

MINUTES

ANDERSON REDEVELOPMENT COMMISSION

May 10, 2022

PUBLIC MEETING

5:00 p.m.
ED Conference Room, Room #105
120 East 8th Street
Anderson, IN 46016

MEMBERS PRESENT

Richard Symmes, President
Danny McGhee, Vice President, by phone conferencing
Kenneth Davenport, Secretary
David Eicks
Perry Washington

STAFF PRESENT

Greg Winkler, ED Director
Karen Soetenga, ED Dept
Mike Austin, Commission Attorney

OTHERS PRESENT

Councilor Crumes
Dan Courtney, Anderson University
President Pistole, Anderson University
Terry Truit, Flagship Enterprise Center
Doug Eckerty, WorkOne
Kim Townsend, AHA
Ken de la Bastide, Herald Bulletin

OPEN PUBLIC MEETING

ROLL CALL AND DECLARATION OF QUORUM

Mr. Symmes, at 5:00 pm., established a quorum with four (4) members present.

MINUTES

Mr. Eicks moved to approve the April 18, 2022 minutes as presented. Mr. Davenport seconded. Motion passed unanimously; 4 yes, 0 no.

Mr. Austin, Board Attorney, stated Mr. McGhee is able to participate the meeting via phone conferencing but is unable to vote. Statute allows Commissions to adopt rules for electronic participation but the Anderson Redevelopment Commission (ARC) has not chosen to do so. Discussion followed. Mr. Eicks stated the Commission would have to first decide if they want to set rules for any type of electronic participation to be allowed. Brief discussion followed. President Symmes stated for today's meeting Mr. McGhee would be allowed to participate but not vote and an executive meeting would be held to discuss the desire to create rules moving forward.

FINANCIALS / INVOICES

Commission members reviewed financials and invoices.

Mr. Washington asked when it was decided to use Barnes and Thornburg for services related to Flagship Enterprise Center (FEC). Mr. Winkler stated the Commission has used Barnes and Thornburg for the last 10 years for all TIF related issues; Tom Pitman knows the Commission and its projects. Mr. Washington stated he was not part of the decision to use their services and discussion began with Mr. Pitman on March 13th and he was not aware of the project until well into April.

Mr. Eicks moved to approve the invoices in the amount of \$217,100.96. Mr. Washington seconded. Motion passed unanimously; 4 yes, 0 no.

BUSINESS

Resolution ARC03-22 A Resolution Approving an Economic Development Agreement and Related Matters

Mr. Winkler briefed members on Resolution ARC03-22 concerning the funding of a Flagship Enterprise Center project. Mr. Winkler stated Anderson University (AU) owns 2705 Enterprise Drive which is adjacent to 2701 Enterprise Drive, owned by the ARC and operated by the FEC. AU is not able to use it to its full capacity at this point and would like to sell. Mr. Winkler stated the building has been a significant and valuable part of economic development efforts in the past and should be in the future. It has provided for the incubation of businesses as well as a building used to start conversations with companies looking to locate here. Mr. Winkler stated the building has contributed to the success of landing companies such as Nestle, GTI, NTN and Interstate Warehousing and the City desires continued access to the building. Mr. Winkler stated the agreement being considered asks the Commission to commit to FEC not more than 6M in the form of a TIF bond to be used for the purchase of 2705 Enterprise Drive from AU. FEC will add an additional 1M. Mr. Winkler stated the agreement changes the FEC Board make up flipping the current configuration of 7 AU appointments and 4 Mayoral appointments to 7 Mayoral and 4 AU, effectively giving the City control of Flagship Center Inc securing the asset if there was an issue in the future. Discussion followed.

Mr. McGhee asked if an appraisal had been completed. Mr. Winkler stated his understanding of the law is none is necessary as the ARC is not acquiring the asset, FEC is. Mr. McGhee asked if a member of the ARC could sit on the FEC Board. President Symmes stated no, placement is at the discretion of the Mayor. Discussion followed. Mr. Winkler stated when the building was built in 2007 it cost 8.9M and though the building may not appraise for that amount today, if the building was occupied it almost certainly would appraise for the 6.9 FEC will be paying for the building. Mr. Winkler stated the real value is in the collaboration with AU through FEC to create business opportunities throughout the community.

Mr. Washington asked if AU had a bond coming due in June and if the proceeds of this bond will be used to defease the one coming due. Mr. Courtney, Anderson University, informed members yes, their 2017 bond, originally for 39M, had three tranches the last tranche consisting of 6.9M which was required to be paid off if the building was ever sold. Mr. Courtney stated AU's fiscal year ends May 31st and having the transaction happen before then is helpful to AU to meet all debt covenants. Mr. Washington stated he want to see AU flourish but they must be transparent about the use of the funds. Mr. Winkler stated if AU was just asking for 5.9M to defease the 2017 bond it would be a different conversation but there is an asset involved that comes under the City's control due to the agreement being considered today. Mr. Washington expressed concern over FEC's financial sustainability. Mr. Truit, FEC Director, stated while the bottom line may not be positive it is calculated after amortization and depreciation, non cash expenses, are added and if they were removed, FEC would actually be liquid; cash inflow would be larger than cash outflow. Discussion followed. Mr. Davenport stated he had toured the facility and spoke with Mr. Truit and was impressed with the potential of the site. Mr. Winkler stated that Mayor Broderick specifically asked the FEC and AU how they can engage more with the Anderson community. President Pistole briefed members on efforts to keep local talent local including \$100,000 of scholarships made available for Anderson and Madison County students. Discussion followed. Mr Eckerty shared information concerning the Family Scholars House program which supplies housing and wrap around services for single mothers in generational poverty who want to go to college. Mr. Eckerty stated they are partnering with AU in the purchase of 12units to be used for housing and for educational opportunities.

Mr. Eicks stated he sees the purchase of this building as a valuable tool in the Economic Development toolbox. 2705 Enterprise Drive and AU have helped to secure jobs and investment in the community.

Councilor Crumes asked whether a land use plan was being considered. Councilor Crumes stated the building is beautiful but FEC is a nonprofit and no taxes have been generated with the City providing the 6M while our local community school had to give out 15,000 Fs this past year. Ms. Crumes stated the ARC has ability to give 15% of TIF revenue to the schools to help. Ms. Crumes briefed members on need for investment in schools, streets and organizations such as the Impact Center that will be adversely effected by the move of the Excel Center to the Flagship building. Discussion followed. Councilor Crumes asked what individuals Mr. Winkler was working with on this project. Mr. Winkler stated until he has a project to present it's not usually shared with many because of confidentiality. Discussion followed.

Mr. Davenport made a motion to approve Resolution ARC03-22 Approving an Economic Development Agreement and related matters and Mr. Eicks seconded. Motion passed; 3 yes, 1 abstention.

Councilor Crumes stated there was no diversity on the FEC board and representation is important.

Resolution ARC04-22 A Resolution Pledging Certain Tax Increment Revenues to the Payment of Economic Development Revenue Bonds

Mr. Winkler informed members of Resolution ARC04-22 consisting of a TIF pledge of 6M, 5.9 net proceeds, to go to FEC to purchase 2705 Enterprise Drive. Mr. Austin stated the resolution was prepared by Tom Pitman and was of standard format.

Mr. Eicks made a motion to approve Resolution ARC04-22 pledging TIF revenue to the payment of Economic Development Bonds and Mr. Davenport seconded. Motion passed; 3 yes, 1 abstention.

Mr. McGhee congratulated the parties for the passage of the resolutions and stated he felt a precedent had been set on use of TIF dollars and the Commission needed to reflect on what has been done in the past and what it wants to do moving forward.

MISCELLANEOUS

Attorney Austin update and request for authorization for President to execute contingent consent for Property Resources, LLC sale on behalf of ARC.

Meeting was adjourned at 6:20pm.

Mr. Austin stated at the April meeting of the ARC it was decided to allow Property Resources LLC to sell the Bingham Square Apartments on West 16th Street if the bond and utilities were fully paid. Mr. Austin stated it was suggested by Mayor Broderick and Bingham's counsel there be a written agreement stating the ARC would not oppose the sale provided the bonds were paid and utilities are up to date. Mr. Austin stated the Consent to Sell Agreement the Commission is being asked to approve also contains a mutual release.

Mr. Washington stated the ARC doesn't know anything about the buyer, MAS Capital and it could be a Ponzi scheme and until that is proven it shouldn't be signed. Mr. Austin stated the problem is they cannot sell without ARC's consent and the agreement allows for the ARC to walk away whole with bond and utilities being paid in full. Discussion followed.

Mr. Eicks made a motion to approve the Consent to Sell Agreement.

Mr. Eicks asked if there was an expiration date. Mr. Austin stated no. Mr. Eicks stated he wanted an expiration date, tied to the purchase agreement, added to the Consent to Sell.

Mr. Davenport seconded.

Ms. Townsend, Anderson Housing Authority, stated she has a lien against the property. Discussion followed.

Mr. De le Bastide asked if the agreement included payment of back taxes owed on the Madison Square Apartments Property Resource LLC owns. Mr. Austin stated, no, the ARC has no ties to the Madison Square property.

Councilor Crumes stated there are 400 people waiting for housing in the City of Anderson and asked if the ARC is looking into things they can do. Discussion followed.

Motion passed unanimously; 4 yes.

Councilor Crumes asked if there was a plan to update the land use plan. President Symmes stated he would look into it.