

MINUTES

January 28, 2016
Board Meeting
City Hall – Council Chambers

Members Present:

Jeff Mercer President
Steve Woods.....Vice President
Kim Minton..... Secretary
Angela Coy..... Treasurer
David Bedwell..... Member
Mike Denney.....Member
Lisa Jones..... Member

Others Present:

Robert Schafstall Legal Counsel
Krista Linke Community Development Director
Julie Spate..... Recording Secretary

Call to Order:

Jeff Mercer called the meeting to order at 8:03 a.m.

Approval of Minutes:

Steve Woods made a motion to approve the December 10, 2015 minutes as presented. Angela Coy seconded the motion. The motion carried.

Public Comment:

None.

Committee Reports:

A. Communication Committee or Monthly Update:

Mr. Woods reported that the website is up and live thanks to the time and hard work of Rhoni Oliver. Now it's a matter of maintaining new pictures, success stories, etc. They are waiting on an update on the residential revolving loan program. An annual report is planned for with Krista Linke's direction. Ms. Linke will lead an effort to be more consistent in monthly communications through a free e-mail service. Also, Mr. Woods is going to follow up with businesses that have previously expressed interest in the façade grant program.

B. Finance Committee or Monthly Update:

Angela Coy had nothing to report. The audit will start back up in May for the 2015 audit.

C. Loan and Grant Committee or Monthly Update:

Lisa Jones reported two grants have been approved.

1. CFMG 2016-01: LEUGERS – 26 E Jefferson St.

This property owned by Greg Leugers has been reviewed and approved by the design committee. It is a remodel including windows, a new, 10' long, blade sign that says "Hometown" and wrought iron railing. Their cost estimate is \$50,005 and they were approved for a \$25,000 grant. The planned changes are to the second and third floors. Mr. Woods observed that it looked like they had started work. Ms. Linke confirmed some activity on the interior only so far.

2. CFMG 2016-02: BENHAM & EDWARDS – 40 N Water St.

This is the former Elks property. New owners Jim Edwards and David Benham are in the process of converting it into five, long-term, executive hotel suites with a conference room, room balconies and rooftop area. Estimated façade improvements are to come in around \$150,000 so they were approved for a \$50,000 grant. All paperwork has been submitted and the design committee has approved the plans.

Ms. Jones also brought an update on B2S which is targeted for completion by the end of June. Ms. Linke reported they are working on immediate brick repairs needed. Their Phase One is to do what's needed to make the building safe and habitable and then once they are in they will continue with Phase Two of a complete restoration of the brick including paint removal, tuck pointing and Mr. Mercer added their plans for a green space/courtyard area.

3. Residential Revolving Loan Fund Changes

Ms. Jones reported that proposed changes will be presented next month. They are focusing on wanting to make it more compliant with income restrictions using the AGI method from the 2015 HUD income limits. There has also been discussion about extending to a 10-year term to facilitate a lower payment, making part of it a grant based on income, so lower income/larger grants. The intent is to also recommend a tighter debt to income ratio. Any suggestions are welcome.

D. Development Committee or Monthly Update:

Abandoned/Tax Sale Properties – Kim Minton reported on the committee's meeting to discuss abandoned tax sale homes and adding committee members. They attended the commissioners' meeting Monday and a resolution was approved for three properties. Ms. Oliver reported these three properties are the addresses discussed last year. Due to the unsuccessful process last year, the committee thought these properties were a closed issue and so requested the five new properties. The commissioners decided to agree to all eight properties. The original three were approved based on last year's resolution and the new five were approved pending proper resolution between both parties, so potentially eight properties could be coming to the city within the next 30 days. Three properties could be donated to Habitat for Humanity immediately and the remaining five would go to auction according to the policies and procedures in place. Because of the 120 days, homes would likely not be able to go up for auction until June. Ms. Oliver confirmed one of the first three from last year would go to Habitat and two of this year's five. There is one other home with serious foundation issues that could be decided to give to Habitat up front or after auction if unsuccessful. Ms. Linke added that it's quite small for a Habitat home, but they could demolish it and use the lot. Ms. Minton said Habitat has already said they would take it. The reason for the partnership with Habitat is that the goal is to get the homes back on the tax rolls and that is what Habitat does. Mr. Mercer asked Ms. Oliver to review the three properties left over from last year. 544 West Jefferson is the big, white, abandoned home. 420 West Jefferson and 934 Johnson is the vacant lot. Ms. Minton spoke with Ms. Linke about the ability to

manage the five additional properties. Whether FDC or the city has the properties, Ms. Linke and Ms. Oliver are still involved with the management being even easier through FDC than the city. Ms. Oliver added that the number of properties doesn't make a significant difference as the same resources are used for each. Mr. Mercer and Ms. Oliver reminded of interested parties in some of these properties already so bodes well for successful auctions. Ms. Linke asked if anyone knows of any interested parties to let them know. Mr. Mercer asked of Ms. Linke with the Loan & Grant Committee allocating \$75,000 to the two businesses today, the 2016 programming funds allocated by RDC, the façade grant will reflect the reduction of the \$75,000. Ms. Linke confirmed and explained how it is reported on the financial reports.

E. Capacity Committee or Monthly Update:

Ms. Linke reported that Mike Denney will be working in this area. Mr. Mercer and Ms. Linke meet monthly on board organizational matters and at the minimum this area will be kept up with annually through board appointments, officers, etc. They are also reaching out to community partner organizations to make sure offered programming meets their needs as well. Each committee is also recruiting members and supporting Ms. Linke and Ms. Oliver to provide needed support for the work to be done. Mr. Mercer asked about reporting on the amended by-laws. Ms. Linke asked if there are any comments or changes in preparation for action at next month's meeting. Ms. Linke highlighted some minor changes put forth in the initial draft. Mr. Mercer spoke to the issue of two directors per committee, not being sure all committees meet this. Ms. Linke is willing to look at this as a possible amendment.

F. Downtown Property Redevelopment Opportunity – Partnership with the Redevelopment

Commission: Ms. Linke introduced an opportunity to partner with the city on a redevelopment project on a building vacant for a number of years. Mayor McGuinness brought this to the RDC as part of the TIF bond proceeds. The RDC has in turn looked to the FDC to partner with them in this.

Mayor McGuinness commended Ms. Oliver and her team for the work on the abandoned properties over the past several years. He introduced 351 E. Jefferson Street. The city is getting ready to embark on a \$22 million dollar project of Jefferson and E. King Streets. Because of the magnitude of the project, an office in close proximity to the project has to be provided for the engineers and contractors in Franklin for 36-42 months. The mayor does not want to take away a property available to a new business immediately. This building has two options currently, one would be demolition soon and the second is to salvage as the project engineer office to eventually an office sellable to a future business. This was presented to the RDC last week. There is not currently a negotiated sale price, construction price or purchase agreement. The mayor sees the FDC as the conduit for this project, using RDC funds. He also sees these funds in addition to the grant dollars provided to FDC for 2016. In the initial \$15 million TIF bond, \$2 million was set aside specifically for downtown development. The funds for this project would come from that \$2 million. The mayor had plans to present this project even without the need for an engineering office, but this seems to be a good fit. Mr. Mercer followed up with a report that an FDC team visited the property a few months ago. He asked the mayor to address the small environmental concern. Mayor McGuinness reviewed that the city had completed a phase one and phase two environmental review several years ago. An Indianapolis environmental remediation firm put together two proposals, one for \$25,000 and one in the range of \$7,500 which was the recommended one. Since it was once a body shop, there is only the possibility that some leakage of fluids used could have occurred but further testing would need to be done to determine if that is even the case. The highest risk would be not being able to use the ground water so a tenant couldn't tap that area for a drinking well. Inside the city limits this is not a concern as there are no wells for private use except for

one neighborhood. He also explained about rental monies helping with FDC operating funds and resale monies going back into FDC programming. Mr. Mercer asked when the office has to be ready for use and what happens if it's not. The mayor explained having one construction bid and two more are due tomorrow. He reviewed the construction timelines and projected office move in at the end of April. Construction bids say they can be complete by that time. If not, a temporary location would need to be found. Mike Denney confirmed there are no floor plans yet. He also inquired about the stone parking lot and if pavement would be required as it's more expensive. The mayor explained that city ordinance allows for added gravel to already existing gravel lots for maintenance purposes only which this falls under. Due to heavy construction traffic, Mayor McGuinness finds it advisable to wait on any asphalt pours so the construction traffic doesn't damage that surface. When the project wraps up, pouring the asphalt would be part of this remodel. If the building is not ready for entrance on time, Mr. Denney asked if a couple mobile units could be parked there until it's ready. He also asked about any thought given to the upstairs of the building. The mayor explained that the current bids do not include any finishing of the upstairs. For purposes of the temporary office space, there is not a need for the upstairs but it will be something that can be addressed in the future for resale purposes. Mr. Woods asked if there weren't environmental concerns with B2S Labs as well and would not conducting an assessment hurt in a few years when the building is put up for resale. Mr. Schafstall advised a phase one done within 180 days of purchase. The existing phase one would be stale to give protection. With follow up done as required by phase one, protection is received. The mayor reviewed the financing as a resolution to include the asking price and the current construction estimate. Mr. Mercer asked for consideration to be given for some additional help with regards to the resale in three to four years so that funds are not taken from other FDC efforts to complete this particular project. Mr. Mercer asked what is needed today and what is the format for the onset of negotiations, who is the lead, etc. The mayor is willing to take that on. Affirmation to move forward is sought today. Ms. Linke will lead the negotiation process for the property and Mr. Mercer approved to be the signature for documents. Ms. Coy asked if the new phase one is moving forward. Mr. Schafstall recommended yes. Ms. Linke will contact the company used for B2S. Ms. Linke said the first phase one was done in 2005 and phase two done within six months to a year after.

A motion was made by Ms. Jones to move forward on this project, authorizing Mr. Mercer to act on behalf of FDC in working with RDC and to reinstate a phase one upon RDC approval of the project. A second was made by Ms. Minton. The motion passed with a nay from Steve Woods.

December Financial Report:

Ms. Linke reported that the operating balance through December was \$114,487.71 and accounts receivable (loans) was \$315,894.96. She reviewed several highlights on the spreadsheets. All data has been successfully uploaded to QuickBooks on line. There were two remaining residential loans which were completed by year end and turned over to Horizon for reprocessing, so there are no residential loans in process at this time. A couple commercial loans were past due and have been caught up.

Director Report:

Ms. Linke reported of an economic development agreement with Hoosier Brewing Company (HBC). Mayor McGuinness gave the back story on HBC and owner Brian Nentrup. The build out on this property for this project is roughly \$138,000 and any improvements made, should the business leave at any time, would stay with the property so though the grant is going to HBC, it's really more for the building than the actual business operations. Their beer, distributed in around 80 locations throughout the state, will say on every can manufactured in Franklin, Indiana. Mr. Mercer identified FDC role in this as financial conduit to get the money where it needs to go. Ms. Linke explained further that if directly

through the RDC Trent Petro and company have to initially outlay the money and be reimbursed with significant time lag. FDC allows Ms. Linke to issue checks directly to the vendors making the process more smoothly and able to move forward more quickly. Ms. Linke reminded the same set up was done with B2S Labs. The mayor has advised that a June opening would be ideal. In three to five years Mr. Nentrup will outgrow the property and would like to move the distribution side of the business to within a half mile to a mile of this first property which would continue as the restaurant or be moved to the north side. David Bedwell reviewed they would be occupying roughly three quarters of the building. The mayor confirmed. Mr. Schafstall reminded the resolution is contingent upon the RDC approval. Ms. Linke explained the revised resolution to include FDC involvement will go before RDC Monday at a specially called meeting. A motion to approve the economic development agreement contingent upon RDC approval was made by Ms. Jones with a second from Mr. Woods. The motion passed. The mayor highlighted that HBC has received 50,000 hits between two Facebook pages.

Mr. Mercer announced Mr. Denney as point person on the 351 E. Jefferson building.

Additional Items:

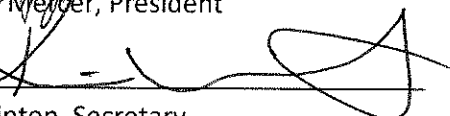
- Next Regular Board Meeting - February 25th, 2016 at 8:00 a.m.

Adjourn:

No further business came before the Directors. The meeting was adjourned at 9:18 a.m.

Approved this 25th day of February, 2016:

By: 
Jeffrey Mercer, President

Attest: 
Kim Minton, Secretary