



MINUTES

March 24, 2016
Board Meeting
City Hall – Council Chambers

Members Present:

Jeff MercerPresident
Steve Woods..... Vice President
Kim MintonSecretary
David BedwellMember
Lisa JonesMember

Others Present:

Robert Schafstall Legal Counsel
Krista LinkeCommunity Development Director
Julie SpateRecording Secretary

Call to Order:

Jeff Mercer called the meeting to order at 8:00 a.m.

Approval of Minutes:

David Bedwell made a motion to approve the February 25, 2016 minutes as presented. Steve Woods seconded the motion. The motion carried.

Public Comment:

None.

Committee Reports:

A. Communication Committee or Monthly Update:

Mr. Woods reported that Kim Minton joined this committee. Information was reviewed for the annual report. Krista Linke and Rhoni Oliver will do most of the work on this document. June 1st is the target to have this report ready and distributed. Mr. Woods spoke with a business owner yesterday that didn't know about the façade grant. Thanks to Lisa Jones and Ms. Linke for their involvement in getting one of the new loan submissions coming before the board today. Mr. Woods explained their next mission after the annual report is to get the word out to businesses about the programs available to them. Ms. Minton showed an annual report format sample and reported they are securing quotes at this time. Ms. Linke said content will be provided and a hire made for the layout. There is a budget for marketing/advertising and printing.

B. Finance Committee or Monthly Update:

No report.

C. Loan and Grant Committee or Monthly Update:

Ms. Jones announced the approval of a commercial revolving loan grant and a façade grant for Larry and Manilla Hughes for The Grill Bar at 138 E. Jefferson. Improvements include a new brick façade, new upstairs windows and a remodel of both their existing sign and canopy. The total cost of the

front alone is \$26,575.15, so their grant was approved at \$13,287.58. For their commercial revolving loan, they are going to replace the brick on the back side of the building and repave the alley behind their building. The total cost for their building improvements is \$46,795. They are eligible for up to \$50,000 on the commercial revolving loan, so their award was \$23,397.50. Ms. Linke explained the program to them. Ms. Jones abstained on voting on this due to conflict of interest.

D. Development Committee or Monthly Update:

Ms. Minton reported that the acquiring of the properties is still in process. The target is still in the June/July range. And Ms. Minton and Ms. Oliver will continue to update the policies and procedures.

E. Capacity Committee or Monthly Update:

No report.

F. 351 E Jefferson Street Update:

Rob Schafstall reported doing the due diligence which includes title work. Several issues were disclosed, some of which have been resolved. One unresolved is that in 2008 there was a court ordered statewide AT&T easement the length of the Louisville and Indiana Railroad on the east side, 16' wide running the length of the rail corridor put in after the building was constructed. Mr. Schafstall asked City Engineer Travis Underhill to look at it and it has been marked in red spray paint. The easement boundary appears to nearly touch the wooden corner of the building which is slated to come off anyway. This is unlikely to affect the integrity of the structure but it is likely that AT&T will come later to install fiber optic cable and it could be through city installed landscaping or sidewalk which would require it to be moved. The plans do not show anything for this side of the building. Title insurance that will be secured will exclude this easement. Ms. Oliver maintains there would likely be a sidewalk. Mr. Mercer confirmed that this part of the building is coming down which Ms. Linke and Ms. Oliver confirmed. Mr. Bedwell asked if AT&T had been reached out to, and Mr. Underhill did. Ms. Linke reported they have nothing planned for or in the works at this time. Ms. Linke is not aware of a property in town that doesn't have a utility easement on it of some sort. Mr. Woods asked about the sidewalk right by the railroad tracks. Ms. Oliver and Ms. Linke explained it's support to the exit door, not right beside the tracks, and would lead to the back of the building. It also allows for separate use of the two buildings down the road. Mr. Mercer identified this to be a risk that the next prospective owner after city use is completed would have to consider. Mr. Woods asked what the worst case scenario would be at the time of resale because of this easement. Mr. Schafstall explained that normally the buildings are constructed after the placement of easements. He doesn't think it will affect anything. Mr. Woods asked if this type of scenario has affected the sale of any city of Franklin property previously. Mr. Schafstall confirmed no, that all property sales usually include identification of easements.

Mr. Schafstall reached out to environmental lawyer David Gillay of Barnes & Thornburg who worked with Earthcon, the company who did the prior Phase 1, and they issued a revised Phase 1 yesterday. It is an environmental site assessment without recommendations. In a separate document, they have also issued recommendations. There are traces of environmental contaminants in the soil. Mr. Gillay recommends approaching the Indiana Finance Authority Brownfield Division to seek a comfort letter. They would likely issue some constraints such as not being able to drink out of a well on the site, may want some additional monitoring, etc. There would likely be some cost to this, maybe \$25,000 at the high end. The result of this would be a remediated environmental site that satisfies the state of Indiana

making the risk substantially reduced or eliminated. If the commission wants more assurance, the closing would need to be delayed.

Ms. Jones asked if there are financial resources available to help with mediation issues. Ms. Linke said there often are low interest financing which wouldn't prove helpful for FDC. Mr. Schafstall summarized that Mr. Gillay did not recommend walking away but that it is a manageable problem that need not hold up closing but can be dealt with after closing. Mr. Bedwell asked if a Phase 2 was recommended. Mr. Schafstall answered not yet but that there is a prior Phase 2 that was done by Burgess & Niple. Mr. Mercer reminded that there was the original thought of \$25,000 to be spent in remediation. Ms. Linke explained this being part of why it was of interest to the city to accomplish the ground work to make it more attractive to an end user and also why it has been vacant for so long. Mr. Bedwell asked what if someone years later develops a health problem and identifies this property to have been the reason. Mr. Schafstall explained the steps are being gone through to protect against a lawsuit such as that. Mr. Woods reminded that he didn't vote for this and sees the \$25,000 as cutting the FDC profits by a third and still have potential problems later. He will continue to vote no just for consistency. Mr. Mercer reminded that financial gain for the FDC was not the primary motivation but rather the return of a building closed for decades back into this community on the brand new entrance into Franklin. Mr. Woods didn't see the financial gain as the primary focus but certainly as a bonus. He also thinks it will be hard to resell and that is why he voted against it.

Ms. Jones made a motion to purchase the building and authorize Mr. Mercer and Mr. Schafstall to initiate the environmental processes post-closing. Mr. Bedwell seconded. The motion carried with a nay from Mr. Woods.

Grant from the RDC to the FDC for the Artcraft Theatre

Mr. Schafstall introduced this as a result of the RDC granting the money to FDC for this rehab project and proposed the FDC entering into an agreement with FHI to get this done. Rob Shilts presented these monies being for upgrading heating and cooling system at \$300,000 and \$75,000 towards the stage fly loft and rigging. The work is to be done by the first week in June. Mr. Schafstall added that last year the RDC borrowed \$15 million on a bond and allocated \$2 million for downtown use and this is one of the projects included in that. Mr. Mercer reviewed this as simply an opportunity to manage the money.

Mr. Woods made a motion to approve the resolution. Ms. Jones seconded. It passed.

February Financial Report:

Ms. Linke reported that a couple of accounts have been closed with a few more to go yet. The operating balance at the end of February was \$111,000. Accounts receivable in the form of loans was \$644,000. The notes from last month for Hoosier Brewing and B2S were added under programming. It was received but not deposited until March, so it's listed but it is an additional \$138,000 that doesn't show up on the report. B2S Labs is moving forward, and they requested their first draw for the brick work and tuck pointing and architectural design work. Mr. Mercer asked if the covered windows indicates interior work being done and if the paint is coming off the brick façade. Ms. Linke confirmed interior cleaning and the paint coming off the brick. Ms. Linke did add The Grill Bar. Mr. Mercer identified no requests being made in the first quarter for residential so a good program for Mr. Woods and his committee to market more. Ms. Linke has sent out a couple of applications with the income restrictions which will keep a number from being able to apply. She also plans to send out targeted direct mailing pieces about this program. Mr. Woods asked about the "old" money and couldn't that be used for people outside of

the income restrictions. Ms. Linke said in discussion with Mr. Schafstall the decision was made to put the monies all together going forward more in line with the spirit of the code.

Director Report:

Ms. Linke is working with 296 E. Jefferson St. Preliminary façade renderings have been submitted but still awaiting contractor estimates. She hopes to have for approval for next month.

Additional Items:

- Next Regular Board Meeting - April 28th, 2016 at 8:00 a.m.

Adjourn:

No further business came before the Directors. The meeting was adjourned at 8:40 a.m.

Approved this 28th day of April, 2016:

By: _____

Jeffrey Mercer, President

Attest: _____

Kim Minton, Secretary