

Columbus Redevelopment Commission
REGULAR BOARD MEETING
February 18, 2013
6:00 p.m.



MINUTES

The Redevelopment Commission met in regular session on Monday, February 18, 2013 at 6:00 p.m. in the Columbus, Indiana Common Council Chambers. The meeting was chaired by Mayor and Redevelopment Commissioner Kristen Brown. Other Commission members present were Frank Jerome, David Wright, Sarah Cannon, Robert Abrams and Steven Scgalski.

Also present were Heather Pope, Redevelopment Director; Stan Gamso, Counsel to the Commission; Susan Fye and Jayne Farber, Public Works and Safety Board members; Janeen Sprague, Rick Sprague and Judy Hoovier of Sprague & Company Developers; Ed Curtin of CWC Latitudes LLC (as representative of Sprague & Company), Trena Carter of Administrative Resources Association; and Gary Thompson of REI Real Estate Services, LLC. 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 Mayor Brown – Frank Jerome, David Wright, Mayor Brown, Sarah Cannon, Robert Abrams (Non-Voting Member), and Steven Scgalski.

Discussion Items

- 1) Demolition of 801 Second Street Buildings: Heather Pope reviewed with the Commission that she and Trena Carter had presented to Columbus City Council in September and that Council had then adopted a resolution giving Mayor Brown authority to file a grant application for federal Community Development Block Grant Disaster Recovery Funds, which grant was to be used by the Redevelopment Commission to demolish three (3) buildings located at 801 Second Street (former Bartholomew County REMC property now owned by the Commission), two (2) of which had been damaged in the June 2008 flood that had variously impacted the City. She and Ms. Carter explained that an application had subsequently been filed and that a \$113,400 grant had been received to be used for demolition of all three (3) buildings, even though one of them (REMC's operations warehouse building) had not been damaged. Ms. Pope additionally explained that if the Commission determined to not demolish the undamaged

building, the grant request would need to be amended and re-approved, and further that a resolution was to be presented to the Commission later in the meeting for it to engage the services of Administrative Resources Association (ARA) to administer the grant.

A discussion then ensued regarding the potential materials salvage value and fair market rental value of the undamaged building to the Commission were it to not be demolished, the resulting process and issues that would potentially be raised with the State of Indiana if the grant application for the disaster recovery funds were to be amended, the 18-month time limit on the use of the grant funds, and potential commercial development value of the entire property, including development restrictions thereon as a result of the property being located within the 500-year floodplain. Following further discussion, including comments from the public present, direction was given to Ms. Carter to determine from the State whether and how the grant could be amended once the Commission better understands the value of the undamaged building, and a decision was then made to table the resolution subsequently to be acted upon at the meeting to engage ARA to administer the grant.

- 2) Consideration of Using Central TIF for Sprague & Company Project: Ed Curtin, in his representative capacity, Janeen Sprague, Rick Sprague and Judy Hoover next provided the Commission with a brief description of Sprague's multiple successful projects in the City and elsewhere. Mr. Curtin described in detail Sprague's proposal for an approximate \$11 million first floor commercial and four upper floor residential apartment complex (prox. 45,000 sq.ft. residential and 8,500 sq.ft. commercial space) to be constructed on an 80 foot-wide strip of property purchased by Sprague from Cummins situated between the Cummins-owned Parking Garage and Washington Street. He exhibited architect renderings of the proposed project to the Commission and explained that parking spaces in the Cummins Parking Garage would be available to apartment tenants. He further explained that Cummins had selected Sprague to do the project adjacent to its garage based upon Sprague's reputation for and history of its project management abilities, quality construction and the proposed architectural design, and also that the project had been approved by the City's Planning Commission.

Mr. Curtin then described potential beneficial economic impacts of the project on downtown Columbus resulting from initial construction and more permanent building management staff jobs created, expenditures of salaries of tenants living downtown, the near-term and long-term impacts on the tax base from improvements on the now-vacant property, and he requested tax increment financing (TIF) assistance to support the project through the City's issuance of approximately \$2.3 million of 20-year maturity tax-advantaged economic development bonds (EDBs) that would be purchased by Sprague. He explained that under the TIF proposal, 90% of the incremental property tax revenue increase from the project would be pledged by the Commission for amortization of the Sprague-owned bonds over a proposed 20 year life, and 10% would remain with

the Central TIF District for its use in paying for 6th Street resurfacing repairs following project completion and other TIF budgetary purposes of the Commission. Included in his presentation was background regarding other multifamily downtown residential developments that had received real property tax abatements as an incentive, which highlighted that a similar 90/10 TIF incentive split from the prior Redevelopment Commission had been received by Buckingham Companies in connection with its Cole Apartments project.

Ms. Sprague provided additional background on the genesis of the project with Cummins, and history of its current design that had added commercial space on the first floor of the building. Mr. Sprague and Mr. Curtin also discussed certain design elements, choice of materials, and construction site issues that were all drivers of higher costs for the project that could be partially offset with the TIF incentive to make the project financially feasible for Sprague.

The Commission then reviewed a preliminary financial analysis prepared by the Commission's consultant, Reedy Financial Group P.C., of the net value benefits to Sprague and tax revenue impacts to the City of a proposed EDB series under 15 and 20 year amortization scenarios, that were based on certain financial and other assumptions. Mayor Brown discussed with the Commission the basic mechanism of TIF, and that through the TIF complexity of Sprague's proposal it was a legitimate way of providing 90% of the conservatively estimated increased tax revenue from the developed property to Sprague to assist with financing of the project, and that there was no financial risk to the City since Sprague would be purchasing the EDB series through the pledged increased tax revenues. In connection with the duration of the EDB series, following questions from the Commission, Mr. Sprague and Mr. Curtin explained the 20 year proposal was closely tied to the number of years remaining on the life of the Central TIF District, that EDBs amortized over 15, rather than 20 years, or the City granting of a 10-year property tax abatement would provide insufficient incentive to do the project. Following further discussion, it determined that there was enough interest among the Commissioners to bring the proposal back for a vote at its next meeting.

- 3) Arts District Update: Jane Farber next provided the Commission with a brief update on organizational activities and governance structure of the current 4 coalition teams working on development of the Arts District. She described the prospective functions of the various teams, including an Education Team, Design and Architecture Team, Public Art and Programming Team, and a Tourism and Commerce Team, and explained that each team's current task was to prepare a charter to describe their respective purposes. She also explained work that was currently being conducted by certain the teams to study ideas for establishment of an artisans center for Columbus, possible engagement of a consultant to examine renovation and programming potential for the Crump Theater, ways to expand the national and international education footprint of the IU Center for Art and Design-Columbus (IUCAD), development of a specific name for the District, and public

relations and community outreach initiatives for the District. In conclusion she described the possibility of establishing a Design Review Team that would advise on design of existing structure renovations or construction of any new buildings that may occur within the District in the future. Opportunity was then given for public comment.

- 3) Update on Columbus Downtown, Inc. (CDI) Wind-Down: Susan Fye then provided a brief update on continuing CDI wind-down activities, including that the audit of CDI through December 2011 that was discussed in prior Commission meetings had revealed the failure of CDI to file forms annually disclosing the receipt by CDI of taxpayer funds, which form had been filed for 2012 but with no receipt of taxpayer funds reported as having been received since CDI had been in shut-down mode since 2011. In addition, she mentioned the need to have the values of formerly CDI-owned properties, now owned by the Commission, transferred by the City's Clerk/Treasurer's Office in accord with an action item to be voted on later in the meeting, and that a newspaper ad had been placed soliciting any outstanding claims against CDI, but that no claims had been made to-date.

She also described certain invoices and financial account management documents that would need to be transferred from CDI to the selected parking garage management firm when that new agreement became effective. Not as a result of the outstanding claim solicitation process she referenced, she and Mr. Gamso informed the Commission that an unanticipated subcontractor invoice to CDI for approximately \$4,000 had been discovered in connection with design of ventilation work performed for Snappy Tomato's leased space in the Commons. She and Mr. Gamso also revealed that the County Treasurer had notified CDI that it owed an additional \$7,700 in property taxes due to the County Auditor overlooking the existence of a re-platted parcel of property at the Second Street site on which the former Rhino Linings building sits when assessments were made in 2010 for taxes payable in 2011. The Commission and Mr. Gamso then discussed the mechanics of CDI's final dissolution, handling of any lingering outstanding claims that may surface from the claims solicitation process following dissolution, and discussed CDI's final bank account cash balances. Opportunity was then given for public comment.

- 5) Update on Brownfield Remediation Site: Mr. Gamso and Ms. Pope next addressed questions raised at the Commission's prior meeting regarding the future permitted usage of the remediated Brownfield site and of the availability through the Indiana Department of Environmental Management (IDEM) of any federal or state cleanup funding assistance for contamination at the Second Street Bob's Car Wash site. With respect to the Bob's Car Wash site, Mr. Gamso explained that the process for determining such availability was being re-initiated due to certain communication issues and bureaucratic form requirements for IDEM, so he still did not have an answer. With respect to future usage of the previously remediated Brownfield site, Ms. Pope provided the Commission with a listing of all permitted

conditional (requiring additional scrutiny and approvals) and unconditional uses based upon various zoning classification of remediated property, including in the industrial and commercial zoning classification of the subject property. She also explained that on the portion of the property covered with the membrane cap, no use requiring placement of anything more than 2 feet below the ground surface would be permitted. She indicated she would work with Bruce Carter Associates (BCA), the Commission's environmental consultant, in developing the definitive restrictions for the property as part of the formal remediation project closing process with IDEM. She also explained that the 2 additional monitoring wells at the site that were discussed by the Commission at its prior meeting were to be installed the following day, and also that installation of monitoring wells on the Bob's Car Wash site would most likely be required due to it previously containing a gas station. Opportunity was then given for public comment.

Action Items

- 1) Entry into Garage Management Contract with REI Real Estate Services, LLC: Stan Gamso then refreshed the Commission's recollection of the RFP process and prior discussions regarding the selection of REI Real Estate Services to manage, maintain and operate the Second Street and Jackson Street Parking Garages, the work he and REI had done to negotiate a \$43,000 annual, monthly payable, 3-year contract, and summarized the key provisions of the contract for the Commission, including REI's reporting obligations to the Commission. Following comments by Gary Thompson, discussion with the Commission and opportunity for public comment, upon motion duly made by Frank Jerome and seconded by David Wright, **Resolution No. 3-2013**, in the form presented to the meeting and attached to these minutes, authorizing and directing the President of the Commission to execute the contract with REI as presented to the meeting was unanimously approved.
- 2) Provision of Startup Funding to REI for Operating Expenses: Mr. Gamso next presented the need for REI to receive a sufficient sum of refundable "seed money" to cover its initial operating expenses under the management contract referenced above until REI commenced receipt of parking revenue. Following discussion, including opportunity for public comment, upon motion duly made by David Wright and seconded by Frank Jerome, **Resolution No. 4-2013**, in the provisional form presented to the meeting, the final form of which is attached to these minutes was unanimously approved to direct Columbus Downtown, Inc. (CDI) to provide REI with \$25,000 in startup funding upon commencement of the management contract.
- 3) Direction to Columbus Clerk/Treasurer to Accept and Record Valuations on its Records: Stan Gamso then explained to the Commission that at the time legal title to the Second Street Parking Garage and subleases of the six (6) restaurants, two (2) in the Jackson Street Parking Garage and four (4) in the Commons Mall were transferred from CDI to the Commission during April 2012, their true asset valuations, including but not limited to construction costs, personal property, etc.

were then unknown. He then explained that those valuations were now known as determined by the audit of CDI and needed to be accepted and recorded on the books of the Columbus Clerk/Treasurer consistent with the rules of accounting and in compliance with the requirements of the Indiana State Board of Accounts. Following discussion and upon motion duly made by Frank Jerome and seconded by David Wright, **Resolution No. 5-2013** (including related Exhibits A, B and C), in the form presented to the meeting and attached to these minutes to direct the acceptance and recordation of the values was unanimously approved.

- 4) Engagement of Appraisers, Inc. to Value Lots on Second Street: Mr. Gamso next presented a resolution, including an attached agreement between the Commission and Appraisers, Inc., to value for future marketing and/or development purposes for a fee of \$3,500 the 6.8 acre parcel of land at the corner of Lafayette and Second Street, including Lots 2B and 3 (now known as the *Second Street 2nd Replat of Lot 2A*), which includes the Brownfield remediation site. Following discussion, upon motion duly made by Sarah Cannon and seconded by Steven Scgalski, **Resolution No. 6-2013**, in the form presented to the meeting and attached to these minutes, authorizing and directing the President of the Commission to execute the contract with Appraisers, Inc. as presented to the meeting was unanimously approved.
- 5) Request for Proposal for Downtown Parking Analysis: Ms. Pope then presented a draft Request for Proposal (RFP) to do a downtown parking analysis. She explained that the selected consultant was to analyze the current condition of the City's downtown parking and make recommendations for best practices on how to maximize parking capacity and to best utilize the existing garage and street parking capacity and locations. She reviewed the structure of the RFP in detail with the Commission. Ms. Pope and the Commission discussed prior parking studies that had been done. The Commission made certain suggestions as to the content of the RFP, including types of things the consultant should consider, such as input from downtown businesses and other public parking stakeholders. An assessment of the public's appetite for walking distance and amount it is willing to pay for parking was also suggested. Following further discussion, the Commission determined to take additional time to more thoroughly review the draft and to make any additional comments to Ms. Pope during the ensuing week prior to her sending the RFP to prospective consultants.
- 6) Approval of Meeting Minutes: Upon motion duly made by Frank Jerome and seconded by Sarah Cannon, minutes of the Commission's January 28, 2013 regular meeting were then unanimously approved.
- 7) Review and Approval of Claims for Payments: The Commission and Ms. Pope then discussed the monthly dockets of claims for payments and the details of each docketed claim, and made certain interlineations on the dockets with respect to claims that the Commission was not then approving and was gathering more information for further consideration, including a claim for a certain payment

from Airport TIF funds that required additional information prior to approval. Following discussion, upon motion duly made by David Wright and seconded by Sarah Cannon, all claims except for those that were interlineated and the Airport TIF claims were unanimously approved for payment.

Adjournment

Upon motion duly made by Sarah Cannon and seconded by Mayor Brown, the meeting was adjourned at 9:10 p.m.