

**Columbus Redevelopment Commission**  
**REGULAR BOARD MEETING**  
April 15, 2013  
6:00 p.m.



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**MINUTES**

The Redevelopment Commission met in regular session on Monday, April 15, 2013 at 6:00 p.m. in the Columbus, Indiana Common Council Chambers. The meeting was chaired by Commission President Sarah Cannon. Other Commission members present were Frank Jerome, David Wright, Robert Abrams, Steven Scgalski, and Susan Fye.

Also present were Mayor Kristen Brown, Redevelopment Director Heather Pope; Stan Gamso, Counsel to the Commission; Luann Welmer, City Clerk Treasurer; Gary Thompson, Property Manager for REI Real Estate Services LLC; Janeen Sprague, Rick Sprague and Judy Hoovier of Sprague Company Developers; Micheal McIver of Sharpnack Bigley Stroh & Washburn LLP, legal counsel to Sprague; Steve Rising of CSO Architects; George Dutro, Commons Board Member; and Brian Payne, Director of Columbus Municipal Airport. Several members of the public were also present.

Except for matters raised by members of the public present, matters discussed during the meeting were those previously disclosed in a public notice of the meeting.

**Call to Order**

- 1) Roll Call by Sarah Cannon – Frank Jerome, David Wright, Susan Fye, Sarah Cannon, Robert Abrams (Non-Voting Member), and Steven Scgalski.

**Discussion Items**

- 1) Update on Parking Garage Management and Operations: Gary Thompson was introduced and provided a brief update on REI's operational activities in connection with the Jackson Street and 2<sup>nd</sup> Street Parking Garages with which the Commission had contracted to manage the garages commencing March 15, 2013. He discussed staffing, establishment of an office in the 2<sup>nd</sup> Street Garage, vendor and monthly parker relationships and communications, development of certain management and accounting systems, and cleaning and maintenance activities that had been conducted during the prior month. He also provided details regarding the 404 open public and contract-reserved parking spaces in the Jackson Street Garage, by type, location, monthly rate, and number of spaces of each type, and indicated that there was a current reservation waiting list for 39 spaces. He then reviewed a daily count by REI of empty spaces in the Jackson Street Garage during the previous 30-day period and during peak traffic flow times of each day

based on precedent for each parking category as described in his snapshot. Mr. Thompson explained that daily counting is a valuable tool in determining how the garage is utilized, and with continuing measurements will assist in maximizing its utilization. A conversation then ensued with the Commission regarding the specific data in his daily count information regarding the US Postal Service's utilization, including lack thereof, of a number of its 75 reserved spaces.

- 2) Use of Central TIF Funds and Economic Development Bonds for Urban Elements Project: Mr. McIver then introduced himself, Mr. and Mrs. Sprague, Ms. Hoover and Mr. Risting, and presented a review of the Sprague's combined commercial, retail and residential proposed approximate \$11 million development to be situated adjacent to the Cummins Parking Garage and between 6<sup>th</sup> and 7<sup>th</sup> on Washington Street, which project had been presented to the Commission for its initial consideration as a project suitable for tax increment financing (TIF) incentive during its February 18<sup>th</sup> meeting. He articulated the anticipated benefits, aesthetic and otherwise, of the brick, glass and steel structure to the City's downtown, including the newly-designated Arts District, additional employment during construction, eventual increase in tax revenues from improvements to the currently vacant property, and reiterated the Sprague's February 18<sup>th</sup> request for \$2.5 million in TIF assistance through the City's issuance of economic development bonds to be purchased by Sprague over the remaining life of the Central TIF District, with 90% of the incremental revenue accruing to Sprague and 10% to the Commission.

Mr. Risting next described, through reference to CSO renderings presented to the meeting, the proposed project's fit with the character of the City's downtown, Cummins' selection of Sprague over other builders based on Sprague's reputation for quality projects and construction and commitment to higher design, and the benefits of migrating more available commercial space northward along Washington Street that the first floor of the project would provide. He stated that Cummins and the City's Planning Commission had approved the design, and also described the space utilization and construction challenges that will be presented in developing this small site.

A discussion then ensued with the Commission and Mr. Risting regarding estimates of increased construction cost of a project of Urban Element's higher design as well as materials quality vs. other similar projects built in the City on a per sq. ft. basis. There was also a discussion with Mr. McIver regarding the tax revenues to accrue from the project based on the accuracy of estimated valuation of the improvements on the site, and potential impact on bond amortization during the remaining life of the Central TIF if revenues were less than anticipated. The existence of potentially interested commercial tenants for the bottom floor was also discussed, as were the estimated length of construction time, certain financial issues related to the higher cost of the quality project, the borrowing and debt service requirements of Sprague and how that translated into the need for TIF incentive. Mayor Brown then briefly confirmed her understanding and asked if

the Commission had a sufficient understanding of the cash flows and other financial mechanics of the bond issuance and amortization, stating that the Commission's decision will be whether to pledge 90% of the incremental tax revenues for Sprague's payment of the bond, but that she believed the project was clearly worthy of the Commission's consideration, and why. A discussion also ensued regarding the near-term need for engagement of bond counsel to assist the Commission with additional due diligence as a next step in the process.

### **Action Items**

- 1) Termination of Lease Agreement with Greenhouse LLC: Mr. Gamso next described a recent walk-through by he, Dunlap Construction, and certain Commission members of the space formerly occupied by Greenhouse Restaurants as a Scotty's and Detours in the Commons, remaining issues including approximately \$10,000 owed by Greenhouse through its construction unit Delta Construction to Dunlap Construction dating from the original build-out of the space in the Commons related a roof ventilation system, water utility bills for February and March, and \$200 in move-out damages Greenhouse caused by severing a water line, which damages were now owed to the Commission. He explained that Greenhouse was willing to pay all amounts, including the \$10,000 due Dunlap, subject to being able to remove the vents from the Commons roof without damage and incurring additional costs as a result of repairing a hole in the roof. With respect to the vents, the Commission determined that they had become a "fixture" to the building and should not now be removed. Following discussion and opportunity for public comment, upon motion duly made by Susan Fye and seconded by Steven Scgalski, the Commission unanimously resolved to terminate the lease agreement with Greenhouse LLC, require Greenhouse to pay the unpaid water utility bills through March, pay the invoice to repair the severed water line during move-out, require the roof vent system to remain as a fixture to the Commons building, and further to empower Commissioner Cannon to execute the termination document that was to be prepared by Mr. Gamso, which resolution was also to be written by Mr. Gamso for attachment to these minutes.

Following this action and as part of its continuing property management responsibilities with respect to the Commons interior spaces, the Commission and Mayor Brown engaged in a comprehensive discussion regarding next steps, including requirements of the Indiana Code, to be engaged in to determine alternative uses for the space formerly occupied by Greenhouse and a process for finding a suitable replacement tenant. Among other things, the process discussed included possible solicitation for public input, development of an RFP for occupancy of the space, engagement of a commercial real estate broker, an (optional) appraisal with respect to fair market rental value for the space, and eventual approval of a new lease agreement by City Council depending upon the magnitude of the rental amount for the space.

Mr. Dutro then presented the Commons Board's broad goals for utilization of the Commons interior space, including distribution of a one page document

describing and illustrating priority and balancing of its goals as of February 2012, resulting in further discussions. A member of the public present also commented that in deciding upon alternative uses and choosing a new tenant, the Commission should consider the economic impact on people who would be employed by a new tenant and upon the City, as he believed it had not done in making its decision to terminate the prior restaurant lease, resulting in the loss of employment at that location.

- 2) Parking Garage Collections Transfer to New Accounts: Following explanation and discussion with the Commission by Luann Welmer and Mr. Gamso of the accounting necessity resulting from transfer of parking garage management responsibilities from Columbus Downtown Inc. (CDI) to REI, upon motion duly made by David Wright and seconded by Susan Fye , **Resolution No. 9-2013**, in the form presented to the meeting and attached to these minutes authorizing transfer of revenues collected by the City Clerk Treasurer Office from the Jackson Street and Second Street Parking Garages to Funds 900 and 899, respectively, was unanimously approved.
- 3) Establishment of Policies and Procedures for REI's Handling of Parking Garage Receipts and Expenditures: Following further explanation and discussion with the Commission by Ms. Welmer and Mr. Gamso as to the necessity for doing so as a result of transfer of parking garage management responsibilities, upon motion duly made by Susan Fye and seconded by David Wright, **Resolution No. 10-2013**, in the form presented to the meeting and attached to these minutes establishing policies and procedures recommended by the State Board of Accounts on the process of money handling and bill paying for garage operations was unanimously approved.
- 4) Modification of Project Agreement with Columbus Board of Aviation Commissioners dated December 13, 2011: Brian Payne and Mr. Gamso next briefly reviewed the history of a Project Agreement between the Aviation Commission and Redevelopment Commission to use up to \$367,500 of Airport TIF funds earmarked at the Clerk Treasurer's Office for certain capital projects at the Airport, which projects had been specifically listed on an exhibit to the December 13, 2011 Agreement. It was explained that the Aviation Commission wished to modify the Agreement by expanding the number and types of projects listed on the exhibit to be funded with the earmarked funds. The additional projects were described by Mr. Payne. Following discussion, opportunity for public comment and upon motion duly made by Susan Fye and seconded by David Wright, **Resolution No 11-2013**, in the form presented to the meeting and attached to these minutes approving the modifications to the Agreement was unanimously approved.
- 5) Approval of Meeting Minutes: Upon motion duly made by Frank Jerome and seconded by Steven Segalski, minutes of the Commission's March 18, 2013 were unanimously approved.

- 6) Review and Approval of Claims for Payment: Following responses to separate questions from members of the public present regarding use of Jackson Street Parking Garage space for collection of recyclable materials and payment of legal fees in connection with the Greenhouse LLC matter, respectively, both of which were deemed irrelevant to the work of the Commission, upon motion duly made by Frank Jerome and seconded by David Wright, the Commission reviewed and approved the monthly docket of claims.

**Adjournment**

Following the Commission's review and approval of claims, upon motion duly made by Susan Fye and seconded by Steven Scgalski, the meeting was adjourned at 8:00 p.m.

Approval of April 15, 2013 minutes.

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Chairperson

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Member

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Member

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Member

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Member

Date: \_\_\_\_\_