

Redevelopment Authority

MEETING DATE: May 6, 2021
LOCATION: Pendleton Town Hall
100 W. State Street Pendleton, Indiana
TIME: 6:00 p.m.

ORDER OF BUSINESS

I. CALL TO ORDER

Joint Meeting with Redevelopment Commission was called to order by Michelle Skeen at 6:04 pm

II. ROLL CALL AND DETERMINATION OF QUORUM

Board members in attendance were Michelle Skeen and Jeanette Isbell. A quorum was established. Individuals representing the Town were Town Manager Scott Reske and Micha Buffington representing Town Attorney Jeff Graham. Also, attending were Craig Campbell, Steve Denny, Dave Cravens, Lynn Mellinger, Mike Hanna, Willie Boles, Chet Babb, Robert Jones, Marissa Skaggs and Edward Wolenty from Decker, Lawyer & Maynard.

III. APPROVAL OF MEETING MINUTES

A motion to accept the minutes from the April 1, 2021 meeting as written was made by Jeanette Isbell and seconded by Michelle Skeen. Roll call vote was taken with both voting members present giving approval. The motion was carried.

IV. OLD BUSINESS

No old business for Redevelopment Authority.

V. NEW BUSINESS

A. Annual Financial Budget for the TIF District Presentation by Baker Tilly

Scott Reske introduced the members of the Pendleton Redevelopment Commission and Brian Colton, Principal Municipal Advisor at Baker Tilly. TIF Report Presentation (IC 36-7-25-8) available in Google Drive. Brian Colton provided the following overview of the TIF Report (see attachment):

- TIF Mechanics to capture incremental growth and its impact on increased assessed value. Base set at \$100,000, but if new business comes in, the report will capture the change.
- Limitations on how long can capture. Once obligation in place, twenty-five years will apply until terminated.
- At the end of the life of the TIF area, assessed value will go into budget calculation.
- TIF Mechanic Breakdown-
 - Base AV belongs to all taxing districts overlapping TIF Area.

- Incremental AV (yellow area) represents incremental real property tax captured by RDC to pay project costs.
- New Post-Project AV (blue) represents TIF Area's Total AV now belongs to all Taxing Districts
- Redevelopment District and TIF Areas – boundaries set at three levels:
 - Economic Development Area (EDA)
 - Tax Allocation Area {capture TIF}
 - Redevelopment District – Town, City or County (Levy the special benefits tax (SBT); Example = bonds, debt service levy to pay debt service)
- Expiration of TIF Areas
 - Can separate and re-establish TIF Areas
 - Can expand and connect TIF Areas
 - Be careful when setting boundaries to avoid unexpected TIF loss
 - If Allocation Area is getting close to expiration, be sure to analyze the impacts of the release of assessed value to the overlapping taxing units.
- Advantage of larger EDA versus tax allocation when working on small industrial area - example to run sewer line. Allows to pool dollars for bigger projects.
- Pendleton Economic Development Area No. 1:
 - Created May 4, 1999
 - Expiration January 1, 2031
 - Estimated Annual TIF pay in 2021 \$736,030.00
 - Outstanding Obligations – Lease Rental Revenue Bonds, Series 2015 and Waterworks District Bonds, Series 2015. [see report for details]
 - Comparison of Estimated Tax Increment and Annual Debt Service Payments – details on annual estimated TIF, annual debt payments and coverage outlined in report.
- Pendleton Consolidated Redevelopment Area No. 1:
 - Created/Expanded May 25,2017 & April 5, 2018
 - Expiration n/a
 - Estimated Annual TIF pay in 2020 \$72,030.00; 2021 \$135,371.00
 - The Allocation Area will expire 25 years after the date the first obligation is incurred to pay principal or interest on bonds or lease rentals on leases.

- Pendleton-Falls Pointe Economic Development Area No. 1:
 - Created September 27, 2018
 - Expiration December 19, 2043
 - Estimated Annual TIF pay in 2022 \$281,980.
 - Assumes the Wellness Center Project is complete and fully assessed by January 1, 2021 for taxes payable 2022.
 - Represents the estimated Tax Increment after completion of the Wellness Center Project.
 - Outstanding Obligations – Taxable Economic Development Lease Rental Revenue Bonds, Series 2018 (Wellness Center Project) [see report for details]
 - Comparison of Estimated Tax Increment and Annual Lease Rental Payments – details on annual estimated TIF, annual lease rental payments
 - Lease Rental payments for 2021 budget years will be paid from other Town or Redevelopment Commission funds.
 - Final maturity set for February 1, 2039
 - Per Scott Reske, Wellness Center Project was not fully complete in 2021 as need to address landscaping and a few other minor things.
 - Wellness Center should be paying all taxes due except those assessed for paving of parking lot.
 - Wellness Center assessed value at \$13 million. Per Scott Reske, property card states \$15 million; therefore, should be getting full value on the current tax bill.
 - Brian Colton confirmed that after \$285,000 assessed value, it is appealable as well as when land is sold and adjustments made, time limit will apply at year 2035.
- Future projects to be funded with TIF Revenues:
 - Heritage Way extension to Fall Creek Parkway
 - Sidewalk/Trail system connecting the Historic Residential Area to neighborhoods west of I-69
 - US 36/SR 9/SR 38/SR 67 reconstruction enhancement (lighting, median and trail improvements)
- The Total Taxing District Rate have overlapping taxing units which include – Special Taxing Districts, County, Township, Library, School, City/Town
- Impacts of TIF on other units:
 - During TIF capture, other taxing units may immediately benefit:
 - From personal property AV that is not captured

- From TIF AV pass-through to other units
- New jobs and wages that may increase local option income tax revenue.
- Post-2009 Referendum for Operating and/or Debt – benefit from TIF Captured AV
- After TIF ends (or if there is surplus pass-through), the increased assessed value is added to the tax base of all the taxing units.
- The following comments shared:
 - Brian Colton stated that the developer would be the one to advise if TIF proceeds are excludable from their taxable income, yet believes TIF money should be taxable.
 - Scott Reske confirmed that the Wellness Center will be subject to the new storm water fee.
 - Steve Denny expressed concerns that the Town of Pendleton is putting a lot of money into the Wellness Center, but not getting much in return as paying \$8,000 per month in lease payments to the Wellness Center plus \$124,000 in annual bond payments.
 - Steve Denny stated that many towns are being aggressive in buying existing land and structures. Denny is concerned that with the funds available, the Town of Pendleton is not in position to do this any time soon.
 - Brian Colton suggested to look at the consolidated area for growth.
 - Steve Denny stated that the Wellness Center has taken three – four years for construction, just opened and has no other development on their property.
 - Brian Colton stated that the parcel has now been split and up for sale. Willie Boles and Chet Babb both confirmed that for sale signs have been up for a year now with no sale pending. Colton confirmed that the Town of Pendleton is still obligated to the lease payment even if the properties are sold. The Wellness Center will not get credit for any real estate conveyed/sold. Once the new building/improvements made, the Town of Pendleton will receive the tax money on the improvements. However, as for the land, the Wellness Center will continue to receive the credit.
 - Brian Colton confirmed that should the Wellness Center ever go out of business, the Town of Pendleton would still be obligated on the bond payment, however, not obligated to the WC for the \$8,000 per month lease payment. Willie Boles added that the Town of Pendleton would not get the building if property foreclosed as creditors would be entitled to lien. Steve Denny also stated that should the building not open for 90 days, the lease payments can be suspended.
 - Steve Denny commented that the Town of Pendleton has one shot to do right and need to make sure that the land is developed in the right way.
 - Chet Babb encouraged asking good questions, research rules and regulations and use planning standards as a guide.

- Scott Reske stated that the Town of Pendleton has hired an appraiser to assess the value of the empty lot owned by the Town, approximately 50 acres.
- Robert Jones commented that the value the Wellness Center adds to the Town of Pendleton should also be taken into account – employment opportunities, amenities, draw to the community and attractiveness. Jones stated that they have a higher membership than expected at this time, especially with Covid-19 this past year. Jones also added that the math will work itself out in the long-run and that any shortfall will be temporary.

After discussions among Redevelopment Commission Board Members and Redevelopment Authority Board Members, Motion to accept TIF Report as presented made by RDC member Steve Denny; seconded by RDC member Lynn Mellinger; roll call was taken and all members present voted in favor of said motion; motion carried.

VI. ADJOURNMENT

Motion to adjourn the meeting was made by Michelle Skeen.

Meeting was adjourned by Michelle Skeen at 7:10 pm.

Next meeting June 3, 2021 at 7:00 pm