

PLAINFIELD REDEVELOPMENT COMMISSION

June 1, 2020

5:30 p.m.

Ms. Andres: Thanks everyone for being here. We will call the Redevelopment Commission meeting to order.

DETERMINATION OF QUORUM

Ms. Andres: Mark, do you mind doing a roll call for a quorum?

- Mr. Todisco: Mr. McPhail- here
- Mr. Angle- here
- Mr. Everling- here
- Mr. Kirchoff- here
- Ms. Elston- here
- Ms. Andres- here

Everyone is present.

Ms. Andres: Thank you

CONSENT AGENDA

Ms. Andres: First item on our agenda is approval of the minutes from May 7, 2020 meeting. Mr. Cook sent those out to us prior to the meeting. Are there any changes or discussions? If not, I'll entertain a motion to approve.

Mr. Angle: I move to approve

Mr. McPhail: I move we approve as presented

Mr. Angle: I'll second.

Ms. Andres: I have a first and a second; Mark, would you please call a roll?

- Mr. Todisco: Mr. McPhail- yes
- Mr. Angle- yes
- Mr. Everling- yes
- Mr. Kirchoff- yes
- Ms. Andres- yes

OLD BUSINESS

Ms. Andres: Next on our agenda then is projects updates that are going to be pushed to our July meeting. Those were provided to us in written form though, prior to this meeting. We look forward to having those in person next month.

NEW BUSINESS

Ms. Andres: Under new business we have our TIF Annual Report from Baker Tilly.

Ms. Adlam: Okay, good evening everyone. I'm going to try and share my screen so hopefully this is going to work. I'm not sure, bear with me. Can you see the TIF Report presentation pulled up?

Ms. Andres: Yes

Ms. Adlam: Okay, all right, good. So, good evening. My name is Emma Adlam, with Baker Tilly, and then with me is Sam Schrader; he is on screen as well. He has worked with me on the TIF Report, preparing the TIF Report. So, the purpose of this presentation is to give a high-level overview of the draft TIF Report that you received and to also satisfy the annual meeting requirement of the Redevelopment Commission. As we have done in the past, the TIF Report you received today is a draft so that we can make any changes after you have had a chance to review it. And then also a little unique for this year is, after some more data becomes available in the next few months, we should be able to better estimate the impact that COVID-19 is having on your TIF areas for 2020. I know that as members of the Redevelopment Commission you are familiar with TIF and how TIF works but I'll start this presentation with a couple of brief slides about TIF for anyone listening online and then I'll go through your TIF areas individually and then I'll wrap up with a couple of slides on the impacts of TIFs. The slide deck that you're seeing and that we provided to Todd is the full slide deck that you're familiar with and that you're used to seeing, so you can have that for your reference. But just since this is on video, I'm going to try to do everything at a pretty high level, you know, so hopefully it doesn't take too long. But please stop and ask me any questions that you may have during the presentation.

So, to start off for anyone listening or watching, these are the members of the Redevelopment Commission. And then for the Redevelopment Commission members, we wanted to provide you with our contact information in case you should have any questions when you're reviewing the draft TIF Report after this presentation. To start off with some TIF mechanics, the way that Tax Increment Finance works is that at the time the TIF area is created, the Assessed Value becomes the Base Value. So, this graph, the gray bar at the bottom is the Base Value and this continues being part of the Assessed Value of the Overlapping Taxing Units. So, as new development occurs in the TIF area, this increase in Assessed Value is captured by the TIF area and this is called the Incremental Assessed Value, which is the green triangle on the graph that you're seeing. Then when the TIF area expires, all of this Incremental Assessed Value is released and added to the Assessed Value of the Overlapping Taxing Unit. So, throughout this presentation you'll hear terms, "Economic Development Area", "Allocation Area", and "Special Benefits Tax". I want to start and touch briefly on the definition of these three terms because you're going to be hearing them throughout the presentation. When a TIF area is created, it needs to have both an Economic Development Area and an Allocation Area and the Allocation Area is the area in which the TIF is collected, the actual dollars. And Economic Development Area or EDA is the area in which the RDC takes on the Economic Development projects. So, on this slide the black boundaries are illustrated boundaries of the Town and the EDA is outlined in red, and then the Allocation Area is the orange box within the EDA. So, an Allocation Area may be coterminous with the EDA but it's not a requirement. And there can be multiple Allocation Areas within one Economic Development Area, which you have in Plainfield. Like for example, the I-70 EDA has three Allocation Areas within it: the I-70 Area, the East End Area, and the Southwest Quad Area. Finally, most of the Bonds that the Town have outstanding, and the Commission have outstanding, have

what is called a Special Benefits Tax back up. And this is an additional layer of security, which is a Property Tax that is levied on the Plainfield Redevelopment District and it has the same Assessed Value boundaries as the Town does. For your reference, depending on the legislation that is in place at the time that a TIF area is created, each area has a different allowable life. So, this slide is reference for you going forward, showing the rules, governing the rules for the TIF areas depending on when that area was created.

So, heading into the TIF Estimate portion of this presentation, the estimates in the draft TIF Report that you have contain assumptions for reduced revenue due to COVID-19. We wanted to make a reduction assumption due to various factors, including an assumption for non-payment, potential increases in appealed Assessed Value, and then potential reductions in assessment by the Assessor for the next assessed year. On this slide you'll see that we have higher impact assumptions in the U.S. 40 and the I-70 areas; and we made those different because of the significant amount of retail and hotels in these TIF areas, thinking that the, you know, the shutdown recently would have a bigger impact for them. Since your other areas are predominately warehouses and distribution facilities, we thought that there would be less of an impact from the pandemic. In terms of coming up with these assumptions, we worked with Steve on the assumptions of the Town and incorporated them into the draft report. When the actual TIF Reports finalize, these can be tweaked because we should know some more information in the next couple of months. You know, we'll know what the June distribution is; we might know from the County if there will be a July or August supplemental distribution. And then the appeal deadline is June 15th, so we'll know after that point in time what the Pay 2021 appeals were that were filed with the County. So, you can see these are all of the assumptions that we're going to be using in the TIF estimates that we're about to talk through.

To start with, the U.S. 40 EDA: on this slide you'll see information about the U.S. 40 Allocation Area including when it was created, when it was expanded, and the expiration of the different portions of this area. For the estimated TIF for U.S. 40 in Pay 2020 we are estimating TIF Revenues of \$3.8 million and then this increases into a little over \$5 million in 2023. This increase is due to ending the COVID-19 impact assumption and then incorporating some new development that's currently underway, and then the roll off of existing Abatements within the U.S. 40 area. This next slide shows the East and Main Allocation Area; it was created in 2019 for Rebar's project, the Barlow. The estimated Annual TIF for this project is estimated to start in 2022 with estimated Revenues of \$162,000. However, the company has agreed to a minimum taxpayer payment of \$210,000 throughout the life of the Bonds that are supporting this project. There are five Bonds that are outstanding that are payable from the U.S. 40 TIF area. Your 2005 Bonds mature in January of 2021 and are payable solely from U.S. 40 Corridor TIF. The two 2015 Bonds are payable from both U.S. 40 and they have that Special Benefits Tax that I mentioned a couple of slides previously. The 2018 BOT Obligation was issued to finance the construction of the Downtown parking facility and this is payable only from the U.S. 40 Corridor TIF. And finally, the 2019 Bonds were issued to finance a portion of the Barlow's construction costs and they are payable from both U.S. 40 Corridor TIF and East and Main TIF. Since the Town and the Redevelopment Commission are working on the MADE@Plainfield project, the Government Center and the Arts Center, and we've been running feasibilities on these projects, we've included illustrated repayment amounts for Bonds supporting these three projects. And as you know, we've been assuming that these three Bonds will be payable from a combination of U.S. 40 and Six Points TIF, so they are incorporated into the TIF Report. This slide is a graph that compares the U.S. 40 TIF and the East and Main TIF to the outstanding Bonds and to the three Illustrative Bonds. The area above the bars, that blank area, represents Redevelopment Commission's ability to fund some pay-as-you-go projects. For the pay-as-you-go projects, U.S. 40 area has funded several projects over the last many years and has a number of planned projects incorporated into the cash flow

into the TIF Report. And then we're going to summarize the cash flow on the next page, but the future projects are what's incorporated in as pay-as-you-go projects in the cash flow. So, like I said, this is a summary of your cash flow; it's page 16 of the draft TIF Report you have received. So, at the top of this cash flow you'll see the estimated TIF for the U.S. 40 area and the East and Main area. Then we back up the annual payments on your existing Bonds, and the Illustrative Contribution to the three Downtown projects, and then the estimated pay-as-you-go projects, and these are listed individually in your TIF Report. And then the estimated ending balance is shaded in dark purple at the bottom of this slide.

The next area is the I-70 area; this was created in 1992 and expires in 2040. The estimated TIF for I-70 for 2020 is right around \$950,000 and then it increases to \$1.7 million in 2023 due to ending those COVID-19 impact assumptions and a new development that's underway that's not been assessed. The East End Allocation Area is another area within the I-70 EDA, and this was created in 2017. The 25-year clock has not started on this TIF area yet since there are no obligations formally pledged; this area is not formally pledged to pay any obligations, so your life has not started yet. In 2020 we're estimating TIF of just under \$150,000 and then in 2023 that TIF estimate goes up to just over \$707,000 and this is due to the roll off of Abatements and new developments that are underway. The third Allocation Area in the I-70 EDA is the Southwest Quadrant Allocation Area, and this was created in 2019. And like East End, the 25-year life has not started yet for this area. Due to the Abatements on the property and in this area, the estimated TIF isn't expected to really first come on until 2023. There is one obligation that is payable from the I-70 area and that is your 2015 Series C Bonds; they are payable from I-70 TIF and also have a Special Benefits Tax back up. This is a graph that shows the I-70 TIF in blue; the East End TIF in purple, and the Southwest Quad TIF in green compared to the red bars of the 2015C Bonds. So, you can see the ability that the RDC has to fund pay-as-you-go projects. And like in U.S. 40, this is a slide that summarizes the pay-as-you-go projects that are contained within the cash flow. The cash flow at the top for I-70 shows the I-70 East End and Southwest Quad TIF coming in compared to the Annual Lease Payments on the 2015C Bonds and the estimated pay-as-you-go projects. The estimated ending balance is highlighted in kind of a dark tan at the bottom of this slide. You'll see this cash flow in full detail page 40 of your TIF Report.

The next area is the S.R. 267 area; it was created in 1992 and expires in 2040. The TIF is estimated to be about \$750,000 in 2020 and increases to just under \$821,000 in 2023. This accounts for a roll off of an existing Abatement and ending the COVID-19 impact assumptions. There is one Bond outstanding payable from the S.R. 267 area and that is the 2015 Redevelopment District Bond. Like the other Bonds previously, this Bond has a Special Benefits Tax back up as well. This chart compares the S.R. 267 TIF to the 2015 Bonds; you can see the ability for the Redevelopment Commission to fund pay-as-you-go projects, which are summarized on this page and are incorporated into the estimated cash flow on page 58 of your TIF Report. So, the estimated TIF is at the top compared to the 2015 Debt Service Payments and the estimated pay-as-you-go projects. And you can see the estimated ending balance each year is shaded in dark blue at the bottom of the slide.

The next area is Six Points, this was created in 2003 and will expire in 2033, in this TIF estimate here you can see that we continue to show the \$100,000 pass-through of Incremental Assessed Value. So, even after incorporating that Incremental Assessed Value pass-through, the 2020 estimated TIF is about \$5,925,000 for 2020 taking into account COVID-19 impact assumptions and increasing to about \$7.95 million in 2023, after those COVID-19 impacts are rolled off and some new development is fully assessed; and you have several Abatements currently outstanding in this TIF area. You have three Bonds outstanding payable from the Six Points area. The 2003 Bonds have a final maturity in February of 2021, so those are almost paid off; and these are payable solely from the Six Points TIF. The other 2003 Bonds are also mature in 2021 and are

payable from the Six Points TIF. The 2016 Bonds mature in 2028 and they are payable from Six Points with a Special Benefits Tax backup. The Redevelopment Commission does have an agreement with the school to make the Lease Rental Payments on the school 2012 Refunding Bonds; they're approximately \$440,000- \$450,000 per year and the final payment for this obligation ends in 2023. These are the same Bonds that were incorporated in the U.S. 40 portion of this presentation, but we wanted to include them here since we are assuming that they'll be paid from a combination of U.S. 40 TIF and Six Points TIF to fund the three Downtown projects. So, taking into account the three Bonds currently outstanding, the transportation payments, and then the contribution to the three Downtown projects, which are the large orange bars, compared to the estimated TIF that is shaded in blue, you can see the Commission's ability to fund pay-as-you-go projects. There are several pay-as-you-go projects that you are intending to finance with the Six Points TIF area and they are in detail on page 74 of the TIF Report, which shows the Six Points cash flow. So, at the top you can see the estimated TIF and in 2023 it gets up to about \$7.95 million; compared to your Debt Payments on your outstanding obligations and then the Illustrative Contribution to your three Downtown projects, as well as paying the estimated pay-as-you-go projects to show the estimated balance in red at the bottom of the slide.

The Ronald Reagan TIF area was created in 2006 and expires in 2036. The estimated TIF in 2020 is about \$4,025,000 and this will increase to approximately \$6,150,000 in 2023 after ending the COVID-19 assumption, taking into account existing Abatements that are rolling off and new developments that are underway in the Ronald Reagan area. You have two obligations payable from the Ronald Reagan TIF, both of which are payable from the TIF and have a Special Benefits Tax backup to them. This graph shows the 2014 Bonds in the red and then the 2014D Bonds in gold compared to the blue shaded estimated TIF in the background to show your ability to fund pay-as-you-go projects from the Ronald Reagan area. Like the other areas, this is a slide showing projects that you have funded and projects you have planned to be paid from the Ronald Reagan TIF, which are in detail on page 91 of your TIF Report. So, like the other areas, this shows your estimated TIF coming in at the top compared to your estimated Lease Rental Payments from your 2014 and 2015 Bonds, and then incorporating the pay-as-you-go projects to have an estimated ending balance, which is the dark shaded line at the bottom of this slide.

The Northwest area has two Allocation Areas: the Vandalia ARH area and the Saratoga area. It was created in 2014 and like some of your other TIF areas no Bonds or Leases are formally payable from these areas, so the 25-year life hasn't started yet. In 2020 you can see the estimated TIF for Vandalia is about \$637,000 and Saratoga is about \$208,000. And then this increases in 2023 as the assumptions for COVID-19 are removed, but this does not include any new housing developments in the Vandalia area. So, it's potentially a conservative estimate. The next slide just shows the future projects that are intended to be funded from the Vandalia and Saratoga TIFs that are condensed in the pay-as-you-go line in the next slide for the estimated cash flow. So, all of those projects, you can see, are kind of lumped in this estimated pay-as-you-go project line, but it's in detail on page 108 of your draft TIF Report. And you can see the estimated ending balance between those two areas is expected to reach approximately \$1.9 million after funding pay-as-you-go projects by 2023.

The, I believe, final TIF area that we're going to cover is the Klondike TIF area; this was created in 2016. It also does not have an expiration date, so it will be 25 years from the first obligations that incur. The Real Property TIF has a 100% Abatement on the Real Properties, so the TIF for the Real Property doesn't really fully come online until 2029, and that would be about \$825,000. But for 2020 we're estimating about \$67,480 for Real Property and this is the only TIF area where you collect Personal Property and that is estimated to be approximately \$62,000 for 2020. This is the list of the future projects that are incorporated into your cash flow to be funded with your Klondike TIF. So, you can see the estimated Real Property is pretty steady in 2020 through 2022.

And really, the only adjustment from that is changes in the COVID-19 impact assumption. And then you can see the estimated Personal Property TIF because that has more of a traditional Abatement schedule, and then it's compared to the estimated pay-as-you-go projects.

Moving into the impact portion of this presentation, there are many Overlapping Taxing Units that make up the total Tax Rate of the Town of Plainfield Taxing District or the Plainfield/Washington Township Taxing District. So, we want to spend just a couple of minutes talking about the relationship between Plainfield's TIF and those other units. So, one of the questions that we get often is, "Does TIF take away from the Overlapping Taxing Units?" So, when a TIF area is created, it needs to meet what is called the "but for" test. So, that is – when new developments have occurred without the TIF being in place. So, without the TIF and the incentives and the infrastructure that TIF funded, the ITF isn't taking away from other Overlapping Taxing Units; that development would not have occurred if not for the TIF and the infrastructure that it funded. So, TIF really just postpones when Overlapping Taxing Units receive that increase in Assessed Value. In 2016, Larry DeBoer at Perdue looked at TIF to see if it really creates a loss or shifts funds away from other Overlapping Taxing Units and he found that if that "but for" test is satisfied, then there is no real loss of Overlapping Taxing Units; it's really just postponing when they get that Assessed Value. This slide shows both the growth from the Town's overall Net Assessed Value in blue, as well as the TIF captured Assessed Value in red. This is really showing that even with the TIF areas and the growth of your TIF areas, the Town's Net Assessed Value, you can see, is growing steadily. So, you can imply that there's no real hurt from the TIF on the Town. So, as you are all aware, you have been passing through \$100 million to the Overlapping Taxing Units from the Six Points area. This slide – it's based on 2019 values, but it shows the impact of this pass-through for all of the overlapping units. So, overall, you gain about \$690,000 total from a combination of both increased Revenue from Rate Limited Funds and reduced Circuit Breaker Losses. As a comparison to that \$690,000, the Six Points TIF loses about \$2.2 million, but this is definitely a benefit from the Six Points TIF on the Overlapping Taxing Units. So, in addition to passing through Assessed Value, there are many other benefits of your TIF areas to the Overlapping Units. The Redevelopment Commission is, as we mentioned earlier, is helping pay for the school's debt in their 2012 Bonds – with the exception of Klondike, you have not captured Personal Property from the businesses within your TIF areas. So, think of all of the high-tech equipment in say, your Ronald Reagan TIF area; that is an immediate benefit to all of the Overlapping Taxing Units. Additionally, TIF has helped fund utility improvements that kind of control utility bills for the other units. And also, the use through funding with TIF and EDIT, the Redevelopment Commission and Town have attracted new businesses and new investment to your community which has increased not only property taxes, but also Local Income Tax Revenue for all of the Overlapping Units. So, we wanted to look at, what would it have been if the Town did not use TIF to fund infrastructure; how would the Town have funded those infrastructure improvements. And likely, the answer is that the Town would have had to use Property Tax Bonds for the infrastructure. This is just an illustration of what the Tax Rate would have looked like in 2010, you know, right after Property Tax CAPS were in place and kind of right before a lot of development had really taken off. In 2010 the Debt Service Payments were about \$9.6 million. When you take into account the Town's Assessed Value, that would have been a Property Tax increase of about \$0.64. So, that would have put the Town of Plainfield Taxing District immediately over the Circuit Breaker CAP at \$3.00. We just kind of wanted to illustrate the benefit of TIF by keeping the Tax Rate lower for all of the Overlapping Units.

Finally, we wanted to show the benefit of your TIF areas for schools; and in particular Plainfield's TIF Assessed Value within Washington Township has direct benefit to Avon Schools because they have a referendum rate in place. So, for referendums that are passed after 2009, TIF can now capture that portion of the Tax Rate. So, the TIF in Washington Township, both Plainfield TIF and

Avon TIF, get incorporated into the Assessed Value of the referendum- it kind of goes into the referendum rate, so the TIF for both Plainfield and Avon helped reduce the rate impact of the referendum. Because the AV without TIF would have had a higher rate than the AV with the TIF to generate the same dollars. So, with that – this is my last slide so I'll take any questions that you might have; I know I went through this pretty quickly, but you have seen this presentation before and I wanted to keep it fairly brief since we're all online.

Ms. Andres: Thank you Emma, that was really helpful, and I wonder if maybe you could share this slide deck with Todd just to reach us; it gave a really, really good high-level summary.

Ms. Adlam: He has it for you.

Ms. Andres: Okay, perfect, great; thank you. Any questions for Emma from the Commission members?

Mr. Kirchoff: Is it possible to get a hardcopy of the report?

Ms. Adlam: Yes, it might take a little bit but yes, we can get you a hard copy of the draft report.

Mr. Kirchoff: I went through it today but trying to do it – I'm old school, I need hard paper in front of me, I'm sorry.

Ms. Adlam: That's fine. Todd, could you just maybe take today or tomorrow and let me know how many hard copies you'd like us to send over? And then we can get that mailed over to the Town.

Mr. Kirchoff: Thanks

Mr. McPhail: Thanks Bill, I'd like it also.

Ms. Adlam: Sure, no, I understand; it's a long, lengthy PDF file.

Mr. Cook: That's two; anymore takers?

Mr. Angle: No, but I do have a quick question. And Emma, first of all, great job; that was a lot of data in a very short period of time and I've got to tell you, I really, really, really appreciate the illustration on Tax Rates and also the illustration at the beginning on TIF production. That graphic really, really simplifies a complicated process, so thank you.

Ms. Adlam: You're welcome

Mr. Angle: You also kind of base lined at the beginning, working with the Town on COVID-19 implications and working with Steve. Do you mind just sharing briefly, was that based upon internal conversations, or practices from other communities, or how did that kind of come about? Briefly...

Ms. Adlam: Yeah, I mean, to be honest – I mean, this is all brand new, you know, with COVID.

Mr. Angle: Yeah

Ms. Adlam: So, we really don't have any real data to go off of. We knew we wanted to be more conservative with U.S. 40 and I-70 because you know, the mall is on U.S. 40.

Mr. Angle: Sure

Ms. Adlam: You have a lot of retail there; I-70 you have your hotels. Honestly, we took a best guess, we didn't have a ton of data to go into these numbers. So, that's why we wanted to definitely leave this in draft, because better data should be coming out soon. You know, we'll know by June 15th what appeals have been filed for Pay 2021, so that will kind of give us a better idea of whether or not appeals increased a lot more than normal. I can see that Steve is on this; I don't know if Steve has any other things he wants to add.

Mr. Angle: It does sound like you really weighted it though, based on the use in each district.

Ms. Adlam: Yes

Mr. Angle: Is that correct?

Ms. Adlam: Yeah

Mr. Angle: Okay, well once again, great job; I really appreciate it.

Ms. Adlam: No problem

Mr. Dyson: Emma did a great job answering that; I'll just add – we did try to look at a combination of the projection for non-collections, projections for appeals, and any future decreases in AV. So, we did take some time and went through each year. And like Emma said, right now it's just an educated guess and as we get more information on appeals – as a first tax distribution, actually we did receive it Friday; I'm still looking through the information, but that's not going to tell us as much because people can pay late, so we're going to get another distribution probably late July and that will really make up our normal June distribution. So, I think this year we will probably have some revisions from this draft for the final as we get more information.

Ms. Adlam: Yeah, and to add – I know we normally, you know, if we present in June we normally finalize in July; I think we might want to wait an extra month or two because if you don't get your revised distribution until late July, we want to make sure we incorporate that into your final report.

Mr. Angle: I agree, yeah, thank you.

Ms. Andres: Any other discussions? If not, then we'll move on to our next item which is a Resolution.

RESOLUTIONS

Ms. Andres: Resolution No. 2020-07 - Resolution of the Plainfield Redevelopment Commission Making Findings Regarding the Pass-Through of Excess Incremental Revenue and Taking Certain Other Actions Related Thereto.

Mr. Kirchoff: I would move we approve.

Mr. Angle: I'll second

Ms. Andres: I have a first and second; Mr. Todisco, would you please call the roll?

Mr. Todisco: Mr. McPhail- yes

Mr. Angle- yes

Mr. Everling- yes

Mr. Kirchoff- yes

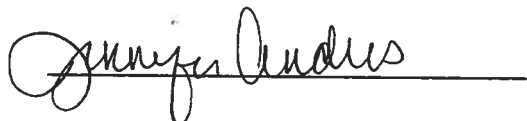
Ms. Andres- yes

Plainfield Redevelopment Commission Resolution No. 2020-07 is adopted.

Ms. Andres: Thank you

ADJOURNMENT

Ms. Andres: With that, we've reached the end of our agenda and therefor the end of our meeting. Our next meeting is to take place Monday, July 6th. Stay tuned for if we will be able to meet in person; I know that Kim and Todd will help us through that process. Otherwise, we stand adjourned, thank you all.

A handwritten signature in cursive script, reading "Jennifer Andres", written over a horizontal line.

Jennifer Andres, President

A handwritten signature in cursive script, reading "Lance Angle", written over a horizontal line.

Lance Angle, Secretary

