

January 19, 2022, Regular Meeting Minutes
HOBART REDEVELOPMENT COMMISSION

President Carla Houck called the January 19, 2022, regular meeting of the Redevelopment Commission (RDC) to order at 8:34 a.m. The meeting was held in the City Council Chambers at City Hall, and also via Zoom with the public issued a dial-in number to allow listening and participation capabilities. The Pledge of Allegiance was recited. Members present: Carla Houck, Shawn Kelly (*via Zoom*), Marsha Plesac (*via Zoom*), Matthew Claussen, and Pam Broadaway (*via Zoom*). Members absent: Stuart Schultz. Also present: Beth Jacobson, Director of Development; Anthony DeBonis, RDC Attorney (*via Zoom*); Deborah Longer, Clerk-Treasurer; Heather McCarthy, City Attorney (*via Zoom*); Brandon Towle, Butler Fairman & Seufert (BF&S); Phil Gralik, City Engineer (*via Zoom*); Matt Eckerle, Baker Tilly (*via Zoom*); Greg Balsano, Baker Tilly (*via Zoom*); and Dawn Hostetler, RDC Recording Secretary.

Under **Approval of Agenda**, Ms. Houck requested that the order of the agenda be adjusted so that the Baker Tilly presentation regarding the business personal property impacts, which is listed under **Staff Report**, is discussed prior to **New Business**. A motion was made by Mr. Claussen to approve the agenda with noted adjustment; seconded by Ms. Plesac. All ayes; motion carried. (5-0)

Moving to **Election of Officers**, Mr. Claussen made a motion to retain the 2021 officers: Ms. Houck as President, Mr. Kelly as Vice-President, and Ms. Plesac as Secretary; seconded by Ms. Plesac. All ayes; motion carried. (5-0)

Regarding the **Minutes of December 17, 2021, Regular Meeting**, Ms. Hostetler stated that there was typographical error on page 6. She noted that the grant payment amount approved by the RDC to the Merrillville Community School Corporation (MCSC) was \$4,414.05, not \$4,4,10.05 as listed in the draft that was included in the meeting packet. This correction has been made to the final version for signature. A motion was made by Mr. Claussen to approve the December 17, 2021, Regular Meeting minutes as corrected; seconded by Mr. Kelly. All ayes; motion carried. (5-0)

Regarding the **Treasurer's Report**, the December investment statements for Fund 4445 (*formerly 406*) and Fund 4450 (*formerly 410*), plus the most current fund & appropriation reports for Fund 4445, Fund 4450, Fund 4455 (*formerly 412*), and Fund 2527 (*formerly 250*) were distributed in the RDC meeting packet. There were no questions or comments.

There was no **Old Business**.

Ms. Jacobson reminded the Commission that Baker Tilly was asked to prepare an analysis to determine the impacts to Hobart if proposed legislation regarding business personal property is passed. She said Mr. Eckerle and Mr. Balsano of Baker Tilly are in attendance via Zoom to present this information to the RDC. Mr. Eckerle said there is a great deal of uncertainty regarding what the general assembly may do with this legislation. He stressed that it is important to keep in mind that this report illustrates the concept of what would happen if the assessed value of business personal property is reduced or eliminated. He said this analysis focuses not only on the City of Hobart, but the entirety of Lake County due to the manner in which property taxes are levied in Indiana. He indicated that the analysis also illustrates the shift in property tax liability due to the increase in tax rates caused by the reduction in assessed value. Mr. Eckerle explained

January 19, 2022, Regular Meeting Minutes
HOBART REDEVELOPMENT COMMISSION

that Indiana is subject to property tax levies, which is the amount of money a taxing unit can raise from property taxes each year. He said that if the assessed value from business personal property is reduced or eliminated, the tax rates would be drawn down. This means that in order to raise the same amount of money, non-personal property tax payers would have to pay a higher tax rate. Additionally, local governments would experience an increased loss to the tax caps.

Mr. Eckerle stated that there are several legislative proposals currently drafted, but the two that have gained the most attention are House Bill (HB) 1002 and Senate Bill (SB) 378, which approach the business personal property tax issue differently. He said HB 1002 would eliminate the 30% depreciation floor for all personal property that is purchased after January 1, 2022. He explained that the 30% depreciation floor means that a taxpayer is not taxed at less than 30% of the reported acquisition cost of personal property. Mr. Eckerle stated that SB 378 would lower the depreciation floor incrementally to 25% over a couple of years. He said this legislation would also provide a “holiday” for any equipment placed into service in the 2023 calendar year in which it would be exempt from personal property tax for the life of that equipment. He noted that most of the legislative proposals address future equipment investment and do not necessarily impact the business personal property that is already in place. He advised the Commission to focus on the concept of how reductions to the personal property assessed value could affect the City and taxpayers since the analysis does not address specific legislative proposals.

Mr. Balsano presented the RDC with the analysis prepared by Baker Tilly. He first reviewed some factors impacting business personal property assessments. He said the total mix of a company’s business personal property in the taxing district is included in the assessment calculations, which are based on factors such as the acquisition dates, the in-services dates, acquisition costs, the depreciable life, and abatement deductions. He noted that equipment classified as “special tooling” is not subject to the 30% assessment floor that other pieces of equipment are subject to. Additionally, he said there are specific circumstances such as abnormal obsolescence and equipment retirement that impact the business personal property assessment.

Mr. Balsano pointed out some model assumptions for the data included in the analysis. He pointed out that certified property tax levies and rates are based on taxes payable in 2021, and the assessed values are estimated using the Lake County abstract and 2021 parcel data. He stated that the analysis does not assume any changes in the property tax relief component of the local income tax (LIT). Mr. Eckerle noted that Lake County has a certified property tax relief LIT rate of about 16.31% allocated for all properties in 2021. He stated that this percentage of every property taxpayer’s bill is credited to the taxpayer, then filled in from income tax revenue. He explained that it essentially provides property tax relief to those taxpayers through the income taxes and also has a positive effect on the circuit breaker tax credit losses that are attributed to each of those taxpayers. Continuing with his review of the model assumptions, Mr. Balsano stated that the estimated effective tax rates are applied to each property tax bill to compute the amount of credits due to the taxpayers. He pointed out that a portion of the data included in this analysis is based on information provided by Policy Analytics, LLC as noted.

Mr. Balsano called attention to a summary of illustrated change in net assessed value for the City of Hobart, which compares the certified net assessed values (AV) with the net AV assuming a

**January 19, 2022, Regular Meeting Minutes
HOBART REDEVELOPMENT COMMISSION**

50% reduction in personal property AV as well as the net AV assuming a 100% reduction in personal property AV. He stated that in 2021, the City of Hobart had nearly \$1.65 billion in net AV of which 6.24% was business personal property, 1.62% was utility property, and the remaining 92.14% was real property. He said if 50% of that business personal property AV is removed from the tax base, the total net AV would drop to just under \$1.6 billion in which 3.22% would be business personal property and 95.10% would be real property. If 100% of the business personal property is removed from the tax base, the net AV would decline to about \$1.5 billion, which would comprise of 98.27% in real property and 1.73% in utility property.

Mr. Balsano reviewed a summary of illustrated property tax rate impacts for the City of Hobart's taxing districts. He stated that as net assessed values decline, the tax rates must increase in order to generate the same amount of levy for the City and other overlapping taxing units. He then called attention to a summary of illustrated circuit breaker impacts to the City of Hobart. He reminded the Commission that the circuit breaker caps taxes at 1% for residential, 2% for rental residential and farmland, and 3% for commercial and industrial. Mr. Balsano pointed out that in 2021, the circuit breaker credit for the City of Hobart was just over \$2.2 million. He said that as personal property AV is reduced, the tax rates increase and more taxpayers will reach the tax cap, which would potentially cause further circuit breaker losses for the City. Mr. Claussen asked if the figures shown for the circuit breaker impacts are more realistic as far as actual revenue loss to the City. Mr. Eckerle said that is correct. He explained that the elimination of business personal property tax does not mean there would be less taxes collected overall. However, it does mean that the taxes would be shifted to other taxpayers, which means more taxpayers will reach the circuit breaker caps resulting in revenue loss to the City and other taxing units.

Mr. Balsano pointed out that the circuit breaker impacts not only the City, but all other taxing units that base levies around net AV. He reviewed an illustrative circuit breaker impact for the overlapping taxing units based on 50% and 100% reductions of business personal property net AV. He called attention to a summary of illustrative cumulative fund impact for the City of Hobart. He explained that there is a set amount the state statute allows units to grow by each year with that maximum levy; however, there are some funds that are outside of the maximum levy that are allowed to be established by a set rate. The City's Cumulative Capital Development (CCD) fund is one such fund. Mr. Balsano that with the CCD fund, the City could potentially change the gross amount collected by the amount of AV. He explained that if the AV were to increase, the CCD fund could earn more money and vice versa because that tax rate remains the same. He indicated that there would be a decline in revenue for this City fund if the business personal property AV is reduced or eliminated. He said Lake County has a CCD fund that would also experience a decline in revenue. Additionally, the School City of Hobart (SCOH) and the River Forest Community School Corporation (RFCSC) have operating referendums that are outside of the maximum levy and could therefore experience a decline with the reduction of personal property AV. Mr. Balsano said revenue generated from TIF areas could potentially be impacted, especially in districts that capture a significant amount of business personal property. He reviewed analyses of the 61st Avenue & SR 51 TIF and the SR 130 & Downtown TIF, which show that these funds could potentially realize a slight increase in revenue because there is not much personal property being captured within these areas. He explained that TIF operates in a way that it captures the property tax relief credit at a rate of 16.31% as Mr. Eckerle mentioned

January 19, 2022, Regular Meeting Minutes
HOBART REDEVELOPMENT COMMISSION

earlier. He said when the tax rate increases, so does the TIF revenue. Mr. Balsano called attention to the illustrative impacts that a reduction of personal property AV could have on various taxpayers. He noted that this demonstrates the shift in tax liability that would occur if the tax rates were to increase due to the loss of AV. He said that because of the circuit breaker caps, some taxpayers would experience greater increases than others. The median homeowners would not see much of an increase because they are at the capped amounts, but the lower value homeowners would see a significant increase because they are not hitting the circuit breaker caps.

Regarding SB 378 and the one year “holiday” proposed for personal property, Mr. Claussen asked if there is anything that would prevent a business with multiple corporations to sell equipment to another entity within the same footprint of the business in order to eliminate personal property taxes currently being paid on the equipment. Mr. Eckerle said there appears to be protections against this scenario within SB 378 as it is currently written. He stated that the language is similar to personal property tax abatement whereby personal property must be new to Indiana and cannot be transferred within the state in order to qualify. Mr. Claussen said from his perspective, the only advantage of this legislation is that it would allow the state to attract new business to Indiana. He asked who could be in favor of this legislation. Mr. Eckerle stated that there are statewide business groups that have expressed support of this legislation. He said the governor’s Next Level legislative agenda specifically addresses a need to change the business personal property tax structure in Indiana. He indicated that companies from out of state often point out that Indiana taxes personal property, whereas other states do not; however, he has not been involved in any projects where this has been a deal breaker. He noted that Indiana was recently ranked by the Tax Foundation as having one of the most competitive property tax structures for businesses in the country. Nonetheless, there is still an effort to address this issue on a state level because there is a negative perception of taxing investment and there is a belief that the elimination of business personal property will increase economic activity. Mr. Claussen said there has been discussion about the possibility of modifying the business personal property tax for many years and asked if there is something new within this legislation that suggests it is more likely to succeed now than in years past. Mr. Eckerle said it is difficult to predict whether or not this legislation will move in earnest this year and there is much more yet to be determined. Ms. Houck said the presentation has been very informative. She thanked Mr. Balsano and Mr. Eckerle for presenting this information and Ms. Jacobson for arranging the presentation.

Under **New Business**, the first item was the **TRAX Project – Status Report (American Structurepoint)**. Ms. Jacobson stated that neither Mr. Lorig nor Mr. Wolverton of American Structurepoint was able to attend today’s meeting; however, Mr. Lorig provided a written update, which she received via email this morning. She said Mr. Lorig indicated that appraisals of four parcels are in progress and are anticipated to be completed by the end of the month. Offers will be made after the environmental document is approved. She stated that American Structurepoint received preliminary approval of the draft environmental document in December, and a Public Notice for Planned Improvement/Opportunity for a Public Hearing will be published this week in the Northwest Indiana Times. If no public hearing is requested within 30 days of the first posting of notice, the environmental document will be resubmitted to INDOT for final approval, which is expected to be received within 30 days of resubmittal. Additionally, a public information meeting can be scheduled if no public hearing is requested. Ms. Jacobson reminded the

January 19, 2022, Regular Meeting Minutes
HOBART REDEVELOPMENT COMMISSION

Commission that a public information meeting is the preferred format to discuss the project because it would allow more flexibility and would not be as structured as a public hearing format. She said that Mr. Lorig indicated that American Structurepoint is continuing to advance the lighting design and approach slab detail work for stage 3. She noted that Mr. Lorig also provided the most current project schedule, which is the same as presented to the RDC at the December meeting, in which the stage 3 design submittal is due on June 24, 2022, the final tracing submittal is due August 8, 2022, and the letting date is November 16, 2022.

Regarding the **69th Avenue Improvement Project – Status Report**, Mr. Towle distributed copies of a brief status report that he prepared. He stated that the work on site has concluded for the winter. He said since opening the road, the mailboxes and street signs were installed and the center of the roundabout was mulched. Additionally, temporary seed and straw was laid for soil stabilization. Once the weather breaks in the spring, fine grading will be done along the back side of the slopes, topsoil will be added, and final seeding will occur.

Ms. Houck stated that she has received positive feedback about the completed roundabout. She asked if a decision has been made about what will be installed in the center of the roundabout. Ms. Jacobson reminded the Commission that there has been some discussion about possibly coordinating this landscape work with future landscaping at the 61st Avenue and Colorado Street roundabout. Ms. Houck said she has noticed other towns and cities maintain some uniformity within all their roundabouts. She asked if the RDC would want to brand the roundabouts within the City of Hobart in a similar fashion. She noted that she would like to see something that represents the City to be installed within the center of the roundabouts, but not anything that would be too distracting for motorists. Ms. Jacobson asked Ms. Houck if she was thinking in terms of landscape or sculpture. Ms. Houck said she was envisioning some type of sculpture rather than landscaping. She indicated that landscape may be a cost-effective, short-term solution, but is high maintenance as a long-term solution. She also noted that landscape only looks attractive during the spring, summer, and part of the fall; whereas, sculpture looks good throughout all the seasons. She stated that the Mayor has indicated that he would like some sort of wow-factor at the Wisconsin Street roundabout since it is a gateway to the City. Ms. Jacobson said that staff can look into some different options to present to the RDC. Ms. Houck invited the Commission to share any additional ideas with staff.

The next item of business was the **Approval of Pay Estimate #14 (G.E. Marshall) 69th Avenue Improvement Project (A – Road)**. Mr. Towle stated that this pay estimate is for the stormwater stabilization, mailbox installation, and placement of mulch and temporary seed. He reminded the Commission that the retainage has been met, so the total amount for pay estimate #14 is \$25,006.17. A motion was made by Mr. Claussen to approve pay estimate #14 in the amount of \$25,006.17; seconded by Ms. Plesac. All ayes; motion carried. (5-0)

The next item of business was the **Approval of Education & Workforce Training Grant Report (#4-2020) – School City of Hobart**. Ms. Hostetler stated that this is the fourth quarter report from the School City of Hobart (SCOH) for their 2021 grant (*Brickie Innovators*). They indicated in this report that biomedical supplies were used in the fall semester of 2021. The maker spaces are now set up in all buildings and the equipment is being used by students at various grade levels. Additionally, the professional development training for teachers was

**January 19, 2022, Regular Meeting Minutes
HOBART REDEVELOPMENT COMMISSION**

conducted this summer and they are now using the supplies accordingly. A motion was made by Mr. Claussen to approve the Education & Workforce Training Grant Report (#4-2021) from SCOH; seconded by Ms. Broadway. All ayes; motion carried. (5-0)

Regarding the **Approval of Education & Workforce Training Grant Report (#4-2021 Building Trades) – Merrillville Community School Corporation**, Ms. Hostetler stated that this is the fourth quarter report from Merrillville Community School Corporation (MCSC) for their 2021 *Building Homes and Future Together* grant. They have indicated in this report that all building materials have been purchased and delivered. Students completed construction of two miniature sheds during the 2020-21 school year. The program will be expanded from two classes to five classes, which will allow students to construct at least ten miniature sheds by the end of the 2021-22 school year. There were 40 students that participated in this program last school year and over 60 students are expected to participate in the program this school year. A motion was made by Ms. Plesac to approve the Education & Workforce Training Grant Report (#4-2021 Building Trades) from MCSC; seconded by Mr. Claussen. All ayes; motion carried. (5-0)

The next item of business was the **Approval of Education & Workforce Training Grant Report (#4-2021 Welding Technology) – Merrillville Community School Corporation**. Ms. Hostetler stated that this is the fourth and final report from MCSC for their 2021 *Building Better Bonds through Welding* grant. They have indicated in this report that the upgrades to the welding shop are complete and students are using the equipment. They noted that equipment purchased through this grant will not only benefit students this school year, but will continue to be used by students for years to come. Additionally, the skills attained through the use of this equipment will prepare students for future employment opportunities. A motion was made by Mr. Claussen to approve the Education & Workforce Training Grant Report (#4-2021 Welding Technology) from MCSC; seconded by Ms. Plesac. All ayes; motion carried. (5-0)

Ms. Jacobson reviewed the invoices on the **Register of Claims**. A motion was made by Mr. Claussen to approve the register of claims in the amount of \$640.00; seconded by Ms. Plesac. All ayes; motion carried. (5-0)

<u>Invoice Date</u>	<u>Invoice Number</u>	<u>Claimant</u>	<u>Amount</u>
12/20/2021	94890	Butler Fairman & Seufert	\$640.00
Total:			\$640.00

Regarding the **Approval of 2020 Bond Register of Claims**, Requisition No. 28 includes a payment to BF&S (Invoice 94794) in the amount of \$21,900.47 for inspection services related to the 69th Avenue project, and a payment to G.E. Marshall (Pay Estimate #14) in the amount of \$25,006.17 for construction costs related to the 69th Avenue project. A motion was made by Mr. Claussen to approve Requisition No. 28 in the amount of \$46,906.64; seconded by Ms. Plesac. All ayes; motion carried. (5-0)

January 19, 2022, Regular Meeting Minutes
HOBART REDEVELOPMENT COMMISSION

Staff Report – Ms. Jacobson called attention to a notice from Becknell regarding a rezone petition. She said the RDC has received this notice as an adjacent property owner. She stated that Becknell is requesting to rezone the 156 acres at the former Ameriplex Southlake property located at the southeast corner of 61st Avenue and Colorado Street. The adjacent RDC owned property is located at 61st Avenue and Arizona Street.

Ms. Jacobson stated that the letter of engagement from Westland & Bennet for the Steiner Homes, Ltd. project has been signed by City Attorney McCarthy and is included in the RDC's meeting packet. She noted that the RDC is listed in the letter because it is the body that owns the property; however, a signature by the Commission was not needed. She said Mr. Steiner plans to submit applications for subdivision approval and rezoning soon.

Ms. Jacobson reported that \$17,527.56 was received from the federal government as interest credit related to the 2010 Recovery Zone bond.

Ms. Jacobson called attention to information in the meeting packet related to the TIF funds received in December 2021. She reported that \$1,461,379.40 was received into Fund 410 (61st Avenue/SR 51 TIF district) and \$228,099.94 was received into Fund 406 (Downtown/SR 130 TIF district). She pointed out information from the Clerk-Treasurer that shows the transfers that were made in order to meet various debt obligations.

Ms. Jacobson stated that an updated analysis from Baker Tilly regarding the Albanese project was included in the meeting packet. She said the City and the company have been negotiating how the excess TIF revenue will be allocated. She explained that Albanese wanted the bond to be paid down faster, and the City wanted to retain some cash on hand for pay-as-you-go projects. She indicated that a compromise was reached in which the RDC would retain the excess TIF revenue until 2028, then would be split with Albanese in subsequent years. Ms. Jacobson stated that the development agreement is close, but not yet finalized. She said that according to the original planning calendar, the RDC was scheduled to take action on the development agreement and the resolution pledging TIF revenue to the payment of the bonds at today's meeting, but the negotiation process took longer than anticipated. She stated that the City Council was also scheduled to take action on the development agreement and bond ordinance this evening. She said that ideally, the RDC would approve the development agreement and resolution prior to the City Council taking final action to approve the development agreement and ordinance. She noted that because of the Presidents' Day holiday next month, the regular meeting schedule is such that the City Council meets prior to the RDC. She said Randy Rompolo of Barnes & Thornburg has advised that while it is preferred, there is no legal obligation for the RDC to take action before the Council. However, upon discussing with the Mayor, he indicated that he prefers this order of events. Ms. Jacobson said she believes that the development agreement can be finalized and submitted by next Wednesday for the Council to take action on February 2nd. She asked if the Commission would like to schedule a special meeting for the morning of February 2nd, so it can take action prior to the Council. Ms. Houck said she believes this is feasible as long as members have the option to attend the meeting via Zoom to provide more flexibility. The Commission agreed. Ms. Jacobson said staff will coordinate this special meeting. She noted that the pre-development agreement with Becknell regarding the former

**January 19, 2022, Regular Meeting Minutes
HOBART REDEVELOPMENT COMMISSION**

Ameriplex Southlake property may also be ready for the RDC to take action on at this same meeting.

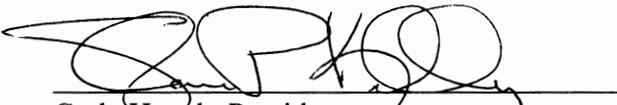
Mr. Claussen asked Ms. Jacobson if she has heard any news regarding the property owned by Hobart Sanitary District (HSD) located off 37th Avenue behind Strack & Van Til. Ms. Jacobson said she has not received any new information about this site, but she will touch base with HSD President Bob Fulton and provide any updates to the Commission at the February 17th meeting.

Ms. Houck thanked all the Commission members for their time, effort, and flexibility. She said she enjoys serving on the RDC and looks forward to another year of progress in 2022.

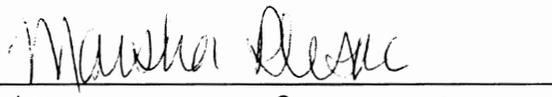
Adjournment - The meeting was adjourned at 9:38 a.m.

Minutes were prepared by Dawn Hostetler, Clerical Assistant to the Director of Development.

Minutes approved by the Hobart Redevelopment Commission on FEBRUARY 17, 2022.



~~Carla Houck, President~~
Shawn Kelly, Vice President



Attest: MARSHA PLESAC, SECRETARY