



## CITY OF MUNCIE REDEVELOPMENT COMMISSION

### Regular Meeting Minutes

The City of Muncie Redevelopment Commission (MRC) met on Thursday, May 14, 2020 at 9:00AM virtually via Zoom.

1. **Call to Order:** Murphy called the meeting to order at 9:02AM.
2. **Roll Call:** Commissioners Cecil Bohanon, Andrew Dale (Secretary), Brandon Murphy (President), Frank Scott, and Shareen Wagley (Vice-President) were present. Mayor Dan Ridenour, Jim Lowe (School Board), Zane Bishop (Residential Program Administrator), Ben Freeman (Counsel), Trent Conway (Controller), Brad King (Planner), and Vicki Veach (Downtown Development) were also present.
3. **Agenda:** Dale motioned to approve the agenda; Scott seconded. Bohanon, Dale, Murphy, Scott, and Wagley voted aye; motion passed.
4. **Consideration of Meeting Minutes:** Scott motioned to approve the February 6, 2020 regular meeting minutes; Bohanon seconded. Bohanon, Dale, Murphy, Scott, and Wagley voted aye; motion passed.
5. **Claims:** Dale asked what the nature of the Vandewalle invoice was.

Conway replied that it was for consulting on the White River Canal project.

Dale stated the MRC is paying \$3,000 to Intersection for the website, and asked what work they are doing.

Mayor Ridenour replied the contract's been cancelled, the April invoice will be still be paid, but there will be no additional invoices because those updates can be handled internally.

Dale asked Conway to look into the amended amount of \$134,000 for engineering services for the Canal project and Conway shared he's respond back.

Wagley motioned to approve the claims; Dale seconded. Bohanon, Dale, Murphy, Scott, and Wagley voted aye; motion passed.

### 6. Mayor's Report

**A. Resignation of David Smith:** Mayor Ridenour stated that David Smith was forced to resign due to health issues.

**B. White River Canal District:** Mayor Ridenour reported a notice for qualifications was sent, and they now have a list of advisors, engineers, construction companies, and contractors wanting to do business with the city. He stated that the Engineer felt it would be too costly for the City to bring in somebody new, so the current engineer on the project will be used for their current projects, but they will be monitored.

Dale stated that he's shared before his concerns that the prior MRC members may have not voted to approval contract amendments for HWC or J.G. Case. Dale also shared his concern that one of the amended contracts included an amount of \$115,000 for construction observation services by HWC and that construction observation services are typically conducted for heavy-highway work rather than projects like WRCD and that the amended amount of \$115,000, when combined with the already approved HWC services of \$119,500, represents a cost equal to 22% of overall project costs. Dale feels this is

excessive. Dale again stated that he does not believe construction observation services are necessary and that any oversight needed could be provided by the City's engineer.

Mayor Ridenour replied that he has the same concerns, but with Brian's limited time, it was determined that they were going to finish out these current jobs. The Mayor added that groundbreaking will tentatively occur in May.

Bohanon asked if Mr. Dale's concerns could be looked into to identify if there's a way to renegotiate the cost for HWC's services for construction observation work. Mayor Ridenour stated that he has not looked into that but that David Smith was doing so before he departed.

Veach added she will look into a change order cutting back costs for the project.

Dale stated that a public notice was placed for Phase II proposals on the project, including for a restaurant; an Irish-themed pub. He asked how a municipality can negotiate directly with one entity as opposed to offering the opportunity to other restaurants. He also asked if it's prudent to be cultivating interest in a new restaurant when other eating and drinking establishments are hurting economically due to Covid-19.

Mayor Ridenour replied there is a restaurant group that has some local ownership that is interested in building for a tenant, but the request wasn't for a specific restaurant.

Dale stated that the way it's been presented before was that it was a restaurant led effort as opposed to what the Mayor stated.

Bohanon asked if the City would be on the hook for building a restaurant that isn't used.

Mayor Ridenour replied there's no guarantee a restaurant will go there, they are just seeing if they can find a developer who's willing to build there. He added the City's not in a position to be borrowing money, as the bond rating is already the lowest it can be without being a junk bond.

**C. Borg Warner Site:** Mayor Ridenour stated the City has no interest in the Borg Warner site, that it's owned by Waelz, and that they have it for sale. The City doesn't own that property and the project doesn't exist.

**D. Storer School:** Mayor Ridenour stated he is working with and has had some disagreements with the demolition contractor. He stated there was a public meeting for the development of the property scheduled for April 22nd, but that was postponed and hopefully for June of this year.

Dale asked what the fix was to get the developer to move forward.

Mayor Ridenour replied that they want to give us the site, but until it's finished and they've complied with the contract, the City won't follow through with that.

**E. Kitselman Pure Energy Park:** Mayor Ridenour stated they have started back up and are finishing asphalt work, but he doesn't have any status on any tenants for the project.

Dale asked if there are any expenses, bond payments, or obligations the City has on the project.

Mayor Ridenour replied there was some infrastructure work that has bond payments.

**F. Muncie Arts & Culture Trail:** Mayor Ridenour reported this is ongoing, but Phase II is delayed until they get additional funding.

**G. AccuTech:** Mayor Ridenour stated they are close to opening and the building looks wonderful; they had planned to open in April; but the COVID has really thrown things off.

**H. Other Projects:** Bohanon asked about the future of the bike trail on Riverside.

Mayor Ridenour responded that the project is in the works, the buffer was reduced and street parking added, and most of the trees being removed are Silver Maples, which put properties at risk. He added that most property owners are excited now, and that Phil Tevis is working on the project. He noted that traffic on Riverside moves pretty quickly and safety needed addressed with Catalina and children in the area.

Murphy asked what the status of the financial audit was.

Mayor Ridenour replied that it was ugly.

Conway stated several of the bonds were refinanced in December, and the City is barely able to cover the debt obligations, with \$2.6 projected revenue, and the exact same in debt payments. In past years, revenues from the TIF have been used for other expenses as well as debt payments. One of the big expenses this year will be the MRC reimbursing the Hardest Hit Fund Account, which is a quarter-million dollars in the hole.

Bishop stated the MRC will only have to reimburse expenses that weren't covered by the program, which won't nearly be a quarter-million dollars.

Conway stated there will be about \$1.3 million in each of the tax draws in July and December. The projection is to be about \$680,000 positive at the end of the year, but bond payments in January will push the account down \$700,000.

Dale asked what the administration's view on sunseting TIFs is.

Mayor Ridenour replied the philosophy is that TIFs—in general—are bad, and he wouldn't want to refinance to a longer term, adding the TIFs are leaning on some of the largest tax entities, such as the Muncie Mall, which is risky, and thinks they should be for individual projects only.

Dale added that from now until then, the outlook of the Mall has completely changed, and the days of the mass-congregate purchasing of retail product is over. Dale stated he appreciate the Mayor's response and point-of-view.

## **7. Old Business**

## **8. New Business**

### **A. Hardest Hit Fund Blight Elimination Program (BEP)**

- i. Bishop stated Resolution 2020-06 is to offer properties directly to abutting landowners, but does not transfer title yet; all of the properties are vacant lots.

Bohanon stated that the rules state that the adjacent landowners get first dibs for the prices listed, and asked how those prices were decided.

Bishop replied the MRC's policies state properties can be offered to abutting landowners for a minimum of \$100, non-abutting landowners for a minimum of \$200, and houses for \$2,500. For a public sale, the initial offering has to be the average of two appraisals.

Dale motioned to approve Resolution 2020-06; Scott seconded. Bohanon, Dale, Murphy, Scott, and Wagley voted aye; motion passed.

- ii. Bishop stated 2020-07 were properties left on the table from the last meeting. The Memorial property was awaiting a delinquent tax payment for another property the applicant owned. The Gharkey properties had some debate regarding the site plan, but the MRC indicated they wanted to move forward.

Bohanon motioned to approve 2020-07; Wagley seconded. Bohanon, Dale, Murphy, Scott, and Wagley voted aye; motion passed.

- iii. Bishop stated Resolution 2020-08 was related to an application received by the MRC in February. Bishop reported that the Neighborhood Investment Committee (NIC) reviewed the application and felt the applicant had the knowledge, skills, and financing available to successfully rehab 2318 S. Hackley.

Dale asked if this was affiliated with the mother and daughter who spoke in February. Bishop replied that was related to 1317 E. Kirby, which was on Resolution 2020-06, allowing the property to be offered to them.

Scott asked if that was resolved, because he got a call that she wanted to know the status on it, because at first a property owner had made a bid on it, and then the MRC was going to try to get hi to take out the bid so she could put an offer in.

Bishop replied that the property has been under contract for two years with Miller Valentine, who has a proposal on the table to build new housing pending their LIHTC application. Miller Valentine agreed to remove that lot from their agreement. The property was never transferred to them, it was simple under contract.

Dale asked if their action today enables that transfer to eventually happen.

Bishop replied yes, that a notice would be placed and certified letters would be sent to all abutting landowners, and those application will be due for the June meeting.

Dale motioned to approve Resolution 2020-08; Scott seconded. Bohanon, Dale, Murphy, Scott, and Wagley voted aye; motion passed.

- iv. Bishop stated that one quote was received for maintenance on MRC-owned properties. The RFP was sent in April to eight companies. The one response was from All Seasons Landscaping, 8505 N. Shafer, for \$3 per 1,000 square foot, plus \$40 per work hour for weed-eating and \$70 for tree-trimming under 20 foot.

Murphy asked how this compared to last year's agreement.

Bishop stated that for the past few years, the price has been \$35 to \$42 per lot, and this quote would be about \$15 per lot, on average.

Dale asked if they've started work.

Bishop stated no, this is the first time the proposal has come before the MRC.

Dale asked if another outreach was made after only one quote was received.

Bishop stated no, but the current provider had stated their prices would be the same. He added two companies replied to the RFP stating they only do commercial work. Bishop stated there's not a ton of interest in mowing scattered, vacant properties.

Scott asked if the company was staffed enough to mow the properties timely, as a lot of areas have properties on the schedule but don't action for a while. He also asked if there's been consideration given to neighborhoods taking on some of the work.

Bishop replied they have indicated capacity and are aware of the number of properties. These properties are distinct from properties the Building Commissioner's office mows after they are tagged and the owner doesn't comply. Bishop added he has never heard any proposals about neighborhood groups wanting to mow.

Bohanon asked how long the contract is for.

Bishop replied that nothing was specified.

Bohanon stated that the best thing could be to take it month-by-month.

Dale stated this work is not for the faint-of-heart, and suggested an annual contract.

Bohanon asked if a property was no longer on the list, if it would be mowed.

Bishop replied he would notify the contractor of any properties that need removed.

Dale motioned to make the agreement to March of next year; Bohanon seconded. Bohanon, Dale, Murphy, Scott, and Wagley voted aye; motion passed.

- v. Bishop stated he has two property applications to be opened.

Murphy asked if there was any objection to this being added to the agenda.

Scott, Dale, and Bohanon replied no.

Bishop stated the first application was for 1013 S. Liberty and 414 W. Willard from PAMGOR W.S. for at an offer of \$200. Bishop stated the second application was for 805 N. Leland from Marwin Strong for \$500. Bishop asked that the MRC take these properties under advisement so they can be reviewed by its NIC.

Murphy motioned to refer the properties to the NIC and take them up at a future meeting; Dale seconded. Bohanon, Dale, Murphy, Scott, and Wagley voted aye; motion passed.

- B. **Ratchford Parking Lot:** Freeman stated this a parking lot not far from the Canal District development, lot numbered six. He stated an agreement was made for Delaware Advancement Corporation (DAC) to purchase it for \$100,000, with the MRC putting forward \$75,000. The MRC would pay the remaining \$25,000 at a buy-sell event.

Wagley asked why DAC was acquiring the lot.

Freeman replied that DAC is a nonprofit exempt from taxes, and that they don't have some of the formalities needed to purchase the property.

Bohanon asked where the purchase price came from.

Freeman stated it was a take-it-or-leave-it price from Mr. Ratchford.

Dale asked why the MRC couldn't work through conventional means to transact this business, adding that he doesn't feel comfortable with it. He also stated that this type of transaction is an example of how the previous administration transacted business. He asked why do we need to purchase the property in such a manner? Dale then asked how a land swap with the County may play into this stating that there was previous mention of a pending swap of properties the MRC has by the new County Jail and properties the County owns by the WRCD project.

Freeman said that he could not speak directly to the MRC and County land swap but that David Smith was. He went on to say that there are discussions about a potential swap of properties.

Mayor Ridenour stated that the County will definitely be involved at some point since they don't have a need for their properties in the area. He said he's not sure if the transaction using DAC should be viewed as right or wrong. He reported that somebody is interested in that block, so if this property isn't acquired, that doesn't happen. He said the transaction with DAC is just how it was set up and that it appears confusing and that the transaction process does not appear to go in a straight line, but there are good people involved with DAC. He agrees that it's a different way to conduct transaction but that it was set up that way. He also shared that without control of the Ratchford property that it would be difficult to convey the total block to the developer.

Dale said that he heard what the Mayor said and understand what he's saying but that he cannot support purchasing the property given the means of purchase. He also said that it appears that there's more moving parts that what appears and he finds it hard to support purchasing the property.

Bishop asked what the common address of the parcel was.

Freeman responded 316 W. Washington.

Bohanon asked if there was an appraisal and if the MRC had the \$75,000.

Mayor Ridenour responded that the MRC does have the \$75,000, but didn't know if an appraisal was obtained. He stated that Mr. Ratchford knows that he has the last property to be acquired and the Mayor thinks the property might appraise for \$75,000 but he's not sure. He added that this is important for the city long-term.

Dale said he agrees that it's an important property to secure but that the City has had three months to gather adequate information so that the MRC can conduct its work on the question of this purchase. He said that legal counsel and the Mayor, as a former banker, are present and involved but that the transaction doesn't feel right but that he supports the WRCD project.

Mayor Ridenour agreed but said we can agree to disagree.

Dale reiterated that there have been a few months that could have been used to conduct an appraisal.

Murphy stated that there are three choices, to take on the property in the MRC's name, to take the property on using DAC, or to use eminent domain, and, based on those choices, using DAC seems to be the best choice.

Dale proposed ordering an appraisal of the property and discussing the purchase once the appraisal is completed and available.

King interjected it was his understanding that redevelopment commissions have to acquire properties at the average of two appraisals. He added the MRC had been ready to spend \$30,000 for a parking lot owned by Dick Naze, and appraisals were needed.

Murphy asked if this was accurate, or if using DAC eliminated that red tape.

Freeman stated the general proceeding is two appraisals being required for purchases greater than \$25,000. In the event the MRC would make an agreement greater than that, the purchase would be subject to City Council approval. This agreement would show the actual purchase price being \$25,000 on the back end.

Dale stated that there's been time since February to do this, and—during this time—he's implored the administration to hold a meeting so as to not hold up important business. He state his entreaties to conduct meetings were rejected. He went on to say that he thought the new City administration was going to conduct business is a more straightforward way but that he can't support the purchase of the Ratchford property without appraisals being conducted. The transaction does not "feel right" to him.

Bohanon asked what the alternative use would be if the property wasn't acquired.

Bishop replied that there's an overlay district in the area, so if site control wasn't gained, development of that parcel would still have to follow those standards.

Mayor Ridenour stated the proposal before the MRC is for the DAC purchase, and if this doesn't happen, then something possibly in the works will not happen, but that doesn't mean nothing will happen. This proposal allows for a developer who wants an entire block to have an entire block.

Scott commented the appraised value won't make a whole lot of difference because the property's worth whatever someone's willing to pay for it.

Dale stated that an appraisal would tell us when this property was last purchased and what it was last purchased for. We can then make a good decision by doing our diligence. He wants to do things right. He believes in the rewards of doing things right in the long run but integrity is built on doing the small tasks right and with integrity. Covid-19 did not delay

the administration's ability to address the necessary tasking. He does not like taking a circuitous route to conduct our business.

Freeman stated that the property was last purchased on April 19, 2018 for \$27,000.

Dale said that's a significant difference because now we're being asked to pay \$100,000.

Wagley stated that the question is how badly the MRC want's to control the property and what the MRC is willing to pay for the property.

Dale stated that this is a classic example of why eminent domain is good, because there's such a disparity in those prices. He added that he's not necessarily advocating for that here because he doesn't think the answers are available yet. He said there's a better way to go about the transaction and that's he's disappointed.

Wagley stated that two years ago, the property was probably worth that, but with the other development in the area, it's probably worth more now. She's in support of the purchase.

Murphy asked if we're ready for a motion on the question.

Bohanon stated he's inclined to have two appraisals obtained.

Bohanon motioned to have two appraisals obtained between now and the next meeting.

Murphy stated that the next meeting is scheduled for June 4th, and asked if that was enough time to obtain two appraisals.

Mayor Ridenour stated that wasn't enough time for commercial appraisals.

Murphy stated the meeting could occur on June 18th.

Bohanon stated he's amenable to that amendment to the motion.

Bohanon, Dale, and Scott voted aye; Murphy and Wagley voted nay; motion passed.

Murphy motioned to make June 18th at 9:00AM the June regular meeting; Bohanon seconded. Bohanon, Dale, Murphy, Scott, and Wagley voted aye; motion passed.

### **C. Delaware Advancement Corporation Agreements**

#### **D. 2019 Annual Report:** Dale asked if there was more to the report than is on Gateway.

Conway replied that the parcel information is on Gateway, and there's actually more in the report he presented, such as payment and vendor information.

#### **E. Excess Assessed Value Report & Overlapping Taxing Units Presentation:** Murphy stated that the report regarding the determination of excess assessed value is due on June 15th and July 1st is the presentation of overlapping taxing units, and asked what the status of those reports was.

Conway replied that the June 15th report is to determine how much—if any—assessed values need passed through to underlying units. He added that any assessed values in excess of 200% of the principal interest be reported. Conway reported that the Consolidated TIF is being used for debt payments, and added he doesn't know of any debt being used for the Nebo district or what the purpose of that TIF is.

#### **F. Orientation Plans:** Dale stated he's looking to the administration to share what the plans are to exercise all five MRC members into their duties, and to understand their duties fully. He also asked what the plan is for an executive director.

Mayor Ridenour responded that he has some thoughts and is working through some things. He added that he's not going to determine at this point how to replace Smith, but he'd like everyone's input and is awaiting feedback and direction from the MRC members. He mentioned that Dale had previously provided his feedback and recommendations.

Both Bohanon and Scott shared that they had submitted their own comments and feedback as well.

**G. Recommendations for Moving the Work of the MRC Forward**

9. **Adjournment:** Bohanon motioned to adjourn at 10:50AM; Murphy seconded. Bohanon, Dale, Murphy, Scott, and Wagley voted aye; motion passed.

Minutes recorded by Zane Bishop.

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Andrew Dale, Secretary