

ST. JOHN REDEVELOPMENT COMMISSION MEETING  
APRIL 8, 2003

Mr. Forbes called the St. John Redevelopment Commission Meeting to order at 7:20 p.m. There was a moment of silence followed by the Pledge of Allegiance.

Roll call was taken with the following members present: Michael Forbes, President; Jerome Rudy, Vice-President; Kristie Aldridge, Secretary; William Winterhaler, Member; Gregory Volk, Member; Steve Kil, Town Manager; David Wickland, Town Attorney; and Sherry Sury, Clerk-Treasurer.

**Ryan Companies – Public Discussion on Proposed Commercial Development and the establishment of a T.I.F. District** – Mr. Dick Brooks, Vice-President of Development introduced his team. They are proposing a 400,000 square foot center with Target and Kohl's; and are talking with two supermarket chains. The cost of the project is approximately \$40 million; they will employ 140 local construction workers. The development will employ 1000 local people with a payroll of \$24 million. They are seeking an approval of a T.I.F. tonight.

Mr. Dan Lillis, Director of Retail Development gave an overview of the history for Ryan Companies. He stated the project is still in the preliminary stage and will be completed in phases. They are aware this is a well area and do not plan on building a gas station. Purpose of this presentation is to inform the community and talk about the T.I.F. Ryan will work with the Town on other constraints such as the sign ordinance.

Mr. Dick Kopy, Civil Engineer discussed studies of site elements that need to be done: remove some of flood plain from creek which must be approved by State; environmental work; traffic study; site engineering, road engineering plans and protecting the watershed. All of these elements will then be brought to the Town for approval. Infrastructure will cost about \$8 million before building can take place.

Mr. Bob Swintz, London Witte Group of Indianapolis is working with Ryan Companies to partner with the Town of St. John to achieve this development. The extra cost of \$8 million for infrastructure prohibits Ryan Company from funding the project on their own. They are asking the Town of St. John to provide them with the mechanism to access capital markets to raise the dollars to pay the additional costs so they can proceed with the project. They are at the meeting tonight to ask for Tax Increment Financing to raise the \$8 million.

They'll look for interim financing while waiting for the tax increment to come in. Once the funds come in they will go to the private market for investors to buy the bonds of St. John and assume the financing. The developer would also buy a bond from the Town to make up any difference in anticipation the entire \$8 million was not raised. Financing would be done on a combined tax-exempt, taxable basis depending on what the ultimate use of the proceeds would be. He is proposing bonds paid over a 20-year period and based his calculations on very conservative numbers, due to an uncertain economy. The financing would be non-recourse to the Town of St. John; the investors and the developer will take all the risk. The three primary tenants' real estate tax payments will be about \$500,000 a year and will be available to pay future debt. For the total development, the tax increment will approximate about \$800,000. Also about \$300,000 personal property tax is anticipated from primary tenants.

Mr. Rudy asked that a brief overview of the mechanism of Tax Increment Financing be given: what is it; how does it function; how it would indemnify the Town from financial risk, bond defaults; and how it would affect the Town's ability to raise funds for other purposes.

Mr. Bruce Donaldson of Barnes and Thornburg was invited by St John to provide input on how TIF's work. TIF's were provided for in the Indiana Redevelopment Statute in the 1980's. It was designed for situations where there is property that would not be developed on it's own; mainly deteriorated downtown areas. The community would identify an area(s) and invest funds to improve the area for development. As new development comes into the area, the resulting property taxes can be set aside and re-invested back to pay for the improvements that were made. It usually works by borrowing money through a bond issue, improving the property, and paying the bonds off as the new development comes in. Bonds can be sold in a number of ways. In today's proposal, the bonds would be sold, improvements made to make property to be developable; if new property taxes are not sufficient to pay bonds, the developer will pay the bonds. A TIF bond can be set up so bonds are paid solely from property taxes or by the developer, and the Town would not be responsible.

The guarantors will be the three primary tenants; they would guarantee a level of property taxes or the assessed value that would service the debt.

Annual payment for a \$6 million bond, for explanation purposes, would be about half a million a year. Projected revenue is based on an approximate dollar amount per square foot, which allows for \$550,000 to \$575,000. Excess funds can be spent at the discretion of the Redevelopment Commission: pay down the debt, distribute among taxing units or for special project(s). It is anticipated that when the project is one hundred percent completed, the three or four phases, and everyone is paying their taxes, the estimated revenue per year would be somewhere between \$800 and \$900 thousand dollars a year. The debt service would be \$500 to \$600 hundred thousand a year and that is when the taxpayers would get a defined dollar benefit realized from this project.

Ms. Aldridge does not believe the property is not a TIF area, it is not a blight area; and Rt. 41 is a prime development area.

Mr. Donaldson stated that from a legal stand point in the Redevelopment Statute there are two different types of areas: 1) blighted area and 2) an economic development area. There are different findings required for each one.

The shrine is not part of the development; the church will stay where it is.

The developer will indemnify the Town from any engineering or construction risks including damage to the building in future years in the event of settling.

Additional costs to the Town would be reimbursable. The developer's intention does not include tax abatement. If there is a shortfall in taxes it will be made up by the development tenants.

Mr. Forbes opened the meeting to the public. He went through the sign in sheet (attached herewith – Exhibit A) and asked each individual if they would like to speak.

**Synopsis of Resident Concerns** - Approximation to secluded subdivisions; impact on fire and police departments and cost to town, no master plan for town; desire to live away from business & restaurants in a quiet area. Does not make sense to build on swampland; no recourse, statement is familiar to ice rink situation. Displacement of other stores in town would effect tax revenue; future bonding ability of community. Status of Strack & Van Til and Stardust development; will 105<sup>th</sup> be open to Rt. 41. No gain for Town; why that piece of land where dirt has to be hauled in; will flood plain change. Supports project – does sales tax revenue go into School Corp and/or community, where does tax money go; moved from Illinois for small town feel, safe community to raise children; does the public really have a say? Is this a done deal?

Do profits go out of Hanover Township? Police jurisdiction; called businesses in Town and asked how many times they called police for shoplifters, answer is zero, this probably will not stay the same with Target and Kohl's. Mall will bring potential population increase of about one third, which will increase fire and police department workload followed by an increase in the departments. When is final decision, will public be notified; does not want Rt. 41 turned into Torrence Avenue, Sibley Blvd in Illinois.

This is upscale area, bring upscale stores for the residents to shop in, not these. Status of Strack's, do not bring mall into back yards; has Kohl's and Targets been to our community to represent themselves. Cover all the bases do not need another ice arena. Snow job from Ryan Companies, property ideal for park, elimination of watershed and creek from lift station. Developer wants money before any other costs are discussed, is this the most efficient use of taxes. Asphalt contamination of water concerns; how many parking spaces are there.

How many more people will be coming into town, will increase crime and riff raff, master plan for four lane highway, 93<sup>rd</sup> will be shortcut from Illinois; increased traffic on Rt. 41 and safety of children at Lake Central. What's the bottom line of tax benefit for citizens; more traffic congestion, accidents, retail theft, reduction of property values, limit development to highest quality proposals. Do not consider future TIF's or tax abatements as they are not needed in St. John. Increase in overall crime. Developers who want to "skate" on town taxpayers for town services, do not need development in town.

Will the Redevelopment Commission do what the people want; want St. John to be houses. Shrine walking path put off and now a mega store; keep community the way it is; let town develop by itself, do not pay someone to develop. Stop spending money, do not want it, and do not need it. Retail saturation, there are vacancies, keep single family homes not multiple family housing. Can 10 acres be developed without a TIF; get master plan in place. Be selective with choice of stores, town should set standards. Well goes dry, let developer make offer to do something for town, don't ask for something from town. Need protection of homes behind mall from light pollution, noise pollution.

Mr. Michael Egnatz, 10725 Gleneagle St. - invited citizens to attend the Planning Advisory Board meeting on the first Thursday of the month.

Mr. Forbes summarized four letters, two in favor, two against (attached herewith Exhibit B 1 – 4). He closed the public portion of the meeting. (Exhibits C 1 – 3 attached herewith presented to the Redevelopment Commission/Town Council at conclusion of meeting or under separate cover, requested by residents to become part of this public record)

**Ms. Aldridge motioned, seconded by Mr. Volk, not to accept the TIF area and to oppose the development. Roll call vote: Mr. Rudy, yes; Ms. Aldridge, yes; Mr. Winterhaler, yes; Mr. Volk, yes, Mr. Forbes, yes. Motion passed unanimously.**

**Adjournment – Mr. Rudy motioned, seconded by Mr. Winterhaler, to adjourn the meeting. Motion passed unanimously. Meeting adjourned at 9:50 p.m.**

Attest:

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Sherry P. Sury, Clerk-Treasurer