

CITY OF WINCHESTER
COMMON COUNCIL
SPECIAL MEETING MINUTES
MONDAY, NOVEMBER 27, 2017

Special meeting @ 6:00 p.m.
Council Chambers / City Hall / 113 E. Washington St.

Pledge – Mayor Byrum
Moment of Silence – Mayor Byrum

Mayor Byrum called the meeting to order and presided over the meeting. Clerk-Treasurer, Vicki Haney, recorded the minutes.

The Clerk-Treasurer’s roll call showed four City Council Members present.

District 1	Councilor Larry Lennington	
District 2	Councilor Tom Sells	
District 3	Councilor Dave Furby	absent
District 4	Councilor Leesa Friend	
At Large	Councilor Missy Williams	

Additional Officials Present:

Meeks Cockerill, City Attorney; Rich Tucker, Police Chief; Gary Moore, Fire Chief; and Jon Reed, Assistant Police Chief

Citizens Present:

Shannon Schumacher, John vonArx, Beverly Schemmer, Marsha Cockerill, Cheryl Robbins, Joan Ashley, Joni Bilbrey, Rhonda DeFrees, Kathy Bond, Amanda Whitenack, Carla Fouse, Kristopher Bilbrey, Jakob Bilbrey, Eldon Solomon, Bob McCoy, Alison Syme, Trevor Oakerson, Bryn Albertson, Deeon Vance, Lynn Humphrey, Beth Moland, Deb Henning and Jason Semler (HJ Umbaugh and Associates).

Media Present:

Bill Richmond, Star 98.3; Mickey Schuey, Palladium Item; and Jeff Ward, Star Press

Approval of the Minutes:

Councilor Friend moved to approve the meeting minutes of the November 6, 2017 meeting. Councilor Williams seconded. Motion passed 4-0.

Winchester House (313 S. Meridian Street)

Jason Semler, HJ Umbaugh and Associates, presented schedules (attached to this document) for the Winchester House project financing. Mr. Semler stated multiple meetings have been held regarding this project and the terms have changed based on the City’s needs. Some parts of the project are still being developed. The discussed project cost is One Million One Hundred Thousand Dollars (\$1,100,000.00). The project is being funded from four different sources: Volunteers of America, the City of Winchester, Randolph County Commissioners and IHEDA Loan funds. Eight Hundred Fifteen Thousand Dollars (\$815,000.00) will be the remaining amount due after all funds are received. The City’s contribution will come from EDIT (Economic Development Income Tax) Fund for Economic Development. Volunteers of America (VOA) have agreed to pay Forty One Thousand Dollars (\$41,000.00) for the architect. A

payment schedule for the Eight Hundred Fifteen Thousand Dollars (\$815,000.00) in the loan was presented. The Indiana Housing and Community Development Authority (IHCDA) has setup a matching grant program for this project. For every dollar the City or VOA pays towards the loan, IHCDA will give the City a matching grant in the same amount. This is a zero percent interest loan. Twenty Five Thousand Dollars (\$25,000.00) per year for the first five years will be paid by the City or VOA; IHCDA will match these funds for a total payment of Fifty Thousand Dollars (\$50,000.00) per year. IHCDA will also grant an additional Four Hundred Thousand Dollars (\$400,000.00) at the end of year five, for year six of the loan. This would make the remaining loan balance One Hundred Sixty Five Thousand Dollars (\$165,000.00) that the City would need to pay. All the money the City or VOA pays towards this loan will be held in the Community Foundation of Randolph County account for other related programs. No matter where the funding is dispersed from, it still will be placed in the WING (Welcoming Indiana's Next Generation) Fund for future use. Private Donations can go towards this account as well. It is not recommended that the City pay more than Two Hundred Ninety Thousand Dollars (\$290,000.00) because the rest of the loan will be forgiven. Mayor Byrum stated One Thousand Five Hundred Dollars (\$1,500.00) has been raised for this account by local citizens. Once the WING account is established this money will be deposited there and used for the City's matching funds. Councilor Lennington stated if VOA contributes Two Hundred Ninety Thousand Dollars (\$290,000.00) the City would not have any money in the project. Councilor Williams asked if someone can donate to the City to offset the costs of the building maintenance the City is responsible for. Attorney Cockerill stated individuals can contribute funds to the City because the City is a not for profit and the donations are tax deductible. A five year projection has not been completed to determine where the maintenance expenses will be dispersed from. The costs that are not associated with the loan were discussed. At the end of 2017, close to Six Hundred Thousand Dollars (\$600,000.00) will be available in the EDIT fund that could help offset these costs. In 2018 the EDIT fund will receive Sixteen Thousand Four Hundred Ninety Four Dollars (\$16,494.00) per month. The 2018 EDIT Plan has not been presented this year; Seventy Five Percent of the total revenue must be obligated for the EDIT Plan to be approved. Councilor Lennington stated the loan application had VOA's revenue and expense information; a vacancy allowance was listed in the statement. The vacancy allowance is accounting for beds that are not full in the facility. The first day the facility opens all the beds will not be full; it will take some time to arrange for women to come to the facility. The timeframe of the arrivals is yet to be determined. The current facility has a waiting list so the vacancies are short, but that could be different with the new facility. The annual administrative fees were discussed; these fees would be staff and administration of the program and the facility. Councilor Lennington asked about the option to purchase by VOA. VOA has the option to purchase the facility for the remaining balance of the loan after the sixth year of operation. If the remaining balance is zero, VOA could purchase the building for nothing. Mr. vonArx stated the amount VOA will invest in this project is not being considered. To date, VOA has invested approximately Forty Five Thousand Dollars (\$45,000.00) in expenses, One Hundred Thousand Dollars (\$100,000.00) in legal expenses, and Forty Thousand Dollars (\$40,000.00) in architectural expenses. Approximately Thirty Thousand Dollars (\$30,000.00) per year will be spent in fundraising efforts. VOA purchasing the building is an option; it does not have to happen. Councilor Friend stated the City has spent time and money on setting up the lease and the financing for the project; the option to purchase at the end of the loan can be discussed and other terms can be set. Ms. Schumacher explained some of the fundraising campaigns that have been effective in other areas. Fundraising will be held in other areas of the state, not just in Randolph County. The Federal Home Loan Bank of Indianapolis could supply grant funds next year for this (or similar) projects. Councilor Lennington asked about the One Thousand Dollars (\$1,000.00) per month in the maintenance fee. The operating costs section of the lease was examined. Attorney Cockerill stated the utility charges will be paid by the tenant. The City of Winchester would be responsible for all costs associated with the building (including HVAC, landscaping irrigation system, etc.) Attorney Cockerill

stated the One Thousand Dollars (\$1,000.00) will be paid to the City and held in a fund for when expenses occur. If the expenses for the facility are Twenty Thousand Dollars (\$20,000.00), VOA would pay Twelve Thousand Dollars (\$12,000.00) and the City would pay Eight Thousand Dollars (\$8,000.00). The trash removal service was discussed. Mayor Byrum stated the City could schedule pickup at this facility multiple times per week if it is needed. The parking lot at the facility was discussed. The costs of supplies for the maintenance was discussed. Attorney Cockerill stated this does not cover operating supplies; it refers to supplies needed for the facility to be maintained (plumbing supplies, trash receptacles, etc.). Councilor Friend asked about section 6.4, Landlord Maintenance and Repairs. The windows in the facility were discussed. The windows may be replaced as part of the project. Attorney Cockerill stated the City will not be required to replace the windows, but if something is damaged it will need to be replaced. If items are damaged by tenants, it will be the tenant's responsibility to pay for the repairs. Councilor Williams asked if the money raised could be divided between the Community Foundation and a City held fund. Mr. vonArx stated that is a community decision. He is confident of the fundraising capabilities with this project. Councilor Williams stated within the City sidewalks need to be repaired and blighted homes need to be torn down; some of this money could go back into the City. This project should not put the City in a position where other projects cannot be completed for the citizens. Mayor Byrum stated the stipulation on the WING Fund is that it impacts the quality of life for the next generation. The local citizens will determine how these funds are spent. The WING Fund may not be available for a few years, so other money (possibly from the EDIT Fund) could be used for sidewalks and blighted homes. Councilor Lennington stated the money for the sidewalks could have been budgeted this year; it will be budgeted in future years. Seventeen people from the surrounding areas are on the waiting list for this program. Some contribution to the community will be found in the form of Income Taxes for the jobs being created. The types of equipment and furnishing that will be housed in the building were discussed. The women in this facility will have the opportunity to work towards a high school diploma and appropriate housing will be found upon leaving the facility. Councilor Williams stated many of the women in this program smoke. If the City does not include a concrete patio and fenced in area at the facility where would the women smoke? The concrete patio will be needed at the facility. Councilor Friend asked where the financial obligation lies first, the loan or the building. Ms. Schumacher stated the first financial obligation will be to the lease; if any funds remain after the lease is paid they could go towards the building. The only time funds would not go towards the lease is if the grant/donation was specifically for renovations or maintenance of the facility. Councilor Williams stated the companies who appraised the church were both from Indianapolis, local companies were not approached for this service. It is important that local people are asked to complete the work whenever possible. Approximately 25 people will be hired for this facility. All the employees will be from surrounding areas; none of the employees will be transferred from other facilities. VOA's goal is to serve women and children in this community. Councilor Williams asked if the building can be gifted to VOA at the end of the loan so the extra occupancy period does not go into effect. Attorney Cockerill stated at that point VOA will have to exercise their option to purchase the building. Other funding possibilities were discussed. The other locations (Fort Wayne, Evansville and Indianapolis) were discussed. Councilor Friend asked if any facilities have been closed due to lack of participation, attendance or residents. Ms. Schumacher stated no facilities have been closed for that reason; facilities are relocated based on population shifts and need of the programs. If this program is no longer needed the building could be repurposed for veterans service or other outreach programs. Attorney Cockerill stated this document provides each party's obligations; this information will be needed for grants and other items. Amending and restating Ordinance 2017-2 was discussed. Attorney Cockerill stated if the ordinance is not amended, all the documents for the project have been received by the Council and the closing of the loan can take place. Councilor Sells proposed setting up a Building Oversight Committee. Two appointments could be from the Council and the Mayor could also be on the board. This would

oversee the operations of the building and the lease with VOA. This committee would take care of the business of the lease, but the Council would also be part of the committee; a document would be written to establish the abilities of the committee. Councilor Williams stated she is not opposed to this idea, but she was on a building committee that has done nothing. Meetings have been requested but no meetings have been scheduled. The Winchester Municipal Facilities Building Corporation was a legal need for the bonding. The Building Corporation will have to sign the leasing documents between the City and VOA. The sublease has changed since it was last presented to the committee; a new copy will be presented. Attorney Cockerill stated the Winchester Municipal Facilities Corporation is really a fictitious entity that was formed to circumvent the 2% debt limit for the City. The new committee would be controlled by the Council so the Council would schedule the meetings. The new committee would review change orders, meet with the architect, make sure the project is progressing on time, and after the project the fundraising efforts would be monitored. Councilor Williams asked why the ordinance cannot be amended and the new committee formed. Attorney Cockerill stated it becomes problematic because a meeting would need to be held for each document to be approved and many documents need to be approved. Councilor Friend asked why Mayor Byrum had a say in who is appointed to the committee; Councilor Sells stated because he is part of the City government. The Council and Mayor work together. Councilor Sells moved to form a Building Oversight Committee. Councilor Lennington seconded. This committee would be subject to the open-door law because it is a subcommittee of the Council. Motion passed 3-1 with Councilor Williams casting the negative vote. Attorney Cockerill will draft a resolution for this committee.

Ordinance No. 2017-17

Councilor Sells would like to resend Ordinance 2017-17 because it will cause further delays with the project. Attorney Cockerill stated the ordinance would have to be motioned to be read and approved before it is rescinded. Councilor Sells moved to have the first reading of Ordinance No. 2017-17 by title only. Councilor Lennington seconded. Councilor Williams stated this ordinance is going to be completely removed. Councilor Sells stated only the amendment portion of the ordinance will be removed, the original ordinance is still in effect. Councilor Friend asked if the Council is going to vote on progressing the project tonight. This ordinance will determine if the project progresses. If this ordinance is approved more meetings would need to be scheduled to approve all the documents. Councilor Friend would like to table this ordinance until the next meeting. Councilor Sells stated this ordinance is being discussed because of a timing issue. The church was approached for a reduction in cost and they are not interested in reducing the cost of the building. Attorney Cockerill stated he asked for a reduction in cost when the contract was negotiated, and they were not interested in reducing the cost then. Motion failed 1-3 with Councilor Lennington, Councilor Sells and Councilor Friend casting the negative votes. The ordinance dies.

Councilor Lennington stated this has been discussed for a year and he has changed his mind many different times. The project needs to move forward. Councilor Williams stated even if the project moves forward everyone is going to have to learn to get along. Councilor Williams stated she feels a lot better about financing because it will be taken from EDIT Funds and it will not come from property tax payers. Councilor Friend states she spoke to Councilor Lennington and the location of the facility is not an issue for her; the funding has been an issue. Councilor Friend stated this project could be funded by taxes if each property in Winchester is charged Thirty Five Dollars (\$35.00) per year for six years. This project is not going to be funded by tax dollars, but the cost per household would be low if it was. Options for funding were discussed. Councilor Friend stated if the human element is removed from this project it would not be approved; the human element in this project is what makes it so important. The importance of saving lives was discussed.

Executive Session

Attorney Cockerill stated a Public Access compliant was received today and an executive session needs to be scheduled regarding this issue. An executive session meeting will be held on Monday, December 4, 2017 at 6:00 pm.

Adjournment

There being no further matters to discuss, Councilor Lennington moved to adjourn. Councilor Sells seconded. Motion passed 4-0. The November 27, 2017 meeting was adjourned at 7:31 pm.

Mayor, Shon Byrum

ATTEST: _____
Vicki Haney, Clerk-Treasurer

UMBAUGH

H. J. Umbaugh & Associates
Certified Public Accountants, LLP
8365 Keystone Crossing
Suite 300
Indianapolis, IN 46240-2687
Phone: 317-465-1500
Fax: 317-465-1550
www.umbaugh.com

November 27, 2017

Honorable Mayor Shon Byrum
City Hall
113 Washington Street
Winchester, Indiana 47394

Re: IHEDA Loan

Dear Mayor Byrum:

Per your request, we have prepared the attached schedule to assist in the discussion and planning of the IHEDA Loan. The attached schedules (listed below) present unaudited and limited information for this purpose of discussion by the appropriate officers, officials, and advisors of the City of Winchester. The use of these schedules should be restricted to this purpose as the information is subject to future revision.

Page

2	Estimated Project Costs
3	Illustrative Repayment of Loan
4	Illustrative Sources of Payment
5	Illustrative Deposits in City's Foundation Account

The schedules and underlying assumptions are based upon information provided by the City of Winchester. In the preparation of these schedules, assumptions were made regarding certain future events. As is the case with such assumptions regarding future events and transactions, some or all may not occur as expected and the resulting differences could be material. We have not examined the underlying assumptions nor have we audited or reviewed the historical data. Consequently, we express no opinion or provide any other form of assurance thereon, nor do we have a responsibility to prepare subsequent reports.

We would appreciate your questions or comments on this information and would provide additional information upon request.

Very truly yours,

UMBAUGH

DRAFT
Jason G. Semler

CITY OF WINCHESTER

Indiana Housing & Community Development Authority Loan

ESTIMATED PROJECT COSTS

IHCDA loan	\$815,000
County funds	116,000
City funds	127,168
Volunteers of America funds	<u>41,832</u>
Total Estimated Project Costs	<u><u>\$1,100,000</u></u>

(Subject to the attached letter dated November 27, 2017)
(Preliminary, Subject to Change)
(For Internal Use Only)

CITY OF WINCHESTER

Indiana Housing & Community Development Authority Loan

ILLUSTRATIVE REPAYMENT OF LOAN

<u>Year</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Principal & Interest</u>
1	\$50,000 (1)	0%	\$0	\$50,000
2	50,000 (1)	0%	0	50,000
3	50,000 (1)	0%	0	50,000
4	50,000 (1)	0%	0	50,000
5	50,000 (1)	0%	0	50,000
6	<u>565,000</u>	0%	<u>0</u>	<u>565,000</u>
Totals	<u>\$815,000</u>		<u>\$0</u>	<u>\$815,000</u>

(1) Assumes minimum payment of \$25,000 with equal amount forgiven from IHCDA.

(Subject to the attached letter dated November 27, 2017)
(Preliminary, Subject to Change)
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CITY OF WINCHESTER

Indiana Housing & Community Development Authority Loan

ILLUSTRATIVE DEPOSITS INTO CITY'S
FOUNDATION ACCOUNT

<u>Year</u>	<u>VOA/City</u>	<u>Accumulated Balance</u>
1	\$25,000	\$25,000
2	25,000	50,000
3	25,000	75,000
4	25,000	100,000
5	25,000	125,000
6	<u>165,000</u>	290,000
Totals	<u>\$290,000</u>	

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