

TIPTON COUNTY COUNCIL/RDC JOINT MEETING - AUGUST 15, 2023

REGULAR/JOINT SESSION

The Tipton County Council Board met in a Joint Meeting with the RDC on Tuesday, August 15, 2023, at 6:30 p.m. in the 1st Floor Meeting Room, 101 E. Jefferson Street, Tipton, IN.

County Council: Those in attendance were Jim Ashley, Jim Purvis, Joe Vanbibber, Janice Smith, Michael Terry, and Kirk Retherford.

Not Present: Brad Nichols

RDC: Those in attendance were Mike Terry, Rob Cochran III, Tracey Powell, Janice Smith, Jim Ashley, Bob McKinney, and Monty Henderson

Public: Those in attendance were Nancy Cline, Rob Cochran II, Mike Cline, Bob Edinger, and Robert F. (illegible last name)

The Council meeting was opened by Jim Ashley and the RDC meeting was opened by Mike Terry with the Pledge of Allegiance.

AMENDMENT TO THE AGENDA:

Councilman Terry made a motion to amend the agenda to move the meeting with Bakertilly/Matt Eckerle regarding Bonds to item number three in the agenda with Councilwoman Smith seconding the motion. The motion carried. Councilman Ashley also mentioned Rick Hall was in attendance as legal counsel.

Councilman Purvis made a motion to amend the agenda to discuss the Cumulative Capital Development Rate to move to item number five with Councilman Terry seconding the motion. The motion carried.

APPROVAL OF PRIOR MEETING MINUTES:

June 20, 2023

July 18, 2023

The Meeting Minutes of June 20, 2023, and July 18, 2023, were tabled on a motion made by Councilman Terry and second by Councilwoman Smith. The motion carried.

DEPARTMENT BUSINESS & REPORTS/OTHER:

No business

NEW BUSINESS:

Matt Eckerle from Bakertilly addressed the Council and RDC providing an update on the activity of Tipton County's TIF areas. Matt provided a report dated May 31, 2023, preparing a TIF update, a snapshot every Spring, based on the assessed value and tax rate information that they have on hand at that time. They feel that it is important for the Redevelopments planning purposes, especially every June, the county must contemplate past three determinations, contemplate spending TIF dollars, and understand how those dollars are being used and what the status of the different tax increment obligations are. Also has been asked to talk about the County's other debt.

Page 2 looks at the Chrysler allocation area, Northeast corner of 28/31, established back in 2007, has a thirty-year term under State Law. Bakertilly used the 2023 assessed value and tax rate information, they estimated the annual tax increment revenues. Real property is holding steady in that area, just last week received the 2024 assessed values. Personal property is based on information provided to Bakertilly by Chrysler, including 2022, note that Chrysler personal property is going to be down for 2024, about \$700,000,000. This was estimated in May based on assessment information that Chrysler provided at that time. Their January 1, 2023, assessment returns were not ready. That will have an impact on this, and we need to sort that out. For the TIF revenue calculation, there are two main gears that turn on this, which includes the assessed value and the tax rate side. You will also see the based assessed value there; the based assessed value is the assessed value that was present in that allocation area when that allocation area was established. That stays in the property tax base of the county, townships, the school, and the overlapping tax units until the allocation area expires. That amount gets adjusted each year for the effects of reassessment and trending, which that process was wrapped up with the Auditor's office just recently. It is slightly different heading into 2024, but it is not material for the calculations here. The estimated incremental assessed value, that's what your capturing/driving, the tax increment revenues from, that multiplied by the tax rate and again it is important to note that the tax rate actually from 2022 to 2023 went down in Cicero township, the County's share of the tax rate went down by 6.8% and that is driven in part by the County seeing a 12+% increase in assessed value from pay22 to pay23. As long as that assessed value is going up faster than the tax levy increasing, will see downward pressure on tax rates. This is a trend from 2022 to 2023 that we saw around the state. The Statewide average was in the 15% to 20% range. Tipton still saw significant growth. Heading into 2024 it is up another 6.4% in assessed value, which puts a downward pressure on the tax rates. That is something to keep an eye on in the budget process. When you multiply the 23 times the 2023 tax rate, you are at about \$1.39 million in revenues and then estimating out in the future, again based on the information we had from Chrysler at the time, we were estimating that the personal property would actually tick up because they are still on the back end of the property tax abatements that were approved when Chrysler finally occupied a few years later the Getrag/Chrysler facility. Bakertilly estimated that would end following 2025 and level out at \$57.8 million. What is needed from Chrysler, Matt will follow up with their tax team, is please provide the 2024 information. Based on this estimate, they were estimating that the revenues would plateau at about \$1.4 million a year after the expiration of the personal property abatement. Councilman Ashley questioned the projected \$7 million decline for 2025. The decline was for pay24 per Matt Eckerle, in the values that were just certified, it was 48/49 in that range. They need to get more information. There would still be an increase as the abatement peeled off. Matt does not know if they are still claiming the abatement or if they are making a new investment or they are pulling out equipment as of January 1, 2023, which is being reflected in the assessment for 2024. It tells Matt if that is going down unless they are claiming abnormal obsolesces or reclassifying equipment to being older, further depreciated. This will be something to keep an eye on.

On page 3, what they have done here, is compared the estimated tax increment revenue stream to your obligation for that area. Every year the RDC is authorized to hold back \$10,000 of the TIF revenues generated in the Chrysler area to pay for annual administration expenses of the allocation areas which include Bakertilly, Barnes and Thornberg, and other professionals that you need to engage to help monitor the health of the allocation area. Bakertilly also works with the RDC annually on annual reporting requirements. The remainder of that tax increment is obligated fully to the 2010 Bonds that were issued as

a part of the Getrag bankruptcy trust settlement. Those bonds were originally issued in the amount of \$13 million. As of March 1, 2023, \$8,238,000 has been paid, that leaves about \$4,761,000, confirming that the Auditor paid \$730,000 to the bankruptcy trust on February 17, 2023. Those payments are due March 1st and September 1st of each year. The September payment is being made in the next couple of weeks. The County is on track with those, but again, Bakertilly is estimating that the \$13 million will be paid off fully in 2026 based on what we knew in May. That might be modified, it might still get paid off in 2026 but may extend to 2027. That is something to keep an eye on. Those bonds have a final maturity date of March 31, 2031. If something were to happen and the revenues were to go down even more, and the County was not able to pay off the \$13 million by March 31, 2031, the County's only obligation to the bond is this TIF revenue. The County would not be on the hook for any other revenues being used to make the bankruptcy trust whole. If you come up a half million dollars short, then bankruptcy trust received \$12.5 million over the term of the bonds and the bonds are done. Important to note that the County's exposure is isolated in this instance to the Chrysler TIF. Councilman Ashley questioned the TIF district itself that has been established out there, is that extend beyond the 30/31? Per Matt, it was 2007 when it was established, and it has a 30-year statutory life. There is not an opportunity under current law to extend that final maturity if the County wanted to what would happen if you wanted to reestablish that area is set a whole new base and you could only capture increment over and above that, once it is gone it is gone unless the general assembly changing its mind.

On page 4, Bakertilly likes to include history on how the allocation area has performed. Starting with its first collection year in 2009, it has grown substantially as the investments have come online. The actual 2023 Spring distribution was almost exactly half of our estimates. Its on track to collect the full \$1.39 this year. They will know for sure in November when tax bills are due.

West #2 allocation area- this is the allocation area at the Northwest of the interchange of 28/31 that contains Loves and the Chrysler dealership. It has continued to grow, for 2024 those was growth. The assessed value will be a little higher than what was estimated. They are estimating about \$73,000 a year.

On the next page, comparing this to its outstanding obligations. This has a similar \$10,000 per year allocation for administration fees. The money is pledged to the round-about bonds, 2018 round-about bonds. The entirety revenue stream is pledged to repayment of the 2018 Bonds. Once the 2010 Getrag bankruptcy bonds are paid off, then that revenue will go to the 2018 Bond. They are estimating to be accompanied in 2027. Its statutory life is 25 years from the issuant of the 2018 Bonds. Final maturity is February 1, 2034. This TIF cannot be pledged to any other obligations before they are fully paid. The County's sole obligation to the repayment of this debt is these two TIF revenue streams. The debt service reserve money is set aside out of each tax increments and used to satisfy the final payment.

On page 7 is the amortization of the round-about bonds, issued as draw bonds. The County was only drawing what it needed during the construction, starting in December 2018. There is a total amount outstanding of \$1.573 million. All caught up on deferred interest. These are set up to be paid by 2034, but these are set up to be paid down as revenue will allow.

On the last page is the historical tax increment information and that is on track for this year.

They did not include the East allocation area because there has not been any activity. The 25-year term is accessible when development dictates issuing an obligation. RDC can terminate an area if that is the best course of action, however all TIF obligations must be satisfied. One the bond has been satisfied the TIF district is still intact. The RDC can approve spending of the revenue from the TIF area on any project in the EDA or directly serves the EDA.

The Kempton Sewer and Sewer Plant bonds are payable from the County's EDIT allocation. The current outstanding balance on the 2008 of \$365,000 and the final maturity of December 15, 2027. These bonds are payable from 50% County EDIT revenues and 50% City EDIT revenues. The City of Tipton, (back in 2015) extended sewer service out to Kempton. This issued utility bonds through the State revolving fund loan program. The County pledged \$28,000 per year of its EDIT to the repayment of those bonds. Those are outstanding through 2036 and have \$752,000 of outstanding principle currently.

ADDITIONAL APPROPRIATIONS:

Dispatch/911, Adam Dewitt addressed the council with the request for additional appropriation in the total sum of \$38,802.00. The additional appropriations are as follows:

| FUND | ACCOUNT | ACCT. DESCR. | AMOUNT REQUESTED |
|------|--------------------|------------------|--------------------------|
| 1222 | 1222-35104-000-000 | Service Supplier | \$30,000. |
| 1222 | 1222-12500-000-000 | Overtime | \$5,000. |
| 1222 | 1222-44301-000-000 | Radio | \$802. |
| 1222 | 1222-11900-000-000 | Part Time | \$3,000. |
| | | | \$38,802.00 Total |

Adam Dewitt gave the reason for his additional appropriation request. He stated that the \$30,000 request is for a shared software utilized by both the city and county and that he was requesting funds to pay this bill. This was suggested by the EMA Director, Chuck Bell. Adam will then bill the city for their portion. As well, there was a 10% increase in the software. Once Adam bills the city, the funds will be submitted to the Auditor to receipt into Fund 1222.

Councilman Ashley opened public hearing for the additional appropriation. Councilman Terry made a motion to close public hearing, second by Councilwoman Smith. The motion carried. Councilman Purvis made a motion to approve additional appropriation Resolution CC2023-12, second by Councilman Retherford. The motion carried.

ADDITIONAL APPROPRIATIONS:

Auditor, Pickering addressed the council with the request for additional appropriation in the total sum of \$2,000. The additional appropriations are as follows:

| FUND | ACCOUNT | ACCT. DESCR. | AMOUNT REQUESTED |
|------|--------------------|-----------------|------------------|
| 1000 | 1000-32200-000-002 | Postage | \$1,000 |
| 1000 | 1000-21100-000-002 | Office Supplies | \$1,000 |
| | | | |

Auditor Pickering requested an additional appropriation for postage in the sum of \$1,000 and office supplies in the sum of \$1,000. Due to the supply cost of binders and other supplies to prepare for budgets for the council and other items, the Auditor is asking for an additional appropriation in the total sum of \$2,000.

The advertisement for the addition appropriation was on 8/5/2023 for public hearing 8/15/2023. Councilman Ashley opened public hearing for the additional appropriation. Councilman Purvis made a motion to close public hearing, second by Councilman Retherford. The motion carried. Councilman Purvis made a motion to approve additional appropriation Resolution CC2023-11, second by Councilwoman Smith. The motion carried.

REQUEST FOR TRANSFER OF FUNDS:

No requests

OTHER NEW COUNCIL BUSINESS:

Bakertilly suggested to look at the Cumulative Capital Development rate. The rate had not been changed for several years. This is a right or obligation of the BOC to adjust the fund. It is currently funded at .017 per one hundred dollars of assessment. There is an option to move to .0333 and would generate \$170,000 additionally to that fund. For 2022, \$167,000 was raised in this fund. Each year would be roughly \$340,000 raised. The Council would have to go to the BOC and state the case. The deadline is October 31st. Councilman Terry made a motion to have Council President Ashley present the idea to the BOC to raise the CCD rate, second by Councilman VanBibber. The motion carried.

RDC will meet on August 16, 2023, at 6:00 pm. They will have a public hearing regarding the expansion of the EDA at 28/31. The other item on the agenda is the transfer of land resolution from the Commissioners to the RDC.

PUBLIC COMMENT:

William Steen, IT, has \$15,000 in the email account. The Jail has 11 employees that they want to have emails for. William asked for permission to buy another 20 licenses for just the email services out of the \$15,000. Councilman Purvis made a motion to give IT permission to spend the funds, second by Councilwoman Smith. The motion carried.

ADJOURNMENT:

There being no further business for the RDC, the RDC portion of the meeting was adjourned on a motion made by Councilman Smith and second by RDC member Powell. The motion carried.


There being no further business, the meeting was adjourned on a motion made by Councilman Vanbibber and second by Councilwoman Terry. The motion carried.

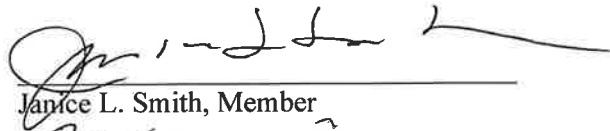
Tipton County Council


James D. Ashley, President


Michael Terry, Vice President


Kirk Retherford, Member

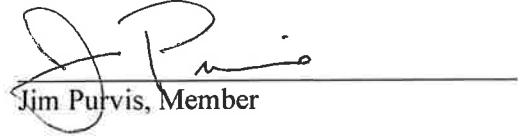

Brad Nichols, Member



Janice L. Smith, Member



Joe Van Bibber, Member



Jim Purvis, Member

Attest:



Melissa Pickering, Auditor

Tipton County Council Meeting: August 15, 2023.