

REGULAR MEETING – MARION COMMON COUNCIL – FEBRUARY 19, 2013 – 7:00 P.M., CITY HALL

The Common Council of the City of Marion, Indiana, met in regular session on Tuesday, the 19th day of February, 2013 at the hour of 7:00 pm in the Council Chambers, City Hall.

Before giving the prayer, Councilman Brad Luzadder said, at the end of the prayer, they will have a moment of silence for former Council lady, Mrs. Ann Sector, who spent 16 years on our Council and working for our city and continued to work even after she finished her term. So they'll go ahead and have the prayer and then a moment of silence.

On the call of the roll the following members were shown to be absent or present as follows:

Present: Troxell, Luzadder, Whitticker, Thompson, Brunner, Smith and French.

Absent: Nevels and Batchelor. (NOTE: Councilman Nevels came in at 7:06 p.m.)

The minutes of the previous regular meeting of February 5, 2013 were presented. On a motion by Whitticker, 2nd by Thompson, the minutes were approved as presented by a unanimous vote.

COMMITTEE REPORTS: Councilman Jim Brunner reported that the Marion Common Council Development Committee met earlier tonight and heard a request, first for a proposed amendment to the existing property tax abatement for CVS Systems and then also an amendment to an existing tax abatement for Atlas Foundry Company. At this time, they are returning a favorable recommendation on both of those requests, Brunner said.

UNFINISHED BUSINESS

GENERAL ORDINANCE NO. 3-2013 2ND READING AND PUBLIC HEARING

The City Clerk read General Ordinance No. 3-2013 by title only. An Ordinance to vacate a portion of a public way, commonly known as 1139 S. Baldwin Avenue, Marion, Indiana for CVS Systems, Inc. Chuck Herriman, attorney for petitioner, told the Council he's mindful of their lengthy agenda today so he'll be brief. They appeared at the last meeting and submitted their petition to the Council to vacate a very small strip of 10 feet off of the west side of Western Avenue, which would be on the east side of CVS Systems, Inc. That will provide CVS Systems the option and the opportunity to construct new developments there, new improvements, of approximately 10,000 square feet, depending upon the final plans and specifications. And the reason for that is, they're currently landlocked and that would provide an opportunity to grow their American flag business. He's happy to report that the BZA last week approved the variance which basically permits the construction as proposed. Notices have gone out to all the neighbors as required by statute. Notices, obviously, went out to another subset of folks during the BZA hearing. Finally, notice has gone out to all the agencies. There has been no reported objections by the utilities, school superintendent or anyone else. So, tonight they would respectfully request that they pass the ordinance, that they suspend the rules and pass it on to 3rd reading. Mr. Doug Carl, Executive Vice-President of CVS, is here to answer any questions that he (Herriman) can't answer and also the surveyor/engineer Jason Miller is here as well. They'll be happy to answer any question, Herriman stated. Councilwoman Madonna French said she didn't have a question but she thought Mr. Carl did a good job in the committee meeting of giving them a brief history of CVS and she was wondering if he would do that for the audience and those at home as well. Doug Carl told the Council he just gave a real brief history in the committee meeting of CVS Systems. CVS has been around for 33 years. They're a family-owned company in Marion, located at 1139 South Baldwin. Their dish business is their main line of business. They're a wholesale distributor for Dish Network in seven states in the Midwest. They also have two locations in addition to Marion, one in Illinois, a sales office in Illinois. They also have a warehouse facility actually in Missouri right outside of Kansas City. They employ 65 employees here in town, 70 employees overall but they do appreciate any consideration they give them tonight and he would appreciate their approval of the request, Carl said. Councilman Jim Brunner told Mr. Carl, the program and the project he is asking for some help on would increase their employment, is that correct? Carl replied, yes, they are anticipating a minimum of five new employees. They will not be all warehouse people but they are looking for IT people, web designers and additional sales staff so they are looking at a minimum of five additional people and a retention of approximately 65 people, employees. Brunner asked Mr. Carl, is it correct their average employee makes approximately \$50,000 a year and they would figure these five new jobs would probably fit that range? Carl told

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Brunner, that's correct. Being no further questions from the Council, Council Vice-President Henry Smith said, this is a public hearing. Does anyone from the audience have anything to say, any remarks or anything? If so, come to the mike and state their name and address. David Stanley – 1215 W. 11th Street, Marion – addressed the Council at this time. He said he was wondering how the construction would affect property on 11th Street. Mr. Herriman replied, actually the proposed construction will not impact any traffic or other property. The curb will remain where it is. 11th Street is actually already vacated. Part of CVS Systems already is located on the old, vacated 11th Street but they don't see any impact, any traffic problems or anything like that. Councilwoman Joselyn Whitticker asked Mr. Carl if he would explain their diagram and she knows it's going to be hard for the tv audience to see this but he might just want to go over this and show the gentleman who spoke. Carl said, he'd be glad to do that. They're actually, at this point in time, they're looking at expanding the east side of CVS Systems towards Western Avenue by anywhere from 2,800 to 3,500 square feet. The other expansion will be on the west side of CVS Systems. It will be between 6,500 and 8,500 square feet, once they determine, through the surveying and so forth, how much they can actually build on that facility. So the vast majority of the warehouse expansion will be towards the By-Pass. The biggest part they're going to do is towards the By-Pass. Brunner said, there'd be no moving of the curbs? Mr. Carl answered, no, the existing curb will be right where it's at. They'd just be extending the back of their facility by 20 feet out toward the curb and that'd be between seven to eight feet from the actual curb itself so there's no change in the pattern of the street. There shouldn't be any bearing at all in terms of traffic flow on the back end of that facility. Councilman Reggie Nevels asked, if they decide to pass this, when would construction or when would they start the process? Carl answered, their goal and this is a very aggressive goal. They're using a local contractor and their goal would be to have the facility done by the first of May. That's their goal. Realistically, they're probably toward the end of May, depending on weather and all the approvals and stuff they have to go through but they're anticipating they would be done some time in the month of May. Whitticker then asked Mr. Carl, would it be possible for the neighbors, since there were some questions raised by the neighbors, to get a copy of what he showed them in the committee and it'd be available in the lobby? Carl told Whitticker, yes ma'am and, if they'd like to stop by the office, he'd be more than happy to provide that to them. Mr. Smith then asked, are there any other questions? Any remarks? There was no response from the Council or any member of the audience. Motion was then made by Luzadder, 2nd by Nevels to suspend the rules on General Ordinance No. 3-2013. Motion carried by the following vote. Aye: Troxell, Luzadder, Nevels, Whitticker, Thompson, Brunner, French and Smith. Nay: None. Motion was then made by Luzadder to pass General Ordinance No. 3-2013. Motion was seconded by Nevels and carried by the following vote. Aye: Troxell, Luzadder, Nevels, Whitticker, Thompson, Brunner, French and Smith. Nay: None. Mr. Carl told the Council, thank you very much. They do appreciate all their help.

GENERAL ORDINANCE NO. 4-2013 2ND READING AND PUBLIC HEARING

The City Clerk read General Ordinance No. 4-2013 by title only. An Ordinance authorizing the issuance of the City of Marion, Indiana taxable economic development revenue bonds, Series A and Series B (Café Valley Project), and the lending of the proceeds thereof to the Grant County Economic Growth Council Inc. with regard to the Series A bonds and one of the following entities: Cornerstone Marion, LLC, CV East LLC, Café Valley Inc., respectively, with regard to the Series B bonds, and authorizing and approving other actions in respect thereto. Darren Reese, Director of Development Services for the City of Marion, told the Council he's excited to bring to them tonight the second round of the Café Valley Project incentive package. He would ask that after their question and answers and public hearing that they do suspend the rules and move on to a 3rd reading for this but he, as well as a significant amount of the team from Café Valley who they've met and their support group, are here to answer any questions that may have arisen over the last couple of weeks. Council Vice-President Henry Smith asked the Council, does the Council have any questions for Mr. Reese? Councilwoman Joselyn Whitticker said, yes, she does have some questions and it goes back to... She asked Mr. Reese if he would explain why they need to have the \$14,500,000 involved in the Café Valley deal and Earthbound? Reese told Whitticker, what it does is, that Series A bond allows them to purchase the entirety of the campus of Thomson, begin its renovation and allow them to refinance that Earthbound legacy issue. Whitticker said, Mr. Reese, she raised some questions about the whole deal and it goes back to the refinancing of bonds and so on and as she said earlier this afternoon, she has a real problem with them extending that debt to our taxpayers, their children

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and grandchildren going that long and why does that have to be a part of the Café Valley Project because she thinks everybody in this room wants Marion to grow, they want jobs, but this is an existing debt and it is a debt that at some point will have to be paid. Why is it being put with this particular project? Reese replied, absolutely, he agrees and it has been their consistent position that yes, it is a debt and it will be paid. For them to be able to credit enhance the entirety of the Series A bond with EDIT, they do need to wrap in any previous commitments from EDIT and that is the Earthbound commitment. Councilman Fred Troxell told Mr. Reese he had a question and he would appreciate just a yes or no answer. Is any of this bond money or tax warrants going to pay off debts other than Earthbound? Reese replied, no. Troxell asked, none of them? Reese said, no and this has nothing to do with tax warrants either but no. Troxell said, well they're paying off the Earthbound in that, right? Mr. Reese told Troxell, he asked for a yes or no question and he put that in there and so that's it, yes, no, correct. Mr. Troxell stated, he'll ask another question then. Is there any other debts that they're going to pay off with that money? Reese answered, no. Councilwoman Whitticker then said, Mr. Reese, coming back to Earthbound. What is our total indebtedness for Earthbound, with the collateral that was sold and with the money that, the property that was auctioned off, how much debt is Earthbound? Reese told Whitticker, right now, with auction proceeds coming in, with reserve fund that was in place, they're looking at somewhere in the neighborhood of \$1,500,000 to \$1,700,000. That is still a work in process but they do need to satisfy all of the original obligation in this. Whitticker asked, then if it is only \$1,700,000 and this is \$14,500,000, what are we spending the other money on? Mr. Reese said, that is what.... They will be satisfying the debt of Earthbound with that and then satisfying the debt of this new EDIT with the proceeds that they have gathered from the sale of the assets. Ms. Whitticker told Reese, if she just heard him correctly, they are satisfying the Earthbound debt of \$1,700,000 plus the other debt that is involved in the EDIT. She told Reese he might want to explain..... Reese told Whitticker, no, he's sorry, he did not say that. They have, as the assets are liquidated from Earthbound, it will go to pay down this debt. Councilwoman Whitticker said, she's still trying to see how Earthbound got to be \$14,500,000. Reese responded, it is not. It is \$2,000,000 as he has consistently said. Whitticker responded, okay, so now they're back up to \$2,000,000. Reese said, no, they are at \$2,000,000 and they have been at \$2,000,000. Whitticker said, okay, so they have the \$2,000,000 for Earthbound and \$2,000,000 from the \$14,500,000 is \$12,500,000. So, where is the, how is that other money going to be used? Reese answered, generally speaking what they have is a projected \$4,200,000 to purchase the Thomson campus. They have roughly \$6,000,000 attached to the development of the south end of that Thomson campus. They have two years worth of reserves and fees in there that do total that \$12,000,000. Ms. Whitticker asked, it was fees and what else? Reese told her, debt service reserve and capitalized interest. So within this bond, there will be two years worth of payments, in case something were to go wrong. The first year, they are going to borrow because there will not be any taxes generated by Café Valley within that first year and then they will always have a debt service reserve fund available if something were to happen. Whitticker said, and we are looking to have that debt for 25 years. Reese said, yes. Whitticker stated, that \$14,500,000 plus the \$12,500,000. Is that correct? Reese told Whitticker, no, that is not correct. It is \$14,500,000 for 25 years. That will be covered by the taxes that are paid by Café Valley. That should not be lost on them too and that is a point that came up earlier. All of this is actually being paid for by Café Valley's taxes except for the Earthbound debt and the Amvets purchase. So, he thinks that is a very generous thing that Café Valley has done, one that no other company has been able to allow us to do. This is their opportunity to revitalize that Thomson facility. This is their best opportunity to do so. Café Valley wants to play a part, be a good corporate citizen and they are willing to assist us in that project. Whitticker told Mr. Reese, if that is the case then why do we need, if they are incurring all of these expenses, why do we need a new market tax credits, why do we need state tax credits and why do we need to give them incentives? So, let's go a step further because all of those things come from taxpayers paying their taxes. You know, people think that new market credit, that's the government. Well who pays the government taxes? We do. The consumers. Everybody in here who pays taxes. So please go back over that again and explain to her what he just said, Whitticker told Reese. Reese responded, well, based on what she just said, he thinks it really shows an opportunity for the whole community to welcome this opportunity, as well as the state, being very excited about this derelict facility being redone and the federal opportunity for the new market tax credits based on a census track. So they will absolutely fight for every level of incentive that they can to grow the jobs. Councilman Troxell asked Mr. Reese, how much money does Café Valley have invested in this now? Reese responded, well to date, they've got hundreds of thousands of dollars invested in the project already. Troxell asked, how much? Reese

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told him, hundreds of thousands of dollars invested in the project already. They will be upwards of \$20,000,000 personally on the hook for this project as well. Troxell said, now, how much of this operation depends on the government money? Troxell said, he doesn't have the figure and then asked Councilwoman Whitticker if she had the figures on that. Reese said, no, he thinks he can say that this project depends on its finding the right location for it to find the best incentives available. There are still communities out there, as late as last week, that are still trying to get this deal and they're looking to do the things, at least as aggressive as we are. Café Valley wants to be here, we want them to be here. We want them to find the most successful environment for them to be able to be profitable and employ people and we are putting together the most aggressive package to be able to do that. Troxell said, well he agrees. Nobody would like to see them here any more than him, but, you know..... Mr. Reese said, they're in competition with communities all over the country that are willing to do the very same things, if not more, than what we are. So, that's why they are working as aggressively, as they would with any company that would come to them, local or not, that would be able to incentivize their opportunities as best as possible. Troxell stated, he feels like that he was elected to look out for the citizens of Marion. Reese told Troxell, he agrees and he thinks bringing 500 jobs to the community is a darn good way to do it. Troxell told Reese, let him finish. As of the last of the year, we found out we were broke. Right? Now, yes or no, Troxell said. They had \$44,000 in the General Fund. The point he is getting at is we can't afford all these handouts. Reese said, well, Mr. Troxell, this is not a handout. As he just mentioned, this is based on their taxes that they will be paying. They have made a commitment to pay those taxes as well. This is not out of our checkbook. We don't have a pot of money, as they well know, to be able to do this. It's a cooperative effort between Café Valley and the city for them to be able to achieve these jobs. Troxell then asked, how much money are they going to, how many dollars in taxes are they going to pay, say the first three years they're here? Reese said, about \$1,000,000 a year. That's in property taxes. That's before you get into our local option income taxes that are not being impacted. In fact, they'll be able to achieve much of that. Rob Young, Business Development Manager for CME Corporation, told the Council this is the fourth time before them in this setting and he certainly appreciates the opportunity to be here again this evening. In a moment, he'll introduce Larry Polhill who will answer some of the questions that have already surfaced this evening regarding the overall financing package. Darren reiterated something, though, that came up in the public comment session of the Redevelopment Commission meeting that was held at 5:30 pm, the public meeting that was held at 5:30 pm today and he thinks it does bear repeating in this setting. Everything that has been labeled incentives, appropriately or inappropriately, will be paid for, over time, by Café Valley's property taxes. In their minds, the only thing they're really doing is leveraging the tools that are available to the City of Marion and every other community across this state and across this country to facilitate economic development projects like the one that they're discussing again this evening. They have these tools. They're authorized by the State of Indiana in this case. They're accessing those tools. But everything that they're talking about, the debt service on the bond issues and other things being discussed here this evening, all of that will be paid for by the property taxes thrown off by this project. It doesn't talk about income tax from the employees or anything else. It's pure property taxes and it's at 110% of debt service. This is about the best position the City of Marion can be in, to be able to realize a project like this and he'd ask all of them to keep that in mind as they move forward this evening. With that said, he's happy to introduce Larry Polhill. As they have discussed, Larry is the Vice-President of the company, one of the three members of the Board of Directors. While this is a comprehensive package, it's not a confusing package if you take the time to understand how the financing is coming together and within the boundaries of the time and the forum that they have this evening, Larry is going to try to walk them through the financing package on how this is coming together. He's sure there will be questions coming out of that. Young said he'd like to keep Larry focused on the financing package and between Darren and Tim and the rest of the team, they're happy to tackle some of the other questions that they may have. Larry Polhill told the Council he heard a lot of definitions of things today that have been a lot different than reality, he believes. Federal tax credits are, in fact, tax credits, not tax dollars. They are federal dollars which are credits against somebody's income taxes. Not Café Valley. Somebody in the country will buy those tax credits and that generates cash for them to bring to this community. President Obama signed \$7,000,000,000 of additional federal tax credits just in January which is why this project is going forward. They can bring \$40,000,000, maybe \$50,000,000 of those tax credits to Marion or they could end up somewhere else. Those credits, that \$7,000,000,000, there are people standing in line for it. We're at the head of the line at this point and they want to bring those credits to Marion. And

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this is not a handout by any stretch. People have asked, well (inaudible), and he's really getting frustrated answering those questions so he apologizes for his tone but, you know, this is a \$50,000,000 project. It's a \$25,000,000 bank loan. It's personally guaranteed by him and the other principals of the company so he thinks they've got a lot of skin in this game. They backstopped the city's tax bonds to the extent that the city is signing on that. He doesn't know what more they expect them to do, Polhill said. Now they got a \$25,000,000 bank loan to start with, they have state tax credits for \$5,000,000, they got the TIF contribution for (inaudible) \$5,000,000, which is, by the way, limited at \$10,000,000. So if the city's counsel is good and sells those credits for more, that's a benefit to the city. They don't get another penny over that. So, what else can he answer for them? No questions, Polhill asked. There's been confusion about the lease. Let's put that out there. This lease is from the city leasing the property from Café Valley. We're not paying for this lease. This is a mechanism in order to get the bonds. There's also been talk about long life bonds. They're 25-year bonds to get the amortization down. If they and the bond underwriters want to elect to have a balloon payment in the 10th year or the 15th year or the 20th year, that's a business decision for them to make and then the tax revenue goes wherever and the principal goes down every six months when the bond principal is paid. So, what else? Please, let's get this stuff done. Polhill said, he doesn't mean to be arrogant but..... Councilman Brad Luzadder told Polhill, it's his understanding that, whether we get the money or the tax credits are offered, whether they come to our community, it's going to go somewhere. Correct? Polhill replied, \$7,000,000,000 of federal money is going to go into projects around this country. Luzadder stated, and just as he pointed out last meeting, the federal government is going to spend this money some place. Polhill commented, it's already been spent. Luzadder said, he would much rather have it spent here than somewhere else and he argued that, as he talked with Mrs. Whitticker last time, they talked about this at the last meeting, during the whole stimulus thing that President Obama brought out, he (Luzadder) argued against spending taxpayer monies. They're already going to spend it, it's already been spent. He would welcome it being spent here and the comment has been made that we cannot afford to do this. He can sit there and say they cannot afford not to do it because he thinks that that Thomson property has sat there as a dinosaur for a long time and it's about time they clean up that area, get something new in there where it's going to continue to thrive and it's going to be jobs, jobs for this community, that there's a lot of people that need the money. Polhill stated, well, yes, that's kind of a no-brainer in his book too but the point is that the tax credits are credits. They're not dollars. Nobody is writing them a check for these dollars. They have to sell these credits. They have to personally guarantee that tax deduction to whoever buys those credits for the next seven years and they have to sign a recapture agreement on those tax credits for those seven years while those credits are earned. So there's a lot of exposure on their side of the equation here. There's been a lot of misstatements about \$40,000,000 and \$26,000,000 in handouts. That's not the case. Again, the Series B is all on them (Café Valley), not the city. They have no exposure to that whatsoever. Councilwoman Whitticker told Mr. Polhill, before he leaves the podium, it would have been very nice to have him speaking before now. The public has heard that. And let's go a step further. Her colleague said argued. He has not argued with her. They have a difference of opinion. She doesn't argue with him. But, moving on, moving on back in to what's going on here, she doesn't think anybody has a problem with having jobs come because this country needs jobs. The problem is we have been involved in so many deals that have not produced the expected outcome that it has made people very, very leery of what is being brought here. Now, let's go a step further. When they did tax abatements tonight and so on, they saw financial statements and she was told this morning at the Economic Growth Council those things were shown to Mr. Reese and so on, his (Polhill) private company and so on. The issue is she has a very hard time signing over or signing for incentives or so on to say to do something that possibly could burden the citizens of this community again and it not come to what they want to have happen. They are reading about acreage in the middle of a section they thought that now another community owns, collateral they thought..... Now, and that has nothing to do with him (Polhill) but this is the dilemma that they have dealt with and that is what has made them leery and so on. They have a property that they know has some issues as far as environmental concerns and so on that are out there and those environmental concerns are concerns for all of this community because at some point or another, those concerns will have to be cleaned up. They have other venues that have been brought and that have not come too so he has to understand where, she's not going to speak for anybody else, her skepticism is with her. Mr. Polhill told Whitticker, well, he understands her skepticism but he, again, was not a party to any of those transactions she's referring to. He did do due diligence regarding the toxicity of the site and they're very comfortable with the Phase I.

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In fact, the consultant is in the audience who has done that study and there are no issues on the part of the site that they have. He also understands that GE is on the hook for the rest of the site, long term, and it's not going to be a burden on the city any more than it is now. It's a burden on the city by virtue of the fact that they've got a contaminated site in the middle of their city and it'd be nice to see something happen to that. Whitticker said, yes, and him saying GE, that's the first time that she heard that that company was on the hook for that toxicity in that property. And he has to understand, looking at the things that have happened, it makes one very, very leery. And he is caught in the crossfire. Polhill stated, that's her prerogative. But he doesn't want to be a victim of prior circumstances which he has nothing to do with. So, do they want the project or not? Councilwoman Madonna French told Mr. Polhill she wanted to thank him for considering Marion for this project. It's unfortunate that these other situations are clouding this particular development. She wants everybody to understand that this is not a start up company. Café Valley is a very profitable company with a very substantial customer base and all they want to do is bring part of their operation east of the Mississippi River. She wouldn't want to say they're east coast. But, and, honestly, what's happening here, to put it in very simple terms, is their taxes are paying their mortgage. Wouldn't that be an easy summation of it? Polhill said, he's sorry, taxes are paying whose mortgage? It's paying the city's mortgage, not their mortgage. French said, their taxes are paying.... Polhill stated, are paying the bond service. French stated, are paying the city's bond obligation. Polhill said, yes, as they heard earlier today, 110%. French stated, it's a conduit. It's a vehicle by which they can utilize leverage their tax money to make this deal happen. She would hope that they could all look at this in its own light and not penalize this company for what's happened with other companies. That is just totally not fair and it's frustrating for her to have Mr. Polhill standing before them and hear those other situations. She means, let's look at this deal for what it is and it's a great deal. And she's certainly excited about the opportunity to see them start to turn dirt out at 38th and Adams. So, thank you for being here again before them and his comments have cleared off a number of issues, she thinks. Polhill replied, yeah, this is another (inaudible) error here. He hears about \$2,500,000 worth of legacy problems the city has had. Again, this was certainly long before he knew Marion was even an option to consider for Café Valley. That's 5% of their total project value. It's like the tail wagging the dog, it seems. Any other questions? And he has been available by phone, he made that opportunity known to people around here. He's been involved in the Planning Commission and other meetings (inaudible) answer any of these questions any time, Polhill said. Councilman Paul Thompson said, in regards to the lease, there's three people involved with this lease and who will pay the tax on that lease? He means, if it's leased.... Okay, it says Grant County Economic Growth Council, Inc. Polhill told Thompson, the lease is a mechanical device. In order to do the bonds, they've got to have a matching lease for the length of the term of the bonds. They should defer to counsel because he's smarter at this than he is but the lease is for \$1.00. There's no economic value, there's no material tax effect for either side. Thompson told Polhill, well, he's kind of putting him on the spot because he doesn't think he knows so he'll ask Mr. Reese. Polhill stated, well, let's ask the attorney. Bruce Donaldson with Barnes & Thornburg told the Council essentially the company is going to own the site. It's going to lease it to the Growth Council and then the Growth Council is going to lease it right back to them. Each side is \$1.00 and then the Redevelopment Commission joins the lease for purposes of making the payments on the bonds. And so the lease is a mechanism to get the Redevelopment Commission's TIF, which is the primary source, the project TIF, the primary source of repaying the bonds into the transaction. So the lease is really just a, like Larry said, a mechanical, it's an accommodation by the company to allow them to have an asset to lease, to access the Redevelopment Commission TIF money, Donaldson said. Thompson asked, is this a lease to own? Donaldson replied, the company will own the project and it will continue to own it throughout the lease and then when the lease is over, the company will own the project. Thompson stated, okay, not that he really understands but he appreciates what he's said because it's helped him a little bit. He hadn't heard all that so, thank you for being here, Thompson told Donaldson. Councilman Troxell asked Mr. Reese, this project depends on some government money, is that right, that they've applied for? Reese told Troxell, there are tax credits that are in play that the company is seeking, yes. Troxell said, okay, now he doesn't have the right figures but he's sure they'll get them before this thing is settled. They have, in that government money, a little over \$3,000,000,000. Reese said, tax credits, yes. Troxell said, he's sure that the figure was over \$21,000,000 that had been applied for that. There's 287 businesses that have applied for that. Now, there's \$21,000,000 they're asking for and only billion, there's only three billion there. Now is that going to affect this situation here? If they don't get that federal money? Reese answered, their project is contingent on

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that and it's been clear from the beginning that they are seeking those new market tax credits. Troxell said, they've already got that guaranteed. Reese stated, and they are absolutely confident that they will be receiving those credits. Troxell responded, well it's his understanding there's three billion there, there's twenty-one (inaudible) applied for, 287 businesses have applied for. Mr. Reese told Troxell, right, the qualifications for that, there is a couple of areas in that. There's a rural designation. This project fits all of the criteria necessary to be at the front of the line but the expert is this guy. Mr. Polhill said, he doesn't know about an expert but they've done it before. They used new market tax credits to build the project in Phoenix. They got about \$32,000,000 worth of credits for that project, which doesn't come close to qualifying for all of the buttons that you push on a project in Marion, meaning Brownfield, meaning non-metro site, meaning basically the poverty census track by definition of the Census Bureau. Puts them way high on the list. First of all, they have \$20,000,000 of old allocations already in the pipeline. They probably don't have to get a lot more, maybe not any more, to do this project but they qualify for \$50,000,000 so he's in line for the next thirty. If they can get it, great. It'll make this project move faster and be bigger faster. They have a second commitment from another CDE who has committed 100% of what they call their non-metro allocation. There's not a lot of non-metro applications. You take that number that he put out, the so called applicants for the three and a half billion which is only for this year, there's another three and a half billion already set aside for next year. So it's a total of \$7,000,000,000 of new allocation plus if you look at the CDFI, you would find somewhere in the range of one hundred billion dollars of old allocation that is yet to be put to work in projects. So projects start, projects fail, projects don't go and that's how they got the first twenty million. Another guy had it and he didn't perform and they got it. So, again, what else did he answer there? Troxell said, well he hopes he (Polhill) understands, he's not against the project but he's gun shy. Polhill told Troxell, he does and he appreciates that. He would be too. Mr. Troxell stated, he's asked questions. He asked Mr. Eckerle at the last meeting, right before the meeting right over here, he said where are we on the Amvets building? Well it's taken care of and he understands that's not taken care of. That's just one question. They have a lot of questions out there where they've been shot out of the saddle before. Polhill said, he understands and that's not part of his equation but, again, he's trying to answer the new markets question and when he first came to the city and they first talked about this site, there wasn't three billion in the pipeline. The law sunset on 12/31 of '12. So until Obama signed the new law and then Congress allocated the three and a half billion times two for a total of seven billion, they didn't even have that when they started talking to Marion. So they are way down the road from where they were just a few months ago. Councilman Reggie Nevels asked Council Vice-President Smith, can they go ahead and move to the public hearing? If not, they'll be there all night. Councilwoman Whitticker told Mr. Polhill, before they move, have we been awarded an old or new tax credit? Polhill told Whitticker, they have old for twenty million and are in line for twenty million of new. Whitticker asked, so we have actually been awarded twenty million? Polhill told her, well the word awarded is catchy. He doesn't know what that means. They have, the intake forms have been taken, the due diligence is in process. It is ours to lose at this point. The whole project has to come together before you close and that's when they are actually awarded is at closing. When you pull down your leverage lenders, it's all tied to your bank financing and the whole package has to close at one time (inaudible) those credits are put into escrow, those credits are sold to usually US Bank (inaudible) and then that's how you generate the cash to fund the construction. Councilman Luzadder said he would second Mr. Nevels' motion to move it to public hearing. Council Vice-President Henry Smith asked, does anybody from the audience have anything to say or ask? Come to the podium, please. State your name, your address. Bob Core (?) told the Council he's second vice at the Amvets and they met with everybody today and everything and they're not against this project. They, at the Amvets, really want jobs to come to this town but they want their veterans taken care of. That is what they're mainly concerned with. They just, they don't want no politics involved with them. They just want a place to be able to take care of their veterans. That's all they're in for it for. Lynn Johnson – 533 E. Sherman Street, Marion – said she had two questions. The first question she has is, she's gone to the website and there's about, for this new market tax credit and as far as she knows from that website, it says that this will be awarded in April. Is that an agreement or is that not going to happen? Or is that a different date? Mr. Polhill answered, just so everybody can hear him, that's a misstatement again. The new market tax credits she's referring to is part of the seven billion that was just signed into law by Obama in January. Three and a half billion will be divided between the allocatees who will get that three and a half billion and those are the people that they negotiate with to bring it to Marion. But, that has nothing to do with the twenty million they already have. Ms. Johnson asked,

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so they do have a backup plan, a Plan B? Someone replied from the audience, the Plan B (inaudible) old allocation and new allocation and twenty million was from old allocation. Johnson told the Council, the second question she has is, do we have a bond market expert? Have you negotiated or talked to someone in the bond field? She stated, well, the last five bonds that we've issued have not sold. Mayor Seybold said, we have not issued any bonds that have not sold. Johnson said, we have not issued any bonds that have not sold? Marion Land LLC, one hundred and eighty billion. Vela Gear, eighty million. That didn't sell? We didn't issue a bond? Seybold responded but was unable to be heard since he was not at the microphone. Johnson stated, we didn't issue them. We just got them approved is all is what he's telling her. Seybold then called a point of order and said those have nothing to do with this project. Mr. Smith then asked, any other questions pertaining to just this project? Ms. Johnson replied, yes, well, she's just wondering if the bond will sell. That's all she's wondering. She wants this project to work and she didn't know what the odds are and what the bond market was reflecting these days. Jim Gartland, Chairman of the Atlas Foundry, told the Council they are the oldest employer or at least oldest manufacturer in town. They're 120 years old and he would like to welcome Larry to this community and thank him for putting \$20,000,000 of his own money on the line to build this facility. Mr. Smith then said, okay, not seeing any, he needs a motion. Lucinda Caudill – 809 E. Marshall Street – told the Council she doesn't really have much to say. She can understand the frustration and even the arrogance of the first row behind her. She knows that they're coming in with good intentions and good ideas but this isn't our first time to the rodeo. You know, we've been here before. It's not a matter if it's good for Marion. It's a matter can Marion afford it and she doesn't care what business you are. She means, even the car companies almost went belly-up. So if, per chance, something that will probably never happen, they go belly-up, can we afford another job opportunity? We've got a lot of skin in this game too. They're not the only ones and it's very personal for us and if they lived here, they would understand that. So, she doesn't know how they can guarantee it because everybody wants jobs. We're begging for jobs and that makes us very vulnerable. So, even though she thinks the people have good intentions, she thinks that we as a community and as a Council ought to look at our history and it's not picking on them. It's just, can we afford it if by some catastrophe, an earthquake, anything, if this doesn't work out, what will we be stuck with? Mayor of Marion Wayne Seybold said, the car company she was talking about was GM and we gave them a \$40,000,000 TIF. And they were on the verge of bankruptcy. And look how successful it is. You all should be embarrassed, you two. Councilman Brad Luzadder called a point of order. Seybold said, no, he's going to have his say. Councilwoman Madonna French called a point of order. Luzadder said, point of order, Mr. President. Councilwoman Joselyn Whitticker called a point of order. Seybold said, no, he's going to say, everybody that's come up here.... Whitticker stated, this has happened too much, no. Council Vice-President Smith said, hold on and banged the gavel. The Mayor stated, everybody that's come up here this evening has done so in a political way and this company, who is going to invest a lot of money and bring a lot of jobs, this company has been put through the ringer because of your political agendas and you should be embarrassed. Whitticker said, the only political.... Luzadder stated, Mr. President, you asked for a motion and he will be happy to give a motion. Now, here's the point. Here's the point. We've got a company that's willing to back it up with their own monies. We haven't had that prior to. Now, this is totally different from any other thing that's been in place. Now, this is a huge opportunity for us to take care of a bad situation out at 38th and Adams Street all the way up and down there. He cannot believe that we are sitting here arguing about basically jobs coming into this community with an established company that is currently doing it in Arizona. That does not make sense to him why we're going to crucify a new company for what happened in the past. If you live in the past, you can never build on the future. So, Mr. President, whenever you are ready, he's willing to make a motion for General Ordinance No. 4-2013 to suspend the rules. Motion was seconded by French. Council Vice-President Henry Smith replied, hold up, we have a young lady here who has something to say. Pam Williams told the Council she lives at 412 West Kem Road in Marion, Indiana and she's a former RCA, GE, Thomson employee and she would love for something to be out there at that corner. It is depressing to go by and see weeds up in the cracks. It is depressing to go by and see the factory in decay and all that kind of stuff. But what she's not understanding is Mr. Reese keeps saying that the Growth Council is going to buy it. Well, who's going to clean up all the toxins that's out there in the ground that Café Valley's not going to be associated with? She told Mrs. French that she's her Councilwoman and she can't ever get a hold of her. The emails on the website always come back undeliverable. But she has a question for her. She says that we shouldn't bring up all these other failed things that Wayne Seybold and

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Darren Reese have brought to the Council and that they just keep writing blank checks for them. Well then tell her, how come Wayne Seybold and Darren Reese can put in Earthbound into this new deal with Café Valley? Councilwoman French told Ms. Williams, she thinks as they explained it, they're being required to do that. Is that not correct, gentlemen? She was told that is correct. French said, and so, in order to go forward with the pledge for EDIT on this particular project, they had to, she's just telling ya.... And her phone number is 661-4969, so she knows. They're being required to do that by the bond folks. Williams said, then she can't understand why the taxpayers and the ones they've all been elected to be representing the taxpayers, why they're not listening to the majority of the people in this town? They just want questions answered. You better believe they want a company out there. You better believe they want jobs. But not the way that business has been run here under Mr. Seybold's Administration. Mrs. French said, now, wait a minute, this company is coming here and the city has no financial obligation, correct her if she's wrong, gentlemen, no financial obligation except for the \$2,000,000 that's for Earthbound. Café Valley is giving their tax money to the City of Marion to pay the bonds that we're allowing them to issue and then after that, if there's not enough TIF revenue, they've agreed to make up the difference. The company has. She knows this is a very complicated economic development deal. It took her forever to read this stuff a hundred times and she doesn't know it as well as they do. But, if you can get 500 jobs in five years and the City of Marion is not financially obligated for any of it, take out Earthbound because that hasn't got anything to do with the project, why are we concerned? It just makes so much sense, French said. Ms. Williams thanked French for that explanation. Like she said, it is very complicated, she understands that, but what she doesn't understand is, she's been a couch potato and she's sat at home and watched these Council meetings and she's seen Mr. Seybold and Mr. Reese come up to this microphone and keep saying we're not on the hook for anything, we won't be on the hook for anything and then these companies fail. Veriana leaves, Trienda leaves, Earthbound leaves. They're all failed and we're still on the hook for things. Now, how can they sit here and tell her we're not? French replied, ma'am, the only thing that she knows we're on the hook for is Earthbound. We have no obligation for Veriana, Marion Land Development, and honestly, all of that doesn't have a thing to do with what we're here to decide tonight. Williams said, she understands that but you're gun shy when you keep seeing all these failed projects in our city. French stated, she understands that too and that's why she spent hours and hours looking at this and asking questions. They had to convince her too. She didn't take this at face value. Williams told French, pardon her, he's speaking to her. What did you say, Mr. Seybold? Seybold replied, he didn't say anything to her. He was talking to his attorney. Mrs. French told Williams, so, call her any time, email her. If it's not on the website, it should be on the website correctly. Williams said, she only has one more thing to say and she thinks shame on this Council for letting him be a bully when he comes in to all these meetings. French responded, ma'am, that's inappropriate. Someone called a point of order. Council Vice-President Henry Smith asked Mr. Eckerle, does he have something he wants to share with them? Executive Director of the Grant County Economic Growth Council Tim Eckerle said, he just wanted to, real quickly, as they talked about during the informational meeting and all, he thinks forever, they've been very clear it's General Electric that's been on the hook. There's a remediation plan that's in effect for them to clean up the site. It's been approved by the Indiana Department of Environmental Management. It's been in place for a number of years. It's been approved by the U.S. Department of Environmental Management agency as well. Smith then said, okay, now we need a motion. Luzadder said there was a motion on the floor. French said, she calls for the question, please. City Clerk Kathleen Kiley said, motion by Luzadder, 2nd by French to suspend rules. French said, sure. Vote on the motion to suspend the rules on General Ordinance No. 4-2013 was as follows: Troxell – asked, what's the motion? Kiley told him, motion to suspend the rules and Troxell voted no; Luzadder – aye; Nevels – aye; Whitticker – no; Thompson – said he's not opposed. He's confused and he's going to no because he can't vote for it and be comfortable; Brunner – aye; French – aye; Smith – aye. Then Councilman Brad Luzadder started to make a motion to pass and City Attorney Josh Howell said, the motion failed. They need a 2/3's majority under their own rules to suspend the rules so they need six votes and they got five. Motion was then made by Luzadder to move General Ordinance No. 4-2013 to 3rd reading. Motion was seconded by Nevels. Councilwoman French said, excuse me, that's never been the..... Is it? Mrs. Kiley said, to suspend the rules, yeah, 2/3's majority. Howell told Councilwoman French, it's a simple majority of the actual members so it takes five votes to pass an ordinance. It takes a 2/3's majority of the members present to suspend the rules (inaudible). Mrs. Kiley told the Council, so they have a motion to pass to 3rd reading, seconded by Nevels. Vote on the motion was as follows: Troxell – asked, that is to have

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another meeting, right? Kiley told him, yes. Troxell then voted yes; Luzadder – aye; Nevels – aye; Whitticker – yes; Thompson – aye; Brunner – aye; French – aye; Smith – aye. Councilwoman Joselyn Whitticker said, Mr. Smith, we have had the Mayor get up and ridicule Mr. Troxell and herself and he is talking out. Now, this is the point of order. They have been respectful to him. They expect and so do the citizens of this community the same respect. Smith replied, that is correct.

NEW BUSINESS

RESOLUTION NO. 6-2013

The City Clerk read Resolution No. 6-2013 by title only. Confirmatory Resolution of the Common Council of Marion, Indiana declaring economic revitalization area for CVS Systems, Inc., 1139 S. Baldwin Avenue, Marion, Indiana. Tim Eckerle, Executive Director of the Grant County Economic Growth Council, told the Council with him tonight is Doug Carl, Executive Vice-President of CVS Systems. This long-term, family-owned firm is looking to expand and build a 10,000 square foot warehouse unit of a rough value of about \$700,000. They're pledging to create five additional jobs and to have some equipment of roughly, \$200,000 worth of new equipment. It's a five-year abatement at 100% for the equipment and 10-year, 100% on real estate improvements. They will gladly answer any questions they may have. They made an extensive presentation to the committee, Development Committee, and he believes they have a recommendation to share. Councilman Jim Brunner said, after meeting with Mr. Eckerle, also meeting with the folks from CVS, they, at this time, would like to recommend, the committee unanimously voted to recommend this to the Council. Being no questions or comments from the Council, Council Vice-President Henry Smith said, this is a resolution so it can be passed in one. Motion was made by Nevels to pass Resolution No. 6-2013. Motion was seconded by Brunner and carried by the following vote. Aye: Troxell, Luzadder, Nevels, Whitticker, Thompson, Brunner, French and Smith. Nay: None. Mr. Carl told the Council, thank you very much. Again, they do appreciate their support.

RESOLUTION NO. 7-2013

The City Clerk read Resolution No. 7-2013 by title only. Resolution of the Common Council of the City of Marion, Indiana, approving statement of benefits for real property tax deduction for the installation of new manufacturing equipment and modern logistic distribution equipment in economic revitalization area for Atlas Foundry Company, Inc., located at Factory Avenue and Henderson Street, Marion, Indiana. Tim Eckerle, Executive Director of the Grant County Economic Growth Council, told the Council with him tonight is Bill Gartland, President of Atlas Foundry. As Jim Gartland, the Chairman, pointed out earlier, it's the oldest manufacturer in Grant County. They're seeking to amend their property tax abatement so they can add a heated autopour system. Roughly, it's a \$931,000 investment and they're seeking a five-year, 100% personal property tax abatement amendment. Councilman Jim Brunner stated, once again, the Development Committee of the Marion Common Council met earlier tonight to talk with the folks from Atlas Foundry and they unanimously recommended this resolution. Council Vice-President Henry Smith asked, anyone have any questions? If not, he needs a motion. This can be passed in one. Councilman Fred Troxell said, he doesn't have a question but he has a comment. He appreciates Atlas Foundry. It is the oldest business in Marion. The only thing he even considers is, he wants them to know as well as the public, they can't afford tax abatements anymore. The city's broke but he's for this and he's going to support it. Motion was made by Nevels to pass Resolution No. 7-2013. Motion was seconded by Whitticker. Councilman Brunner called a point of order and said, Mr. Attorney, since this is an amendment, do they need to amend first or can they just pass this resolution? City Attorney Josh Howell told Brunner, the resolution amends it. They can just pass it. Motion to pass then carried by the following vote. Aye: Troxell, Luzadder, Nevels, Whitticker, Thompson, Brunner, French and Smith. Nay: None.

GENERAL ORDINANCE NO. 5-2013 1ST READING

The City Clerk read General Ordinance No. 5-2013 by title only. An Ordinance defining the Council Districts for the Common Council of the City of Marion, Indiana. Councilman Henry Smith told the Council this is an ordinance laying out the boundaries of the six wards in Marion. They took a unanimous vote on that at their last ordinance committee.

GENERAL ORDINANCE NO. 5-2013 Continued

Does anyone have any questions, Smith asked. Being no response from the Council, Smith said he needs a motion. Councilwoman Joselyn Whitticker said, so moved. 2nd was given by Thompson. City Clerk Kathleen Kiley asked Whitticker, is this to send it to 2nd reading and public hearing? Whitticker told Kiley, yes. Motion then carried by the following vote. Aye: Troxell, Luzadder, Nevels, Whitticker, Thompson, Brunner, French and Smith. Nay: None.

GENERAL ORDINANCE NO. 6-2013 1ST READING

The City Clerk read General Ordinance No. 6-2013 by title only. An Ordinance to amend and replace all prior ordinances relating to the rules of Order and Procedure of the Common Council of the City of Marion, Indiana. Councilman Henry Smith told the Council this is the ordinance pertaining to the agenda. If they look to where it says Section 2-70 – Agenda, that page there was entered into and it deals with the Common Council schedule for..... It says all matters constituting the agenda of the regular meeting of the Common Council should be filed with the City Clerk no later than 4:00 pm on Wednesday. So that'll be the deadline now of handing everything in pertaining to the Common Council. And then it goes down to the next part where it reads the public shall be afforded the opportunity for the Council to consider a proposed ordinance under the following procedure and they've got A, B, C and then they've got D with 1, 2 and 3. All this deals with the regulation of how to hand in, the procedure of handing in materials for a new ordinance. So, do any of them have any questions on this here? Councilwoman Joselyn Whitticker told Mr. Smith, can they move this to committee to be discussed at the next meeting, even though they've discussed bits and parts of it, so that they can have time to digest this information and discuss it at the committee meeting? Smith told Whitticker, if that's what she sees fit because this is what they did last time, last Council meeting, Ordinance Committee. If that's what she wants (inaudible) to go ahead and put it in committee. Whitticker said, yes, that's what she would like to do is put it in committee then they go through and discuss it and then bring it back out of committee and vote on it at that point. Mr. Smith replied, okay, legal? City Attorney Josh Howell told Smith, they're waiting for a second. She has a motion to put it into committee. They're going to need a second or else it'll die. Whitticker's motion was seconded by Troxell and carried by the following vote. Aye: Troxell, Luzadder, Nevels, Whitticker, Thompson, Brunner, French and Smith. Nay: None.

Being no further business to come before the Council, on a motion by Brunner, 2nd by French, the meeting adjourned. Time being 8:13 p.m.