zoeller stated that it has to come to them anyway.

Mr. Zurschmiede asked if there will be a security person on site.

Mr. Flaherty stated that on some properties they do but with the low crime rate in New Albany they will have employees onsite but you do need a key fob to get into the hallways and then a key to get into your unit.

Mr. Caesar asked if the taxes would be based on the value of the land and not on the rent.

Mr. Duggins stated that is correct.

Mr. Zurschmiede asked what all the city is going to pay for or provide funding for.

Mr. Duggins stated that it isn't specifically for anything but Redevelopment will break it down further just like they do on all the other bonds. He stated that \$4.9M is the maximum par amount for the bond but what he is hoping to be able to do is get that number down with the bank.

Mr. Zurschmiede asked if there are environmental study fees or anything like that included.

Mr. Duggins stated that Urban Enterprise Zone had a study done and explained that every economic tool is on the table and they are looking at everything to offset the cost and use as a tool and he firmly believes it is the right thing to do.

Mr. Zurschmiede asked if the TIF district will have to provide the payments up front.

Mr. Duggins stated that if we issue a bond outside of here they will put capitalized interest in it but he is trying to alleviate that by doing it locally.

Mr. Zurschmiede stated that he thinks the site is a great site for apartments but he can't vote for it because he hasn't spoke to any citizens that are in favor it and there is no way they can set a precedent of waiving sewer tap fees.

Mr. Coffey stated that back when they were making sure to charge these tap fees the sewer utility was broke and he doesn't understand how anyone can't see this as an investment. He explained that they will get that tap fee bank in sewer fees in six years and everything moving forward is all profit and it just makes sense.

Mr. Blair stated that this property has been vacant for many years and the subsidy is justified in this instance and they are very fortunate that they have this developer willing to invest in the downtown area.

BOARD APPOINTMENTS:

COMMUNICATIONS – PUBLIC (NON-AGENDA ITEMS):

ADJOURN:

There being no further business before the board, the meeting adjourned at 8:40 p.m.

Pat McLaughlin, President

Vicki Glotzbach, City Clerk