

**February 17, 2022, Regular Meeting Minutes**  
**HOBART REDEVELOPMENT COMMISSION**

Vice-President Shawn Kelly called the February 17, 2022, regular meeting of the Redevelopment Commission (RDC) to order at 8:31 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: Shawn Kelly, Marsha Plesac, Matthew Claussen, Pam Broadaway (*arrived after Treasurer's Report*), and Stuart Schultz. Members absent: Carla Houck. Also present: Beth Jacobson, Director of Development; Deborah Longer, Clerk-Treasurer; Anthony DeBonis, RDC Attorney (*via Zoom*); Heather McCarthy, City Attorney (*via Zoom*); Greg Lorig, American Structurepoint (*via Zoom*); Brandon Towle, Butler Fairman & Seufert (BF&S) (*via Zoom*); Dan Botich, SEH (*via Zoom*); Ryan Cook, Eichhorn & Eichhorn (*via Zoom*); and Dawn Hostetler, RDC Recording Secretary.

Under **Approval of Agenda**, a motion was made by Ms. Plesac to approve the agenda as presented; seconded by Mr. Claussen. All ayes; motion carried. (3-0)

Regarding the **Minutes of January 19, 2022, Regular Meeting**, a motion was made by Mr. Claussen to approve the January 19, 2022, Regular Meeting minutes as presented; seconded by Ms. Plesac. All ayes; motion carried. (3-0)

Regarding the **Minutes of February 2, 2022, Special Meeting**, a motion was made by Mr. Claussen to approve the February 2, 2022, Special Meeting minutes as presented; seconded by Ms. Plesac. All ayes; motion carried. (3-0)

Regarding the **Treasurer's Report**, Ms. Hostetler stated that all the RDC funds have been assigned new fund numbers. Fund 406 (Downtown & SR 130) is now Fund 4445, Fund 410 (61<sup>st</sup> Avenue & SR 51) is now 4450, Fund 412 (US 30 & 69<sup>th</sup> Avenue) is now 4455, and Fund 250 (RDC Special Fund) is now 2527. Ms. Plesac asked why the funds were assigned new numbers. Ms. Longer stated that in an effort to standardize the fund numbering system throughout Indiana, the State Board of Accounts (SBOA) has issued a requirement that all fund numbers need to change to a 4-digit numbering system beginning in January 2022. Therefore, all 192 funds that the City oversees were assigned new numbers at the beginning of the year. Ms. Hostetler stated that she will list both the old fund number and the new fund number on the register of claims each month until everyone is comfortable with the new numbers. The January 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 further questions regarding the reports.

There was no **Old Business**.

Under **New Business**, the first item was the **TRAX Project – Status Report**. Mr. Lorig stated that American Structurepoint is currently in the right-of-way acquisition phase of this project. He said appraisals have been completed and sent to the City for review and approval. He indicated that the public notice period is in effect until next week. If no responses are received within this time frame, the anticipation is that final environmental documents will be submitted next month and offers for right-of-way acquisition can potentially begin in April. Mr. Lorig stated that American Structurepoint is advancing the stage 3 design, which is due June 24, 2022. He said

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final tracings are due August 8<sup>th</sup> and the letting date is currently November 16<sup>th</sup>. Mr. Kelly asked if there are any issues with the environmental document that might be of concern. Mr. Lorig indicated that there are no issues. He reminded the Commission that INDOT approved the draft environmental document in December; therefore, the final document can be submitted after the public notice period. He said that typically when the draft environmental document is approved, it is an early indicator that the final document will be approved. Ms. Broadway asked if an estimate for the total acquisition cost is known at this time. Ms. Jacobson stated that she received an invoice from INDOT yesterday in the amount of \$31,050.00 for the right-of-way acquisition. However, her understanding is that this is an initial estimate and if the costs exceed this amount, the RDC would be invoiced later for the overage. Mr. Lorig said the appraisals have been sent to the City. Ms. Jacobson confirmed that she received the appraisals yesterday. She said City Engineer Phil Gralik has indicated that the City's share of the actual right-of-way cost will likely exceed \$31,050.00. Mr. Claussen pointed out that the schedule shows that the local share is \$31,050.00, which is 27% of the total acquisition cost. He calculated the estimated total right-of-way cost to be \$115,000.00. Mr. Lorig stated that based on the appraisal amounts, it appears that the actual right-of-way costs will be closer to \$200,000.00.

Regarding the **Presentation of Tax Abatement Monitoring Report – Dan Botich, SEH**, Ms. Jacobson stated that Dan Botich of SEH has prepared a report and is in attendance via Zoom to present to the RDC. She said she does not have a final report since there are a few items that have yet to be finalized. Mr. Botich introduced himself to the Commission as an associate and senior economic development professional with SEH. He presented an assessed valuation tax savings analysis for taxes payable 2011 through 2021. He said he reviewed all the deductions from the last ten years and did an extensive monitoring of all the tax abatements approved by the City of Hobart for real property as well as personal property. He presented a Gantt chart of each of the deductions, which shows the number of tax abatement deductions by year through assessment date January 1, 2020. He noted that the chart will be updated to reflect 2021. Mr. Botich said this chart lists the property owner, parcel key number, assessment classification, and property type. He indicated that the chart also graphically depicts the number of deductions, the year the abatement started, and the year the abatement rolls off. He said this information is helpful to the City Council as well as the Clerk-Treasurer in regard to budgeting and determining when assessed values will roll off.

Mr. Botich next called attention to a schedule of assessed valuation deduction by assessment date, which is summarized from other overview schedules for each deduction. He said the schedule shows the amount of assessed valuation deduction that has been approved over the last ten years. He pointed out a section of the schedule that indicates whether a CF-1 compliance form has been submitted by the property owner for approval by the City Council each year. He stated that SEH did not have access to that information at the time the analysis was prepared, but it can be added starting with the January 1, 2021 assessment date. Mr. Botich noted that there was a total of \$72,539,765.00 in deductions that were applied to the City of Hobart in 2021. He indicated that SEH identified all the tax rates and calculated the tax rate impact to the City as a result of those deductions. He explained that the tax rate is set by the amount of the net certified assessed value in the tax unit. This analysis focuses on two of the City's tax units: 046 and 018. He pointed out that for 2021, the tax rate was 3.8353 for a specific tax unit so the tax rate impact would be \$0.1979. This means that the City's tax rate would have been lowered by about 20

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cents had the assessed value of all the abatement properties been included in the total assessed value for the City. Mr. Botich said it is important to note that this is not a levy impact, but rather a rate impact. He stated that levy impacts are based upon cumulative capital development funds, which means that as the assessed value increases or decreases, it does not adjust for the certified net assessed value because the rate is set. He explained that if the assessed value goes up, the City would receive more levy in that particular cumulative capital fund, and vice versa. He noted that the Hobart school capital development fund is no longer impacted as a result of the State removing the cumulative capital funds and providing it under operations. He said there would be no impact to the Hobart schools unless there is a referendum or voter approved debt.

Mr. Botich stated that the next schedule is typically the most important because it shows the realized tax savings for each deduction by year. He said this is calculated by starting with the actual taxes due based on the tax bill, then the deducted assessed value is added back in to make an assumption of what the taxes would have been if the deduction was not received. The actual taxes due are then subtracted from what the total would have been without the deduction to determine the tax savings. He indicated that the chart shows the tax savings of each abatement for each year along with the total for each abatement. He pointed out that the bottom of the chart displays the annual change as well as the change from pay year 2012 to pay year 2021. He noted that it is important to understand that the amount of tax savings shown in the chart is not the amount of dollars that were lost in the City's levy or levies paid overall because the rate is adjusted to make up the difference.

Mr. Botich stated that the next schedule is a new reporting requirement for municipalities and taxing units in Indiana, which must be filed into the Gateway System as required by the State Board of Accounts (SBOA). He said this schedule includes information such as the government unit, the owner of the property, the purpose of the abatement, the type of property, and the impact of the deduction to the City's tax levy. He indicated that impact to the City's cumulative capital funds was \$35,110.00 for last year. Mr. Botich noted that the bottom of the schedule shows that there were no indirect agreements or impacts to the City. He said this information has been filed by the Clerk-Treasurer as prepared by SEH.

Mr. Botich next called attention to a schedule of the City's tax rate as shown on the county's tab chart. He said the tab chart identifies the individual line items for each taxing unit. The chart also shows the individual tax rates, the percentage of that tax rate, the certified assessment, and the certified levy for each line item. He focused on the City of Hobart's figures and pointed out that the total rate for the year 2020 pay 2021 was \$1.2041, which was 31.40% of the total rate, and the total levy was about \$19.8 million. He noted that all the cumulative funds are highlighted and the City of Hobart's cumulative capital fund was approximately \$800,000.00.

Mr. Botich pointed out that the next schedule shows the impact of all the deductions in the City's tax unit 018 was about \$4.2 million. He said if that amount were to be added back to the total certified net assessed value of all the taxing units, the impact to unit 018 would be a rate reduction of \$0.012 and the impact to the City's cumulative capital fund would be about \$2,052.00. He indicated that the next schedule shows the impact of all the deductions within tax unit 046 was about \$68.3 million. He stated that the total impact in that unit is \$0.070, and the impact to the City's cumulative capital fund is about \$33,057.00. He noted that the total impact

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amount of both 018 and 046 equals about \$35,110.00, which ties back to that same amount that he identified earlier.

Mr. Botich stated that a summary sheet will be prepared for each deduction, which identifies the property owner name, the name the owner is doing business as (if applicable), property key number, the tax unit the deduction applies to, the ERA declaratory resolution number, the ERA confirmatory resolution number, the ordinance number (if applicable), the type of deduction (real or personal), and the approving form SB-1. Additionally, each summary will include the capital investment year, how long the abatement is, and whether or not there was an imposed fee applied. Mr. Botich pointed out that the City of Hobart applies an exaction fee, which is 1% of the building permit. He said each summary will include a line identifying the designating entity, and if the abatement is within a tax increment financing allocation area, that information is included as well. A deduction calculation chart is also provided with each summary, which shows the certified net tax rate, the referendum rate, the exempt debt rate, the local option income tax replacement credit, the abatement percentage, the certified AV deduction for each year of the abatement. He indicated SEH verifies that the information on each summary corresponds with the property record card on file with Lake County auditor's office. He noted that the last section of the summary sheet is an assessed valuation deduction calculation, which is compared to the tax amount on each tax bill from the treasurer to ensure consistency.

Mr. Botich stated that in an attempt to monitor and review all the deductions throughout the county, the Lake County auditor's office has indicated that it will begin requiring the approving ERA declaratory resolution, the confirmatory resolution, the Economic Development Target Area ordinance (if applicable), the type of deduction, the form SB-1, and the minutes approving the deduction be filed with the county for each abatement. He said SEH will compile all this information and create a file for each abatement. Mr. Botich stated that at the end of the analysis, he has included all the certified tax rates going back the last 10 years for tax units 018 and 046. He said he is in the process of updating this monitoring report for fiscal year 2022 (pay year 2022). He indicated that the residential abatements are currently shown as 10-year abatements, but are actually 6-year abatements; therefore, this information will be updated as well. He offered to answer any questions from the Commission.

Ms. Longer pointed out that Mr. Botich has split out the real property and the personal property, which is a helpful detail. She noted that there are four taxing units in the City of Hobart, but this analysis only includes calculations for the two taxing units that have tax abatements. She said the reason there appears to be so many active abatements is because there are some residential homes in Liberty Heights that are still in the process of being abated. She stated that these are the only residential abatements that are current, and the remaining abatements are all commercial. Mr. Claussen noted that all residential abatements were to be no longer than 6 years. Ms. Longer said that is correct. She stated that she has filed the portion of this analysis that is newly required by the SBOA into the Gateway system. She indicated that Lake County should have this type of analysis done and keep it updated for the entire county. She said Mr. Botich has been advocating for Lake County to do this since the City's tax abatements also affect other taxing units within the county. In regard to the new reporting requirement in Gateway, Ms. Longer pointed out that even though the City of Hobart issued the tax abatement, any other taxing unit that is affected by that tax abatement also has to report it on its annual report as an indirect abatement. Therefore, it

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is important for these taxing units to have this information as well. Ms. Broadway asked if the City is responsible for providing that information to the taxing units. Ms. Longer stated that they currently get that information from the Lake County auditor, which is why it is so important for the county to have this analysis done. She indicated that with each proposed tax abatement, the City circulates information to all the taxing units so they are aware that it will affect them. She noted that SEH has done a remarkable job with this report. Mr. Botich indicated that the information within the report is beneficial to the elected officials, department heads, and anyone else who works on the City’s budgets. He stated that he has submitted an agreement to the Lake County auditor to prepare an analysis for the entire county. He said the intent is for all the taxing units in Lake County to have the same information for reporting purposes.

The next item of business was the **Approval of 2021 Redevelopment Commission & Redevelopment Authority Annual Report.** Ms. Jacobson stated that this report is required to be submitted to the Department of Local Government Finance (DLGF) via the Gateway system by April 15<sup>th</sup> annually. She said the report outlines the RDC’s financial information such as end of year fund balances, revenues received, expenditures by category, outstanding debt obligations, and grants that were paid out. The report also lists the notable actions taken by the RDC and the Redevelopment Authority (RA) in 2021. Since this is a joint report of the RDC and the RA, it must be approved by both bodies. Ms. Jacobson stated that the report will be presented to the RA for action at its meeting on February 23<sup>rd</sup>. Upon approval by both bodies, the report will be distributed to the City Council and the Mayor as required by state statute. A motion was made by Ms. Broadway to approve the 2021 Redevelopment Commission & Redevelopment Authority Annual Report as presented; seconded by Ms. Plesac. All ayes; motion carried. (4-0)

Ms. Jacobson reviewed the invoices on the **Register of Claims.** She asked Mr. Towle of BF&S to provide a brief explanation of INDOT invoice #67171. Mr. Towle reminded the Commission that change order #18 of the 3<sup>rd</sup> Street Streetscape project converted about \$441,000.00 of non-participating funds to participating funds. He indicated that a fund request of \$46,392.76 was issued to support those participating funds. He said another invoice in an estimated amount of \$5,600.00 to close out the project is anticipated from INDOT and he was hoping to submit both invoices to the RDC at the same time. However, since the close-out invoice has not yet been received, he advised that the RDC proceed with payment of invoice #67171 in the amount of \$46,392.76. A motion was made by Ms. Plesac to approve the register of claims in the amount of \$47,092.76; seconded by Ms. Broadway. All ayes; motion carried. (4-0)

<u>Invoice Date</u>	<u>Invoice Number</u>	<u>Claimant</u>	<u>Amount</u>
9/29/2021	67171	INDOT	\$46,392.76
1/14/2022	2894	Anthony DeBonis, Jr. & Assoc.	\$400.00
1/17/2022	2895	Anthony DeBonis, Jr. & Assoc.	\$60.00
1/17/2022	2896	Anthony DeBonis, Jr. & Assoc.	\$80.00
1/14/2022	2897	Anthony DeBonis, Jr. & Assoc.	\$160.00
<b>Total:</b>			<b>\$47,092.76</b>

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Regarding the Approval of 2020 Bond Register of Claims, Requisition No. 29 includes a payment to BF&S (Invoice 95202) in the amount of \$10,810.00 for engineering related to the Colorado Street widening which ties into the Local Trax project, another payment to BF&S (Invoice 95308) in the amount of \$11,821.64 for inspection services related to the 69<sup>th</sup> Avenue project, and a payment to RDC Attorney DeBonis (Invoice 2893) in the amount of \$320.00 for legal services related to the Local Trax project. A motion was made by Ms. Plesac to approve Requisition No. 29 in the amount of \$22,951.64; seconded by Ms. Broadaway. All ayes; motion carried. (4-0)

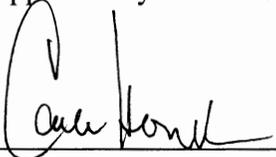
**Staff Report** – Ms. Jacobson reported that the closing on the 2022 Economic Development Revenue Bonds will be done today. She said she will update the Commission once this is completed.

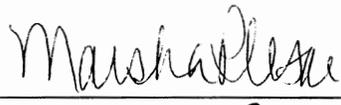
Attorney McCarthy introduced Ryan Cook of Eichhorn & Eichhorn to the Commission. She said Mr. Cook has been working on some of the projects for the RDC.

Adjournment - The meeting was adjourned at 9:21 a.m.

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

Minutes approved by the Hobart Redevelopment Commission on MARCH 16, 2022

  
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Carla Houck, President

  
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Attest: MARSHA PLESAC, SECRETARY