

MINUTES
MUNCIE COMMON COUNCIL
300 NORTH HIGH STREET
MUNCIE, INDIANA 47305

JUNE 3, 2019

REGULAR MEETING: 7:30 P.M., 1ST FLOOR CITY HALL AUDITORIUM.

PLEDGE OF ALLEGIANCE: Led by Councilperson Anderson.

INVOCATION: Given by Sue Wilhelm, Director at St. Lawrence Catholic Church. Sue taught elementary in the Toledo area, was a Missionary in Papua New Guinea, and was previous Director of Victory Noll Center in Huntington, Indiana. St. Lawrence Church has its 150th anniversary this year.

President Marshall asks for a moment of silence for the south end of Muncie and the family that lost a very special lady yesterday, Mrs. Ann Sheridan of Gibson's Skating Arena. A lot of children grew up at that roller-rink and she will be sadly missed.

CITIZEN RECOGNITION: Councilperson Dishman thanks Marshall for implementing this program into a part of their meeting. There has been a lot of people come through here, in which he didn't know, of accomplishments that have been made. Dishman recognizes Samantha Buckles, Executive Director and Sara Beaver, Program Case Manager, to come forward from Bridges Community Service. This month he would like to given recognition to an old service, instead of an individual, because everybody at Bridges does everything that can be done and helps out. Bridges is a small, non-profit organization located in the Muncie south-central region at 318 W. 8th Street. They provide management and connections to housing for individuals and families that are experiencing homelessness. After accessing the needs of the clients, they make referrals and connect people to support organizations while they are being matched to the appropriate housing program. This is basically the first stop for help if you are literally homeless. This is not the only function of this organization. They run a year long housing rental assistant program coordinate the bright point SSV Program that assists homeless veterans. Along with running a small emergency shelter, they have a Street Outreach Program in addition to having a small community of tiny houses for those experiencing homelessness. It does not stop there. The Bridges main building has showers, restrooms, washers, dryers, computer with internet access and they provide a small warm-up meal and snack for especially those living on the streets. A new side project taking on by this organization are setting vending machines located in Muncie that dispenses hats, gloves, personal hygiene products, blankets and more for the needs that happen after local business hours. One other goal is to educate the community about homelessness and advocate for better betterment through the positive changes in the community and focus on thriving and rebuilding lives. It is with his gratitude for

all they do, that he presents on behalf of the Muncie City Council the June 2019 Citizenship award to Bridges Community Service.

Samantha thanks the council for the award and recognition. She points out the remaining members of the staff who stand to be recognized as well.

Marshall adds that he started the award to hear the great stories from great members of the community and it is always great to hear to the good things going on and around Muncie. Next month, Polk will be presenting the award. Marshall also apologizes on behalf of Polk not being here tonight. His daughter is graduating from Muncie Central this evening. Marshall and the rest of the council congratulate the Muncie Central class of 2019.

ROLL CALL:	PRESENT	ABSENT
Denise Moore	X	
Nora Powell	X	
Brad Polk		X
Julius Anderson	X	
Jerry Dishman	X	
Doug Marshall	X	
Lynn Peters	X	
Dan Ridenour	X	
Linda Gregory	X	

APPROVAL OF THE MINUTES: A motion is made by Gregory and seconded by Powell to approve the Minutes from the May 13, 2019 regular meeting as presented.

A roll call vote showed 8 yeas, 0 nays and 1 absent (Polk). MINUTES APPROVED.

COMMITTEE REPORTS: John West, Chair of the Muncie Landbank says for the last three months, they have had consultants in trying to help them figure out how to get the landbank started locally. They received funding from a private foundation, as well as the Mayor's office and they are looking to grow the organization into a sustainable independent entity dedicated to taking care of abandoned property in the city of Muncie. Their consultants are here to give their findings in brief.

Jim Rokakis, states he served nineteen years as a member of the Cleveland City Council and fourteen years as the County Treasurer of Cuyahoga County, where he spent much of the time dealing with foreclosure crisis and the fallout. It was in that capacity where a group of them got together and wrote a bill creating a powerful landbank in Ohio. Since then, they have helped organize fifty-four additional landbanks in the state of Ohio, fifty-four county landbanks and landbanks in Omaha, Chicago, Memphis and some other cities around the country. One thing landbanks do is provide a predictable entity that can acquire and deal with properties that have issues dealing with them and moving to responsible buyers. This entity has to be active and the problem doesn't solve itself. The problem of vacant properties, in their experience, is you have to have people working hard and dedicated full-time to the mission. Muncie is the first city to

organize a landbank created into the 2016 state legislation. He thinks Muncie can lead the state in helping to move forward on landbank procedures and practices. He saw plenty of abandoned homes during his visit here and everyone knows what abandoned homes cause. It is true here, in Ohio and everywhere else they've done work. Abandoned properties decrease the value of neighboring properties, forces people to move away, lowers property taxes, lowers your revenue, it also causes increases in crime and a lot of other maladies that are pretty evident to the people around them. You need a single purpose entity to make abandoned properties available to people in this community who care and want to move them forward.

Gus Frangos, President and General Counsel Attorney helped write the Ohio landbank, served as a Cleveland City Councilman for seven years and thanks the council for allowing them to present briefly on this matter. They were asked to look at the current state of the law in Muncie with respect to landbanks and also look at ways that law could be changed to make a land banking tax enforcement a little but easier. It is as much as they are operating with the current context, one of their jobs was to try and see where they can move things along. That would be the bad news that tax enforcement is very cumbersome, very difficult and very complicated under Indiana state law. The good news is that though there is sufficient amount of flexibility in the law that would allow the Muncie Landbank to serve as a clearing house that would work with the city of Muncie and its enforcement authority, and the non-profits like Habitat for Humanity, Pathstone and some others to identify at the front end. The vacant and abandoned properties would then be referred to the Auditor so that it can then be foreclosed upon and so that tax sales that end up in the commissioners' preview end up with a predictable, reliable and upfront way of getting to responsible hands, rather than speculators. As it is known in this community, as well as theirs, most of the properties that end up in forfeiture and go to tax lien sales that are vacant and abandoned, 85% of the time end up back in the tax foreclosure and the county and the city has to pay for all of that carnage. Landbank can serve as a clearing house. The local tasks that they are asking are for the city enforcement authority, the county Auditor, the non-profits, the Muncie Landbank and the Commissioners to coalesce them around a certain protocol that allows all of this predictability to happen at the front end, rather than the back end, of the process. This would allow responsible triaging and responsible ownership of these vacant and abandoned properties before speculation. That is the key. In the future, they are purposing select surgical changes to the Indiana code that would take some of this and codify it into law. He refers to a handout he presented prior to the meeting, describing the collaborating and need to connect all of the existing authorities and players that touch upon tax enforcement. It is described in this document what the advocates at the local level have to encourage all of the players to get involved. They appreciate the support and are willing to answer any questions anyone may have.

A woman alongside the fellow Ohio attorneys does not state her name or address for record but goes on to explain that the Muncie Landbank has a startup plan with policies and procedures all drafted via contract. They are working to identify a funding source, in which they

believe there will be some finance committee meetings regarding that. They also have a goal established to take four properties (two with structures and two without) to use them as test cases to repurpose them and move them into independent hands. In Ohio, they have had 30,000 demolitions to date and expect to do 5,000 more in the next year. they have rehabbed homes and people in agencies, transitional housing, first-time home buyers program, disabled veterans and homes for abused women and children, that benefited. It has been a very successful program to get these types of people into new homes. They have turned vacant lots into urban farms, side-lots and even a parking lot for a haunted house in a small community to keep kids from running across the street. Some of the collaborations the landbank can utilize is great as well like Habitat for Humanity, Regional Sewer District, local churches, municipalities and townships and various community service organizations.

John West emphasizes to the council that this is a collaborative effort. In the packet they provided to the council, they shared letters of support with thirteen different public and private entities. One of the institutions that stands to benefit from this process is that Muncie Habitat for Humanity.

Lindsey Arthur, CEO of Muncie Habitat for Humanity, has been working intensely in south-central and Thomas Park Avondale, or more specifically the 8Twelve Coalition area, and during the last few years it has been utmost important for them to be able to secure property for themselves but also on behalf of the coalition, as well as residents that live in the neighborhood. They have informally, as Habitat for Humanity, been landbanking themselves allowing them to be able to pass properties through, clear up titles through tax sales and things like that, in order for other organizations to also come along side them, like Eco-Rehab and Pathstone and others that don't have a large staff or capacity, in order to secure properties. They have been doing that as a service for the coalition but as soon as this landbank gets up and running, they won't have to do that anymore. That will be a huge blessing for them and will really free up capacity within smaller organizations and also within organizations like Habitat for Humanity. She encourages the support of the Muncie Landbank.

Ridenour refers to the public forum that was being held in the City Hall Auditorium prior to the council meeting tonight. He is aware of Anderson being here as well as Terry Whit-Bailey and asks for anyone else here for that to please raise their hand. A pretty significant amount of people raised their hand. Ridenour states that is good, it was good information and he likes the way they are getting it out to the public before moving forward. That is important for success to get input before decisions are made and he really appreciates that they are doing that and thanks them for coming from Ohio. West explains this is their fourth meeting today and probably the twelve time he has explained what landbanking is. Ridenour adds including the one on one explanation with him.

Anderson says the presenters have along drive back to Cleveland tonight so wants to be quick but is glad that President Marshall allowed them to go ahead and present so they can get back on the road.

West makes the request to council to allow them to meet with the Finance Committee. He is unsure if that has to be formally made or what he needs to do.

Powell states they can set that meeting up. She will get in touch with West after finding out when the rest of the committee is available and they can work on some dates and times to meet.

Anderson states the MITS Board has an opening coming soon on the board. Currently, former House Representative, Mike White, is filling that position. He has indicated that he would like to continue on as a board member of that of MITS.

A motion is made by Anderson and seconded by Moore to reappoint Mike White to continue serving on the MITS Board.

A roll call vote showed 8 yeas, 0 nays and 1 absent (Polk). REAPPOINTED.

Anderson points out White in the audience and congratulates him on another four-year term.

Powell states that recently there have been requests for copies of the minutes from the prior meetings of the Finance Committee. It is her understanding that some suggest that the meeting minutes are missing. Upon investigation, she discovered that there are not Minutes of the Finance Committee since as far back as 2000. Therefore, the minutes from 2012 to 2017 aren't missing, like those in prior years, they simply do not exist. This is nothing more than an inadvertent oversight of the committee. There was no intent to hide anything. All meetings have always been opened to the public and meeting dates, times and locations (to the best of her knowledge) have been posted and or published by the Clerk for public viewing in accordance with the Indiana's Open-Door Law. It should be noted that these committee minutes are largely designed to receive information and undertake a discussion as part of the budget process. No official action is taken and voted upon the committee, rather than the committee simply relays in information and/or recommendations to the full council for official action, as noted in the council minutes. To void this issue in the future, she is asking fellow committee member, Denise Moore, to act as Recording Secretary for the 2019 budget meetings, as well as any other Finance Committee meeting this year. Going forward, future finance chairpersons can appoint a member of the committee to record minutes for the public to review.

Powell also has information regarding the 2020 budget hearings. She confirms she had a preliminary conversation with City Controller, Kevin Nemyer, regarding the budget schedule. He informed her that he requested all budgets be submitted to him by the 15th of this month (June). Therefore, she requests that all department heads submit their proposed budget to the Finance Committee no later than the last business day of June, 2019. In July, the Assessor will give certified values to the Auditor and in August the Auditor will certify the net assessed values. Therefore, the committee will plan to hold the annual meetings in either late July or early August to discuss each department proposed budget for 2020. Those meetings will be

advertised in compliance with the Indiana Open-Door Law and minutes will be taken by the Recording Secretary.

Powell would lastly like to discuss the anticipation and the issue with fire-based EMS coming before council. She was discussing the issue with Marshall and Gregory and believe there is a lack of clarity and conflict of information. Given the recent information announced by the administration, the administrations legal counsel, and the information made public in the news media, it appears there is uncertainty as the scope and intent of the administration regarding fire-based EMS. As the Finance Chair, she believes it is the duty of this Council to investigate this matter further, in regards to the financial impact both in the implementations and the sustainability going forward. Therefore, the Finance Committee will be scheduling a meeting, or a series of meetings, to better understand future requests of the administration to fund this project. The council may be asked to make a series of major funding decisions regarding a fire-based EMS based on limited and conflicting information. This is the best interest in the city of Muncie and the Council that these meetings are open to the public and interested parties have the opportunity to ask questions and get answers. She will schedule this meeting or series of meetings to the City Clerk's office with proper notice being given to all interested parties.

ORDINANCES PREVIOUSLY INTRODUCED:

ORD. 13-19 AN ORDINANCE AMENDING ORD. 36-18 FIXING THE MAXIMUM SALARIES OF EACH AND EVERY MEMBER OF THE MUNCIE FIRE DEPARTMENT OF THE CITY OF MUNCIE, INDIANA, FOR THE YEAR 2019.

A motion is made by Moore and seconded by Powell to Adopt.

Questions called.

A roll call vote showed 7 yeas, 0 nays, 1 abstain (Moore) and 1 absent (Polk). ADOPTED.

ORD. 14-19 AN ORDINANCE AMENDING ORD. 8-19 FIXING THE MAXIMUM SALARIES OF EACH AND EVERY MEMBER OF THE MUNCIE POLICE DEPARTMENT OF THE CITY OF MUNCIE, INDIANA, FOR THE YEAR 2019.

A motion is made by Moore and seconded by Peters to Adopt as Amended.

Questions called.

A roll call vote showed 8 yeas, 0 nays and 1 absent (Polk). ADOPTED AS AMENDED.

NEW ORDINANCES:

ORD. 15-19 AN ORDINANCE DECLARING AN ECONOMIC DEVELOPMENT TARGET AREA FOR GREATER MUNCIE INDIANA HABITAT FOR HUMANITY, INC. (REAL ESTATE – SINGLE FAMILY RESIDENCE AT 214 E. 9TH ST.)

A motion is made by Moore and seconded by Peters to Introduce.

Todd Donati, Muncie Redevelopment Commission, explains this is one of two ordinances so he prefers to go ahead and discuss both ordinance 15-19 and ordinance 16-19. He also will invite

Lindsey Arthur, CEO of Habitat for Humanity, to explain the people receiving the homes and the process. As the council is aware, they occasionally (at least several times a year) ask for these target areas which allow them to establish a tax abatement for these residential properties. These are properties that are empty lots with new houses built on them and there are diagrams and applications in the council packet.

Lindsey Arthur, CEO of Habitat for Humanity, again, states the first property being constructed is at 214 E. 9th Street. It will be a three-bedroom, one-bathroom house, completely accessible for a single dad with two children. He has a disability and moving into this home will allow him to live in a safe environment. Unfortunately, he was unable to be here this evening but has been working hard on his sweat equity hours, despite his disability and is pretty excited to be partnering with Habitat in the upcoming year. In addition, ordinance 16-19 will be a house at 322 E. 9th Street that will go to a home health aide who is a single mom with three children. She is actually caring for someone on call right now and is unable to be here this evening, as well. She is excited to be a part of the south-central neighborhood and has been highly involved with the neighborhood association and beginning to participate in things with the 8Twelve Coalition. This is a great example of properties that they have secured through tax sale. They reclaimed those and took them through to deed and are now putting new construction homes back on the properties and tax rolls for homebuyers in this community. They are thrilled and excited to be partnering with these families as well as the City Council.

Anderson asks how many houses has been done just this year alone. Ms. Arthur states they are currently rehabbing three homes and will transfer mortgages to an additional five families this year. Most of them are in the south-central neighborhood, two are on the south side of town and one in Whitley.

Gregory says that they would love to meet the families if they could make it next month. Ms. Arthur says they will certainly try to do that.

Questions called. An all-in-favor vote showed 8 yeas, 0 nays and 1 absent (Polk). INTRODUCED.

ORD. 16-19 AN ORDINANCE DECLARING AN ECONOMIC DEVELOPMENT TARGET AREA FOR GREATER MUNCIE INDIANA HABITAT FOR HUMANITY, INC. (REAL ESTATE – SINGLE FAMILY RESIDENCE AT 322 E. 9TH ST.)

A motion is made by Moore and seconded by Peters to Introduce.

*Refer to discussion of ordinance 15-19.

Questions called. An all-in-favor vote showed 8 yeas, 0 nays and 1 absent (Polk). INTRODUCED.

ORD. 17-19 AN ORDINANCE TO VACATE A PORTION OF A CERTAIN PUBLIC ALLEY IN THE WILLIAM HARRIS SUBDIVISION, AN ADDITION TO THE CITY OF MUNCIE, DELAWARE COUNTY, INDIANA. (MUNCIE MISSION MINISTRIES)

A motion is made by Moore and seconded by Peters to Introduce.

Marshall indicates that the Public Hearing regarding this will be held on July 3, 2019 at 7:15 PM. Mara Hoff, DeFur Vuran 400 S. Walnut Street, introduces the concept regarding the alley that runs next to the Muncie Mission and the plan to put in an aquaponics greenhouse. For those

that do not know what that is, it is where big tanks of fish fertilize the food that will be grown there. This will not only be a project for those who are with the mission but, hopefully, will also help fundraise for other activities. The alley is not currently a thoroughfare and this won't stop anyone from being able to get to their homes because all of the adjacent parcels are already owned by the mission. Johnathan Lamb is here tonight, with the Bower Foundation, as well and they are funding the project and can help answer any questions anyone may have.

Anderson was expecting Nick Tokar (with Defur Vuran). Ms. Hoff states she apologizes she is not Nick but he is at a very important baseball game so she is filling in. Anderson explains it was brought to their attention that there are two houses there that are rentals. He has been working with the Muncie Mission on this and was going to share (with Nick) that it is important to see if they can get the owners of those homes notified. That will alleviate the possibility of them coming forward later and saying they were never told about the alley vacation. Anderson understands the fact that they might have been trying to hold out and see if they can get some money but you can't make money off of non-for-profits, really. None the less, it is important to at least send a letter to the homeowners to let them know what is transpiring. The whole alley is not being occupied, just a portion of it, and it is not going to affect the utilities in anyway. Ms. Hoff asks if these are the properties on the north half of the parcel and Anderson confirms the property is 415 9th Street. Ms. Hoff states she will make an additional note to let them know of the Public Hearing.

Audie Barber, 610 W. 11th Street, is curious where the Muncie Mission ministries actually is. Ms. Hoff shows him the map of Liberty Street and the alley being discussed runs between 10th Street and 9th Street.

Questions called. An all-in-favor vote showed 8 yeas, 0 nays and 1 absent (Polk). INTRODUCED.

ORD. 18-19 AN ORDINANCE AUTHORIZING THE ISSUANCE OF THE CITY OF MUNCIE, INDIANA ECONOMIC DEVELOPMENT TAX INCREMENT REVENUE BONDS IN A MAXIMUM AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED FIFTEEN MILLION SIX HUNDRED THOUSAND DOLLARS (\$15,600,00) AND APPROVING AND AUTHORIZING OTHER ACTIONS IN RESPECT THERETO.

A motion is made by Moore and seconded by Powell to Introduce.

Todd Donati, Muncie Redevelopment Commission, is very proud and excited to bring this project to the council. This is something that has been worked on for several, several months and actually the company has been working on it much longer. We were one of four states that were fighting for this particular project. It is a project that will take space at the old BorgWarner site in Kilgore Ave that has since been bulldozed down. One of the partners in this project is Heritage Group out of Indianapolis and they wanted a brown-field site and this is what works out. This is a gateway from the westside of our community and very important that this site be put back to good use. This company is going to be able to do that. Donati supplied a conceptual design of one of their plants. It can be noted the train tracks, which the site does have close by, to import and export the products. Donati turns the design around to show the audience. This project is very important because there are numerous jobs and almost \$100 million in investment. Nigel Morrison, a representative from the partnership of this company will do a presentation in which he handed out a slideshow presentation to council of that they planned

to present but were not aware they needed to bring their own laptop. Donati adds there needs to be a public laptop available for use during times like these. They also have Tom Pitman with Barnes & Thornburg LLP, who will speak about the bond and the amendments that they plan on making to the introduction; and Lauren Mathis, Baker Tilly & Umbaugh, who will give all the financial details that will give comfort in making a good decision on this.

Nigel Morrison, with a lovely English accent is not a natural born Hoosier. He is actually from England, originally, and spent over forty years in the metals industry. He spent seven years in Scandinavia and then moved to the United States twenty-six years ago in 1993. He has run businesses in New Jersey, Indiana, Arkansas and Ohio, so he has a lot of experience in this field. He has to say this is probably the most interesting project he has had the opportunity to work on. Unfortunately, they don't have their presentation on the monitors for everyone to see but the council does have handouts of the slideshow. The company they have already formed is called Wells Sustainable Products. It is a joint venture of two companies, the Indianapolis, Indiana company, The Heritage Group, is a fourth-generation family business with 250 plus, 14,500 customers, 7,000 employees and is a \$8 billion-dollar revenue business. It is quite a sizeable and successful business inside of Indianapolis. The next slide, shows the businesses that come under the group. It started four generations ago with a gentleman named Fehsenfeld who was selling fuel to farmers in Indiana. That became a brand called Crystal Flash. Some might remember it in which it is no longer a company but that is how it started. It very quickly moved to construction, aggregate business and asphalt refining (because it was and still is the largest road builder in the state of Indiana). One of the estates claim that the Indy 500 track was actually laid by Heritage. The other company is more in the environmental area which this project belongs to. Heritage Environmental is the largest privately held environment company in the United States. It is full-service dealing with all sorts of issues and helped in the gulf when there was disaster there and during Hurricane Sandy in New Jersey, managed entirely by Heritage. The next slide, shows the family of companies. The one that he runs is PIZO Technologies which stands for Pik Iron and Zinc Oxide. He has run that business with The Heritage Group for about the last ten years. The next joint-venture partner is called Zinc Nacional, which is a very successful Mexican company. Again, it is a fourth-generation family owned business. They are the experts in taking fluctuance dust, which he will talk about in a few moments, and making a zinc product out of it. He refers to Ms. Wilhelm during the invocation about how she stated we need to be responsible about looking after the minerals we have in the earth. This is a classical recycling business, taking material that, at one time, was land-filled and now (through this technology) is all recycled and the product zinc is extracted out of it. Zinc Nacional is the company that they joined banks with because they have the technology, knowledge and have had a current business relationship with Heritage for the last ten years. Moving on to the Zinc Nacional Profile, it can be seen that they already have three plants worldwide in Monterrey, Mexico, Newport, Alabama, a plant in Turkey and a plant in South Korea. They are one of the largest recyclers of this product, world-wide. It is a very solid partner to be established with. The next slide stating metallurgical feedstock from steel mini mills and explains the product they actually take, which will come to this plant, is what is called the metallurgical feedstock. It is the last diagram on the slide. The three before that show how that product comes to be. One of the main ways of making steel in this country is called electric

arc furnace route. It is another classic recycling story where cars, ships, refrigerators, etc. are scrapped and then processed in an electric arc furnace to produce steel again. That is how Nucor Steel and Steel Dynamics, two solid Indiana company's, make their business. Product out of that, as expected, is when steel is galvanized and a zinc coating is put on the steel that prevents the steel from corroding. On all the cars recycled, that zinc actually comes off as a fume in the steel-making process and that is what is collected as their feedstock. The next slide shows where the steel mills are located, primarily this area in the United States. There is a multitude in the Indiana, Pennsylvania and Michigan area and that is why they wanted to chose a site in this area. They searched Michigan, West Virginia, Ohio and Indiana for suitable locations initially starting off with eighty sites and came down to Muncie. He will go into more detail about that later. The next slide actually shows the Waelz process which is a German word for "Waltz" because as the burden in the kiln rotates it actually waltzing down the kiln. The very well-known technology was established back in the 1920's and 1930's but has obviously improved over the years. This plant will be the state of the art, best plant in the world utilizing this process. Basically, what happens is the zinc in the electric art furnace material fumes off and comes in at about 20% zinc and comes out at 65% zinc. All that zinc then can be used to produce more zinc metal in the industry or be used to make zinc chemicals that go into the animal feeding industry and fertilizer industry. Zinc is actively a heavy metal that is very important to life, which is unusual for a lot of heavy metals. Zinc Association has actually partnered with UNICEF to promote zinc, particularly in children's diets in areas where zinc is efficient. The next slide shows the plant specifics. The first phase is to produce 120,000 tons of process and 120,000 tons of material. The second phase is to double that. the finish products are zinc oxide and iron concentrate, both can be further used. The required utilities are electric power (3MW), natural gas (70 MMBTU/hr), water (6,000 gallons per day), railroad spur and connection to major highways. Also, the heavy industry zoning is something they were looking for too. A picture is shown of the plant owned by Zinc Nacional in Millport, Alabama along with the plants in Aliaga, Turkey and Monterrey, Mexico. In terms of timing, they have had the same timeline for a while and are currently in the phase of engineering with a completion of 50% for the facility. They have also approached IDEM and a permitting process has already started taking place. They would expect to be breaking ground on the project this summer in either July or August and it should be ready about a year later. The community benefits are significant. The phase one investment is \$50-\$55 million but probably a little but more by now. The phase two investment is \$25 million. There will be 60-90 direct jobs with 401K, profit sharing, great benefits and an incentivized bonus plan. He believes there will be more than 15 direct jobs associated with the facility also. They are expecting to grow as well but these are initial numbers. The next few slides he is going to give the council their own time to look through. It basically shows how both, Heritage and Zinc Nacional, work with their local communities. He has been very impressed with what se seen down in Monterrey. He knows the president very well and can say that he does a lot with the local community. He knows Heritage reaches out and works with the communities and they plan to do the same in Muncie.

Anderson confirms how many jobs this will bring. Nicholson confirms they are thinking more around 60 jobs for the first phase. They know it is going to be about that but it could be plus or minus one or two. The joint-venture partner that put these plans in their boundary. When the

phase two comes in, obviously they will need more people. Anderson asks about the salary. Nicholson informs the average is \$45,000 a year. Anderson adds that information is important.

Marshall asks if there is anyway to get this information accessible to the public. Nicholson states they want so have a session where they can talk with the public as well as a vendor session. They are setting up a plan now on how they can reach out early in the community to make sure they fully understand what is going to happen at the BorgWarner site.

Ridneour thanks them for coming here tonight and has a few questions. Referring to the 60 jobs, what type of training would those potential employees need in order to do those jobs? Nicholson explains a lot of the training will be done through the Zinc Nacional employees because they already run the plants. They will be working with Muncie to train some of the skills they have within their training budget. Ridneour asks for clarification if that means moving people here from other plants. Nicholson confirms no, they will be bringing people in from the other plants to train people here. Ridneour asks if there is a need for basic skills employees and if so can they apply? Nicholson states they will, in fact, need some basic skills like electricians, instrument technicians, mechanics, etc. A lot of the operators will be trained by people particularly in Alabama that have already done this work. They will be hiring local and do not intend to bring people in from other states.

Gregory states that when the time comes and they are at a point where they want to be more involved with the Muncie community, in terms of supporting groups. We have such a wealth of people in this community who volunteer, meeting three this evening, Bridges Community Service, Habitat for Humanity and the Muncie Mission, and are always looking for board members from the corporate community who are willing to serve. We have three wonderful community foundations that support a lot of this work so when he is ready, contact her and she will see that he gets to the right people. We need the corporate support.

In closing, Nicholson informs the council the fact that he lives in Westfield, Indiana and received the internal brochure, Heritage Today in the mail. The main headline is "sustainability works here" and it shows the Muncie site. Their chairman says "as an Indiana-based family business, we are proud to revitalize a brown-field property and bring more opportunity to the city of Muncie. We considered a few of the locations in the Midwest but selected Muncie because of its superior business climate, community and its proximity to many of our customers in the steel industry." – Jeff Laborsky, CEO and President, Heritage.

Tom Pitman, Attorney from Barnes & Thornburg, Indianapolis, explains this ordinance relates to the issuance of bonds. The liability here of the city is very strictly limited. It is limited, first of all, to tax increment generated by the budget. On top of that, it is limited to 77% of the stream of tax increment generated by the project. This is a project that, he thinks, is far to say would not come to Muncie without the support of the community and the incentive. The re-payment source at issue involves dollars that would never materialize in the first place, if the project didn't come. So, the city gets the benefits of the jobs and also keep 23% of the tax increment. That is a new, significant revenue stream and a strict limit on the liability to that stream for re-

payment of the bonds. The ordinance is, by nature, convoluted but the essence of it is that there would be a bond issue and the bonds would be sized a certain way but at the end of the day, when the math is done, everything will fall in to place so that 77% limit is adhere to regardless of what the total dollars are. If TIF doesn't come in as projected then the 77% will relate to the lesser amount that does come in. If more comes in, then 77% is going to translate in higher dollars for the company but that also means that the 23% is higher. That is the essence of the bargain here. The background economic development agreement will specify that if there is a failure to meet the job targets that there will be a lessening of the extent of the incentive that the company receives. The deal itself is self-policing in that regard. There have been some recent federal tax law changes that have prompted the company to ask for some modifications to the ordinance that, in his view, doesn't have any negative consequences to the city at all or the fundamental bargain of 77% plus job targets. He notes a few of the proposed amendments. A recent federal tax law changes that has to do with how the company is going to be required to treat the incentive received from the city for federal income tax purposes that gives advantages for tax purposes if the project can be tied to a city plan. The company asked for language to be built in that references the fact that in 2015 there was an economic development plan that was put in place at the time that all the TIF areas were consolidated. The company requested a reference to that plan and that is a new paragraph which the references occur, as well as in other various places throughout the ordinance. Along the same lines and tied with trying to minimize the tax liability, the company asked that the bonds be structured with what is called "draw bonds" which means simply that the incentive would not be at best immediately. There wouldn't be a full issue until the full amount of bonds, there would be installments along a track of time. That doesn't have any consequences for the city, rather it's a mechanical issue of when money gets applied toward the bond purchase and then made available for the project. The company asked for some flexibility on what the interest rate would be. It really does not matter from the city stand-point what the interest rate is because that 77% stream is going to be translated into a principle and interest component that whatever they are labeled, add up to the 77%. Hypothetically, if they asked for \$1 million of interest then the principle amount for the bond would be like \$1, but it would still match up. If they asked for zero interest, that would mean that of that stream, all of the payments would be labeled principle, but again it does not affect the bottom line. It is something that they have asked for for tax purposes. No matter what the interest rate is, when the math is done, they get 77% of the TIF stream. No matter what the principle amount is, they will get 77% of the TIF stream. The numbers will be backed in to arrive at that same dollar amount so the dollar amount is not going to change. Those are the amendments being requested and this is a fairly new tax law that companies that receive incentives are struggling with how to best deal with all over the country. The amounts increase but again, it doesn't matter what the amounts say.

Joseph Hunter, City Attorney, recommends to introduce this as is and then get the amended version prepared so that the council can read up on it and then next month, officially amend the ordinance.

Donati explains the he did pass out a new financial feasibility earlier tonight and it is with the upgraded adding phase two. They will combine the two bonds together and start phase two almost immediately after completing phase one.

Lauren Mathis, Baker Tilly & Umbaugh, states this report is dated May 17, 2019, which includes both phases of the project. It contains a lot of numbers so she will just hit some high-lights. Page 3 shows the investment and the different adjustments that can be seen. It shows the timing of when it would be accessed and the taxes are payable the following year. To summarize, the investment cost of phase one, real property (which would be the buildings), is \$25 million and the property equipment is \$27 million. Therefore, the total cost for phase one is \$52 million investment. In phase two, the real property is \$5 million, the business personal property is \$28 million so that makes it a total of \$33 million for phase two. It is all there on page 3 but broken out on timing. That total of phase one and two is \$85 million. As Pitman said, what they are contemplating here is the company is going to buy the bond. That means that what is really being committed to them is a portion of the TIF stream that they will get overtime. They pay taxes, they get 77% of that for twenty years and then 23% of that goes to the Redevelopment Commission, city of Muncie. Page 6 summarizes phase one. What is really being given is a stream of the real property, personal property and the total. The total taxes for example 2030 are about \$1 million and with their 77% share, it can be seen that is about \$767,705 and the city share is \$230,000. That whole time, they received their 77% and MRC receives the 23%. When that is backed into a bond, if a bond has zero percent interest then, as Pitman said, it would be all principle. One page 8, a bond is based on a \$762,000 revenue and backed into a bond issue of about \$15.5 million. As Pitman was trying to explain, one of the options might be that they may change the interest rate. It doesn't change the TIF stream so that when we said they had \$768,000 a year from phase one, if instead of having the zero percent rate, a 10% interest rate would be put in. They would then be paying roughly \$460,000 a year towards interest and then \$300,000 a year toward principle. The total bond, instead of being \$15.5 million, the principle added up, would end up being \$6.8 million. It appears that the bond issue, if done at 10% interest, is going to be much smaller and instead of \$15.5 million, its \$6.8 million. It doesn't matter because they are still getting the same \$768,000 a year, whether its principle or interest. To reiterate, they are getting 77% of that TIF stream and whether if there is a zero percent interest rate, the bond appears bigger because there is no interest being paid, it is all principle. All that principle added up for phase one is \$15.5 million. If there was a 10% interest rate, then a large portion of that could be getting paid toward interest, so then the principle is smaller, which makes the bond issue smaller. They don't really get money upfront but basically are just getting that amount of TIF (\$768,0000 on phase one) overtime. On phase two, the TIF is around \$300,000 a year that they receive, the total is \$400,000 and they get about \$300,000 and \$100,000 goes to the city. All together over the twenty years, the total amount of TIF paid will be about \$28.5 million, \$22 million will go toward the incentive and \$7 million will be received by the city over the twenty years. After the bonds are paid off, all of it comes to the city. There is no risk in terms of re-payment, the bonds will be purchased by the company, or an affiliate, and only this portion of the TIF is what is paid. They pay their TIF, what comes to them is the incentive over a twenty-year period.

Gregory recaps the company will pay 'x' amount of property taxes each year, 77% of that will go toward re-payment of this bond and 23% stays in the TIF district. Ms. Mathis confirms, that is correct. Gregory states that took a lot of pages and a lot of numbers to explain. Ms. Mathis jokingly says next time she will have Gregory explain it to refrain confusion.

Donati summarizes again, there is up to 90 jobs. By 2025, those jobs will be completed and filled. Obviously, they are going to want to find talent locally and if they can't then they are going to bring people that will hopefully move here and increase our population. They are going to try and use as many people as they have. A lot of times in jobs like this, you take from someone else and Donati doesn't like doing that. Somebody else that has trained that person loses a good quality employee because this might pay a little more and then it's a domino effect where that employer would have to replace the employee. That usually happens when you have such unemployment the way we have. There is more than 80 acres out there but they just acquired another 20 acres of farmland. He is unsure if that will be used for anything other than open land. They are only planning to use about 30 acres on this project. Heritage is a very, very large and prominent company. There are opportunities that they will expand over the years to many other things and other projects to utilize all the space. That is something to look forward to. This is a long-term relationship that they are looking forward to and are willing to answer any questions anyone may have.

Ridneour just wants to confirm that Nigel, Tom and Lauren will be back on July 1st because he appreciated Gregory summarizing, but hopes they can come back because the paperwork showed zero interest and having some of that explained is helpful. He is looking forward to learning more.

Donati explains the overall intent is zero interest but because of tax purposes, which is way over a lot of people, that variation might have played. They get less principle but the total stays the same and nothing changes if they change the interest rate. Keep in mind 77% of whatever is brought in by phase one and phase two, whether its lower or higher than what was anticipated, that is the only pledge. There is not a specific dollar amount. If it doesn't pay as much taxes, they still borrow that amount of money and they are responsible for the difference, not the city. They also are not going to be doing any capitalized interest cost which, to the city, if they borrow money next month, the city wouldn't pay anything until the tax is actually materialized. That would be 2021, payable 2022, because the project wouldn't open until the end of 2020. The city won't pay any taxes out of this company until 2022 and they will be covering their own costs for that period of time out of their own pocket. The city is not committed to anything on that. The three representatives confirm they will be here next month in July.

Marshall states the governor's office sent someone down here for the unveiling and asks what kind of steak they have in this. Donati does not know specifically. A company consultant could answer that, and he is who worked with Donati throughout this whole process.

Matt Conrad, Stimulus Consulting, explains the states investment is a little bit different than the city of Muncie by putting in the money upfront in the form of a tax credit called the DINO tax

credit, also known by its formal name as the Industrial Recovery Tax Credit. They have committed a \$5 million upfront tax credit as soon as the first \$20 million investment is made then that will be earned. They anticipate that the state money will be coming this year in 2019. Ridneour asks if Matt will also be here next month, in which he replies he will make sure to try to be here.

Questions called. An all-in-favor vote showed 8 yeas, 0 nays and 1 absent (Polk). INTRODUCED.

RESOLUTIONS:

RES. 10-19 A RESOLUTION AUTHORIZING MAYOR DENNIS TYLER TO RECEIVE INDIANA HOUSING & COMMUNITY DEVELOPMENT AUTHORITY LEAD HAZARD REDUCTION DEMONSTRATION GRANT AND HEALTHY HOMES SUPPLEMENTAL FUNDING FOR MUNCIE, INDIANA.

A motion is made by Moore and seconded by Powell to Adopt.

Terry Whit-Bailey, Community Development Director, is pleased to present an opportunity that has been presented to our city to provide potential funding through the Indiana Housing and Community Development Authority, which is IHEDA, to assist with lead assessment and abatement. Brad King from the Community Development office is here to give some details as to how they would like to present that as an opportunity for the city.

Brad King, Planner 1 with Community Development, explains this resolution is for the acceptance of up to just over half a million dollars from IHEDA using Lead Hazard Reduction Program. It will at least touch forty living units and target units with children under the age of six who are usually the most vulnerable for heavy metal poisoning. There is a list of actives that will come down through IHEDA and we will be one of five or six other communities that have been partnering with IHEDA for this program since 2017.

Gregory asks if this grant have any staffing and admin monies to it. King confirms. Gregory asks what percentage. King believes it is just over 4%. Gregory asks about any new hires. King states potentially yes. Gregory asks if this is geographically targeted areas or just the city of Muncie. King explains the commitment will be city-wide but using IHEDA own maps for census tracts that have the highest probability of having lead, either lead-based paint or other hazards around the home. Those census tracts were six and four as priorities. Gregory refers to and questions what type of remedies would be done, replacing pipe, paint, etc. King explains that will be based upon the lead-based assessor and his/her assessment. This will pay for testing of all types of soil, paint chips, you name it, around the property. Based upon where that lead is found and what the assessment is will determine what the litigation is and that does include some rehab, replacement of the things that have lead in it and relocation during that process, depending on how extensive it is. Gregory asks how will they identify the properties or has that already been done? King explains that will be done through a process using blood test work and an identification self-application from the homeowners. Gregory goes on to state most HUD

grants are reimbursable and asks if this one in particular is. King confirms. Gregory then asks how to receive the money in order to start. King explains they will be using their office money to start but does not have the full financials in front of him for how that gets placed out.

Terry Whit-Bailey, again, says those are very good questions and explains that there are five communities in the state of Indiana who have been given this opportunity so we are learning what it is that they want us to do. Evansville, Fort Wayne, Muncie, South Bend and Gary, will all be working together to figure out how to do this. Gregory is aware United Way has worked with the lead testing. Whit-Bailey confirms that they would be working with them, especially since they have already done some seed work and also worked with their office in the past.

King mentions that this program is specifically being tailored by CEA to bring cities like Muncie up to capacity to continue this on. This is actually a grant through HUDs Office of Healthy Homes. Other municipalities could always apply for it and challenge other cities or counties; in whichever way that government will work. This program through IHCD brings cities up into that capacity so that they could, maybe, go on their own and get the grant directly.

Ridneour asks if this is a one-time grant. King answers first-time through IHCD. Ridenour then asks if there is a time frame of when it is supposed to be used or the monies are lost. Whit-Bailey states that because they are working with other communities, they are developing all of that as they go along. What they can do for the council is present a report as they move along to make them aware of how things are being done. Ridneour lastly wants to confirm that since they are working with five other municipalities on this, how will the \$520,000 be split up. Whit-Bailey explains that Muncie would receive all of that. This is a step that they have to do in order to go to the next phase and that is bring it before council to get permission to ask them for the dollars.

Anderson adds most of his questions have already been answered but just for the record wants to state that lead-based paint has been around for a long time. From his understanding, a lot of areas here in Muncie were built around the time lead-based paint was being used, in the early 1900's to 1978 and there could still be a lot of lead around in public housing. King confirms and states the production of lead paint stopped in 1978 but the supply didn't run out until probably the mid 1990's. Anderson says piping was mentioned as well. King confirms and states this is not just on the focus of paint. Anderson clarifies that this has nothing to do with asbestos or anything of that nature. King states it is lead only. Anderson asks if there is any specific order of operation that they can go to when they begin to address the 40 or so homes. King explains there will be not just an order of identification and blood tests but all of the federal regs that are used to precure contractors of different sort through a process. Anderson states it is a good deal, he is glad Muncie was one of the five cities and that we should be happy about that. A lot of kids in Lake County are having serious issues with kids eating those chips, which is a very

serious matter. King says that long ago, they used to advertise lead paint as tasting good, it was sweet.

A roll call vote showed 8 yeas, 0 nays and 1 absent (Polk). ADOPTED.

OTHER BUSINESS:

Marshall explains that Joe Hunter, Council Attorney, provided him with Resolution 9-08. He then asks Moore to read the guidelines for public input section.

Moore reads: "It is recognized that citizens may, when appropriate, address the City Council on matters of concern. Accordingly, the City Council expects any citizen to speak in a civil manner, with due respect for the decorum of the meeting, and with due respect for all persons attending. No members of the public shall be heard until recognized by the presiding officer. Speakers must state their name and home address for the record. Any citizen requesting to speak shall limit him or herself to matters regarding the issue of concern. Comments will be limited to three (3) minutes unless prior approval by the presiding officer. Personal attacks made publicly toward any citizen or city employee are discouraged. Citizens are encouraged to bring their complaints regarding employee performance through the administrative supervisory chain of command in accordance with the city's personnel policies. Any member of the public interrupting City Council proceedings, approaching the podium without permission, otherwise creating a disturbance, or failing to abide by these rules of procedure in addressing City Council, may be deemed to have disrupted a public meeting and at the direction of the presiding officer, may be removed from the auditorium by Police Department personnel or other agent designated by City Council."

Council Attorney, Joe Hunter informs the Council that tax "abatement season" has begun. He has checked with the Auditor's Office and the Treasurer's Office and they do not have the filings ready for him to review but Lacey, the City Council secretary, has efficiently provided him with some of the paperwork so he can at least get a start on it. With that being said, once he conducts his review, he may be asking to call a Special Meeting as soon as he has his hands on the material, if there are problems. Last year was the first year ever that we did not need to have a meeting to bring someone in and address issues with respect to their compliance. Therefore, be aware if they call a Special Meeting later on this month for the purpose of addressing issues with tax abatement.

Audie Barber, 610 W. 11th St, Muncie, says there was something mentioned earlier about the minutes being taken of the Finance Committee and he just wants to make sure that the Clerk is going to be at the meeting taking minutes also and if that would be possible, instead of having just the committee members taking minutes. He feels the Clerk taking the minutes is the proper way of doing that. Also, ordinance 42-14 states that the Code Enforcement ladies were being paid out of the Street Department money. It changed in 2014 by ordinance 42-12 to be paid out of the Police Department. Ordinance 25-19, voted in 2015 it looks like, that the line budget for

the code enforcers be removed. Since that was removed, he asked for minutes on the Finance meetings because he does not know how these ladies are being paid. They were being paid through, once again, the Street Department. When he says ladies, he is assuming they're ladies. They have been paying the Code Enforcers through the Street Department money, once again, after it was adopted by ordinance 42-14 to be paid out of the Police Department money. On ordinance 25-19, council members removed that from the budget to zero and started paying them out of the Street Department again. Finally, ordinance 31-17 got it figured out where the ladies would be paid through, but he would like to know that since there are no minutes from the Finance Committee meetings, who agreed to pay these Code Enforcers out of the Street Department money and how was that appropriated. At the time, the Council agreed to take that line budget out of the budget. Another topic he would like to discuss is the fact that there is approximately \$180,000 allotted for Council insurance. There are two members on the Council taking the insurance so why is there \$180,000 allotted for insurance for two people? That \$180,000 could buy some turnout gear. If it is \$10,000 or \$15,000 a year for their insurance, allot that amount for it and not the \$180,000, when they could buy turnout.

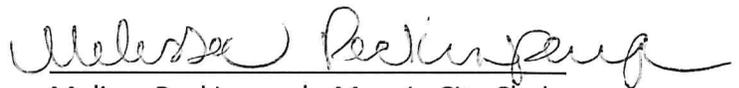
*NOTE: Ordinance 25-19 above mentioned by Barber does not yet exist. It is possible that he was referring to ordinance 25-18, but if so, that ordinance pertains to eliminating a position within the Parks Department (introduced 10/1/2018 and adopted 11/5/2018). It is also possible that he was referring to ordinance 25-14, which does fix the salaries for the Muncie Police Department for the year 2015, yet the minutes do not indicate the Code Enforcement change (introduced 9/8/14 and adopted 10/6/2014). The ordinance that corrected the issue with the Code Enforcement pay, ordinance 31-17, was introduced 8/7/2017 and adopted 9/11/2017.

ADJOURNMENT:

A motion was made by Marshall and seconded by Powell to Adjourn. A vote by acclamation showed 9 yeas and 0 nays. ADJOURNED.



Doug Marshall, President of
The Muncie Common Council



Melissa Peckinpugh, Muncie City Clerk
of the Muncie Common Council