

In the Council Chambers of the Showers City Hall on Wednesday, June 29, 2011 at 7:30 pm with Council President Susan Sandberg presiding over a Regular Session of the Common Council.

COMMON COUNCIL
REGULAR SESSION
June 29, 2011

Roll Call: Mayer, Piedmont-Smith, Rollo, Ruff, Sandberg, Satterfield, Sturbaum, Volan, Wisler
Absent: Mayer

ROLL CALL

Council President Sandberg gave the Agenda Summation

AGENDA SUMMATION

There were no minutes for approval at this session.

APPROVAL OF MINUTES

Brad Wisler submitted a Disclosure of Conflict of Interest for council acceptance and noted that he would not be participating in the discussions of Ordinance 11-06 or Appropriation Ordinance 11-04. He noted that he was doing this because he anticipated that entities of which he is or will be a shareholder may become tenants in, buyers of, or potential business partners within parts of the 12 acre project included in the ordinances.

REPORTS:
COUNCILMEMBERS

It was moved and seconded that Wisler's Disclosure of Conflict of Interest be accepted.

The motion was approved by a voice vote. Wisler left the meeting at 7:45pm.

There were no reports from the Mayor or other city offices.

MAYOR and CITY OFFICES

There were no council committee reports at this meeting.

COUNCIL COMMITTEES

Sandberg read the rules for public speaking at this meeting.

PUBLIC INPUT

Tom Shafer, Dramaturg with the Indiana Festival Theatre, gave brochures to the council and explained the IFT's place in the Bloomington and IU theater community. He invited council members and citizens to attend the company's summer productions.

Gabe Rivera spoke of the drug war, and lives and spirits lost to cocaine and heroin.

Marc Haggerty spoke of the legislation passed by the Indiana General Assembly and the folly of allowing guns in public places.

Daniel McMullen spoke of the problems that a highway would bring to our community, and natural beauty that would be lost.

There were no appointments to boards or commissions at this meeting.

BOARD AND COMMISSION
APPOINTMENTS

It was moved and seconded that Ordinance 11-06 be introduced and read by title and synopsis. Clerk Moore read the legislation and synopsis, giving the committee recommendation of do pass 5-0-2.

LEGISLATION FOR SECOND
READING

It was moved and seconded that Ordinance 11-06 be adopted.

Ordinance 11-06 An Ordinance Approving the Issuance of Bonds of the Bloomington Redevelopment District, Acting in the Name of the City of Bloomington, Indiana, in an Amount Not to Exceed \$13,670,000 to Finance Acquisition of Real Estate and Construction of Certain Improvements in the Downtown Economic Development Area

Danise Alano Martin, Director of the Department of Economic and Sustainable Development, gave a history of the 202 acres in the Downtown Economic Development Area (or Downtown TIF) from its creation in 1885 and expansions in 1990 and 2010. She said it captured increases in property tax revenues for public improvements to increase economic development activities in the downtown and district. She said it generated \$2.7-4M in revenue annually. She added that one of the goals for the TIF was to develop an industrial and research park within

the downtown area. She outlined the state designation of the Certified Tech Park, which was the basis of its 2010 expansion. That designation allowed the city to capture the increase in payroll and sales tax for public improvements needed to grow the Park for the high tech sector development. The term 'Core Property' refers to the 12 acres owned by Indiana University and IU Foundation which would be purchased with the bond proceeds.

Alano Martin said the city had an interest in redeveloping the Core Property to further the goals of downtown development. She said that the infrastructure investments and capital improvements would make the area available for subdivision and sale to developers concurrent with the city's goals. She described the land and buildings on the property and said that the City's plans for the area would enhance employment, encourage economic development, include historic preservation, be sustainable, and be integrated in design and disciplines. She said that high tech employment uses would emphasize the employment hub, but that incubation space, residential options, restaurants and other support services would also be desired uses.

Alano Martin outlined a master planning process that would include a consultant who would help fill in details of the plan for the 12 acre Core Property. She added that the public and stakeholder groups would be involved in the process as well as the Redevelopment Commission, the entity contracting for the plan.

Alano-Martin noted that Bond Counsel Hans Steck from Bingham McHale and also Financial Advisor Eric Baugh from the accounting firm, London Witte were present to answer questions regarding the bonding process.

Mr. Steck outlined the financial processes involved in issuing the bonds. He noted that the ordinance would approve issuance of the bonds which would be payable only by from tax increments, with no other collateral pledge or tax revenue stream involved. He said the bonds would mature on or about February 1, 2032 and they could be prepaid by the city without penalty, if needed. He said the bonds would be sold to the public through Hilliard Lyons who would use an official statement to market the bonds. He noted that money from the sale of the bonds would be deposited in a segregated account to be used specifically for the project, and that separate accounts would be used for depositing the increment for bond and interest payments.

Steck said there would also be a debt service reserve fund held solely for payment of principle and interest should there be some disruption of normal flow of the increment deposit. He said this fund was required by the market due to the fact that the bonds are payable only from increments.

Steck said that an additional bond issue could be covered under this ordinance if 'coverage tests' are met, i.e. if the increment pool would be big enough.

Steck said that coverage for the bonds was more than 180% of the projected debt service for the bonds based on 2009 taxes paid in 2010, and did not account for possible growth in the project area.

Steck said that Regions Bank would act as the Registrar and Paying Agent and would handle ministerial details of payments.

Rollo asked about the coverage of the bonds. He was concerned about volatility in the real estate market, and wondered what would happen if values fell. Eric Baugh, London Witte Group, said most investors were comfortable with 1.25% or 1.5% for a debt service requirement, which was much less than the 1.80% in this instance. He said that the TIF had seen increments over the last 4-5 years and felt that the debt service

Ordinance 11-06 (cont'd)

would be sufficient for years to come. Rollo asked how current the data was. Baugh reiterated that it was from taxes paid in 2010, and new data would be available as 2011 tax payments were made. He added that the issuance was actually about 2/3 the capacity that could be issued under the abovementioned scenarios.

Piedmont-Smith asked about the Alano Martin about the prospect of the city retaining part of the Core Property for a park or parking garage. Alano Martin said there had not been enough analysis at this point to make any determination on that issue. She added that the Incubator would probably remain publically owned so that the increments could be used (under state statute) to support that publically owned facility. She said this would be part of the Master Plan process.

Piedmont-Smith asked about the demolition of the IU Food Storage building on the site. Alano Martin confirmed that it was the intention to demolish the building due to the realignment of 10th Street and to allow more street frontage in the area. She said that the building was outdated and that any food handling equipment would be removed by the owner before demolition. She added that there would be other areas in the Core Property that could be used for a food production site as championed by Rollo in his remarks during the committee hearing.

Piedmont-Smith asked if the infrastructure improvements, specifically street improvements were set by the ordinance. Alano Martin said they had yet to be designed and engineered, and specifics on the waterline, sanitary sewer and street improvements would be would be driven by the Master Planning process. Piedmont-Smith asked what the city was legally bound to do with bond proceeds.

Steck said that the expenses paid for by the bond issue had to be legitimate expenditures to forward the redevelopment plan but other improvements were also allowable under state statute.

Volan asked Alano Martin about the process of gathering data from stakeholders in the Master Planning Process. She said the data would be gathered from all outlined in her memo. Volan asked when the Master Plan would be developed. Alano Martin said that a year from the date of this meeting would be reasonable, but that she was committed to having the right plan with a public process without regard to speed.

Volan asked about 'shovel ready' projects. Alano Martin said that the state had a program where they could certify a site as 'shovel ready' if it met certain requirements such as title search or completion of environmental assessments. Volan asked if there were state funds associated with this designation. Alano Martin said that it was primarily a marketing tool; the site would be added to a state list of sites on which businesses could readily locate a new venture. Volan asked if there were any such sites in Bloomington at the present time and who made the designation. She said that the ABB site and Printpak in the county fit these criteria, and added that the Indiana Economic Development Corporation made the designations.

Satterfield asked if the City had the ability to dictate terms of information gathering to the consultant. Alano Martin said that the City would be the client of the consultant, and would set the terms of the process. She said plans as outlined for input were set at the minimum needed, but she envisioned more overall input as part of the process.

Rollo asked what guiding documents would be used and specifically mentioned the upcoming update of the Growth Policies Plan. Alano Martin said *Redefining Prosperity, Certified Technology Park Action*

Plan, Growth Policies Plan, Downtown Vision and Infill Strategy Plan, Entertainment and Arts District Strategic Plan, and others would be considered. She added that any direction in the GPP updating process would be taken into consideration. Tom Micuda, Planning Director, said that the plan would be completed before the major GPP update was completed. He said that some of the same people involved in the GPP update would also be involved in the Master Planning Process for the Core Property and that both plans would mostly likely to reflect each other, be consistent with the current GPP and be intertwined in some way. Rollo asked if the Master Plan would be amenable to revision over time. Micuda said that it would depend on how the plan would be constructed, but it was early to determine how flexibility would play out. Rollo said that his intent was to determine how to amend the Master Plan if the GPP process would produce something in conflict with it.

Rollo asked if the food service building would be included in the Master Plan or demolished before the plan. Alano Martin said that the intent was to demolish the building as it had outlived its economic life. Rollo noted that the vote on the table would then also be a vote for the demolition of the building. Alano Martin said that the redevelopment goals of the project would be met with the funds.

Piedmont-Smith asked if there were any Bond Anticipation Notes needed in this bond issue. Steck said that the language had been included as a safeguard, but he did not anticipate the need for BANs. He said this was done to avoid the need for a separate later ordinance for appropriation for BANs should they be needed.

Piedmont-Smith asked about the timeline for IU vacating their properties within the Core Property. Alano Martin said that the university negotiated the period of 18 months to relocate their agencies and offices. Alano Martin said it was likely that the Master Planning Process would be complete before IU left the properties. She said that the demolition of any building would not take place until then, and so the demolition question would be part of the Plan process.

Piedmont-Smith asked if IU would then be leasing the space they currently occupied from the Redevelopment Commission. Alano Martin said this was correct.

Rollo asked if the consultant hired for the Master Planning process would have familiarity with the energy descent action plans and in particular the *Redefining Prosperity* report. Alano Martin said the consultant would be given all the guiding documents. She said green infrastructure and new green construction would be high priority. She said working toward net neutrality was important.

Rollo asked about the Certified Technology Park and other technologies that might be in the Core Property. Alano Martin noted those as software developers, engineers, contractors who work with Crane, medical technology research, and health information technology, medical research and medical device technology and bio-information technology firms. Rollo said that he had issued a memo that cited the *Redefining Prosperity* report on re-localization of economies. He said this site was perfect for that, either high tech or low technologies. He specifically mentioned food economies and asked if those uses would be excluded, compatible or desired. Alano Martin said that the CTP was a 65 acre area and the Core Property was just 12 acres. She said that Rollo's idea was a great item for conversation in the Master Planning Process and was not an excluded use.

Ordinance 11-06 (cont'd)

Piedmont-Smith said the recent memo from Deputy Mayor Heslin noted the participation of council members and the public in the Master Planning Process. She asked what City board or commissions might be called upon to participate in the Master Planning Process. Alano Martin said that the Redevelopment Commission, the Plan Commission, Sustainability Commission, Economic Development Commission, and Historic Preservation Commission came to her mind immediately, but she didn't want to limit the process to just their participation.

The call for Public Comment brought Larry Jacobs, Government Relations Manager for the City, to the podium. He said that the Chamber was in favor of the concept, purchase of the property and the approval of the bonds and the requisite appropriation ordinance. He added that it made sense for this community to vision this process with stakeholders and public. He said he imagined that the Chamber would have an interest in seeing this plan through. He asked the council to approve both ordinances.

David Wimmer, Hilliard Lyons Underwriter, spoke of the retail institutional order period of the bonds. He noted that he handled the five bond refinancings a couple of years ago, and also noted that there had been interest expressed in the issuance of these bonds by the public. He showed the announcement from the previous bond refinancings and said they would use something similar in this issuance.

Final council comments brought the following:

Rollo said he wanted to issue a formal memo for the record stating that non-traditional uses should be considered since the energy crisis and economic contraction being experienced was not an anomaly. He the central location of this parcel, it's location near rail transport and opportunities associated with that were key. He expressed disappointment that the food services building was slated for demolition and hoped that it could be saved as its former use was an important one for the future. He said he trusted the staff and administration to conduct a fair and open planning process and was basing his support of the ordinance on that. He added that the CTP was important to him and that its economic sectors could employ many people, but that the city should not pursue it to the exclusion of other ideas. He said issuing a bond of this size in current economic times gave him some pause, but felt that it should retain value over time. He said he appreciated the chance to ask his questions before the vote as this was the only public opportunity for council to do so on this project.

Sturbaum said he looked forward to the charrette process, calling this an exciting look at the future.

Volan noted there were two separate ordinances regarding this Core Property, one for the issuance of bonds and one for the appropriation of TIF funds for this project.

He said he didn't think that the city needed to induce or finance parking in this area. He referred to his past comments on parking capacity in the city as a reference.

He admonished (through the Chair) that the council legislate their concerns about the Core Property, and not 'wonder' about aspects of the plan. He questioned the tone of the discussion tonight and noted that legislation did not need to begin only with the administration.

He said he supported both ordinances and would be voting in favor of them, noting that he shared Rollo's concern about whether or not the food services building could be used. He said that concern was not enough to stop him voting in favor of the ordinances.

Piedmont-Smith said this was an exciting set of ordinances, and that if the city didn't buy this property it would go on the market to perhaps be developed into student rentals or big chain retail establishments. She said this was a great opportunity for the community to determine what would be built there. She said she was looking forward to non-student residences, employment opportunities and locally owned businesses in the area and would vote in favor of the ordinances.

Satterfield noted the themes of trust in the discussion on this item. He noted that he asked for clarification on the role of the consultant because, possibly inadvertently, it seemed as though the consultant would be in charge of the project. He said he needed to hear the answer on record to insure that the City was driving the process. He noted his support of the plan.

Sandberg said she was in support of this project and agreed with the Mayor's statement that this was a golden opportunity to drive the stewardship of this land to those who can offer development diversity and other opportunities. She said she looked forward to the process and the creativity that it would allow the community in regards to development of the property.

Rollo requested that the memo he offered at this meeting be included in the minutes of this meeting. They are attached to the end of this document.

Volan said he thought to legislate broadly would be premature, but didn't rule out the possibility that there might be a need for that in this area. He said the purchase of this land should be approached with the census figures in mind, and added that the city does not have a surplus of high prices student rentals. He said that the market would support this use, but that council members wanted to see the right balance of commerce in the area.

Ordinance 11-06 received a roll call vote of Ayes: 7, Nays: 0. (Wisler did not participate in this discussion or vote.)

It was moved and seconded that Appropriation Ordinance 11-04 be introduced and read by title and synopsis. Clerk Moore read the legislation and synopsis, giving the committee recommendation of do pass 5-0-1.

It was moved and seconded that Appropriation Ordinance 11-04 be adopted.

Danise Alano Martin, Director of Economic and Sustainable Development, introduced Bond Counsel Hans Steck from Bingham McHale to present the financial perspective on this appropriation. He said that the ordinance would appropriate the proceeds of the bonds and any investment earnings on the proceeds for acquisition of land and infrastructure improvements on that land.

There were no council questions or public comment on this ordinance.

Appropriation Ordinance 11-04 received a roll call vote of Ayes: 7, Nays: 0. (Wisler did not participate in this discussion or vote.)

It was moved and seconded that Resolution 11-10 be introduced and read by title and synopsis. Clerk Moore read the legislation and synopsis, giving the committee recommendation of do pass 5-0-1.

It was moved and seconded that Resolution 11-10 be adopted.

Appropriation Ordinance 11-04
Authorizing an Additional
Appropriation of Proceeds of
City of Bloomington, Indiana,
Redevelopment District Tax
Increment Revenue Bonds of 2011
and Any Investment Earnings
Thereon (To Spend Approximately
\$13.67 Million to Acquire and
Develop Approximately 12 Acres of
Land in the Downtown Economic
Development Area)

Resolution 11-10 Authorizing a
Grant Under the Bloomington
Investment Incentive Fund - Re:
\$25,000 to Buskirk-Chumley
Theater for Improvements at 114
East Kirkwood Avenue

Resolution 11-10 (cont'd)

Adam Wason, Assistant Director of Economic and Sustainable Development, discussed the Buskirk-Chumley project, the renovation of the box office and creation of a new concession area for the theater. He said that the total cost of the project was about \$90,000 with \$65,000 of private funds raised to this point. He referred to the detailed cost itemization that was provided to the council and noted that the concession sales would increase revenue by a projected \$6,000 annually.

Miah Michaelsen, Assistant Director of Economic Development for the Arts, added that the downtown Visitor's Bureau was housed in the Box Office area and would benefit from this renovation project.

Danielle McClelland, Director of the Buskirk-Chumley Management, Inc., the private non-profit company manager of the theater on behalf of the City discussed the project. Using slides to augment her presentation, McClelland gave data on the box office activities and also the concession sales. She showed a floor plan for the renovation showing structural and aesthetic improvements as well as new equipment for box office and concession service.

Volan asked about showing movies in the BCT, referring to an early deed restriction. McClelland said that movies have been shown for the last six years, and the BCT Movie Partner Program encourages the use of movie and film presentations on Sunday afternoon and evenings for a minimum cost. She said that the deed had been revised to allow the showing of films that were not nationally released or a year old could be shown. Volan asked about a professional grade popcorn machine, to which McClelland said that a mid-grade model would be used in the concession area.

Satterfield asked Alano Martin about recapitalization of the Business Investment Incentive Fund. She said that budget deliberations were ongoing and all requests were being considered, but there was no word on which would be filled. Satterfield noted for the record that he had asked for a clear answer in the committee hearing.

Satterfield asked Dan Sherman, Council Attorney/Administrator, to review the process of review for the BIIF requests. Sherman said that the BIIF review committee must approve the grant before it goes forward. Satterfield asked if the Economic Development Commission needed to approve the request before the council considered the issue. Sherman said that both the EDC and council must approve the grant. Satterfield argued that while vague, he believed that the EDC needed to act on the request before the council.

There were no comments from the public on this issue.

Satterfield stated that the BCT application was 'stunning.' He said that there was, however, an issue of recapitalization of the fund. He said that the Mayor's office had not stated whether they would support recapitalization of this fund, and therefore he believed they would not. Speaking as the council liaison for the EDC, and member of the BIIF review committee, he noted that while members didn't want to jeopardize the BCT project, they had strong objections that the recapitalization process for the fund had not been addressed. He said interest and loan repayments were smaller than in the past and the EDC was concerned that the fund was being diminished. He said he would have not supported this application had he known that the Mayor's office was not going to support recapitalization of the fund. He said for those reasons, and despite the BCT's worthiness, he would not support this request.

Volan said he was pleased to see how serious the administration was about this important central community asset. He said the benefits the community received from the BCT greatly outweighed the costs of its operation and the investment was well worth the cost, also. He said he was aware that as a grant versus loan this issue was setting a precedent, but would support the request even if it caused the BIIF fund to be drained. He said he admired Satterfield's stand, and appreciated the EDC member's concern. He said that with the property being unique, the request being modest, and the significant benefit that the investment would reap (including a long term reduction in the on-going operating subsidy of the facility) made it a winner. He said that the council would be remiss if it did not support a plan that would allow the BCT to pay for itself and make the building more economically viable.

Volan said that Satterfield identified an ongoing problem that needed to be addressed as the future of the BIIF -- loans, grants, and the ability to incubate projects -- was at stake.

Sturbaum said he agreed with Volan.

Piedmont-Smith said that the question of recapitalization should be completely separate from the BCT application. She said it was not fair to turn down the application due to a matter that was not related to them. She said that recapitalization should be addressed, but that she was supporting the worthy application of the BCT.

Sandberg thanked McClelland for the reminder that the arts is a business that creates and retains jobs and supports other businesses in the community. She said she was hopeful to address recapitalization in the future, but would support this application.

The Resolution 11-10 received a roll call vote of Ayes: 6, Nays: 1 (Satterfield). (Wisler had left the meeting.)

There was no legislation for First Reading at this meeting.

LEGISLATION FOR FIRST READING

It was moved and seconded that the Regular Session meeting scheduled for July 6, 2011 be cancelled. The motion was approved by a voice vote.

COUNCIL SCHEDULE

There was no public comment at this section of the meeting.

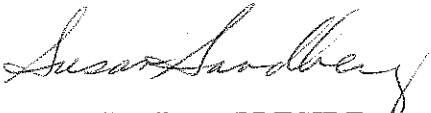
PUBLIC INPUT

The meeting was adjourned at 9:43 pm.

ADJOURNMENT

APPROVE:

ATTEST:



Susan Sandberg, PRESIDENT
Bloomington Common Council



Regina Moore, CLERK
City of Bloomington