

REDEVELOPMENT COMMISSION MEETING – TIF
APRIL 11, 2007
TIME: 6:00 P.M.

PRESENT: Lowell Rethlake, Helen Gardner, Ken Dornich, Dennis Doerflinger and Doug Fry.

President Lowell Rethlake called the meeting to order with roll call taken.

Minutes were approved, motion by Helen Gardner and seconded by Dennis Doerflinger. So passed.

Representatives from H.J. Umbaugh & Associates were present to address the Tif monies and the errors that have been made through the Auditor's Office of Decatur County with distribution of the monies.

Gary Malone of H.J. Umbaugh & Associates told the error was discovered through the database with the Decatur County Auditor just a few days before the Tif meeting. **The database is not under the City's Control!** Umbaugh's were bringing information of what the options are and not all options are under the Tif Board's control.

Assessed valuation (AV) is captured by the Auditor's office from the Tif District and because more AV was captured than should have been that is why more funds were distributed to the City.

The Auditor's office and DLGF Department of Local Government Finance, would have to go through the AV assessed valuation and rates of each taxing unit. In 2006 \$3.02 was approved by the DLGF (State) per \$100 AV excluding the Tif. The rate would have been \$2.79 if the Auditor had calculated correctly. Greensburg's rate would have fallen by 23 cents.

Most levies are regulated by the State DLGF except for the cumulative funds and those would have gone up for the year 2006.

Most of the schools funding comes from State Aid. The tax rate would have dropped by 4 cents and then the tax revenue would have gone up and the State Aid the schools received would of dropped down.

The County's impact was much less than the City's impact. \$3,000,000 would have not been collected and \$600,000 would have gone to the Cumulative Funds.

Not all property taxes are paid by the residents since some comes from the PTRC Property Tax Replacement Credit and the Homestead Credits.

Gary Malone stated that they have talked with the DLGF Department of Local Government Finance.

The City has some options to review and an attempt to correct the County's error, some of which require the County to agree to the option.

Option #1. The Auditor's office would have to recompute property tax rates and individual tax bills for the last four years and distribute refund checks. It would require the Auditor to distribute additional funds to the rate capped (cumulative) funds.

Option #2. Distribute all funds back to the taxing units reducing the 2008 levy. The money would go into surplus accounts. The DLGF (State) would have to approve. The law may make it so the levy could not be restored at the proper level which in turn would reduce the normal amount of monies all units would receive to fund their budgets for every year. This method would have to be approved by the DLGF to ensure that no additional Tax Revenue would be lost.

Option #3. The Tif Commission may pass through the captured AV assessed valuation to the taxing units. This process would require seven years to complete the correction.

Option #4. If options #1 or #2 are chosen then Tif would need to borrow monies through the issuance of bonds for the improvements for approximately \$4,900,000 - \$5,700,000. When you take the cost, less available funds, add reserve and issuance costs, estimated bond issue, the average payment at 6% for 20 years would be approximately \$500,000. Total net payments would be \$9,443,000 - \$8,113,000, resulting in added borrowing cost

of \$4,443,000 - \$3,813,000. The bond payments would increase the property tax rate if future Tif is not used.

Option #5. No refund or pass through of the AV assessed valuation, the property tax rates have been legally approved, so the funds could be retained and invested into capital projects, benefiting or serving the allocation area. This option would eliminate the need for long term borrowing to fund planned improvement projects. May still need to delay project or arrange a short term financing for 2-3 years to provide sufficient funds.

Gary Malone stated that Honda will guarantee their portion of the loans. If money is paid back then property taxes would have to be raised to pay for road improvements. Gary feels that the Tif Board and the County Auditor should get together.

Attorney Richard Hall of Law Firm Barnes and Thornburg explained that you would need to borrow or bond to make up for the amount given back, plus for a reserve account, plus for the cost of issuing the bonds. The DLGF and Tif Board have the right to make the decision.

It was stated that should the money be given back to the County, then the Auditor will need to hire either more personnel or a firm to come in and refigure all the tax rates and property taxes for each year. Lincoln Street has to be fixed, water and sewer lines as well as repaving. This project benefits all the citizens.

City Attorney Steve Taylor told the Board, they can vote to give the money back or vote to keep the money due to the ramifications, but would recommend getting a letter from the DLGF (State) Department of Local Government Finance stating that this is legal.

The Tif Board requested for Gary Malone and Richard Hall to contact the DLGF.

Christina Colon stated the right-away must stay the same whether sidewalks are put in or not. The City would lose the \$3,600,000 Federal Funds if they just put in the water and sewer lines and resurface the road as it is now.

Shawn Green told the Board that they have worked to hard and long to back completely off of the Lincoln Street project.

Attorney Richard Hall of Barnes and Thornburg recommended to the Board not to keep the money if the DLGF will not provide a letter.

Motion by Lowell Rethlake and seconded by Ken Dornich to have Gary Malone and Richard Hall to contact the DLGF about providing a letter. So passed.

Next meeting will be April 25th at 6:00 P.M.

The extension of Freeland Road was discussed.

Motion was made by Ken Dornich and seconded by Helen Gardner to approve HNTB invoice in the amount of \$4772.50, Freeland Road extension. So passed.

Meeting adjourned at 8:05 P.M

PRESIDING OFFICER: _____

ATTEST:

Clerk-Treasurer