

PLYMOUTH REDEVELOPMENT COMMISSION

July 16, 2019

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The Plymouth Redevelopment Commission met in regular session at 5:30 p.m., Tuesday, July 16, 2019, in the Council Chambers of the City Building at 124 North Michigan Street, Plymouth, Indiana.

President Mike Miley called the meeting to order for Commissioners Billy Ellinger, Nancy Felde, Craig Hopple and Melissa Christiansen. City Attorney Sean Surrisi and Deputy Clerk-Treasurer Abby Collins were also in attendance. Commissioner Tom Pedavoli was absent.

Commissioners Hopple and Felde moved and seconded to approve the minutes of the regular session and executive session of June 18, 2019. The motion carried.

Public Hearing: Amending the list of projects set forth within the US 30/Pine Road Economic Development Plan; designating the Pretzels Expansion Building Air Allocation Area as its own allocation area within the US 30/Pine Road Economic Development Area; and designating Pretzels, Inc. as a “designated taxpayer”.

The following legal notice was advertised in the Pilot News on July 5, 2019:

<p>NOTICE OF ADOPTION OF A DECLARATORY RESOLUTION OF THE PLYMOUTH REDEVELOPMENT COMMISSION AND OF A PUBLIC HEARING WITH RESPECT THERETO</p> <p>Notice is hereby given that the Plymouth Redevelopment Commission (the "Commission"), adopted a Declaratory Resolution on May 21, 2019 (the "Declaratory Resolution"), amending (i) the list of projects set forth within the US 30/Pine Road Economic Development Plan (the "Plan"); (ii) designating the Pretzels Expansion</p>	<p>Building Air Allocation Area as its own allocation area within the US 30/Pine Road Economic Development Area (the "Economic Development Area"); and (iii) designating Pretzels, Inc. as a "designated taxpayer."</p> <p>Notice is hereby given that the Commission will conduct a public hearing on July 16, 2019, at 5:30 p.m., local time, at the Council Chambers, 124 N. Michigan Street (Garro Street Entrance), Plymouth, Indiana, to receive and hear remonstrances and objections from all persons interested in or affected by the proposed projects and the proceedings pertaining thereto.</p>	<p>The Commission will determine the public utility and the benefit of the proposed projects and the determinations in the Declaratory Resolution. Maps and plats of the Economic Development Area have been prepared and, along with the Final Confirmatory Resolution and the Plan, can be inspected at City Hall, 124 N. Michigan Street (Garro Street Entrance), Plymouth, Indiana.</p> <p>Dated this 5th day of July, 2019.</p> <p>PLYMOUTH REDEVELOPMENT COMMISSION</p> <p>JULY 5, 2019 PN2234 hspaklp</p>
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Commissioners Ellinger and Hopple moved and seconded to open the public hearing. President Miley declared the public hearing open.

City Attorney Surrisi noted that this is part of the process to create the allocation area for the new Pretzels, Inc. expansion project, which will be a \$71 million investment. He said that this was part of incentive package to attract this business to Plymouth when they first decided to move here. Surrisi explained that this would be a bond issuance to pledge 100% of TIF generated from this allocation area for first 10 years and 80% the last 4 years. This TIF money will go towards paying off the bonds. Following this 14-year period, the bond obligation falls off and 100% of revenue would then become Redevelopment Commission TIF revenue.

Surrisi said that this is unique to our city in that the allocation area is already within a TIF district, TIF #3. The air above the land was carved out, so it does not diminish the current TIF revenue. The allocation area is structured to segregate funds that will go towards this project away from what is already being generated by the land. Since this is the first of its kind in Marshall County, the

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assessor's office and auditor's office have already discussed how it will be assessed. The assessor's office has come up with a way they think it will work. Pretzels and bond counsel are okay with what was decided. He is anticipating that the closing date will be within 7 -10 days. Surrisi said the commission received a draft version last month of tax impact statement. The final version had minor changes; he thinks only to include that the West Township Trustee was also provided a copy. Therefore, all the overlapping taxing units received the tax impact statement. It was concluded that there will not be a substantial impact on overlapping taxing units because this investment otherwise would not have occurred if not for this TIF incentive. Surrisi also touched on the non-property tax impact that spin off revenues will likely occur from 180 new jobs, including local income tax revenue for new residents and peripheral investment into the community.

Surrisi introduced Tim Emerick, of Barnes & Thornburg, to answer any questions regarding the bond issuance.

Reggie Danielson, 1111 W Jefferson Street, asked where the responsibility lands to ensure Pretzels, Inc delivers on their statement that they will bring 180 new jobs to the area. He voiced concern regarding the Winona Building Products TIF incentive that it appears they have not delivered on at this point in time.

City Attorney Surrisi addressed the Winona Building Products question and said that the city has not provided them any TIF incentive yet. The TIF district was created, but there has not been a bond issuance. The company is currently seeking additional incentives outside the city, including federal tax credits. Surrisi believes that Winona will need to complete their deal by the end of the year, otherwise the equipment they have purchased this year will be taxed in full. He noted that it is taking the company longer than anticipated to fine tune the original, custom production line, however the core staff of employees that will be shift managers have learned the machine. Their plan is to begin ramping up hiring to fill the production shifts. Surrisi said that there have been some questions about the business since there are now real estate signs outside that building. He said there is nothing to that; the company is staying. They are simply trying to lease or sell the older part of the building on the south side that they are not utilizing. All of their equipment fits into the newer section on the north side of the building.

Surrisi then addressed Mr. Danielson's question regarding the accountability of the anticipated jobs. He said there really are not any guarantees in this deal, as this bond issuance is not like a normal tax abatement that runs through the City Common Council. Surrisi stated that Pretzels must perform in order to generate the revenues that will be used to pay the bonds. The city has no obligation to pay them anything if Pretzels does not invest and generate tax revenue. He said these are the estimated number of employees that Pretzels think they will need to operate when all four ovens are installed and producing.

Jerry Chavez, of the Marshall County Economic Development Corporation, said that this is a family-owned business that has a good track record. They recently sold to an equity partner, which is giving them additional financial security. Pretzels could have chosen another location to have their business, but they chose Plymouth due to the incentive package that was offered to them. He noted that the commission is considering a bond opportunity that is at no risk to the city, it is only a risk to the company. Chavez said that a big benefit to the city will be the payroll dollars that will float in this community, which is estimated at 30% of the labor dollars. He noted that this is an

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opportunity for Plymouth to continue growing, as now other snack food processors are looking to locate their businesses in Plymouth. Surrisi added that when Pretzels first moved to Plymouth, they anticipated hiring 60 employees. They currently employ over 100 people, so they are performing based on their estimates. He sees no reason why the projection of 180 additional employees would not be met.

Kip Cook, 1044 Angel Street, asked what the total bond amount will be.

Surrisi said that this bond is unique in that it is not fixed. The bond total is estimated by financial counsel at around \$9 million, however, at the request of Pretzels, a maximum assessment scenario was calculated and would be more like \$13 million. The only way the bond would be \$13 million is if for some reason the county assessor's office were to assess the real estate improvements and personal property improvements at 100% of the cost of purchase and installation for the duration of the lifetime of the bond. \$9 million is a more realistic figure and what the bond counsel is projecting.

Cook asked what the \$9 million will go towards. Surrisi said that these economic revenue bonds are set up as a vehicle to take tax money and reinvest it into the business. Cook asked if the bond pays for their employees, pay for equipment, or simply pay for the taxes that are due. Surrisi said that the bond will finance improvements to the building, machinery, and equipment. Cook asked for the number of years it will take to pay the bond off. Surrisi said it is approximately 16 years, but the first payment is not due until 2021, so it will really be a 14-year payment plan.

Cook voiced concern about manufacturers having control over cities and towns. He also feels the city should have repercussions if they do not produce 180 jobs, such as what Saint Joseph County is implementing on their businesses.

Emerick addressed this and said what Saint Joseph County is dealing with right now does not fall under the same statute as what this bond issuance falls under. They are dealing with claw backs and property tax abatements, which are different from TIF funds. He said that in this situation, a repercussion is unnecessary because the company must perform and invest in order to generate the TIF revenue to pay their bonds. Emerick said that Indiana Code does not allow the city to push back and hold companies to their promise in this scenario.

Danielson asked who would benefit from this bond issuance. He voiced concerns about the success of creating TIF districts and how that benefits the people of the community.

Miley offered the privilege of the floor to the commission and anyone else in attendance. There were no additional comments.

Commissioners Ellinger and Hopple moved and seconded to close the public hearing. The motion carried.

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Fire Truck Discussion

Fire Chief Rod Miller addressed the commission. He said at the commission's request following their last meeting, he did have an inspection done on the fire truck that they are looking at having replaced. It was just done yesterday, so he did not have a formal report to give the commissioners. He said that the truck would not pass a Department of Transportation inspection. The fire department is not governed by the DOT, but they do try to follow the safety aspects of the DOT regulations. One major issue that has arisen from the inspection is the motor, which stopped being produced in the year 2000. They are having a difficult time finding parts for this motor.

City Attorney Surrisi said that in speaking with Clerk-Treasurer Xaver about this, they discussed, depending on the results from the fire truck's inspection and the lifespan of the truck, whether or not it would be feasible for the city to come up with a plan to set aside funds each year to plan for the purchase in several years. Another option could potentially be a bond through Indiana Bond Bank. It is a state agency that has a lot of financing possibilities for municipalities and one of them is a lease to own program, called HELP – Hoosier Equipment Leasing Program. Surrisi put in a simple application using TIF #1 as the funding source with the chief's fire truck quote of approximately \$700,000 and a down payment of \$200,000 and finance \$500,000 over a 5-year term. The application is sent out to banks that they have participating in the program. The low quote came from US Bank, which was 2.307% interest for 60 months with one annual payment. Over the 5-year term there would be \$35,194.30 in interest with the first payment being September 2020 and the final payment in September 2024. Clerk-Treasurer Xaver said in their conversation that leases do cause more paperwork on her end when reporting to the state. However, this is something to consider, especially with the annual increases on fire truck prices. Miller said the customary increase is approximately 3% so if the city waits roughly 4 more years before purchasing, the cost of the vehicle could be upwards of \$770,000.

Miley asked the age of the fire truck. Miller said 27 years old.

Christiansen asked how the city typically replaces fire trucks. Miller said historically financing has been through the Cumulative Capital Development fund, which is a tax fund. City Attorney Surrisi explained that the city receives taxes for this fund and it is split three ways: Fire Department, Aviation Department, and General Fund. The approximate total for the fire department fund is \$40,000-\$50,000 per year. Christiansen asked if money would be available from this fund to make a partial payment. Surrisi said the plan was to have the Redevelopment Commission responsible to make the annual payment to US Bank, but the city would pay \$40,000 per year back to the Redevelopment Commission, which would total \$200,000 over the proposed 5-year term. So, in the end, Redevelopment would end up paying \$535,000 and the city would pay \$200,000.

Surrisi said that this is just preliminary information to review. Miller will return to the next meeting when Clerk-Treasurer Xaver is available to discuss options and projections for the future.

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TIF #1

Update on Hoham Drive

City Engineer Rick Gaul addressed the commission. He reviewed the monthly update:

CITY OF PLYMOUTH
REDEVELOPMENT COMMISSION
HOHAM DRIVE RECONSTRUCT
DESH# 1600926

PROPOSED LETTING DATE 8/11/2021
CONSTRUCTION ESTIMATE \$ 2.4 M

PRELIMINARY ENGINEERING
LOCHMUELLER GROUP

JUNE 2019 TASK	CURRENT		PREVIOUS		PRELIMINARY ENGINEERING	
	% COMPLETE	COST TO DATE	% COMPLETE	COST TO DATE	COSTS REMAINING	TOTAL COSTS
TOPOGRAPHIC SURVEY	100%	\$ 30,200.00	100%	\$ 30,200.00	\$ -	\$ 30,200.00
ENVIRONMENTAL DOC	64%	\$ 23,717.91	64%	\$ 23,689.62	\$ 13,582.09	\$ 37,300.00
PUBLIC HEARING	0%	\$ -	0%	\$ -	\$ 6,500.00	\$ 6,500.00
ROAD DESIGN & PLANS	45%	\$ 67,614.82	44%	\$ 66,570.74	\$ 82,785.18	\$ 150,400.00
STORMWATER ANALYSIS & REP	100%	\$ 16,800.00	100%	\$ 16,800.00	\$ -	\$ 16,800.00
404/401 PERMIT APPLICATION	0%	\$ -	0%	\$ -	\$ 3,300.00	\$ 3,300.00
RULE 5 PERMIT & SWPPP	0%	\$ -	0%	\$ -	\$ 4,900.00	\$ 4,900.00
IDNR CONST FLOOD PERMIT	0%	\$ -	0%	\$ -		\$ 4,800.00
UTILITY COORDINATION	37%	\$ 3,388.37	24%	\$ 2,189.11	\$ 133,166.30	\$ 9,100.00
GEOTECHNICAL INVESTIGATION	0%	\$ -	0%	\$ -	\$ 10,980.00	\$ 10,980.00
BID PHASE (HOURLY RATE - NTE)	0%	\$ -	0%	\$ -	\$ 5,700.00	\$ 5,700.00
TITLE REPORTS	0%	\$ -	0%	\$ -	\$ 5,225.00	\$ 5,225.00
ROW ENGINEERING	0%	\$ -	0%	\$ -	\$ 26,400.00	\$ 26,400.00
ROW STAKING	0%	\$ -	0%	\$ -	\$ 7,150.00	\$ 7,150.00
APPRAISAL PROBLEM ANALYSIS	0%	\$ -	0%	\$ -	\$ 2,750.00	\$ 2,750.00
TOTAL	44.08%	\$ 141,721.10	41.42%	\$ 133,166.30	\$ 179,783.90	\$ 321,505.00

Gaul said the environmental study was submitted to the state last week. It has been determined that there are a lot of utilities in this area, so they are still working on coordinating all the utilities that run underneath Hoham Drive.

Rees Theatre Project Update

City Attorney Surrisi said the grant application through the city was submitted at the end of June and the results should be back in August.

TIF #2

No updates

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TIF #3

Update on Aquatics Center Project

Jerry Chavez, of Marshall County Economic Development Commission, provided an update to the commission. He said Marshall County Community Foundation/United Way and the daycare center are currently occupying the spaces in their building. Approximately \$1.7 million has been paid out towards that project and there is about \$191,000 in retainage. That portion of the project is getting ready to close out soon.

The aquatic center is on schedule. They have paid about \$5.8 million and retained approximately \$647,000, which will not be released until the project is complete. He reviewed a PowerPoint presentation with pictures of the building's progress. They continue to look towards the vision that a hotel will be constructed next to that building.

Pretzels, Inc. Expansion

City Attorney Surrisi presented Resolution No. 2019-848, A Resolution of the Plymouth Redevelopment Commission Confirming its Declaratory Resolution Amending the US 30/Pine Road Economic Development Area, Adding an Air Parcel as its own Allocation Area, and Designating a Taxpayer.

Commissioners Ellinger and Hopple moved and seconded to adopt Resolution No. 2019-848, A Resolution of the Plymouth Redevelopment Commission Confirming its Declaratory Resolution Amending the US 30/Pine Road Economic Development Area, Adding an Air Parcel as its own Allocation Area, and Designating a Taxpayer. The motion carried.

City Attorney Surrisi presented Resolution No. 2019-864, A Resolution of the City of Plymouth Redevelopment Commission Pledging Certain Tax Increment Revenues to the Payment of Economic Development Revenue Bonds of the City of Plymouth.

Commissioners Felde and Hopple moved and seconded to adopt Resolution No. 2019-864, A Resolution of the City of Plymouth Redevelopment Commission Pledging Certain Tax Increment Revenues to the Payment of Economic Development Revenue Bonds of the City of Plymouth.

City Attorney Surrisi added that this resolution is saying that the revenues from the new TIF allocation area will go towards paying off the bond for the Pretzels, Inc. expansion.

The motion to approve the resolution passed.

TIF #4

Update on River Gate South Project

City Attorney Surrisi said the city has scheduled a meeting with the developer to go over a checklist of things that need fixed/repared. He anticipates that the project will be done within a few months. There will be one final bill through the Redevelopment Commission once the punch list items have been addressed.

Commission Member Felde asked who will be managing and maintaining the planting areas along the river walk. She said that several plants were torn out by the developer and asked why.

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Surrisi said the city will be maintaining those planting areas. He said that he does not know why they were removed, but that will be an item addressed in the punch list.

TIF #5

Update on Winona Building Products

No updates.

TIF #6

Update on Centennial Crossings

Surrisi said he is anticipating that the developer will present Phase I of the Centennial Crossings project to the Plan Commission in September for a secondary approval of the Planned Unit Development.

Other Business

Marshall County Economic Development Corporation's Jerry Chavez provided a quarterly update to the commissioners. He discussed the following topics:

- Regional Cities funding that will go towards the rehabilitation of a building for an e-hub/co-work office space
- Recruitment to the area of armed forces veterans and translating vernacular to help with job placement
- MCEDC's leadership program through Ancilla College
- Regional Stellar designation application

Commissioner Nancy Felde presented Resolution No. 2019-865, Resolution to Commend Group of Area Residents Who Volunteered in the Joint Effort to Rehabilitate the South Michigan Railroad Bridge, Greatly Improving Its Appearance, Changing the Old Tired Look Into a Fresh, New Gateway to Downtown Plymouth.

The commissioners commended the volunteers for giving their time and the community and businesses for donating the funds to complete the project.

Commissioners Hopple and Ellinger moved and seconded to approve Resolution No. 2019-865, Resolution to Commend Group of Area Residents Who Volunteered in the Joint Effort to Rehabilitate the South Michigan Railroad Bridge, Greatly Improving Its Appearance, Changing the Old Tired Look Into a Fresh, New Gateway to Downtown Plymouth. The motion carried.

Those who donated funds were also thanked. Mayor Senter noted that no city funds were used to buy supplies for the project.

Deputy Clerk-Treasurer Collins read aloud the following memorandum from Clerk-Treasurer Xaver:

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MEMO

To: Mayor Senter
Council Members
Redevelopment Members
City Attorney Surrisi
Citizens and Taxpayers of the City of Plymouth

From: Clerk-Treasurer Xaver

Date: July 11, 2019

Re: July 8, 2019 news article on WTCA website

All,

I read an article on the WTCA website to which I would like to respond. First and foremost, I would like to thank Kathy Bottorff, Shawn McGrath and Anita Goodan for their commitment to attending our meetings and reporting to our citizens. I would also like to thank Mike Delp for asking the question and Mayor Senter for responding to this article when he was on the radio earlier this week.

In the article on WTCA, Mike Delp asked the County Council why they neither contributed to nor explained their reasoning as to why they were not contributing to the proposed Permanent Supportive Housing Project on West Jefferson Street.

The answers that Mr. Delp received at the county council meeting Monday included

- The project is in a TIF district, so the funds the city is using would have been going to the county
- Not supportive of a residential development using TIF funds
- The county's funding is limited with reduced revenue and additional costs
-

I would like everyone to understand that **the Permanent Supportive Housing project is NOT located within a TIF district.**

I would concur that all local taxing entities are facing reduced revenue due in part to circuit breakers. While the state legislators reduced the funds available to local taxing jurisdictions through property taxes (in our case: the City of Plymouth, Marshall County, Solid Waste District, Plymouth Public Library, Plymouth Community School Corporation and Center or West Township, depending on where the property is located), making themselves heroes; they allow counties, cities and towns (depending on the individual tax) to adopt local Wheel Taxes and Public Safety taxes, which, if adopted, would help fund our police, fire, EMS and sheriff departments. As an elected official, I understand that local councils and commissions don't want to adopt new taxes to offset income lost from taxes reduced by the state – no one wants to tell their neighbors (and the people who elect them) that they are passing new taxes. But the reality is, that is the position that state legislators put us in. The loss of revenue and increased costs are an unfortunate reality of running a household, business and government. That's why it's so vital and appreciated that our city department heads are cognizant of and stay within their spending limitations. That's why it's so important that our councils and commissions understand the fine balance between what they want to fund and what they can fund and find a way to balance the two without breaking the bank. And that's why the clerk-treasurer is tasked with staying up-to-date on new laws, continuing education offered through the state, Indiana League of Municipal Clerks and Treasurers, and other professional organizations; and has the unfortunate responsibility of telling the council and department heads when they cannot spend money and advising the council to increase rates and taxes.

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Approval of Redevelopment Invoices

President Miley presented the following invoices for the Commission's approval:

- To be paid from TIF 1
 - Progress payment for May, 2019 in the amount of \$2,271.63 to Lochmueller Group for the Hoham Drive Reconstruction Project
- To be paid from TIF 2
 - \$60,680.00 payable to TIF Bond and Interest Fund for semi-annual bond payment toward 2012 Series Redevelopment District Bonds for River Park Square Project Phase I
- To be paid from TIF Bond and Interest Fund
 - \$60,680.00 payable to Bank of New York Mellon for semi-annual bond payment toward 2012 Series Redevelopment District Bonds for River Park Square Project Phase I
- To be paid from TIF 3
 - \$22.16 payable to The Pilot News for legal advertisement for Pretzels, Inc. TIF public hearing

Commissioners Ellinger and Hopple moved and seconded to approve payment of the invoices as presented. The motion carried.

The following communications were provided to the Commissioners:

- 1993 TIF Trial Balance – June, 2019 (TIF #1)
- 2000 TIF Trial Balance – June, 2019 (TIF #2)
- 2005 TIF Trial Balance – June, 2019 (TIF #3)
- 2016 TIF Trial Balance – June, 2019 (TIF #4)

Commissioners Felde and Ellinger moved and seconded to accept the communications as presented. The motion carried.

The next scheduled meeting is scheduled for August 20, 2019, at 5:30 p.m. There being no further business to discuss, the meeting was declared adjourned at 6:54 p.m. after a motion and second by Commissioners Ellinger and Hopple. The motion carried.

Jeanine M. Xaver, IAMC / CMC
Clerk-Treasurer