# City of Bloomington
# Common Council

## <u>Legislative Packet</u>

## Wednesday, 22 June 2016

## Special Session
*to be immediately followed by a*
## Committee of the Whole

*For legislation and background material regarding*
*<u>Ordinance 16-12</u>, and <u>Ordinance 16-13</u>, please consult the*
*[15 June 2016 Legislative Packet]*

*All other material contained herein.*

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**To:** Council Members
**From:** Council Office
**Re:** Weekly Packet Memo
**Date:** June 15, 2016

# Packet Related Material

**Memo**
**Agenda**
**Calendar**
**Notices and Agendas:**

*None*

## Items for Consideration at the Special Session on Wednesday, June 22nd:

### Reports

- **Annual Tax Abatement Report (Covering Activity in 2015)**
  - Memo to Council from Jason Carnes, Assistant Director for Small Business Relations, Department of Economic and Sustainable Development and Linda Williamson, Director of the Department of Economic and Sustainable Development
  - *Report*;
  - Link to *Tax Abatement Guidelines*

  *Contact: Jason Carnes at 349-3419 or carnes@bloomington.in.gov*
  *Linda Williamson at 349-3477 or williali@bloomington.in.gov*

### Second Readings and Resolutions

- **Ord 16-13** To Amend Title 8 of the Bloomington Municipal Code, Entitled "Historic Preservation and Protection" To Amend a Historic District to Reflect Re-Addressing of a Designated Property – Re: 305 East Vermilya Avenue

  *Contact: Patty Mulvihill at 812-349-3426 or mulvihip@bloomington.in.gov*

  *Please see the Weekly Council Legislative Packet issued for the June 15th Regular Session this package of legislation, summaries and related material.*

- **Res 16-10** To Approve an Interlocal Cooperation Agreement Between the City of Bloomington and Monroe County, Indiana in Regards to the 2016 Edward Byrne Memorial Justice Assistance Grant (JAG)
  - Memo to Council from Philippa M. Guthrie, Corporation Counsel, and Michael Diekhoff, Chief of Police;
  - Interlocal Cooperation Agreement in Regard to the 2016 JAG Funds;

  *Contact: Philippa Guthrie at 812-349-3426, guthriep@bloomington.in.gov*
  *Mike Diekhoff at 812-349-3309, diekhofm@bloomington.in.gov*

**Items for Discussion at the Committee of the Whole Immediately Following the Aforementioned Special Session (Including One Ordinance Introduced at the Special Session):**

- **Res 16-07** To Extend the Bloomington Urban Enterprise Zone for an Additional One Year Beyond Current Expiration Date
  - Bloomington Urban Enterprise Association (BUEA) Res 16-03 Requesting Extension
  - Map of Zone with Overlay of the City's Consolidated TIF District;
  - Memo from Linda Williamson, Director & Jason Carnes, Assistant Director, Economic and Sustainable Development Department

*Contact: Linda Williamson at 812-349-3477 or williali@bloomington.in.gov*
*Jason Carnes at 812-349-3419 or carnesj@bloomington.in.gov*

- **Ord 16-18** Authorizing and Approving a PILOT Agreement for Evergreen Village at Bloomington
  - Exhibit A: The Pilot Agreement
  - Memo from Jeff Underwood, Controller
  - Mayor's Press Release regarding the initiative

*Contacts: Jeff Underwood at 812-349-3416 or underwoj@bloomington.in.gov*
*Philippa Guthrie at 812-349-3547 or guthriep@bloomington.in.gov*
*Thomas Cameron at 812-349-3557 or cameront@bloomington.in.gov*

- **Ord 16-12** To Vacate Public Parcels - Re: Two 12-Foot Wide Alley Segments and Two Fifty-Foot Wide Street Segments Located at the Northwest Corner of West 11th Street and North Rogers Street (Duke Energy, Petitioner)

  *Contact: Christy Langley at 812-349-3423, langleyc@bloomington.in.gov*
  *William J. Beggs, Representative of Petitioner, at 812-332-295*

  *Please see the Weekly Council Legislative Packet issued for the June 15th Regular Session this package of legislation, summaries and related material.*

## **Memo**

### **Multiple Items for Consideration Special Session and Committee of the Whole on Wednesday, June 22nd**

There are two meetings scheduled for Wednesday, June 22nd. The first is a Special Session and the second is a Committee of the Whole. The legislation, summary, and related material for these items are spread over this and the previous packet (issued for the Regular Session on June 15th).

Here is a brief overview of the meetings and items for next Wednesday:

**Special Session**

– Reports, Second Readings and Resolutions

- Annual Tax Abatement Report
- Ord 16-13 – Amending Title 8 (Historic Preservation and Protection) to Reflect Change of Address for a Recent Designation
- Res 16-10 – Authorizing Interlocal Agreement with the County – Re: Allocation of 2016 Justice Assistance Grant (JAG) funds

- First Readings

- Ord 16-18 – Authorizing Payment in Lieu of Taxes for Affordable Assisted Living Facility Proposed by Evergreen Partners (South Heirloom Drive)

**Committee of the Whole**

- Res 16-07 – Extending the Bloomington Urban Enterprise Zone for an Additional Year
- Ord 16-18 – Authorizing Payment in Lieu of Taxes for Affordable Assisted Living Facility Proposed by Evergreen Partners (South Heirloom Drive)
- Ord 16-12 – Vacating Right-of-Ways at the Northwest Corner of West 11th Street and North Rogers Street at the request of Duke Energy to construct an electrical substation

### **Items for Consideration at the Special Session on Wednesday, June 22nd**

### **Item One at Special Session – Annual Tax Abatement Report (Summary of 2015 Activity)**

The Annual Tax Abatement *Report* was prepared by Jason Carnes and will be presented by Linda Williamson of the Department of Economic and Sustainable Development Department. The *Report* is an analysis of the tax abatements granted by the City and is largely based on the annual CF-1 *Report*s filed by the recipient of an abatement. CF-1 forms for improvements to real estate and the installation of new manufacturing equipment are all due on May 15 of each year.[1] The Council must act within 45 days of the deadline for filing the CF-1s, if it intends to exercise its power to rescind a tax abatement. A number of years ago, the Council initiated the practice of hearing the *Report* at a Special Session in late June in order to allow staff adequate time to gather the requisite information and prepare their analysis in time for the Council to act within the aforementioned statutory deadline.

## Tax Abatements

Tax abatements are a reduction of tax liability on real and personal property that applies to increased assessed valuation due to new investment.[2] Prior to awarding a tax abatement, the Council must make a determination (in the form of designating an Economic Revitalization Area [ERA] and, in some cases, an Economic Development Target Area [EDTA]) that the site would not develop under normal market conditions. Although this is a prediction and, therefore, a difficult determination to make, it serves as a check on the awarding of an abatement by providing an initial focus on the nature of the site and whether this tax break is needed to encourage the investments at that location.

Please note that the period of abatement may run from 1 to 10 years and the amount of the abatement is generally determined by a sliding scale which runs from 100% to 0% over the period of abatement. Recently, the Indiana General Assembly (General Assembly) made a few significant changes to this sliding scale and time configuration.

- In 2011, with enactment of P.L. 173-2011, the General Assembly authorized local entities to grant up to three years of 100% abatement in certain very limited circumstances (involving occupation of large, vacant buildings and the investment of at least $10 million), and authorized local entities to use alternative methods for determining the duration and amount of property tax abatements based upon certain factors.[3]

[1] The forms are available in the City Clerk's Office if you wish to review them.
[2] The kinds of investments in real and personal property that may be eligible for tax abatements are largely found in IC 6-1.1-12.1 et seq., which, along with the ones typically authorized by the City, also include ones for distressed residential properties and vacant buildings. In addition, there is an opportunity to grant a tax abatement for Council Enterprise Information Technology Equipment with a "high technology district area" under IC 6.1.1.-10-44.
[3] See IC 6-1.1-12.1-4; IC 6-1.1-12.1-16; IC 6-1.1-12.1-17

- In 2013, with the enactment of P.L. 288-2013, the General Assembly required that all future tax abatements be accompanied by a schedule which specifies the percentage for each year of the abatement.[4]
- In 2014, with the enactment of P.L. 80-2014 (SEA 1), the General Assembly provided, in part, that, effective July 1, 2015, a designating body may establish an enhanced abatement schedule for business personal property that may not exceed 20 years. This provision requires that if a taxpayer is granted a deduction that exceeds 10 years, the designating body shall conduct a public hearing to review the taxpayer's compliance with the statement of benefits after the tenth year of the abatement.[5] The law also provided for the distribution of abatement clawbacks to taxing units on a *pro rata* basis.[6]

Based on phased-in assessed valuation rates governed by State law, the Bloomington Economic Development Commission recommends a term of abatement for each project, which requires the Council authorization. With respect to abatements on new construction and on personal property, the Council may choose to limit the dollar amount of the deduction.

**<u>Guidelines for Granting a Tax Abatement</u>**

As noted above, tax abatements are governed by both State statue and local rules. In January 2011, the City adopted new local tax abatement guidelines, *<u>Tax Abatement Program: General Standards</u>*. These standards supplement the requirements outlined in State law and attach to those projects approved *after* the Local Standards went into effect. Once determining that a site is distressed per an ERA designation, State statute and *Local Standards* require the Council to find that the benefits asserted by the petitioner are reasonable and probable and justify, in totality, the granting of the abatement. According to State law, those benefits include the estimated cost of the project, number of persons employed, and payroll, along with any locally identified benefits.

Under current Local Standards, "[e]ach project is reviewed on its own merits, and the effect of each project on the revitalization of the surrounding areas and employment is considered" (p. 2). Basic eligibility is achieved by demonstrating:

- the creation of full-time, permanent living-wage jobs (pursuant to Chapter 2.28 of the Bloomington Municipal Code; and

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[4] IC 6-1.1-12.1-17
[5] See IC 6-1.1-12.1-18.
[6] IC 6-1.1-12.1-12.5

- the creation of capital investment as an enhancement to the tax base.

In addition to these threshold requirements, current local guidelines direct that other evaluative criteria will be considered in the review of a tax abatement application. These evaluative criteria pivot on:

- quality of life and environmental/sustainability;
- affordable housing; community service; and
- community character.

These criteria are further elaborated upon in Appendix 1 of the guidelines. Recall that tax abatements granted before 2011 were approved under the old guidelines.

**Standard of Review**

The Council reviews projects under a statutory process that focusses on the CF-1s. In reviewing the CF-1s, the Council must determine whether the projects are in "substantial compliance" with the commitments made at the time the abatement was granted. Should the Council determine that a recipient of an abatement is not in "substantial compliance," it has 45 days from the CF-1 filing deadline to initiate the rescinding of the abatement. The Council may rescind the tax abatement and terminate the deduction only if it finds that the property owner has not substantially complied with the commitments made at the time of the abatement. The decision to terminate the tax deduction should be made only if the Council concludes that the taxpayer has not made reasonable efforts to meet its commitments and was not prevented from complying with the terms of the abatement due to factors beyond its control.[7]

*Please note that the Meeting Memo for next week's Special Session will offer the Council an order for your deliberations as well as a menu of motions from which to choose.*

**The Tax Abatement Activity Report**

The Tax Abatement *Report* reviews four active abatements for which CF-1 forms are required and finds all the projects to be in substantial compliance. Note that there are

[7] The local General Standards give the following examples of grounds for terminating a tax abatement: 1) Failure to comply with any terms set forth in the Memorandum of Agreement; 2) An incomplete, inaccurate, or missing CF-1; 3) Petitioner vacates the City of Bloomington during the term of abatement; 4) Fraud on the part of petitioner; and 5) Initiation of litigation with the City of Bloomington.

three [8] for which abatements have been granted and that are in process, but not yet subject to the CF-1 requirement.

The *Report* was approved by the Economic Development Commission on May 25th and is rendered as a PowerPoint presentation and is organized as follows:

- Introduction – slides 3-7
- Summary of the Economic Impact -- slides 8-10
- Residential Development Projects – slides 11-12
- Mixed-Use Projects – slides 13-14
- Commercial Projects – slides 15-18
- Projects in Progress – slides 19-22
- Expired Abatements - slide 23
- Project(s) for which a CF-1 was not received – slide 24

**Economic Impact**

As a result of previous requests from the Council, the *Report* outlines the economic impacts of the active abatements, in the aggregate. Key impacts include:

Progress toward new real and personal property investments

- Proposed: $58.6 million
- Actual: $173.19 million (with ~$93 million more investment in commercial real estate than expected)

Jobs Created (excluding temporary jobs)

- Proposed: 200
- Actual: 650

Payroll (excludes unknown salaries from leased space)

- Proposed New: $9.45 million
- Actual New: $47.51 million

Average Salary

- Proposed New: $47,280
- Actual New: $73,099
- Actual New & Retained: $78,032

[8] Please note that the Report does not mention a recent abatement on manufacturing equipment for Cook Pharmica, which is in progress and not ready for submittal of a CF-1.

Total Jobs and Salaries – New and Retained

- Jobs: 766
- Salaries: $59.77 million

Assessed Values

- Before Project: $2.53 million
- Current: $83.9 million (with ~ $80 million more in commercial Assessed Valuation[9] than initially anticipated; 4 times more in mixed use development; and 3 times more in residential development)

List of Projects

The following is an at-a-glance list of projects covered by the *Report*.

| **Slide** | **Owner** | **Address** | **Legislation** | **Year of Abatement** |
|---|---|---|---|---|
| | | **Residential Projects** | | |
| 11-12 | B & L Rentals, LLC | 718, 720 & 722 W. Kirkwood | Res 03-22 | 7 of 10[10] |
| | | **Mixed Use Projects** | | |
| 13-14 | Big O Properties, LLC | 338 South Walnut Street | Res 15-01 | 1 of 3 |
| | | **Commercial Projects** | | |
| 15-16 | Cook Pharmica | 1300 S. Patterson Drive | Res 04-08 | 10 of 10 (Real Estate) 9 of 10 (Personal Property) |
| 17-18 | Hoosier Energy | 2501 South Cooperative Way | Res 13-03 | 1 of 10 |

[9] Please note that this figure reflects *current* Assessed Valuations which are subject to adjustments beyond investments made by the property owner. These may relate to changes in the condition of the property as well as changes in value of property in the area and community.

[10] Last year this project was listed in its 10th year of abatement, but Jason Carnes learned that the County corrected the year of abatement to reflect the late start on the project/process.

***CF-1s Not Reviewed – Project in Progress***

| | | | | |
|---|---|---|---|---|
| 19-20 | Woolery Ventures, LLC | | Res 04-01<br>Res 13-14 | *0 of 10* |
| 21-22 | The Foundry | 304 West Kirkwood Ave. | Res 14-15 | *0 of 5*<br>*(Real Estate)*<br>*0 of -10)*<br>*(Personal Property)* |

Projects that warrant further explanation

The *Report* does not recommend any adverse actions by the Council on any of these abatements this year. The following paragraphs note projects that are in progress.

| | | | |
|---|---|---|---|
| Slides 19-20 | **Woolery Ventures, LLC** | 2200 W. Tapp Road<br>*Real Estate* | Res 04-01<br>Res 13-14 |

**Issue and Staff Recommendation:** In 2004, the petitioner sought a 10-year tax abatement for a historic adaptive re-use of an abandoned stone mill. The project was to include a hotel and residential units, meet Secretary of Interior standards, cost $4.2 million, and create 45 new jobs with an annual payroll of $762,000. Recall, that as of 2013, the petitioner indicated that they intended to develop the property, but had not made much progress. In response, Council passed Res13-14 late that year to amend this project's original terms of abatement. Res 13-14 resolves that this project's ERA designation shall terminate on December 31, 2018 and that if petitioner or its successors commence work on the project on or by December 31, 2018, the petitioners shall be entitled to a 10-year abatement. However, if the petitioner or its successors fail to commence work by the December 31, 2018 deadline, the abatement shall expire. Res 13-14 further imposed reasonable conditions on the project and required the petitioner to enter into a Memorandum of Agreement (MOA). Among other things, the MOA requires annual pre-construction progress *Report*s and quarterly *Report*s during construction to the EDC and annual *Report*s after completion. The MOA acknowledges that the project may require phased development; if that is the case, the abatement would apply to a first phase. It also provides for "clawback" of the abatement in the event on non-compliance with certain terms.

| | | | |
|---|---|---|---|
| Slides 21-22 | **The Foundry** | 304 West Kirkwood<br>*Real Estate and Personal Property* | Res 14-15 |

**Comment**: This project is in process. The Council granted an abatement on real estate and personal property in 2014. The project will be a new 4-story, mixed use building with 12,640 sf of commercial space on the first and second floor and residential on the third and fourth floors (but with no abatement granted to the top floor residential units). There is a 5-year abatement on the ~$11.5 million investment in real estate and a 10-year abatement on the ~ $400,000 investment in personal property. Approximately 55 jobs will be retained (with a payroll of ~ $3.6 million) and 12 jobs created (with a payroll of ~$825,000).

| | | |
|---|---|---|
| **Cook Pharmica** | 1300 S. Patterson Drive<br>*Personal Property* | Res 15-07 |

**Comment**: This project was approved by the Council in 2015 and proposes investment in manufacturing equipment that is in process. According to the Statement of Benefits, the value of the project is ~$25 million (with an increase in AV of ~ $10 million) and will result in an increase of 70 jobs with an additional payroll of ~$3.2 million by 2020. The abatement would be for 10 years and offer a 70% deduction on the new taxes generated by this investment in personal property. Please note that this tax abatement was accompanied by a $250,000 grant from the Industrial Development Fund (IDF) for an associated investment of $1 million in real estate (Res 15-08) with benchmarks that were assured with a Memorandum of Understanding.

## Expired Tax Abatements (Slide 23)

The *Report* lists two abatements that have expired since last year's *Report*:

| | | |
|---|---|---|
| B & L Rentals | 612 & 614 W. Kirkwood | Res 03-21 |
| Richard Dean Groomer | 100 W. Kirkwood | Res 03-27 |

## One Absent CF-1

It appears that all but one eligible project filed the required CF-1s this year. Please note that the failure to file a CF-1s makes the property ineligible for a tax abatement for this tax year.

| | | |
|---|---|---|
| IMA East | 2605 East Creek's Edge Drive | Res 06-02 |

This project is in the last year of its 10 year abatement and under new ownership (where an unfamiliarity with the tax abatement may explain the failure of filing a CF-1).

## Other Tax Abatements Within the City Without Review by the Common Council

The *Report* evaluates current tax abatement projects authorized by the City of Bloomington, but does not address another form of tax abatement within the City enacted by the General Assembly that are generally not reviewed by the Common Council. These are tied to our Urban Enterprise Zone (which, at this time, is set to expire in 2017, but is subject to a one-year extension with Res 16-07 [also included in this packet and summary]) and offers a 100% deduction of taxes for a period of either five or ten years for eligible investments within an Enterprise Zone for the purchase, construction and rehabilitation of buildings as well as the purchase and retooling of equipment. (I.C. 6-1.1-45) You may recall that the Council does, in fact, review a subset of these abatements which fall within one or another of our TIF districts.

### Item Two at Special Session – <u>Ord 16-13</u> – Amending Title 8 (Historic Preservation and Protection) to Reflect Change of Address for Recent Historic Designation

*(Please see the Council Legislative Packet Issued for the June 15th Regular Session for the Summary and Materials)*

### Item Three at Special Session - <u>Res 16-10</u> – Approving an Interlocal Cooperation Agreement with the County Regarding Use of 2016 Edward Byrne Memorial Justice Assistance Grant (JAG) Funds

**<u>Res 16-10</u>** authorizes the execution of an Interlocal Cooperation Agreement with the County regarding the disbursal of Edward Byrne Memorial Justice Assistance Grant (JAG) funds for 2016. According to the Memo from Philippa M. Guthrie, Corporation Counsel, and Mike Diekhoff, Chief of Police, the funds, which amount to $26,624 this year, are allocated to the City and County based upon violent crime statistics reported to the FBI through the Uniform Crime Report (UCR) over a recent three-year period. And, according to that formula, the City will receive 80% ($21,299.20) and the County 20% ($5,324.80). As noted below, the City will use its portion to acquire Automated External Defibrillators (AEDs) and the County will use its portion to acquire digital recording equipment.

<u>About JAG Program - Past Grants</u>

According to a summary of the JAG program on the National Criminal Justice Association website:[11]

> The Edward Byrne Memorial Justice Assistance Grants Program (Byrne JAG) is the cornerstone federal crime-fighting program, enabling communities to target resources to their most pressing local needs. The program awards are authorized by the 42 U.S.C.§3751(a). Byrne JAG's hallmark is its flexibility; Byrne JAG funds support all components of the criminal justice system from multijurisdictional drug and gang task forces to crime prevention and domestic violence programs, courts, corrections, treatment, and justice information sharing initiatives. Thus, states, localities and tribal nations are able to deploy Byrne JAG funding against their most pressing public safety challenges. It allows communities to design complete programs, fill gaps, leverage other resources, and work across city, county and state lines. Only when the criminal justice system is in balance can it function fairly, efficiently and

[11] http://www.ncjp.org/byrne_jag

> cost effectively. This breadth and flexibility means states and local communities can use Byrne JAG to balance resources and address problems across the entire criminal justice system.
> Funding must fall within one of seven purpose areas:
> (1) Law Enforcement
> (2) Prosecution and Courts
> (3) Crime Prevention and Education
> (4) Corrections and Community Corrections
> (5) Drug Treatment and Enforcement
> (6) Planning, Evaluation, and Technology Improvement
> (7) Crime Victim and Witness Programs (Other Than Compensation)
>
> Even within these program areas, however, JAG funds cannot be used directly or indirectly for security enhancements or equipment for nongovernmental entities not engaged in criminal justice or public safety.

Locally, these grants have helped acquire: an NC4 *Street Smart* computer program, eDesk kiosks, a telephone system, digital interviewing equipment, in-car cameras, vehicle locator equipment and software, and special vehicles.[12]

2016 Funds

This year the City will use its entire allocation towards the purchase of Automatic External Defibrillators (AEDs). For those unfamiliar with them, AEDs are used as part of Cardio-Pulmonary Resuscitation (CPR) in order to revive a heartbeat. A communication with Scott Oldham, Captain of Operations, BPD, indicated that the grant would add 10 AEDs (to the five already acquired) and outfit all marked patrol cars with one of these devices. He noted that "officers are often the first on the scene of accidents and other medical events, some of which unfortunately require immediate life-saving intervention. While traditional CPR is a good measure, studies have shown that an AED offers the victim a much greater chance for survival." With the AEDs and all officers being trained on use of Naloxone, BPD "will be able to bring emergency medical care to many scenes much more quickly than is currently possible and improve the chance for victim survival."

The County will purchase digital cameras and a digital phone recorder.

[12] In 2013 and 2014, funds initially allocated for polygraph equipment and training (in 2011) and a secure server (in 2012) were reallocated for one of the above purposes.

General Terms of the Agreement

As a requirement for an award, the City and the County must enter into an Agreement which is attached to the resolution. In brief, the Agreement:

- "reflects the commitments and understandings … of the governmental entities in order to efficiently and effectively utilize proceeds" from the award;
- allocates the grant between the two entities to be used as stated above;
- makes each party solely responsible for their own actions in furnishing services under this agreement;
- requires each party to communicate and cooperate with each other and to make good-faith efforts to obtain all necessary funds and otherwise comply with the Agreement;
- conditions performance of the duties under the Agreement on the receipt of sufficient JAG funds; and,
- is to be narrowly construed in regard to the obligations of the parties and does not create rights for persons who have not signed it.

## Items for Discussion at the Committee of the Whole Immediately Following the Aforementioned Special Session (Including One Ordinance Introduced at the Special Session)

## Item One for Discussion at the Committee of the Whole – Res 16-07 – Supporting the Extension of the Bloomington Urban Enterprise Association (BUEA) and Enterprise Zone for an Additional Year

**Res 16-07** supports the work of the Bloomington Urban Enterprise Association (BUEA) and the extension of our Enterprise Zone (Zone) for an additional year. As noted in the resolution and memo presented by Linda Williamson, Director, and Jason Carnes, Assistant Director, Economic and Sustainable Development department,[13] it is being presented as a result of Indiana P.L. 202-2016, Section 5, which allows the Zone to be extended for an additional one year if the Council adopts a resolution supporting that action. Please see the map for the boundaries of the Zone (with an overlay for the City's Consolidated TIF District) and resolution from the BUEA requesting this extension.

[13] Please know that Thomas Cameron, Assistant City Attorney, contributed to these efforts and serves as City Legal liaison with the ESD Department and the BUEA among other duties.

History

Enterprise Zones were created by the General Assembly in 1983 to offer a package of tax incentives to help revitalize and generate employment in a distressed area within a locality. These Zones were created for a period of 10 years with the ability to apply for two (2) five-year extensions and, with subsequent legislation, a third five-year extension. Our Zone began in 1992 with the encouragement of the former State Department of Commerce as a way to help Thomson Consumer Electronic and the community (Res 91-37).

Thomson and the other zone industries saw immediate savings because, under a reinvestment agreement, they could keep 80% of their inventory tax and turn the other 20% over to the Zone as a participation fee. This money, along with other nominal revenues, was then available to foster reinvestment, encourage loans, and benefit individual residents of the zone. Over the next few years, the BUEA increased business participation in the program, helped with the expansion of zone businesses, and worked with neighbors regarding zone programs and projects.

The departure of Thomson in 1997 significantly reduced zone revenues and led the BUEA to work with the State board to expand the Zone with its first five-year renewal in 2002 (Res 01-26). As a cost-saving measure, the BUEA also agreed to let the City serve as administrator in 2000. Please note that those duties were transferred from the Economic Development to the HAND department in 2002, and then to the Economic and Sustainable Development department in 2014.

In 2005, the City took steps to obtain what it foresaw as the second and final five-year extension (Res 05-26), which was to expire January 31, 2012. Around the same time, the primary revenue source for the Zone switched from a credit on an inventory tax, which was phased-out by the State, to an Enterprise Zone Loan Interest Credit. By 2011, the Enterprise Zone Investment Deduction (EZID) became the primary source of revenue. Please see Statutory Incentives (below) for a little more information on these revenues, which are generated from "participation fees" paid to the Zone.

In 2010, as a result of a change in State law, the City adopted Res 10-07, which extended the Zone for a third five year period (until January 31, 2017). Then, in 2016, as a result of another change in State law, the Council has an opportunity to extend the Zone for one more year (until January 31, 2018).

BUEA Composition and Duties

The BUEA consists of 12 members from the business and labor sectors, State and local government, and residents of the zone, who are appointed by the Governor (2), Mayor (6), and Council (4) – please see the memo for information on the appointees.

Under I.C. 5-28-15-14, it is required to:

- coordinate zone development activities and serve as a catalyst for zone development;
- promote the zone to those outside of it;
- establish formal lines of communication with zone residents and businesses; and
- serve as liaison between residents, businesses, the City, and the state board for any development activity that may affect the zone and its residents.

And, along with those required duties, it may:

- commence and coordinate community development activities that help employ residents of the zone, improve its physical environment, foster capital investment, and advise the City on use of Tax Incremental Finance District funds within its boundaries;
- recommend changes to the zone boundary and disqualification of zone businesses for zone benefits and incentives;
- incorporate as a nonprofit corporation (in which case it may receive land from the City's Redevelopment Commission); and
- request modification of a state or local law or regulation affecting the zone, which may be granted as long as it does not affect the health, safety, civil rights, or employment rights.

BUEA Statutory Incentives (Revenues)

Here is a list of local statutory incentives connected with the Zone:

- an Enterprise Zone Investment Deduction (EZID) for property owners – which offers a 10-year deduction on property taxes for qualified improvements[14] within the Zone;
    - A participation fee is paid to the BUEA by EZID recipients which yielded revenues of ~ $442,000 for the BUEA in 2015 (please see the

[14] Qualified investments refer to: the purchase or construction of a building; the purchase of new manufacturing or production equipment, and the costs associated with retooling existing machinery; and, the costs associated with the repair, rehabilitation, or modernization of an existing building and related improvements.

    - memo for a history of those revenues since 2007; and, please recall that EZIDs within TIF districts must be approved by the Council)
- a Loan Interest Credit for financial institutions – which offers a credit of 5% for a qualified loan[15] made to Zone business or resident;
    - Like the aforementioned EZID, a portion of the tax credit is paid to the BUEA which yield revenues of ~ $50,000 in 2015 (please see the memo for a history of those revenues since 2007);
- an Employment Expense Credit for employers – which offers a tax credit equal to $1,500 for each employee who works and resides in the Zone; and
- an Income Tax Deduction for employees – which offers as much as a $7,500 deduction for Zone residents who live and work in the Zone.[16]

Local BUEA Programs and Accomplishments

According to the memo, the BUEA has created a number of programs/initiatives that are administered by the ESD department. Here is a list of those programs and some their accomplishments:

- a business consulting partnership with the Small Business Development Center (SBDC) for entrepreneurial support and technical assistance – which has provided 1,100 counseling hours to 115 entrepreneurs since 2007;
- a loan program - which has provided 14 loans worth more than $350,000 to bring properties up to current building code requirements since 2003;
- a historic façade preservation grant program – which has funded 32 façade improvement projects worth $375,000 since 2004;
- an arts grant program – which has awarded 50 arts grants worth $119,000 for "events, physical art pieces, performances, and classes" since 2012;
- a business economic enhancement scholarship program – which has awarded five scholarships worth $7,200 toward continuing education for zone businesses and staff (in the form of "classes, conferences, and CEO Roundtable groups") since 2014;
- a school grant program – which has provided "$272,054 to the Foundation for Monroe County Schools to assist with various education programs … (i.e.

[15] Qualified loans include those used for: a purpose directly associated with a business located within the Zone; an improvement that increases the assessed value of real property located in the Zone; and, the rehabilitation, repair, or improvement of residences in the Zone.

[16] Please note that there is an Investment Cost Credit for investors, which is operated through the Indiana Economic Development Corporation (IEDC) and offers up to 30% of the purchase price of a Zone business as a tax credit upon approval of the IEDC, which will make its decision based upon whether the business is viable and whether the investment would not go forward without the credit.

staffing, equipment, licensing, and meals) … for schools located in the Zone" since 2004;

- a resident economic enhancement scholarship program – which has provided 43 scholarships worth $50,000 for zone residents to attend IVY Tech and Indiana University since 2003; and,
- special grants - which have included a $150,000 grant with an additional matching grant of $200,000 to the Shalom Community Center for operation of the homeless shelter now known as "A Friend's Place" and a $50,000 grant to the Boys & Girls Club of Monroe County to help renovate and build out a facility in the Crestmont neighborhood" in 2015.

## Item Two for Discussion at the Committee of the Whole[17] – Ord 16-18 Authorizing and Approving a PILOT Agreement with EV Bloomington Ltd. For Evergreen Village at Bloomington

**Ord 16-18** authorizes and approves a Payment in Lieu of Taxes Agreement with EV Bloomington for Evergreen Village, located at 3607 South Heirloom Drive.[18] As you know, most charitable organizations are exempt from property taxes. In certain contexts, so too are low-income housing projects. PILOTs are compulsory payments made by certain organizations whose use of property is otherwise exempt from property taxes. The intent of PILOTs is to allow local government to compensate for revenue not collected from such exempt properties.

**On PILOTs**

The Indiana Constitution allows the Indiana General Assembly to provide property tax exemptions for "property being used for municipal, educational, literary, scientific, religious or charitable purposes." (Ar 10, Sec 1). As pointed out in the accompanying staff memo, the General Assembly has not only exempted these properties, but also property used for certain low-income housing developments. These policies recognize that such exempt properties are put to use in the public interest and embody public value.[19] However, just as the General Assembly has provided exemptions for such properties, so too has the Assembly provided local government with the tools to recoup some of this "lost" property tax revenue.

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[17] Note that this item will be introduced under First Reading at the Special Session earlier this evening but appears in the packet and summary in order of its consideration at the Committee of the Whole.

[18] Note when Council considered a PUD amendment for this property in 2015, the property had a temporary address of 2602 E. Creeks Edge Drive. The permanent address for this property is the Heirloom addresss.

[19] *Indiana Local Government Officials: Exploring Support for PILOTS (Payments-in-Lieu of Taxes*), Kristin Grønbjerg and Kellie McGiverin-Bohan with Lauren Dula and Rachel Miller (Bloomington, IN: Indiana University School of Public and Environmental Affairs, Spring 2016), citing National Council of Nonprofits (2015). "2015-2016: The Years in Review" (online at https://www.councilofnon-profits.org/2015-2016-years-in-preview).

Specifically, local governing bodies are authorized to adopt ordinances to require exempt properties to make payments to local government to cover the cost of municipal services to such properties.[20] Known as "Payments in Lieu of Taxes," or "PILOTs," these payments are calculated such that payments are in an amount equal to the amount of taxes that would have been levied on the property had it not been exempt.[21]

**The Evergreen Property Tax Exemption and Pilot**

As most of you will recall, in September 2015, the Council approved Ordinance 15-15 which amended a parcel of the Canada Farm PUD to add "assisted living facility" as a permitted use of the property. The 115-unit facility was to be constructed under a non-competitive tax credit to provide affordable housing and was to serve low-income residents aged 62 years or older whose income is at or below 60% of the area's gross median income.

Evergreen is before the Council again because Evergreen wishes to apply for a low-income housing property tax exemption. In order to qualify for this exemption, a low-income housing development must meet three conditions: 1) the improvements to the property are constructed, rehabilitated, or acquired for housing low income persons pursuant to a federal low-income housing tax credit program; 2) the property is subject to an Extended Use Agreement under the federal low-income housing credit program; and, 3) the developer enters into a PILOT Agreement with local government. The first two conditions are federal in nature and outside the scope of Council review.[22] However, the third condition requires the Council to approve a PILOT Agreement with Evergreen.

**Ordinance 16-18**

Among other requirements, State statute requires that for a PILOT Agreement to be valid, the governing body must adopt an ordinance requiring a property owner to pay a PILOT, at times set forth in the ordinance.[23] Notably, the requirements of the ordinance are subject to the approval of the property owner. I.C. 36-1-8-

[20] I.C. 36-1-8-14.2 et seq.
[21] I.C. 36-1-8-14.2(e)
[22] As indicated in the Council's September material, the project is being constructed under a federal tax credit. Know also that the developer is also in the process of working out the Extended Use Agreement.
[23] Note that the Ordinance attaches the PILOT Agreement as Exhibit A. The Agreement provides that the annual in lieu of amount is due in two equal installments on or before May 10 and November 10 of each year, starting on May 10, 2017.

14.2(d). City Legal has negotiated the PILOT Agreement with Evergreen and Evergreen has assented to its terms.

Ord 16-18 spells out the pre-conditions for Evergreen's tax exemption and memorializes the following in its "Whereas" clauses:

- **Tax Credit Requirement**: The property will be "developed, constructed, and operated" to provide housing to persons under the federal low-income housing tax credit program, 26 USC 42
- **Period of Affordabilty**: The property will be subject to an Extended Use (affordability) Agreement under 26 USC 42 for a period of at least 30 years. Please note that the City is a not a signatory to the Extended Use Agreement. However, as documented below, the PILOT Agreement is conditioned upon the execution and recording of an Extended Use Agreement of at least 30 years. However, the Extended Use Agreement endures absent a PILOT.
  → As noted in Mayor Hamilton's attached press release, this commitment doubles the IRS minimum commitment of 15 years for such low-income housing.
- **Housing for Low-Income Residents**: Pursuant to the Extended Use Agreement, the property will be permitted to rent only to residents whose incomes are 60% or less of the area gross median income.
  → As noted in Mayor Hamilton's attached press release, the project will serve low-income seniors with annual household incomes of less than $15,600.
- **Restricted Rents**: Also pursuant to the Extended Use Agreement, the ordinance documents that Evergreen will be limited to charging rents determined by the Agreement.
- **PILOT**: The ordinance recounts that Evergreen has agreed to make payments in lieu of taxes and that the City and Evergreen have reduced their agreement to writing.

Ord 16-18 ordains the following:

- That Council approves the attached PILOT Agreement, as attached to the ordinance, and authorizes its execution and delivery by the Mayor on behalf of the City.
- That the Clerk is directed to record the approved ordinance and PILOT Agreement with the County Recorder.

The ordinance approving the PILOT will remain in effect until repealed or modified by the Council, subject to the approval of Evergreen.

**The PILOT Agreement**

After being approached by Evergreen for a request for a PILOT – again, one of three requirements that must be met for tax exemption – City Legal worked with Evergreen to negotiate a PILOT Agreement, attached as Exhibit A to the ordinance. The key provisions of the Agreement include the following:

- **Payment of a Living Wage**. Bloomington Municipal Code requires that beneficiaries of a City subsidy pay a living wage, one "sufficient for a working family to meet basic needs in housing, child care, food, clothing, household items, transportation, health care, and taxes." BMC 2.28. The PILOT Agreement requires that Evergreen pays its employees a Living Wage. While the PILOT is clearly not a "subsidy" under the City's Living Wage Ordinance, the Agreement provides a grant to Evergreen to bring down its PILOT obligation to $0 (Section 3.1(b)). This grant is the "subsidy" under local Code that allows the City to require Evergreen to pay a Living Wage, as adjusted for inflation. The Living Wage for 2016 is $12.32. Evergreen is projected to create 45-50 new jobs. As has been mentioned frequently in the context of this project, the assisted living industry is often one in which its workers are paid low wages.

  In the event that Evergreen is found to not be complaint with the City's Living Wage requirement during the calendar year immediately prior to the assessment year and has not cured the non-compliance, the "grant" from the City reduces Evergreen's tax obligation not to $0, but to $100,000, increasing each year as the same percentage of the Consumer Price Index. However, this figure shall not exceed the amount the City would otherwise have levied if Evergreen were not tax-exempt (Section 3.1(c)).

  While information regarding the amount of PILOT monies the City will forego with this grant configuration was not available at the time the Council's Legislative Packet went to press, the Controller will be positioned to speak to this during Council's discussion of this legislation.

- **PILOT Payments**: The Agreement also provides that Evergreen will pay the City a PILOT of up to $10,000 in any year which it generates a net cash flow. If the net cash flow is less than $10,000, the amount due to the City will be amount of net cash flow, if any. Note that State statute requires that

PILOT monies be deposited in a political subdivision's affordable housing fund.[24] (Section 3.2).

- **Conditioned Upon an Extended Use Agreement of at Least 30 Years**
  Again, one of the three requirements that Evergreen must satisfy to become exempt from property taxes is the execution of an Extended Use Agreement under 26 USC 42. While the City is not a party to this Agreement, nor has any control over it, the City's PILOT Agreement is conditioned upon the successful execution and recording of an Extended Use Agreement that provides for a term of at least 30 years. Should an Extended Use Agreement contain a term of less than 30 years, then PILOT would be of no effect. Both the PILOT Agreement and the Extended Use Agreement run with the land. Both instruments are recorded with the County Recorder and the affordability requirements will continue to apply even upon sale of the property.

- **Notice of Sale and Right of First Refusal**
  The PILOT Agreement requires that, should Evergreen wish to sell the property or if a partner wishes to assign or dispose of its interest during the term of the PILOT, Evergreen is required to provide the City with Notice. If within 5 years of execution of the PILOT, either one of these things occurs, Evergreen is to provide the City with the terms upon which it intends to sell the property to the prospective buyer and the City has 15 days to match the terms (Section 3.5)

- **Termination of the PILO Agreement**
  The Agreement may be terminated in the following circumstances:
  1) By mutual consent of the parties.
  2) In the event the project is sold or the general partnership is transferred and the
     City determines that:
     - The property is used as a Residential Care Facility, licensed by the Indiana State
     Department of Health (ISDH) and there is one or more substantiated complaints that are not resolved to the satisfaction of ISDH.

[24] A fund distinct from the Housing Trust Fund.

- The property is used for a purpose other than a Residential Care Facility and there is one or more substantiated complaint which results in litigation during the remainder of the PILOT Agreement from 1) a rental inspection by the City HAND Department or 2) any other governmental inspection.

3) Upon the last date of Evergreen's compliance period with respect to the low-income tax credits. Upon this date, Evergreen may unilaterally terminate the Agreement upon 90 days notice to the City. In this case, Evergreen is required to pay the applicable *pro rata* amount of In Lieu of Payments for the year in which the termination occurs up to the date of the termination and receive a credit for all In Lieu of Payments already paid for such a year.

If Council approves this PILOT, Evergreen expects to commence construction this fall and plans to open its affordable assisted-living facility in late 2017 or early 2018.

**Item Three for Discussion at the Committee of the Whole on June 22nd – <u>Ord 16-12</u> – Approving the Vacation of Right-of-Ways at Northwest Corner of West 11th and North Rogers Street at the Request of Duke Energy for Construction of an Electrical Substation**

*(Please see the Council Legislative Packet Issued for the June 15th Regular Session for the Summary and Materials)*

**NOTICE AND AGENDA**
**BLOOMINGTON COMMON COUNCIL**
**SPECIAL SESSION AND COMMITTEE OF THE WHOLE**
**7:30 P.M., WEDNESDAY, JUNE 22, 2016**
**COUNCIL CHAMBERS,**
**SHOWERS BUILDING, 401 N. MORTON ST.**

**SPECIAL SESSION**

**I. ROLL CALL**

**II. AGENDA SUMMATION**

**III. REPORTS**

1. Annual Tax Abatement Report

Asked to Attend: Linda Williamson, Director, Economic & Sustainable Development

**IV. LEGISLATION FOR SECOND READING AND RESOLUTIONS**

1. Ordinance 16-13 – To Amend Title 8 of the Bloomington Municipal Code, Entitled "Historic Preservation and Protection" to Amend a Historic District to Reflect Re-Addressing of a Designated Property – Re: 305 East Vermilya Avenue

Committee Recommendation *None*

2. Resolution 16-10 – To Approve an Interlocal Cooperation Agreement Between the City of Bloomington and Monroe County, Indiana in Regards to 2016 Edward Byrne Memorial Justice Assistance Grant (JAG)

Committee Recommendation *None*

**V. LEGISLATION FOR FIRST READING**

1. Ordinance 16-18 – Ordinance Authorizing and Approving a Payment in Lieu of Taxes ("Pilot") Agreement with EV Bloomington Limited Partnership for Evergreen Village at Bloomington

**VI. COUNCIL SCHEDULE**

**VII. ADJOURNMENT**

*to be followed immediately by a*

**COMMITTEE OF THE WHOLE**

**Chair: Tim Mayer**

1. Resolution 16-07 – To Extend the Bloomington Urban Enterprise Zone for an Additional One Year Beyond Current Expiration Date

Asked To Attend: Linda Williamson, Director, Economic & Sustainable Development

2. Ordinance 16-18 – Ordinance Authorizing and Approving a Payment in Lieu of Taxes ("PILOT") Agreement with EV Bloomington Limited Partnership for Evergreen Village at Bloomington

Asked To Attend: Jeffrey Underwood, Controller
Philippa Guthrie, Corporation Counsel
Thomas Cameron, Assistant City Attorney
Nick Bouquet, EV Bloomington Limited Partnership

3. Ordinance 16-12 – To Vacate Public Parcels – Re: Two 12-foot Wide Alley Segments and Two Fifty-Foot Wide Street Segments Located at the Northwest Corner of West 11th Street and North Rogers Street (Duke Energy, Petitioner)

Asked To Attend: Representative of Petitioner
Christy Langley, Director, Planning & Transportation

**Auxiliary aids for people with disabilities are available upon request with adequate notice. Please call (812)349-3409 or e-mail council@bloomington.in.gov.*

Posted & Distributed: 15 June 2016

**City of Bloomington**
**Office of the Common Council**

To Council Members
From Council Office
Re Weekly Calendar – 20 - 25 June 2016

**Monday, 20 June**

12:00 pm Bloomington Entertainment Arts District Advisory Committee, McCloskey
12:00 pm Board of Public Works – Work Session, Kelly
5:00 pm Redevelopment Commission, McCloskey

**Tuesday, 21 June**

8:30 am Jack Hopkins Social Services Funding – HAND Technical Assistance Meeting, Hooker Room
11:30 am Plan Commission – Work Session, Kelly
4:00 pm Bloomington Community Farmers' Market, Corner of Sixth Street and Madison Street
4:00 pm Board of Public Safety, McCloskey
5:30 pm Animal Care & Control Commission, Kelly
5:30 pm Bloomington Public Transportation Corp. Board of Directors, Transit
5:30 pm Board of Public Works, Chambers
5:30 pm Commission on the Status of Children & Youth, Hooker Room

**Wednesday, 22 June**

10:00 am Metropolitan Planning Organization – Technical Advisory Committee, McCloskey
5:00 pm Bloomington Arts Commission, Hooker Room
5:30 pm Martin Luther King, Jr. Birthday Commission, McCloskey
6:30 pm Metropolitan Planning Organization – Citizens' Advisory Committee, McCloskey
7:30 pm Common Council – Special Session followed by a Committee of the Whole, Chambers

**Thursday, 23 June**

5:00 pm Bloomington Historic Preservation Commission, McCloskey
5:30 pm Board of Zoning Appeals, Chambers

**Friday, 24 June**

*There are no meetings scheduled for today.*

**Saturday, 25 June**

8:00 am Bloomington Community Farmers' Market, Showers Common, 401 N Morton St
9:00 am Blood Drive, Chambers

**Auxiliary aids for people with disabilities are available upon request with adequate notice. Please contact the applicable board or commission or call (812) 349-3400.*

Posted and Distributed: Wednesday, 15 June 2016


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# MEMORANDUM

CITY OF BLOOMINGTON
economic & sustainable development

**To:** City of Bloomington Common Council

**CC:** Dan Sherman

**From:** Jason Carnes, Linda Williamson

**Date:** June 10, 2016

**Re:** Tax Abatement Program, 2015 Activity Summary

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Attached please find the 2015 Activity Summary of Tax Abatements. The Economic Development Commission (EDC) accepted the activity report in their meeting on May 25, 2016 and recommended it be forwarded to the City of Bloomington Common Council. Staff and the EDC recommend a finding of substantial compliance for all projects in this report.

We look forward to presenting to you on June 22, 2016 the details of active tax abatement projects via the annual Tax Abatement Activity Report.

# Tax Abatement Annual Report

## *2015 Activity Summary*

***Presentation to:***

**Common Council**

*June 22, 2016*

Department of Economic and Sustainable Development

# Activity Report

I. Introduction
II. Economic Impact
III. Residential Projects
IV. Mixed-Use Projects
V. Commercial Projects
VI. Projects in Progress
VII. Expired Abatements
VIII. CF-1s Not Received

# Tax Abatements

- What is tax abatement?
  - Real and personal property
    - IC 6-1.1-12.1
  - Vacant building
    - IC 6-1.1-12.1-16
  - Enterprise IT equipment
    - IC 6-1.1-10-44

# Tax Abatements

- Phase-in of new property taxes
  - All or part of **new** assessed value exempted from paying property tax
  - Reduction of tax liability on **added** assessed value (AV) only
- Terms from 1 to 10 years
  - Sliding scale from 100% to **no** exemption on the new AV;
  - Designating body may provide an “alternative deduction schedule” (IC 6-1.1-12.1-17)

# Tax Abatements

- Local economic development tool
  - City authorizes, County administers
- City of Bloomington General Standards
  - Evaluative criteria adopted 2010
    - Creation of full-time, permanent living-wage jobs
    - Creation of capital investment to enhance tax base (↑ AV)
    - Quality of Life and Environmental/Sustainability
    - Affordable Housing
    - Community Service
    - Community Character
- Bloomington Common Council requires an Economic Development Commission (EDC) recommendation

# Authorization Process

- ESD Department
  - Receives Application and Statement of Benefits (IN Form SB-1)
- EDC recommendation
  - Economic Revitalization Area
    - Economic Development Target Area, if appropriate
  - Abatement term and schedule
- Common Council
  - Designating resolution
  - Public hearing and confirmatory resolution
    - Or modifying/confirming or rescinding resolution

# Annual Reporting

- Compare estimated “benefits” to actual results
- Taxpayer submits annual Compliance form with Statement of Benefits form (IN Form CF-1)
  - Filed with County Auditor for deduction administration
  - Copied to City Clerk for reporting to Common Council
- Council has given ESD Department the responsibility to compile and report to EDC
  - EDC forwards final report to Council for any action
    - EDC made recommendation this year on May 25th

# Economic Impacts

Progress toward new real and personal property investment estimates

| Category | Proposed New Investment (SB-1) | Actual New Investment (CF-1) |
|---|---|---|
| Commercial RE | $ 39,000,000 | $ 132,800,000 |
| Commercial PP | $ 17,200,000 | $ 37,996,461 |
| Mixed Use | $ 2,300,000 | $ 2,300,000 |
| Residential | $ 100,000 | $ 100,000 |
| **Total** | *$ 58,600,000* | *$ 173,196,461* |

# Economic Impacts

Progress toward new jobs and salary estimates

| Proposed New Jobs | Proposed New Salaries | Actual New Jobs | Actual New Salaries | Total Jobs New and Retained | Total Salaries New and Retained |
|---|---|---|---|---|---|
| 200 | $ 9,455,920 | 650 | $47,514,252 | 766 | $59,772,689 |
| *Average Proposed New Salary = $47,279.60* | | *Average Actual New Salary = $73,098.85* | | *Average Salary = $78,032.23* | |

Figures exclude temporary jobs and corresponding salaries from construction.

Excludes unknown salary information from some businesses leasing space in mixed-use developments, non-reported information and commissions/benefits.

# Economic Impacts

Original assessed values and current assessed values

| Category | SB-1 Assessed Values (Before Project) | Current Assessed Values |
|---|---|---|
| Commercial RE + PP | $ 2,082,100 | $ 82,038,868 |
| Mixed Use | $ 350,000 | $ 1,560,400 |
| Residential | $ 100,000 | $ 306,400 |
| **Total** | *$ 2,532,100* | *$ 83,905,668* |


# B & L Rentals

# B & L Rentals, LLC

***718, 720 & 722 W. Kirkwood***

**Resolution: 03-22**

## Statement of Benefits

**Type:** Real Estate Improvements

**Length of Abatement:** 10 years

**Estimated New Investment:** $100,000

**Estimated New Employment:** N/A

**Estimated New Salaries:** N/A

**Benefits:** Renovation of Queen Anne 2 story housing with 3 apartments in the West Kirkwood ERA.

## Compliance

**Summary:** The project is complete.

**Actual New Investment:** $100,000

**Actual New Employment:** N/A

**Actual New Salaries:** N/A

**Current Assessed Value:** $295,500

**Remarks:** Staff recommends a finding of substantial compliance with the Statement of Benefits.

This abatement is in year 7 of 10.

# Big O Properties, LLC

***338 South Walnut Street***

**<u>Resolution: 15-01</u>**

# Big O Properties, LLC

***338 South Walnut Street***

**Resolution: 15-01**

## Statement of Benefits

**Type:** Real Estate Improvements

**Length of Abatement: 3** years

**Estimated New Investment:** $2,300,000
**Estimated New Employment:** N/A

**Estimated New Salaries:** N/A

**Benefits:** Construction of a 3 story, mixed use building, 14,400 sq ft (1,663 sq ft commercial) and 14 residential units (four 2-BR, ten 1-BR).

## Compliance

**Summary:** The project is complete.

**Actual New Investment:** $2,300,000

**Actual New Employment:** N/A

**Actual New Salaries:** N/A

**Current Assessed Value:** $1,560,400

**Remarks:** Staff recommends a finding of substantial compliance with the Statement of Benefits.

This abatement is in year 1 of 3.

# Cook Pharmica

# Cook Pharmica

***1300 S. Patterson Dr.***

**Resolution: 04-08**

## Statement of Benefits

**Type:** Real Estate Improvements and Personal Property Improvements

**Length of Abatement:**

RE: 10 years
PP: 10 years

**Estimated New Investment:**

RE: $19,000,000

PP: $17,200,000

**Estimated New Employment:** 200

**Estimated New Salaries:** $9,455,920

**Benefits:** Renovation of “Building 2” at the Indiana Enterprise Center. This 430,000 sq ft building was built in 1965. Renovation of exterior and 100,000 sq. ft. of interior for use by a new company to develop and research in contract pharmaceuticals.

## Compliance

**Summary:** Real estate and equipment improvements are complete.

**Actual New Investment:**

RE: $112,000,000

PP: $37,996,461

**Actual New Employment:** 558

**Actual New Salaries:** $38,098,020

**Current Assessed Value:**

RE: $44,246,200

PP: $15,198,584

**Remarks:** Staff recommends a finding of substantial compliance with the Statement of Benefits.

The RE abatement is in year 10 of 10.
The PP abatement is in year 9 of 10.

# Hoosier Energy
***2501 South Cooperative Way***
**Resolution: 13-03**

# Hoosier Energy

## *2501 South Cooperative Way*

## Resolution: 13-03

### Statement of Benefits

**Type:** Real Estate Improvements

**Length of Abatement:** 10 years

**Estimated New Investment:** $20,000,000

**Estimated Retained Employees:** 116

**Estimated Retained Salaries:** $11,118,764

**Estimated New Employees:** 0

**Estimated New Salaries:** 0

**Benefits:** Construction of a new multi-story, LEED-certified 80,000+ square foot headquarters building

### Compliance

**Summary:** Real estate improvements are complete.

**Actual New Investment:** $20,800,000

**Actual Retained Employees:** 116

**Actual Retained Salaries:** $12,258,437

**Actual New Employees:** 46

**Actual New Salaries:** $4,306,518

**Current Assessed Value:** $9,215,900

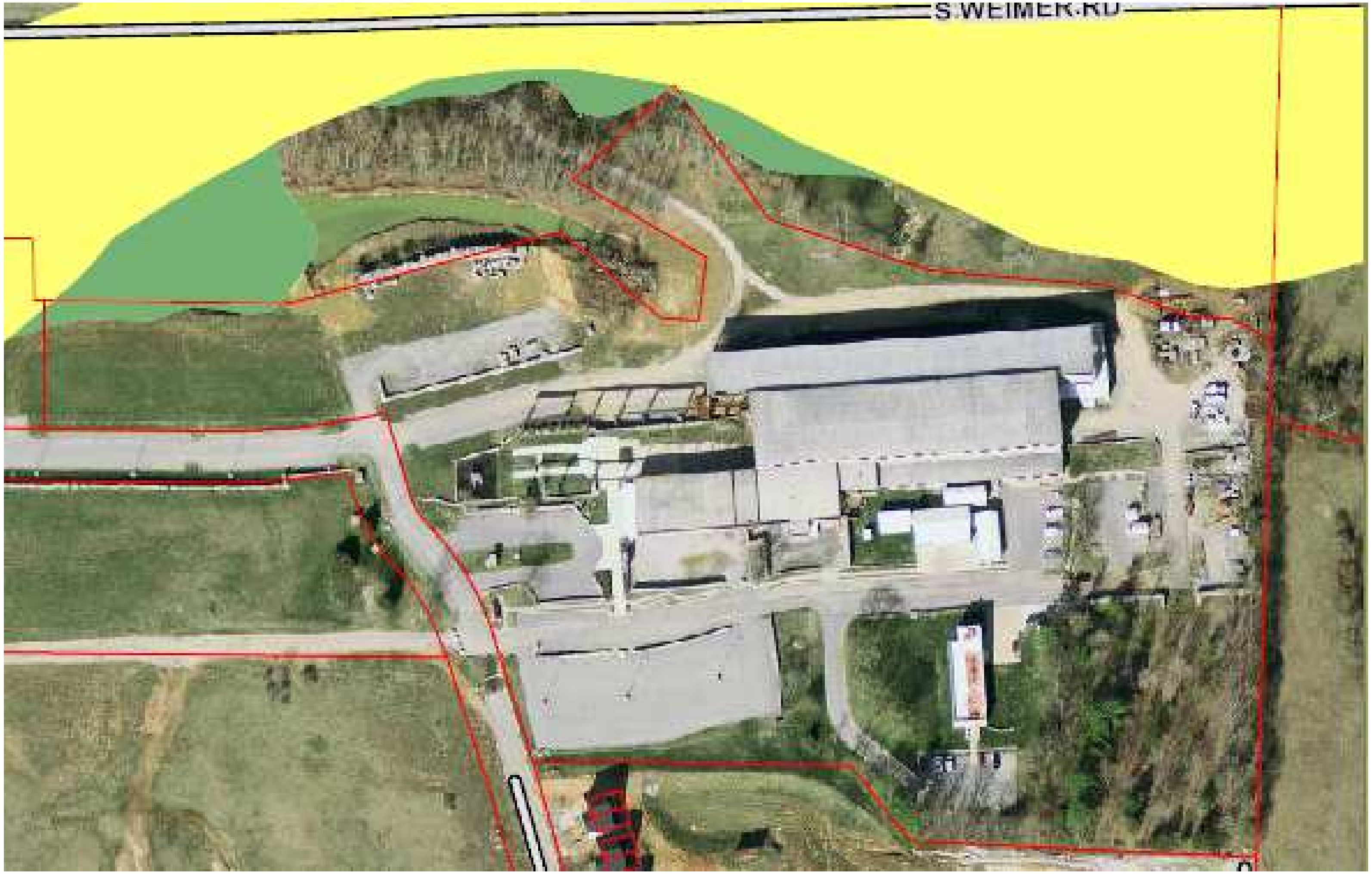
**Remarks:** Staff recommends a finding of substantial compliance with the Statement of Benefits.

The abatement is in year 1 of 10.

# Woolery Mill Ventures, LLC

***Property at 2600 S. Kegg Rd***

**<u>Resolution: 04-01; 13-14</u>**



# Res. 04-01; 13-14 - Woolery Ventures LLC

## Statement of Benefits

**Type:** Real Estate Improvements

**Length of Abatement:** 10 years

**Estimated New Investment:** $6,000,000

**Estimated New Employment:** 45

**Estimated New Salaries:** $762,000

**Benefits:** Renovation of an abandoned limestone mill into a mixed use facility (42 apts/condos, 55-room hotel, recreational amenities) rehabilitated to the historic standards of the Secretary of Interior. Original estimated completion date was 6/30/2005.

## Compliance

**Summary:** Since 2004, $1M in infrastructure, aesthetic site improvements. Memorandum of Agreement has been executed - defines substantial compliance, requires Mill renovation project to begin by 12/31/18 (building permit). Requires annual pre-construction progress reports to EDC, quarterly reports during construction, and annual compliance reports after completion. The MOA acknowledges complexity of project may require phased development, and this tax abatement would then apply to a first phase if so. MOA contains clawback provisions with regard to compliance reporting and substantial compliance requirements. Woolery Ventures is moving forward with project planning and implementation.

# The Foundry

***304 West Kirkwood Ave.***

**Resolution: 14-15**

# The Foundry

***304 West Kirkwood Ave***

**Resolution: 14-15**

## Statement of Benefits

**Type:** Real Estate and Personal Property Improvements

**Length of Abatement:** 5 years RE, 10 years PP

**Estimated New Investment RE:** $11,500,000

**Estimated New Investment PP:** $400,000
**Estimated Retained Employment:** 55
**Estimated New Job Created:** 12

**Estimated Retained Salaries:** $3,637,099

**Estimated New Salaries:** $825,000

**Benefits:** Construction of a new 4 story, mixed-use building with 12,640 sq ft of commercial space on 1st and 2nd floor.

**Summary:** Tax Abatement does not include top floor residential units

# Abatements Expired in 2015

B&L Rentals, LLC
*612 & 614 W. Kirkwood*
Resolution: 03-21

Richard Dean Groomer
*1000 W. Kirkwood*
Resolution: 03-27

# CF-1s Not Received

- Res. 06-02 IMA East
  - Property at 2605 E. Creek's Edge Drive

# *Thank You!*

**RESOLUTION 16-10**

**TO APPROVE AN INTERLOCAL COOPERATION AGREEMENT
BETWEEN THE CITY OF BLOOMINGTON AND
MONROE COUNTY, INDIANA
IN REGARDS TO 2016 EDWARD BYRNE MEMORIAL
JUSTICE ASSISTANCE GRANT (JAG)**

WHEREAS, the City of Bloomington and Monroe County are authorized by I.C. 36-1-7-1, *et seq.*, to enter into agreements for the joint exercise of their powers for the provision of services to the public; and

WHEREAS, this Interlocal Cooperation Agreement reflects the commitments and understandings agreed to by the governmental entities in order to efficiently and effectively utilize proceeds received from the 2016 Edward Byrne Memorial Justice Assistance Grant (JAG).

NOW, THEREFORE BE IT HEREBY RESOLVED BY THE COMMON COUNCIL OF THE CITY OF BLOOMINGTON, MONROE COUNTY, INDIANA, THAT:

SECTION 1. The Interlocal Cooperation Agreement between the City of Bloomington and Monroe County, Indiana in regards to the 2016 Edward Byrne Memorial Justice Assistance Grant, a copy of which is attached hereto and made a part hereof, is hereby approved.

SECTION 2. If any sections, sentences or provisions of this resolution, or the application thereof to any person or circumstances shall be declared invalid, such invalidity shall not affect any of the other sections, sentences, provisions, or applications of this ordinance which can be given effect without the invalid provision or application, and to this end the provisions of this ordinance are declared to be severable.

SECTION 3. This resolution shall be in full force and effect from and after its passage by the Common Council of the City of Bloomington and approval of the Mayor.

PASSED AND ADOPTED by the Common Council of the City of Bloomington, Monroe County, Indiana, upon this _____________ day of _____________________, 2016.

_________________________
ANDY RUFF, President
Bloomington Common Council

ATTEST:

____________________
NICOLE BOLDEN, Clerk
City of Bloomington

PRESENTED by me to the Mayor of the City of Bloomington, Monroe County, Indiana, upon this ______ day of ______________________, 2016.

____________________
NICOLE BOLDEN, Clerk
City of Bloomington

SIGNED and APPROVED by me upon this _______ day of ______________________, 2016.

________________________
JOHN HAMILTON, Mayor
City of Bloomington

# SYNOPSIS

This resolution approves the interlocal agreement between the City and the County for how the 2016 JAG funds are to be utilized. The JAG funds are divided among the City and the County based on violent crime statistics reported to the FBI through the Uniform Crime Report. A three year review of violent crime statistics shows that the City is entitled to 80% of the grant funds, with the County retaining the remaining 20%. The overall JAG award for 2016 is $26,624.00. The City shall retain $21,299.20, with the County retaining $5,324.80.00. The City shall use all of its award towards the purchase of automated external defibrillators (AEDs). The County shall use all of its award towards the purchase of digital recording equipment.

# MEMORANDUM

**TO:** MAYOR HAMILTON
**FROM:** PHILIPPA M. GUTHRIE; MICHAEL DIEKHOFF
**RE:** JUSTICE ASSISTANCE GRANT
**DATE:** JUNE 9, 2016

42 U.S.C. §3751(e) authorizes the Edward Byrne Memorial Justice Assistance Grant Program ("Program"). This Program allocates grant funds to a variety of law enforcement agencies across the country. The Bureau of Justice Statistics has an established and statutorily required formula for determining how individual states, cities and towns may qualify and apply for funds via this Program. The formula is mainly based on violent crime statistics for each state and/or local unit of government.

Communities that receive an award from the Program may generally use the funds allocated to them for things such as: technical assistance; training; equipment; supplies; contractual support; and information systems.

The Department and the Monroe County Sheriff ("Sheriff") are jointly allocated one award each year under this Program. As the award is jointly given to both the Department and the Sheriff, the guidelines for the Program require the Department and Sheriff to enter into an interlocal agreement to document the allocations and uses for the funds.

In order to calculate the division, the Department and the Sheriff conduct a three year review of the violent crime statistics for both agencies and determine their percentages of the overall statistics. For calendar year 2016, the three year analysis by the agencies results in the Department receiving 80% percent of the total award and the Sheriff receiving 20% percent of the award.

The 2016 allotment is in the amount of $26,624.00. The Department's allocation is $21,299.20 and the Sheriff's allocation is $ 5,324.80. The City will agree to receive the entirety of the award and distribute the Sheriff's allocation upon receipt.

INTERLOCAL COOPERATION AGREEMENT
BETWEEN
THE CITY OF BLOOMINGTON AND
MONROE COUNTY, INDIANA
IN REGARDS TO 2016 EDWARD BYRNE MEMORIAL
JUSTICE ASSISTANCE GRANT (JAG)

WHEREAS, Indiana Code § 36-1-7-1 *et seq.* permits governmental entities to jointly exercise powers through Interlocal Cooperation Agreements; and

WHEREAS, each governmental entity, in performing their governmental functions or in paying for the performance of governmental functions hereunder, shall make that performance or those payments from current revenues legally available to that party; and

WHEREAS, each governmental entity finds that the performance of this Interlocal Cooperation Agreement is in the best interests of both entities, that the undertaking will benefit the public, and that the division of costs fairly compensates the performing party for the services or functions under this Interlocal Cooperation Agreement; and

WHEREAS, this Interlocal Cooperation Agreement reflects the commitments and understandings agreed to by the governmental entities in order to efficiently and effectively utilize proceeds received from the 2016 Edward Byrne Memorial Justice Assistance Grant (JAG); and

WHEREAS, the funds from the JAG are to be divided between the two governmental entities based on violent crime statistics reported to the Federal Bureau of Investigation through the Uniform Crime Reports; and

WHEREAS, a three (3) year review of the violent crime statistics for both governmental agencies indicates that the Bloomington Police Department is to receive eighty percent (80%) of the total JAG funds and that the Monroe County Sheriff's Department is to receive the remaining twenty percent (20%) of the JAG funds.

NOW, THEREFORE, City of Bloomington and Monroe County, Indiana, hereby agree as follows:

Section 1. Payment

The City shall receipt in all of the $26,624.00 associated with the 2016 JAG and thereafter disburse $5,324.80 (20% of the total JAG funds) to the Monroe County Sheriff's Department, while retaining $21,299.20 for use by the City of Bloomington Police Department.

Section 2. Use of Funds

The City shall use all of the $21,299.20 it is allocated from the JAG funds towards the purchase of automated external defibrillators (AEDs).

The County shall use all of the $5,324.80.00 it is allocated from the JAG funds towards the purchase of digital recording equipment.

Section 3. Liability

Nothing in the performance of this Interlocal Cooperation Agreement (hereinafter, “Agreement”) shall impose any liability for claims against either governmental entity other then claims for which liability may be imposed by the Indiana Tort Claims Act.

Section 4. Responsibility

Each entity to this Agreement shall be responsible for its own actions in providing services under this Agreement and shall not be liable for any civil liability that may arise from the furnishing of the services by the other party.

Section 5. Commitment

The entities shall communicate and cooperate with one another to ensure that the purposes of this Agreement are achieved on behalf of and to the benefit of the publics they serve.

Section 6. Third Parties

The entities to this Agreement do not intend for any third party to obtain a right by virtue of this Agreement.

Section 7. Intent

By entering into this Agreement, the entities do not intend to create any obligations express or implied other than those set out herein. Further, this Agreement shall not create any rights in any party not a signatory hereto.

Section 8. Severability

If any provision of this Agreement is declared, by a court of competent jurisdiction, to be invalid, null, void or unenforceable, the remaining provisions shall not be affected and shall have full force and effect.

Section 9. Appropriation of Funds

The entities acknowledge and agree that the performance of this Agreement is subject to the appropriation of sufficient funds by JAG. The parties agree to make a good faith effort to obtain all necessary appropriations and to comply with all provisions of this Agreement to the extent feasible under current or future appropriations.

Approved this _____________ day of __________________________, 2016, by the Monroe County, Indiana Commissioners:

MONROE COUNTY, INDIANA　　　　ATTEST:

___________________________________　　　___________________________________

PATRICK STOFFERS, President　　　STEVE SAULTER, Auditor
Monroe County Commissioners

__________________________________
JULIE THOMAS, Vice President
Monroe County Commissioners

__________________________________
IRIS F. KIESLING, Commissioner
Monroe County Commissioners

Approved this _____________ day of __________________________, 2016, by the City of Bloomington Common Council.

______________________________________
ANDY RUFF, President
Bloomington Common Council

ATTEST:

______________________________________
NICOLE BOLDEN, Clerk

Approved this _____________ day of __________________________, 2016, by the City of Bloomington.

| CITY OF BLOOMINGTON, INDIANA | ATTEST: |
| --- | --- |
| __________________________________ | __________________________________ |
| JOHN HAMILTON, Mayor | NICOLE BOLDEN, Clerk |

**RESOLUTION 16-07**

**TO EXTEND THE BLOOMINGTON URBAN ENTERPRISE ZONE FOR AN ADDITIONAL ONE YEAR BEYOND CURRENT EXPIRATION DATE**

WHEREAS, the General Assembly of the State of Indiana enacted language in P.L. 202-2016, Section 5, an amendment to Indiana Code § 5-28-15-10, authorizing the fiscal body of a municipality in which an enterprise zone is located, to adopt a resolution renewing the enterprise zone for an additional one (1) year, regardless of the number of times the enterprise zone has been renewed under Indiana Code § 5-28-15-10, subsections (d) and (e); and

WHEREAS, the Bloomington Urban Enterprise Zone ("Zone") and its administrative entity, the Bloomington Urban Enterprise Association ("BUEA"), were created in 1992 pursuant to Indiana Code 4-4-6.1 to provide access to tax credits for Zone businesses and develop programs to promote economic development within the designated Zone boundaries, which boundaries are shown on the map attached hereto as Exhibit A; and

WHEREAS, the BUEA has developed a number of programs, which it continues to administer for the Zone, including, but not limited to:

- Entrepreneurial Support and Technical Assistance
- Historic Façade Preservation Grants
- Zone Arts Grants
- Business Economic Enhancement Scholarship Program

WHEREAS, the programs developed by the BUEA for the Zone provide important benefits to Bloomington businesses and citizens, and enhance the economic vitality, employment opportunities and community character of Bloomington, and their continuation will aid in Bloomington's ongoing economic and sustainable development; and

NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE COMMON COUNCIL OF THE CITY OF BLOOMINGTON, MONROE COUNTY, INDIANA THAT:

Section 1. The Common Council expresses its support of the work that the Bloomington Urban Enterprise Association is doing in the Zone, and supports its continuance by approving a one year extension of the Bloomington Urban Enterprise Zone, in accordance with IC 5-28-15-10(c), extending the expiration date of the Zone from January 31, 2017 to January 31, 2018.

Section 2. Pursuant to IC 5-28-15-10(c), the Clerk is asked to submit a copy of this resolution to the Indiana Economic Development Corporation.

PASSED AND ADOPTED by the Common Council of the City of Bloomington, Monroe County, Indiana, upon this__________day of_____________, 2016.

________________________________
ANDY RUFF, President
Bloomington Common Council

ATTEST:

________________________________
NICOLE BOLDEN, Clerk
City of Bloomington

PRESENTED by me to the Mayor of the City of Bloomington, Monroe County, Indiana upon this _____________day of_____________, 2016.

______________________________
NICOLE BOLDEN, Clerk
City of Bloomington

SIGNED and APPROVED by me upon this___________day of_____________, 2016.

______________________________
JOHN HAMILTON, Mayor
City of Bloomington

SYNOPSIS

P.L. 202-2016 has amended Indiana Code § 5-28-15-10, enabling the fiscal body of a municipality, in this case the Bloomington Common Council, to authorize the extension of an enterprise zone for an additional year. This is regardless of whether the enterprise zone has previously been renewed under Indiana Code § 5-28-15-10(d) or (e). The extension adds one year to the current expiration date of January 31, 2017, creating a new expiration date of January 31, 2018. The enterprise zone is not renewable beyond this date under current law.

**RESOLUTION 16-03**

**TO REQUEST THE COMMON COUNCIL EXTEND THE TERM OF THE BLOOMINGTON URBAN ENTERPRISE ZONE BY ONE YEAR BEYOND THE CURRENT EXPIRATION DATE**

WHEREAS, the Bloomington Urban Enterprise Zone ("Zone") and its administrative entity, the Bloomington Urban Enterprise Association ("BUEA"), were created in 1992 pursuant to Indiana Code 4-4-6.1, to provide access to tax credits for zone businesses and develop programs to promote economic development within the Zone; and

WHEREAS, the BUEA has developed a number of programs, which it continues to administer for the Zone, including, but not limited to:

- Entrepreneurial Support and Technical Assistance
- Historic Façade Preservation Grants
- Zone Arts Grants
- Business Economic Enhancement Scholarship Program

WHEREAS, the programs developed by the BUEA for the Zone provide important benefits to Bloomington businesses and citizens, and enhance the economic vitality, employment opportunities and community character of Bloomington, and their continuation will aid in Bloomington's ongoing economic and sustainable development; and

WHEREAS, the General Assembly of the State of Indiana enacted language in P.L. 202-2016, Section 5, an amendment to Indiana Code § 5-28-15-10, authorizing the fiscal body of a municipality in which an enterprise zone is located, to adopt a resolution renewing the enterprise zone for an additional one (1) year, regardless of the number of times the enterprise zone has been renewed under IC 5-28-15-10, subsections (d) and (e); and

WHEREAS, extending the expiration date of the Zone from January 31, 2017 to January 31, 2018 will allow residents and businesses in the Zone to continue to take advantage of the statutory incentives of the Zone—such as the Enterprise Zone Investment Deduction, Enterprise Zone Loan Interest Tax Credit, Enterprise Zone Employment Expense Credit, and Enterprise Zone Employee Income Tax Deduction—and will allow the BUEA to continue to administer the Zone-specific programs listed above.

NOW, THEREFORE, BE IT RESOLVED BY THE BLOOMINGTON URBAN ENTERPRISE ASSOCIATION THAT:

1. The Bloomington Urban Enterprise Association asks that the Common Council authorize a one-year extension to the Zone, from January 31, 2017 to January 31, 2018.

PASSED AND ADOPTED by the Bloomington Urban Enterprise Association upon this 8 day of June, 2016.

Jack Baker, President

Date

6-8-16

ATTEST:

Paul Ash, Vice Chair

Date

6-8-16

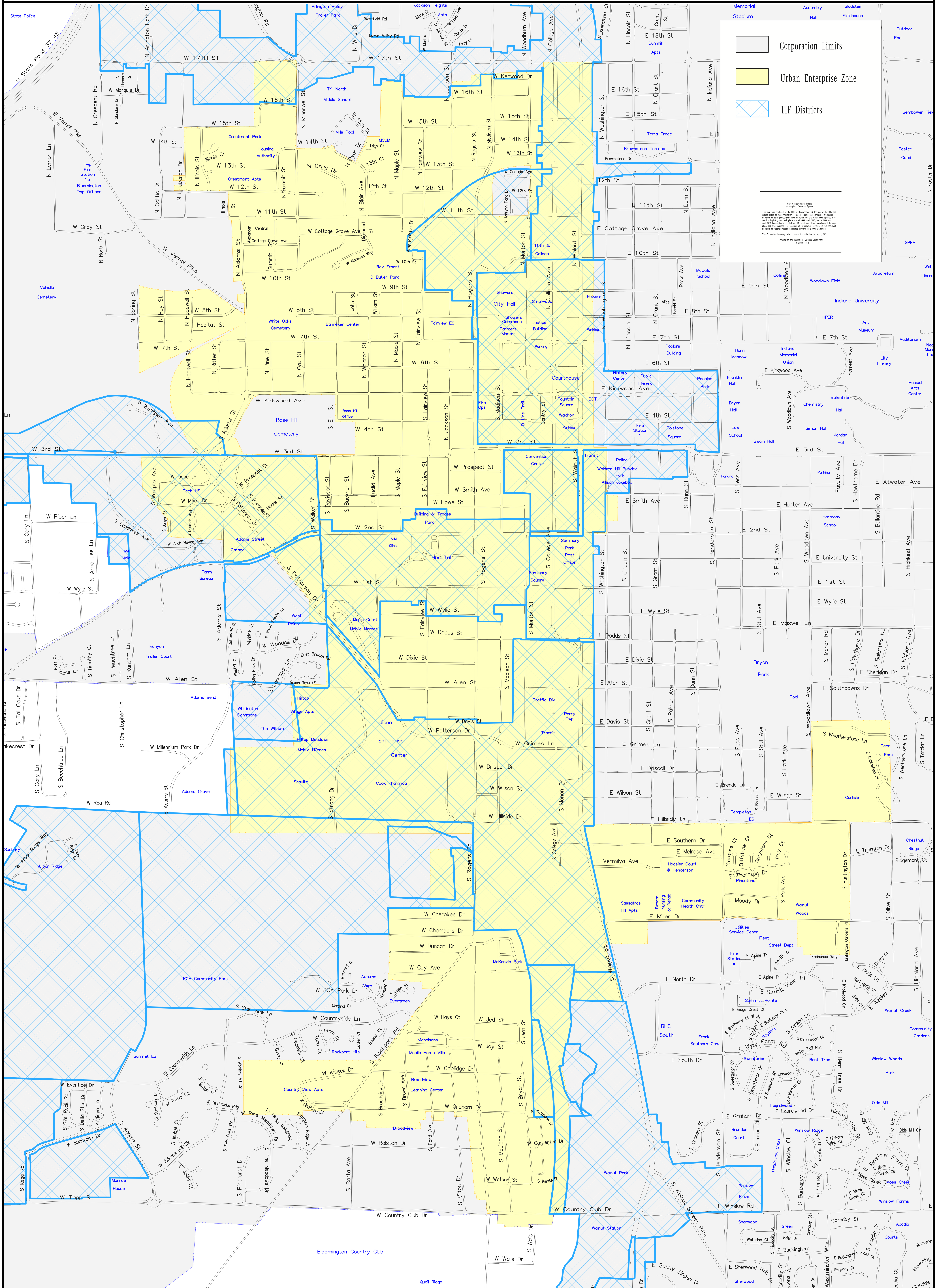
# City of Bloomington, Indiana

## Economic and Sustainable Development

# Bloomington Urban Enterprise Zone

## And Tax Increment Financing Districts

April 21, 2016




Scale: 1" = 550'

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Bloomington Geographic Information System

Apr 21, 2016 TtifuezDP

CITY OF BLOOMINGTON
economic & sustainable development

# MEMORANDUM

**To:** **Council Members**

**From:** **Linda Williamson, Director & Jason Carnes, Assistant Director**

**Date:** **June 7, 2016**

**Re:** **Extension of the Bloomington Urban Enterprise Zone's Term**

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Resolution 16-07 asks the Council to extend the Bloomington Urban Enterprise Zone ("Zone").

**History of the Enterprise Zone Program**

The Enterprise Zone program was established in 1983 and is supervised by the Indiana State Enterprise Zone Board, which is currently part of the Indiana Economic Development Corporation. Enterprise Zones are designated based on demographic, socioeconomic, and geographic size criteria, with an aim to incentive a mix of commercial, industrial, and residential activities in an underdeveloped area.

An Urban Enterprise Association oversees each Enterprise Zone, and is to:

1. Coordinate zone development activities.
2. Serve as a catalyst for zone development.
3. Promote the zone to outside groups and individuals.
4. Establish formal lines of communication with residents and businesses in the zone.
5. Serve as liaison between residents, businesses, the City, and the Indiana Economic Development Corporation for any development activity that may affect the zone.

Additionally, an Urban Enterprise Association may:

1. Initiate and coordinate any community development activities that aid in the employment of zone residents, improve the physical environment, or encourage the turnover or retention of capital in the zone.
2. Recommend that the Indiana State Enterprise Zone Board modify a zone boundary or disqualify a zone business from eligibility for zone benefits and incentives.
3. Incorporate as a nonprofit corporation.
4. Request modification of a state or local law affecting the zone, which may be granted as long as it does not affect health (including environmental health), safety, civil rights, or employment rights.

**The Bloomington Urban Enterprise Association**

When the State set up the Urban Enterprise Zone program, their goal was that the Urban Enterprise Association would represent a wide swath of the Community. To that end, there are several requirements for an Urban Enterprise Association to ensure that important community interests are represented.

These include:

- A councilmember whose district includes all or part of the zone (currently Councilmember Sturbaum)
- Residents of the Zone (currently Paul Ash, Darcie Fawcett and Margaret Fette)
- Representatives of businesses in the Zone (currently Jane Kupersmith , Jackie Howard and Julie Donham)
- A representative of organized labor from the building trades that represents construction workers (currently Jackie Yenna)
- A representative of the City's department that performs planning or economic development functions (currently Linda Williamson)
- A representative of the plan commission having jurisdiction over the zone (currently Jack Baker)

In 2000, the Bloomington Urban Enterprise Association agreed to let the City take on the administrative duties for the Bloomington Urban Enterprise Association, which allows more of the Bloomington Urban Enterprise Association's resources to go toward improving the Zone, rather than administrative functions. Administrative support is currently provided by the Department of Economic and Sustainable Development, with support from the Controller's Office and Legal Department.

**Previous Extensions to the Bloomington Urban Enterprise Zone's Term**

The Zone was created in 1992. Pursuant to state law, its initial term was to expire on February 1, 2002. State law has permitted three separate five-year extensions of the Zone.

The mechanics for these five-year extensions were slightly different. The first two extensions—extending the expiration of the Zone from February 1, 2002 to January 31, 2007, and from January 31, 2007 to January 31, 2012—were supported by the Council and approved by the State Enterprise Zone Board.

The third extension—extending the Zone from January 31, 2012 to January 31, 2017—was approved by the Council, and required no action by the State Enterprise Zone Board.

No additional five-year extensions are available to the Zone at this time.

What is available to the Zone is a one-year extension, which would extend the Zone's expiration from January 31, 2017 to January 31, 2018. This one-year extension does not require any action by the State Enterprise Zone Board.

On June 8, 2016, the BUEA adopted Resolution 16-03 – To Request the Common Council Extend the Term of the Bloomington Urban Enterprise Zone by One Year Beyond the Current Expiration Date. The BUEA feels this organization and the programs it administers is a valuable economic development tool not only for the businesses and residents of the Zone, but for the City as a whole.

**Statutory Incentives for the Zone**

State law provides certain incentives that apply in Urban Enterprise Zones to improve the economic, physical, and social environment in the Zone. These include:

- Enterprise Zone Investment Deduction

The Enterprise Zone Investment Deduction is a ten-year property tax deduction for the increased value of Enterprise Zone business property due to qualifying real and personal property investment. Qualifying investment means:

1. The purchase of a building.
2. The purchase of new manufacturing or production equipment.
3. Costs associated with the repair, rehabilitation, or modernization of an existing building and related improvements.
4. Onsite infrastructure improvements.
5. The construction of a new building.
6. Costs associated with retooling existing machinery.

If the Enterprise Zone business property is located in the Enterprise Zone and a Tax Increment Financing District, the business requires approval of the Council in order to receive the Enterprise Zone Investment Deduction.

A portion of the savings a business receives from the Enterprise Zone Investment Deduction is paid to the Urban Enterprise Association, which uses the funds to fund its local programs.

| Year | Total Recipients per Year | Annual Participation Fee | Total Increase in Assessed Value |
|---|---|---|---|
| 2007 | 1 | $1,559.60 | $101,599.00 |
| 2008 | 1 | $8,609.97 | $39,077.04 |
| 2009 | 6 | $20,745.99 | $76,736.04 |
| 2010 | 6 | $23,651.72 | $546,380.37 |
| 2011 | 27 | $95,913.48 | $24,100,397.00 |
| 2012 | 33 | $270,765.55 | $15,458,890.70 |
| 2013 | 22 | $280,425.34 | $52,113,247.07 |
| 2014 | 63 | $360,445.54 | $59,084,720.00 |
| 2015 | 59 | $442,251.07 | $105,222,660.00 |

- Enterprise Zone Loan Interest Tax Credit

The Enterprise Zone Loan Interest Tax Credit is a state income tax credit—equal to five percent of the interest received by the taxpayer—available for taxpayers that make loans which are used for:

1. A purpose that is directly related to a business located in an enterprise zone.
2. An improvement that increases the assessed value of real property located in an enterprise zone.
3. Rehabilitation, repair, or improvement of a residence in an enterprise zone.

As with the Enterprise Zone Investment Deduction, a portion of this tax credit is paid to the Urban Enterprise Association, which uses the funds for its local programs.

| Year | Recipients | Total Participation Fee |
|---|---|---|
| 2007 | 8 | $119,938.77 |
| 2008 | 8 | $127,370.42 |
| 2009 | 11 | $105,151.36 |
| 2010 | 12 | $73,367.42 |
| 2011 | 9 | $64,684.02 |
| 2012 | 10 | $66,802.54 |
| 2013 | 10 | $64,662.59 |
| 2014 | 4 | $33,075.06 |
| 2015 | 7 | $49,900.14 |

- Enterprise Zone Employment Expense Credit

Zone businesses can receive a state income tax credit equal to 10% of the wages paid to a zone resident—up to $1,500 annually per zone resident employee.

- Enterprise Zone Employee Income Tax Deduction

Additionally, zone residents who work in the zone can receive a state income tax deduction of up to $7,500 annually.

**Local BUEA Programs and Accomplishments**

Additionally, the Bloomington Urban Enterprise Association has created several local programs that further the BUEA's mission to "provide the means to improve the economic, physical, and social environment for Zone residents and businesses."

These include:

- Entrepreneurial Support and Technical Assistance

Since 2007, the BUEA has partnered with the Indiana Small Business Development Center to support 115 different entrepreneurs. During that time the Indiana Small Business Development Center has provided over 1,100 counseling hours. Counseling service include but are not limited to assistance with market research, business plan development, QuickBooks training, loan preparation, and providing general information and referrals.

- Historic Façade Preservation Grants

Since 2004, the BUEA has awarded 32 Historic Façade Preservation Grants, worth a total of $375,000.00, which has helped preserve and revitalize our downtown through the rehabilitation of its historic commercial environment and maintaining structurally sound places of business. Grantees work with the City's historic preservation staff to ensure design is within historic standards.

- Zone Arts Grants

Since 2012, the BUEA has awarded 50 Zone Arts Grants, worth a total of $119,000. These grants have supported arts-focused projects which are located within the boundaries of the Bloomington Urban Enterprise Zone and that provide direct benefit to Urban Enterprise Zone residents and businesses. Projects have included events, physical art pieces, performances, and classes.

- Business Economic Enhancement Scholarship Program

Since 2014, the BUEA has awarded 5 Business Economic Enhancement Scholarships, worth a total of $7,200. These have been used to assist Zones businesses and their staff with continuing education. Scholarships have been giving for classes, conferences and CEO Roundtable groups.

- Resident Economic Enhancement Scholarship Program

Since 2003, the BUEA has awarded 43 Resident Economic Enhancement Scholarships, worth more than $50,000 in total. These have been used to assist Zone residents with continuing education. This includes classes at Ivy Tech Community College and Indiana University.

- Rehabilitation Direct Loan Program

Since 2003, the BUEA has issued 14 loans, totaling more than $350,000, to assist Zone business with bringing properties up to current Building Code requirements.

- Special Grant Program

In addition the BUEA's local programs mentioned above, the Board has given funds to other organizations to help meet Zone and community needs. Below are some examples

  - School Grants

    Since 2004 the BUEA has given $272,054.00 to the Foundation for Monroe County Schools to assist with various education programs for schools located in the Zone. Funds have been used for staffing, equipment, licenses, and meals.

  - Shalom Community Center

    In 2015 the BUEA voted to give Shalom Community Center a $150,000 grant, in addition to a 2016 $200,000 matching grant. These funds are to be used to support Shalom in their effort to assume the shelter services previously provided by Martha's House, Inc.

  - Boys & Girls Club of Monroe County

    In 2015 the BUEA voted to give the Boys & Girls Club of Monroe County a $50,000 grant to help with the renovation and build out of a facility in the Crestmont neighborhood. This new facility will help the Boys & Girls Club of Monroe County provide quality services and programing in an area where a large percentage of their clients live.

**ORDINANCE 16-18**

**ORDINANCE AUTHORIZING AND APPROVING A PAYMENT IN LIEU OF TAXES ("PILOT") AGREEMENT WITH EV BLOOMINGTON LIMITED PARTNERSHIP FOR EVERGREEN VILLAGE AT BLOOMINGTON**

WHEREAS, the City of Bloomington, Indiana ("City") is a duly organized municipal corporation and political subdivision under the laws of the State of Indiana, governed by its duly elected Common Council (the "Council"); and

WHEREAS, EV Bloomington Limited Partnership ("Developer") wishes to develop, construct, and operate an affordable residential care senior housing development on the 6.26 acre site located at 3607 South Heirloom Drive (the "Property"), to be known as Evergreen Village at Bloomington (the "Project"); and

WHEREAS, the Project will be developed, constructed, and operated for the purpose of providing housing to income-eligible persons under the federal low income housing tax credit program in 26 U.S.C. 42 ("Section 42 Property"); and

WHEREAS, the Project, as a Section 42 Property, will be subject to an extended use agreement under 26 U.S.C. 42 (the "Extended Use Agreement") as administered by the Indiana Housing and Community Development Authority (the "IHCDA") for a period of at least thirty (30) years; and

WHEREAS, pursuant to the Extended Use Agreement, the Project, as a Section 42 Property, will only be permitted to rent to residents whose incomes are 60% or less of the area median gross income (the "Restricted Residents"); and

WHEREAS, pursuant to the Extended Use Agreement, the Project, as a Section 42 Property, will be limited to charging rents as determined in accordance with the Extended Use Agreement (the "Restricted Rents"); and

WHEREAS, the Developer will qualify as a "property owner" under Indiana Code § 36-1-8-14.2(c); and

WHEREAS, the Developer has agreed to make certain payments in lieu of taxes, and the City and Developer have documented that agreement in a written agreement (the "PILOT Agreement"); and

WHEREAS, the PILOT Agreement is attached to this Ordinance as Exhibit A; and

WHEREAS, the City is authorized to enter into this PILOT Agreement pursuant to Indiana Code § 36-1-3 and Indiana Code § 36-1-8-14.2;

NOW, THEREFORE, BE IT HEREBY ORDAINED BY THE COMMON COUNCIL OF THE CITY OF BLOOMINGTON, MONROE COUNTY, INDIANA, THAT:

SECTION 1. The Common Council hereby authorizes and approves the PILOT Agreement and authorizes its execution and delivery by the Mayor on behalf of the City.

SECTION 2. The City Clerk is hereby directed to record a copy of this Ordinance, as approved, and a copy of the executed PILOT Agreement with the Monroe County Recorder's Office.

SECTION 3. This ordinance shall be in full force and effect from and after its passage by the Common Council of the City of Bloomington and approval of the Mayor.

PASSED by the Common Council of the City of Bloomington, Monroe County, Indiana upon this _____________ day of ________________________, 2016.

____________________________________
ANDY RUFF, President
Bloomington Common Council

ATTEST:

__________________________________
NICOLE BOLDEN, Clerk
City of Bloomington

PRESENTED by me to the Mayor of the City of Bloomington, Monroe County, Indiana, upon this _____________ day of ________________________, 2016.

_________________________________
NICOLE BOLDEN, Clerk
City of Bloomington

SIGNED and APPROVED by me upon this _______ day of _______________________, 2016.

____________________________________
JOHN HAMILTON, Mayor
City of Bloomington

SYNOPSIS

EV Bloomington Limited Partnership ("Developer") desires to develop property within the City of Bloomington as a residential care facility for low-income seniors. In order to make this development financially feasible, Developer wishes to enter into an agreement to make payments in lieu of taxes ("PILOT Agreement"). This Ordinance authorizes and approves the PILOT Agreement with the Developer.

## PILOT AGREEMENT

**THIS PILOT AGREEMENT** (the "PILOT Agreement") is entered into effective as of this ____day of _______ 2016, by and among the CITY OF BLOOMINGTON, a municipal corporation and political subdivision of the State of Indiana (the "City") and EV Bloomington Limited Partnership, an Indiana limited partnership (the "Developer", each of the City and the Developer being individually sometimes referred to as a "Party" and collectively as the "Parties").

## BACKGROUND/RECITALS

WHEREAS, the City is a duly organized municipal corporation and political subdivision under the laws of the State of Indiana, governed by its duly elected Common Council (the "Common Council");

WHEREAS, Developer is in the process of developing a residential care multi-family housing development on a 6.26 acre site located at 3607 South Heirloom Drive in the City which real estate is legally described on **Exhibit A** attached to and made a part of this PILOT Agreement (the "Real Estate"), to be known as Evergreen Village at Bloomington (the "Project");

WHEREAS, the Project will be developed as a residential care facility for occupancy by elderly low-income residents of the City and surrounding area who will be income eligible persons under the federal low income housing tax credit program described in 26 U.S.C. 42 (a "Section 42 Property");

WHEREAS, the Project, as a Section 42 Property, will be subject to an extended use agreement which is described in 26 U.S.C. 42 (the "Extended Use Agreement") as administered by the Indiana Housing and Community Development Authority (the "IHCDA") for a period of at least thirty (30) years;

WHEREAS, pursuant to 26 U.S.C. 42 and the IHCDA Extended Use Agreement, the Project, as a Section 42 Property, will only be permitted to make available and to rent to residents whose incomes are 60% or less of the applicable area median income (the "Restricted Residents");

WHEREAS, pursuant to 26 U.S.C. 42 and the IHCDA Extended Use Agreement, the Project, as a Section 42 Property, will be limited to charging rents as determined in accordance with the IHCDA Extended Use Agreement (the "Restricted Rents");

WHEREAS, since the Project is a Section 42 Property, the Project is subject to the Extended Use Agreement, and the Parties have entered into this Agreement, the Developer qualifies as a "property owner" under IC 36-1-8-14.2(c);

WHEREAS, the Developer has agreed to make certain payment-in-lieu-of-taxes as set forth in this PILOT Agreement;

WHEREAS, the City is authorized to enter into this PILOT Agreement pursuant to IC 36-1-3 et seq. and IC 36-1-8-14.2 et seq.; and

WHEREAS, in order to provide for the orderly and timely development of the Project, the Developer and the City are entering into this PILOT Agreement, which the City represents has been ratified by the Common Council.

**NOW, THEREFORE,** in consideration of the foregoing premises, mutual covenants and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

**AGREEMENT**

**Section 1.** **Developer Compliance.**

**Section 1.1.** (a) Developer acknowledges that in order to qualify for property tax exemption for the Real Estate under IC 6-1.1-10-16.7, the Project must be in compliance with the requirements of IC 6-1.1-10-16.7.

(b) Developer further acknowledges that:

(i) the mere execution of this PILOT Agreement does not confer any property tax exemption on the Real Estate under IC 6-1.1-10-16.7;

(ii) in order to obtain any such property tax exemption or partial exemption under IC 6-1.1-10-16.7, the Developer must timely file its Property Tax Exemption Application, including renewal applications, if any are required, with the Monroe County Assessor requesting an exemption pursuant to IC 6-1.1-10-16.7 from Developer's obligation to pay all or any portion of its property taxes on the Real Estate; and

(iii) the Developer must meet its burden of proof under Indiana law pursuant to the normal application and determination process applicable to IC 6-1.1-10-16.7 to qualify for and receive such exemption.

**Section 2.** **Payment of Living Wage**

**Section 2.1.** Bloomington Municipal Code 2.28 contains the City's Living Wage Ordinance, which ensures that beneficiaries of City subsidy or assistance "pay a wage sufficient for a working family to meet basic needs in housing, child care, food, clothing, household items, transportation, health care, and taxes."

**Section 2.2.** Developer shall pay its employees at least the Living Wage as set forth in Bloomington Municipal Code 2.28.030, as adjusted for inflation under Bloomington Municipal Code 2.28.030(c).

**Section 2.3.** Each year during the PILOT, Developer shall file a Bloomington Living Wage Certification Form ("Form") with the City. A copy of the Form is attached to this Agreement as **Exhibit B**. The Form is required to be filed in the first quarter each year. The City shall review the Form and, in the event that the City determines Developer is noncompliant with its obligation to pay at least the Living Wage, the City may proceed with the enforcement mechanisms set forth in Bloomington Municipal Code 2.28.060. One remedy provided to the City under Bloomington

Municipal Code 2.28.060 is termination of the Developer's subsidy or assistance. The City acknowledges and agrees that for purposes of determining what the Developer's subsidy or assistance is which is provided under this PILOT Agreement, Developer's subsidy or assistance is limited to the Affordable Housing Grant set forth in Section 3.1(b).

**Section 3.** <u>**Payment In Lieu of Taxes**</u>

**Section 3.1.** The annual amount payable by the Developer to the City hereunder (which is sometimes referred to as the "Annual in Lieu of Amount") shall be calculated and determined as follows:

(a) The City Controller shall determine in good faith and in accordance with IC 6-1.1-4-40 and IC 6-1.1-4-41, the amount that the City would otherwise have levied upon the Real Estate if Developer were a non-exempt taxpayer ("City Tax Obligation").

(b) As long as the Developer has paid its employees at least the City of Bloomington Living Wage as set forth in Bloomington Municipal Code 2.28 during the calendar year immediately prior to the applicable assessment year (or has cured that noncompliance), the City Tax Obligation shall be reduced by an annual affordable housing grant from the City (the "Affordable Housing Grant"), which will be automatically applied as a credit against the City Tax Obligation to reduce the annual amount to be paid by the Developer to the City under this PILOT Agreement to Zero Dollars ($0.00).

(c) In the event that the Developer has been found to be noncompliant with the City's Living Wage Ordinance under Section 2 above during the calendar year immediately prior to the applicable assessment year and has not cured that noncompliance, the City Tax Obligation shall be reduced by an annual grant (the "Grant"), which will be automatically applied as a credit against the City Tax Obligation to reduce the annual amount to be paid by the Developer to the City under this PILOT Agreement to One Hundred Thousand Dollars ($100,000), increased at the beginning of each calendar year by the same percentage that the Consumer Price Index for All Urban Consumers ("Consumer Price Index") increases during the year ending the previous June 30.[1] For the avoidance of doubt, the amount under this Section 3.1(c) shall not, in any event, exceed the amount determined by the City Controller under Section 3.1(a).

The Annual in Lieu of Amount payable by Developer with respect to the Real Estate shall be imposed as property taxes and will be due and payable in two equal installments on or before May 10th and November 10th of each year commencing May 10, 2017 (each, an "In Lieu of Payment"). Upon receipt by the Developer of an Annual In Lieu Amount bill from the City Controller, the Developer shall compute the applicable amount of the Annual in Lieu of Amount due after taking credit for the annual Affordable Housing Grant or Grant (as applicable) and shall remit its calculation and a copy of the Annual In Lieu Amount bill together with its semi-annual

[1] For example, if on June 30 of Year 1, the Consumer Price Index increases by 3%, the amount under Section 3.1(b)(ii) for Year 2 will be $103,000. If on June 30 of Year 2, the Consumer Price Index increases by an additional 2%, the amount under Section 3.1(b)(ii) for Year 3 will be $105,060.

In Lieu of Payment to the City at the Office of the City Controller on or before each installment due date. The aggregate of each year's semi-annual In Lieu of Payments shall not exceed the Annual In Lieu of Amount.

The obligation of the Developer to pay the Annual In Lieu of Amounts shall be subordinate to the obligations of the Developer with respect to the Developer's obligation to make debt service payments on any financing which may now or in the future be secured by a Mortgage on the Real Estate. The City agrees to execute whatever documents any lender to the Developer now or in the future may require which are commercially reasonable in order to confirm the foregoing subordination.

**Section 3.2.** If in any full calendar year following the date that the Project has been placed in service for purposes of 26 U.S.C. 42 the Developer generates Net Cash Flow (as the term "Net Cash Flow" will be defined and determined in accordance with the Developer's partnership agreement), the Developer shall pay to the City up to the first Ten Thousand Dollars ($10,000.00) of such Net Cash Flow as so determined, if any, with respect to such applicable calendar year prior to the distribution of any such Net Cash Flow to any of the partners of the Developer ("City Net Cash Flow Payment"). If the Net Cash Flow so determined for such applicable calendar year is less than Ten Thousand Dollars ($10,000.00), the amount of the City Net Cash Flow Payment for such calendar year shall be limited to the amount of such Net Cash Flow, if any. The City Net Cash Flow Payment, if any, shall be due and payable each year at the same time as Net Cash Flow distributions are made to the Developer's partners.

**Section 3.3.** Developer hereby reserves the right to contest and to appeal the amount of any tax assessment of the Real Estate. Any such challenge will not affect the timely payment of the In Lieu of Payments described herein; provided, however, if any such contest and/or appeal causes a reduction of any In Lieu of Payment made to the City, the City shall, within forty-five (45) days of receipt of an invoice from Developer, refund any such excess amounts to the Developer. The City shall not provide interest on any such refund.

**Section 3.4.** The City shall have the right to enforce the payment of all In Lieu of Payments when due, including all penalties, costs and expenses imposed under IC 6.1.1-22-1 *et seq.* and IC 6-1.1-37-1 or any statute which amends or replaces them for delinquent In Lieu of Payments, in the same manner as the City enforces the obligations of non-exempt taxpayers.

**Section 3.5.** In the event that Developer wishes to sell the Project or if the general partner of the Developer wishes to assign or dispose of its interest in the Developer during the term of the PILOT Agreement, Developer shall provide the City with notice (in the manner described in Section 5.4 of this Agreement) of its desire to do so, and the identity of the prospective buyer/assignee, prior to the transfer occurring. If, within five (5) years of the execution of this PILOT Agreement, Developer wishes to sell the Project, or the general partner wishes to transfer its interest in Developer, Developer shall also provide the City with the terms upon which the Developer intends to sell to the prospective buyer, and the City shall have fifteen (15) days to match such terms ("Option of First Refusal"). The City may exercise the Option of First Refusal in its sole discretion within such fifteen (15) day period. If the City fails to do so, the Option of First Refusal shall automatically terminate.

The Option of First Refusal shall not apply if any lender to the Developer forecloses on the Project or if any of Developer's limited partners exercise their right under the Developer's partnership agreement to replace the general partner of the Developer. The Parties acknowledge that it is their understanding that the Extended Use Agreement (which will require an affordability period of at least thirty (30) years) will continue to apply regardless of any sale or other disposition of the Project during such affordability period.

**Section 4. <u>Termination.</u>**

**Section 4.1.** In the event that the Project is sold, or the general partnership interest is transferred pursuant to Section 3.5 of this Agreement, the City may unilaterally terminate this Agreement if the City determines:

(a) The property is used as a Residential Care Facility licensed by the Indiana State Department of Health, and there is one or more substantiated complaint that is not resolved to the satisfaction of the Indiana State Department of Health during the remainder of the PILOT Agreement.

(b) The property is used as anything other than a Residential Care Facility licensed by the Indiana State Department of Health, and there is one or more substantiated complaint which results in litigation during the remainder of the PILOT Agreement from: (1) a rental inspection by the City's Housing and Neighborhood Development Department, or (2) any other governmental inspection.

**Section 4.2.** The Parties may mutually agree to terminate this PILOT Agreement. Any such termination shall be in writing and executed by both Parties. Upon mutual termination pursuant to this Section, this PILOT Agreement shall become null and void, and of no further force or effect; provided, however, that Developer shall pay the applicable pro rata amount of In Lieu of Payments for the year in which such termination occurs up to the date of termination, and receive a credit for all In Lieu of Payments already paid for such year.

**Section 4.3.** Upon the last date on which the compliance period specified in Section 42(i)(1) of the Internal Revenue Code expires with respect to the low income housing tax credits which may be allocated to the Developer, the Developer may unilaterally terminate this PILOT Agreement upon ninety (90) days written notice to the City; provided, however, that Developer shall pay the applicable pro rata amount of In Lieu of Payments for the year in which such termination occurs up to the date of termination, and receive a credit for all In Lieu of Payments already paid for such year. Upon termination by Developer pursuant to this Section, the Parties agree to the following:

(a) Until such time as the Real Estate is otherwise appropriately assessed for purposes of property taxes, Developer shall pay to the City the property taxes for the Real Estate accruing from and after the termination date notwithstanding Developer's tax exemption. Also, Developer shall pay the applicable pro rata amount of In Lieu of Payments for the year in which such termination occurs up to the date of termination, and receive a credit for all In Lieu of Payments already paid for such year.

(b) Upon termination of this PILOT Agreement under the circumstances referred to in this Section, all other provisions of this PILOT Agreement shall become null and void, and of no further force or effect.

**Section 5. General Provisions**

**Section 5.1. Conditions Precedent To Agreement.** Notwithstanding any other provision herein, this Agreement shall be conditioned upon:

(a) The Developer acquiring fee simple title to the Real Estate; and

(b) The Developer executing and causing the IHCDA Extended Use Agreement to be recorded providing for a term of at least thirty (30) years.

**Section 5.2. Captions; Incorporation and Exhibit**. The captions and headings of various Sections and Exhibits referenced herein are for convenience only and are not to be considered as defining or limiting in any way the scope or intent of the provisions hereof. Notwithstanding the foregoing, each of the Recitals and the Exhibits referenced herein are incorporated and expressly made a part hereof.

**Section 5.3. Entire PILOT Agreement**. This PILOT Agreement constitutes the entire agreement of the Parties with respect to the subject matter contained herein, and all prior discussions, negotiations and document drafts are merged herein.

**Section 5.4. Notices**. Any notice, demand, request or other communication which any Party may be required or may desire to give hereunder shall be in writing, addressed as follows and shall be deemed to have been properly given if hand delivered (effective upon delivery) or if sent by reputable overnight courier, charges prepaid (effective the business day following delivery to such courier):

If to Developer:

c/o Evergreen Partners
261 Gorham Road
South Portland, ME 04106
Attention: Nick Bouquet
Telephone: (207) 774-6989
Facsimile: (207) 774-6998
Email: nbouquet@evergreenpartnershousing.com

If to City:

Mayor
City of Bloomington
PO Box 100
Bloomington, IN 47402

With a Copy to:

Corporation Counsel
City of Bloomington
PO Box 100
Bloomington, IN 47402

or at such other address as the Party to be served with notice may have furnished in writing to the Party seeking or desiring to serve notice as a place for the service of notice. Notices given in any other manner shall be deemed effective only upon receipt.

**Section 5.5. Modification, Amendment or Waiver**. No modification, waiver, amendment, discharge or change of this PILOT Agreement shall be valid unless the same is in writing and signed by all Parties.

**Section 5.6. Governing Law**. This PILOT Agreement shall be governed by and construed under the laws of the State of Indiana. Suit, if any, shall be brought in Monroe County, Indiana.

**Section 5.7. Time is of the Essence**. Time is hereby declared to be of the essence of this PILOT Agreement and of every part hereof.

**Section 5.8. Execution in Counterparts**. This PILOT Agreement may be executed in any number of counterparts and by different Parties in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

**Section 5.9. Severability**. If any provision of this PILOT Agreement is determined by a court having jurisdiction to be illegal, invalid or unenforceable under any present or future law, the remainder of this PILOT Agreement will not be affected thereby. It is the intention of the parties that if any provision is so held to be illegal, invalid or unenforceable, there will be added in lieu thereof a provision as similar in terms to such provision as is possible that is legal, valid and enforceable.

**Section 5.10. No Joint Venture**. Nothing contained in this PILOT Agreement will be construed to constitute Developer as a joint venturer with City or to constitute a partnership between Developer and City.

**Section 5.11. Construction**. The Parties acknowledge that each Party and each Party's counsel has reviewed and participated in the preparation of this PILOT Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party will not be employed in the interpretation of this PILOT Agreement or any amendments or exhibits attached.

**Section 5.12. Authorization**. The persons executing and delivering this PILOT Agreement on behalf of the Parties represent and warrant to the other Party that such person is duly authorized to act for and on behalf of said Party, and execute and deliver this PILOT Agreement in such capacity as is indicated below.

**Section 5.13. Assignment/Successor**. This PILOT Agreement shall be binding upon City, the City Controller, Developer, and all successor, grantees or assignees of Developer with respect to the Real Estate (or any portion thereof) which would otherwise be entitled to claim an exemption for real property taxes imposed on the Real Estate.

**Section 5.14. Recording**. The City will cause, at Developer's expense, this PILOT Agreement to be promptly recorded in such manner and in such place as may be required by law to preserve and protect the rights of the City hereunder as to all of the Real Estate.

*[Remainder of this page intentionally left blank]*

**IN WITNESS WHEREOF**, the undersigned Parties have caused the execution of this PILOT Agreement by their duly authorized representatives as of the day, month and year first above written.

CITY OF BLOOMINGTON

______________________________________

STATE OF INDIANA )
) SS:
COUNTY OF MONROE )

Before me, a Notary Public, in and for said County and State, personally appeared ____________________ in his capacity as the __________________, acting for and behalf of the City of Bloomington, Indiana, and who, having been duly sworn, stated that any and all representations and warranties contained therein, if any, are true and correct in all material respects.

Witness my hand and Notarial Seal this ____ day of _____________, 2016.

______________________________________
Notary Public

______________________________________
Printed Signature

My Commission Expires: My County of Residence:

____________________________ ______________________________________

*[Executions Continued on Following Page]*

EV BLOOMINGTON LIMITED PARTNERSHIP,
an Indiana limited partnership

By: EV BLOOMINGTON LLC, an Indiana limited liability company, its General Partner

By: EVERGREEN PARTNERS III LLC, its Manager

By:_______________________________________

Its:______________________________________

STATE OF _________ )
) SS:
COUNTY OF __________ )

Before me, a Notary Public, in and for said County and State, personally appeared _______________________________________in his capacity as the Authorized Agent of Evergreen Partners III LLC, Manager of EV Bloomington LLC, General Partner of EV Bloomington Limited Partnership, who acknowledged the execution of the foregoing instrument as Authorized Agent of the Manager of the General Partner acting for and on behalf of EV Bloomington Limited Partnership, and who, having been duly sworn, stated that any and all representations and warranties contained therein, if any, are true and correct in all material respects.

Witness my hand and Notarial Seal this ____ day of _____________, 2016.

__________________________________________
Notary Public

__________________________________________
Printed Signature

My Commission Expires: My County of Residence:

______________________________ __________________________________________

This instrument is approved as to form this ___ day of June, 2016 by Frank A. Hoffman, outside special counsel to the Developer.

Prepared by and return after recording to: Frank A. Hoffman, Ice Miller LLP, One American Square, Indianapolis, Indiana 46282-0200; (317) 236-2340.

I affirm, under penalties for perjury, that I have taken reasonable care to redact each Social Security Number in this document, unless required by law. Frank A. Hoffman.

## EXHIBIT A

Legal Description

TRACT 1:

Lots Number Four (4), and Five (5) as shown on the recorded plat of Final Plat Amendment, Third Replat of Parcels E/F Canada Farm Subdivision Phase I, in the office of the Recorder of Monroe County, Indiana, in Plat Cabinet D, Envelope 50.

TRACT 2:

Easement rights in and to the private road as shown in a certain Agreement Regarding Roadways by and between Sherwood Hills South, Inc., and Blackwell Station, LLC, recorded May 2, 2011, as Instrument Number 2011005687, in the office of the Recorder of Monroe County, Indiana.

Tax Parcel No. 53-08-15-107-073.004-009 & 53-08-15-107-073.005-009

Auditor’s Parcel No. 015-04429-04 & 015-04429-05

**EXHIBIT B**

Living Wage Ordinance Certification

Employer's Name: ______________________________________________________

Employer's Address: ____________________________________________________

Employer's Phone Number: _______________________________________________

Employer's Email Address: _______________________________________________

Job title(s) of Covered Employees: _______________________________________

__________________________________________________________________________

(use additional sheet if necessary)

Do you pay all covered employees at least the living wage (for 2015, $12.31 per hour and for 2016, $12.32 per hour) for work done in connection with the City assistance or subsidy?
Yes_____ No _____

If not, do the covered employees have access to a health insurance plan sponsored by you?
Yes______ No_______

If you don't pay all of your covered employees at least the living wage, and your covered employees have access to a health insurance plan that you sponsor, please answer the following questions:

● What is the hourly equivalent value of your contribution to the health insurance plan on behalf of the covered employees who chose to participate in your health insurance plan? (To determine this, divide your annual contribution per employee by 2080.) $____________

● If the covered employee chose not to participate in your health insurance plan, but could have done so, then what would have been the hourly equivalent value of your contribution to the health insurance plan? (Again, divide your annual contribution by 2080). $____________

I hereby attest that the information I've provided above is truthful and accurate. I hereby attest that I am aware of the provisions of the Living Wage Ordinance chapter of the Bloomington Municipal Code.

______________________________ ______________________________

Signature Printed Name

______________________________ ___________________________

Date Title

This form must be filed in the first quarter of the year following that in which the living wage ordinance applies. Send completed form to the Contract Compliance Officer, PO Box 100, Bloomington, IN 47402-0100, or e-mail to human.rights@bloomington.in.gov or fax to 349-3441.

JOHN HAMILTON
MAYOR

CITY OF BLOOMINGTON

401 N Morton St
Post Office Box 100
Bloomington IN 47402

JEFFREY H. UNDERWOOD, CPA
CONTROLLER

CONTROLLER'S OFFICE

p 812.349.3416
f 812.349.3456
controller@bloomington.in.gov

TO: Bloomington Common Council

FROM: Jeff Underwood, Controller

RE: Payment in Lieu of Taxation for Evergreen Village at Bloomington

DATE:

The Indiana General Assembly has made certain properties—such as those used for "educational, literary, scientific, religious, or charitable purposes"—exempt from the property taxes that fund administrative services. The General Assembly has also created a property tax exemption for certain low income housing developments. Evergreen Village at Bloomington has proposed a low income development for senior citizens in Bloomington that will qualify for this exemption as long as the City Council approves a payment in lieu of taxes agreement.

**The Low Income Housing Exemption**

In order to receive a property tax exemption for a low income housing development, the development must establish (to the satisfaction of the County) that:

(1) The improvements on the real property were constructed, rehabilitated, or acquired for the purpose of providing housing to income eligible persons under the federal low income housing tax credit program under 26 U.S.C. 42;
(2) The real property is subject to an extended use agreement under 26 U.S.C. 42 as administered by the Indiana Housing and Community Development Authority; and
(3) The owner of the property has entered into an agreement to make payments in lieu of taxes under Indiana Code § 36-1-8-14.2, Indiana Code § 36-2-6-22, or Indiana Code § 36-3-2-11.

This third requirement—an agreement to make payments in lieu of taxes—requires the Council's approval.

**Evergreen Village at Bloomington**

Evergreen Village at Bloomington ("Evergreen Village") approached the City about entering into a payment in lieu of taxes ("PILOT Agreement") that would allow their development to qualify for the Low Income Housing Exemption.

This is not the first time the Evergreen Village development has been before the Council. Last fall, the Council approved Ordinance 15-15, which amended an approved planned unit development district ordinance and preliminary plan to allow this development to be built.

Evergreen Village will be a 115-unit residential care facility licensed by the Indiana State Department of Health and will serve elderly low-income residents of the City and surrounding areas. Residency will only be available to those individuals whose incomes are 60% or less of the area median income, and who are over the age of 62. Additional details about Evergreen Village, including preliminary renderings, are available in your September 2, 2015 packet (http://bloomington.in.gov/media/media/application/pdf/24610.pdf).

**The PILOT Agreement**

State law imposes certain requirements on a PILOT Agreement.

(1) In order for the PILOT Agreement to be valid, the Council must adopt an ordinance regarding the PILOT Agreement.
(2) The property owner must agree to the PILOT Agreement.
(3) The improvements covered by the Low Income Housing Exemption must have begun (or the property have been acquired) after December 31, 2001.
(4) The payment in lieu of taxes "must be calculated" so that the payment in lieu of taxes"is an amount equal to the amount of property taxes that would have been levied" by the Council for the City on Evergreen Village if there were no PILOT Agreement.

If the Council passes the proposed ordinance, these requirements will be met. Evergreen Village has already agreed to the terms of the PILOT Agreement, Evergreen Village will be built after December 31, 2001, and the PILOT Agreement calculates the payment in lieu of taxes as required by state law.[1]

The PILOT Agreement also incorporates provisions that are important for the City. *First*, Evergreen Village has agreed to comply with the City's Living Wage Ordinance. The project is expected to create between 45 and 50 jobs to support the property's

[1] The PILOT Agreement calls for an Affordable Housing Grant to offset the payment in lieu of taxes. As a result, the net payment in lieu of taxes is expected to be $0. Such an arrangement is permitted, and should assist in the long-term viability of this important development.

operations as an assisted living facility. *Second*, Evergreen Village has agreed to a thirty year affordability period. *Third*, in the event that Evergreen Village has net cash flow during any full calendar year, the City will receive the first $10,000 of that net cash flow (which will be deposited in the affordable housing fund).

# Mayor Announces Agreement with Evergreen Partners, Pending Council Approval

**FOR IMMEDIATE RELEASE**

June 13, 2016

**For additional information**, please contact Mary Catherine Carmichael, 812-349-2489, carmichm@bloomington.in.gov

**Mayor Announces Agreement with Evergreen Partners, Pending Council Approval**

**Bloomington, Ind**. - The City of Bloomington has negotiated an agreement with Evergreen Partners, a developer and operator of affordable senior living facilities, to enable construction of a 115-unit assisted living facility on property it owns at 2602 E. Creek's Edge Drive in Bloomington, located in Canada Farms.

The facility, called Evergreen, will be licensed, certified and regulated under state law as a Residential Care Facility (RCF), and is permitted to house seniors who qualify for Medicaid. Evergreen will serve exclusively seniors who earn less than 60% of the area median income, which is approximately $26,000. The typical resident of this facility is expected to be 75+ years of age, needing some help to maintain their independence but not requiring skilled nursing care. This is a severely underserved population of low-income seniors, with the nearest comparable facility located approximately 50 miles away.

"I believe this is an excellent project, and an early example of how we can create more affordable housing opportunities for our area residents with creative engagement," Mayor John Hamilton said. "In order to meet our community goal of making Bloomington livable for people from all walks of life, we must expand affordable housing options with places such as Evergreen. I'm particularly pleased with this project because it helps fill such a desperate local need for affordable options for lower-income seniors needing some assistance in daily living, but not a nursing home. Over the next decades this facility will offer dignity and help to hundreds of seniors and extended families struggling to make ends meet."

Evergreen Partners has developed and operates 41 properties of this type containing over 5,500 units in 15 states.

Several aspects of the proposed agreement offer the City important benefits, including:

- This project will serve seniors of limited means with annual household incomes of less than $15,600.

- The project represents an investment of approximately $22 million that will bring an estimated 40 full-time jobs with an annual payroll of $1,300,000 to the community.
- Evergreen Partners will commit to serving low-income seniors in the facility for at least 30 years. The Internal Revenue Code requires only a minimum commitment or 15 years for such low-income housing.
- Evergreen Partners has agreed to comply with the Bloomington Living Wage ordinance, ensuring all employees will earn a minimum of $12.32 an hour with cost of living adjustments.
- Evergreen Partners has agreed to remit to the City a payment in lieu of taxes of up to $10,000 of any net cash balance it generates annually, for 30 years.

"This project will create living wage jobs in a sector of our economy that often does not. And it will provide a sorely needed housing option for our seniors," said Hamilton. "I appreciate the negotiations that led to this point, and encourage the Common Council to review and approve this project in the weeks ahead. I believe it is a win for our community."

This project was developed under the federal low income housing tax credit program that is administered jointly with the State of Indiana. The program supports facilities such as Evergreen in order to encourage their creation around the state, providing for up to 100% property tax exemption for a qualifying projects. Local jurisdictions are allowed to negotiate payments in lieu of taxes of (PILOTs) and, as with any other projects, other details such as compliance with the living wage statute and commitment to a term of years for low income status.

The proposed project agreement with Evergreen will go before the Common Council for review in the weeks ahead. If approved, it is expected that construction would begin in the fall with an opening in late 2017 or early 2018.

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