COMMON COUNCIL

Regular Meeting August 17, 2015

The regular meeting of the Common Council of the City of Shelbyville, Indiana, was held in the Common Council Chambers of City Hall on Monday, August 17, 2015, at 8:33 A.M. Councilman Brown opened with the Pledge of Allegiance, and Councilman Fero followed that with a prayer. All Councilmen were present, and Mayor DeBaun presided.

Councilman Hamilton moved to approve the minutes of the August 3, 2015 meeting, and Councilman Nolley seconded. The motion was carried on a 7-0 voice vote.

There was no old business.

Under new business, on Resolution No. 2015-12, a transfer of funds was requested to be made from the Racino funds to the Aviation Development, Park Operating, and N.R. Park Development funds. Councilman Asher moved to approve the request, and Councilman Nolley seconded. These transfers were approved by the Council last year for this year's budget, from the Racino fund. The motion was carried on a 7-0 voice vote.

Anticipating a long discussion coming up on the agenda, Mayor DeBaun asked County Councilwoman Linda Sanders what time the Japanese students and chaperones needed to leave. She said they had to leave around 9:00 A.M. Mayor DeBaun welcomed all of our Sister-City visitors to the Council meeting. Yoshi, a chaperone and interpreter, came forward to interpret what the Mayor said in his greetings and what the City Council does in its meetings held twice a month. The Mayor talked about elections being held every four years, and some of the Councilmen have served multiple terms. He talked about the Pledge of Allegiance, the prayer, and the three flags behind him, including the flag from Shizuoka City, our Sister-City, which drew loud applause from the Japanese in attendance. Councilman Nolley noted that the Japanese flag is always up there, not just today because they were visiting, which drew lots of laughs. Many thanked Yoshi and the delegation for visiting with the Council this morning.

Under miscellaneous business, Mayor DeBaun said Mitch Genser and Sean Carpenter, from Purple Vetch Properties, were here to discuss a proposal sent to the Council a few weeks ago, regarding the Methodist Building and the old Bradley Hall Furniture Store. Mr. Genser said he knew the process of developing these two buildings was going to be a long haul, and that it was going to take time. He said his company has had to deal with a changing environment over the last couple of years, contending with historic tax credits, new market tax credits, and the shifting economies of when things are or aren't available. He said there wasn't anyone in this room who would have preferred to have the Methodist Building already in motion than himself. He said his vision has never changed in what they want to do, and that is to be a major player in the revitalization of downtown Shelbyville. Mr. Genser said he found doing the $3.5 million Methodist Building by itself was way too small for the work that needed to get done with the new market tax credit world, so when the Bradley Hall building opened up, it shifted all of that. He said there are two or three entities that are now extremely interested in the 6 to 6.5 million dollar project, but the key issue is readiness. What other businesses need to see is leveraged lending, which is a key component, so before the new tax market credit entities are willing to say they're going with him, and he's going to receive an infusion of 1.5 to 2 million dollars on tax credit money, they want to see a substantial amount of funds that are committed that a traditional bank is not about to say, on two buildings, let's play with 3.5 million dollars. He said it doesn't work that way. He said he doesn't want a decision made today. He said it's a process, and he knows there will be questions and answers later this morning.
Sean Carpenter came to the microphone to speak next, and said the City of Shelbyville is on the move, saying there's so much excitement about what could happen with the Methodist Building, but also annoyance at how long it's taken. After two failed tries with the new market tax credit process, he said the company is asking the City of Shelbyville to partner with Purple Vetch on the financing mechanism. He said they're not asking for City funds; they're actually asking for a partnership, where the City will be an intermediary and pay their mortgage for them, which they will give the City cash to make the payment. He said it would be like a hybrid bond, where the City would partner with Purple Vetch as a guarantor to make the deal happen. If it happens, Purple Vetch would get an additional $1.5 million dollars in new market tax credit equity and between 600 to 800 thousand dollars in historic tax credits, so they would get roughly 2.3 million

dollars in additional infused capital into the downtown redevelopment district. He opened it up for questions.
Councilman Brown asked if the City partners with Purple Vetch for $3,500,000.00, and Purple Vetch doesn't give the mortgage payment to the City, the City is on the hook for that money, and Mr. Carpenter said that was correct. Mr. Carpenter said it would be a seven year loan, secured by the real estate, where Purple Vetch has set aside two years to supplement that loan. Councilman Nolley asked what happens if the City doesn't guarantee this? Mr. Carpenter said it would be a difficult road, and if not, they would have to find another avenue. He said it wouldn't be this large, and the project wouldn't be as extravagant. Mr. Genser said there's so many more possibilities if the two buildings could be merged and have things together on the first and second floors. Councilman Phares said he has a tough time committing $3,500,000.00 to a project where $285,000.00 was given to them two years ago and nothing to show for it. Councilman Nolley apologized and said he had to leave the meeting because he had to chauffer the Japanese to the State Museum in Indianapolis at 10:00 A.M. It was 9:12 A.M. Mr. Genser said he would be here until Wednesday evening if anyone wanted to see him. Getting back to Councilman Phares, Mr. Genser said he would like to sit down with him and show him more of what is not being seen by the taxpayer who is driving by the Methodist Building. Councilman Carmony asked how do they know if 6.5 to 7 million dollars isn't too small, and secondly, he said he knows competition for tax credits in Indiana are very keen, and many applicants don't receive tax credits. Councilman Asher asked if Purple Vetch would be open to a short term contract. Mr. Carpenter said new market tax credits are a national award, not from Indiana, and because the project is bigger, more investors are interested in the project. He said someone is coming tomorrow to tour the two buildings, and two other investors are having ongoing conversations with Purple Vetch, looking for them to find a way for creative financing. Mr. Carpenter said if this goes through, things would start happening quickly. He said seven years is the statutory requirement on the law, and he understands the nature of the questions being asked, but to get this done, it requires a municipal backing. Mr. Genser wanted the Council to understand that this is forward thinking in terms of the longevity of the Square's revitalization, and he thinks the benefits to the City could be profound. He felt if the Council had more questions on financing, they could contact Greg Martz, from GM Development, who also has been working on this project, but he couldn't attend today's meeting. Mr. Carpenter said he wanted to keep the conversation going for the next thirty days, and a couple more investors from Chicago and Detroit will be coming in the next couple of weeks to tour the sites. With the City's relationships internationally, he said Purple Vetch has other ways to bring funds in, and that could be talked about later to improve the Square.

Mayor DeBaun wanted to thank all of the Department Heads who helped with the Downtown Shelby Days, saying he didn't receive any phone calls from the Police Department, whereas he had several calls in the past for the Blue River Festival events. He received congratulatory comments for Street Superintendent Jennifer Jones specifically, and he met with some of the Downtown Shelby Days group last night, giving a short debriefing. He said they were very impressed with the work done with the cleanup after the event, and with the Police Department as well.

There being no further business, Councilman Hamilton moved to adjourn.

Thomas D. DeBaun
Mayor

ATTEST:

Frank M. Zerr
Clerk-Treasurer