

**VILLAGE OF COMMERCIAL POINT
COMMITTEE OF THE WHOLE MEETING MINUTES**

January 20, 2020

President Pro Tempe Moore called the meeting to order. AA Baldwin took roll call with the following members present: Ms. Wolfe, Mr. Grassel, Mr. Mitchem, Mr. Thompson, Ms. Joiner and Mr. Moore. Mayor Goldhardt, VA Crego, ZI Kuzelka and FO Hastings were also in attendance.

Mr. Aaron Under Hill and Mr. Josh Barkin were present to give a presentation on the Foxfire Project and discuss the TIF and rezoning issues. Mr. Barkin said the P & Z meetings were productive, but in the process, they lost 12 lots and the flex area. He said the lot sizes have increased slightly. They are currently at 416 lots which are 56 and 62 ft wide and provide the ability to build three car garages. The green space is over 32%, which is more than our code requires. He said they added a pool, playground and open-air cabana. Mr. Barkin said the product they would build is their Smart Product, which was rolled out about 3 years ago and is 50% of all of their sales. He said at the Planning and Zoning meeting, there was a lot of discussion about the lot sizes and setbacks. He said the market wants greenspace that they do not have to personally maintain. Ms. Joiner asked what the Smart Product was. Mr. Barkin said it is their single-family line, ranging from \$300,000-\$350,000. He said the product is made up of two styles of ranch homes and 4 four styles of two-story homes. He said the ranch square footage ranges about 1450-1700 sq. ft. and the two-story plans range from 1700-2800 sq. ft. All styles come with a partial basement with the ability to go to a full basement. The group discussed comparable communities with Mr. Barkin. Mr. Barkin said at the P & Z meeting, one of the items they discussed was if it will all be the same product or they will have a ranch only, low-maintenance, empty-nester area. Ms. Joiner asked what he thought the HOA fees would be. Mr. Barkin said they would average \$1000-\$1500 a year. Mr. Underhill said MI will fund the association upfront so they will not start at \$0. Ms. Joiner asked if the amenities will be put in Phase 1. Mr. Barkin said not in phase 1 since there is a lot of infrastructure costs upfront. Ms. Joiner asked if they will tie into the current Foxfire development. Mr. Barkin said they have no access to the other Foxfire development. Mr. Moore said there are a lot of easements that are utility easements and this is something we can look at later. Mr. Moore asked the average acreage per house. Mr. Barkin stated about .2 acres per house. Ms. Joiner said she does not like the railing at the entrance and it should be nicer. Mr. Moore said his biggest concern is the extent of the zoning variations. He said it is more than any other development has asked for. He said we took a zoning code from an area we would like to mirror. He feels the prices of the home is comparable to Chestnut, which was about 2 years ago. It is a different quality of home than what he wants to be built in the Village. Mr. Barkin said the 400 homes, with an average value of \$325,00, will bring up the property values. He said this is by far the largest project that has been proposed in Commercial Point. He feels it will really enhance the property values. He said they also offer different floor plans and levels such as their traditional, farmhouse and craftsman styles of homes.

Mr. Underhill distributed information on the TIF to the group. He did an overview on what a TIF is and how it works. He discussed the TIF proposal for this project. He said they are proposing a 30-year TIF and are asking for \$5.5 million dollars be paid back to them out of the TIF monies. He said 80% of the TIF monies would be paid to MI each year until they are paid back plus interest. The other 20% would go to the village. The repayment of monies to MI for infrastructure cost will depend on the absorption of the project. They are trying to keep the housing prices to a point to meet the market demands and the cost of tap fees have increased dramatically. They are not looking for a waiver on that, just a reimbursement of some of the tap fee. He said infrastructure cost are significant on a project like this. He also discussed the income tax that will be acquired for the village from the workers on this project. He said the TIF will provide a new revenue stream for the Village. It will provide the village with money for projects outside of this one and the village can always borrow against it at a low interest rate. Ms. Joiner said she feels the 5% interest they want to charge is very steep. She said other developments are coming in and the commercial property on 104 was at 2.5%. Mr. Barkin discussed their other TIF's and interest rates. He said when they first suggested this, they were at a 90/10 split at 7% and after much discussion it went to 80/20. He said they discussed which was more important, Commercial Point receive a larger % of the revenue stream or a lower interest rate. Ms. Joiner pointed out it seems they increased their portion to cover the tap cost. Mr. Barkin said yes. Mr. Moore asked for a copy of other TIF agreements they have used in other areas. He said we need a water plant upgrade, but we know there are developments like this coming that will need to be taken care of. Mr. Barkin said infrastructure projects include a road widening for State Route 104 and State Route 762, all street infrastructure, sewer, etc. He said it is a revenue stream and if not for this TIF, we would not get it. Mr. Moore said the only TIF agreements where we are reimbursing the developer is the commercial project TIF. He said when a residential development comes in, every home cost us money for the police department and street maintenance. He said the income tax coming in actually is cut dramatically with the cost of the homes to the village. Mayor Goldhardt said basically they are putting in the roads and we are buying them back with interest in their development. He asked why should we pay anything. The Village called

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Westport and Scioto Crossing and advised them that we would like to do a TIF and we wanted 100% of all of the revenue generated. They said ok, give them the paperwork and they will sign it. MI came in saying they want \$5.5 million. Mr. Barkin said to build something with this unique quality, there is a certain cost. Mr. Thompson said he is not for giving anything back. He said if they want to build here, they should pay to put in their infrastructure and homes. He said we have houses in that size and price range already here. Mr. Barkin said it is not money they are taking from Commercial Point. Mayor Goldhardt advised they are taking it from the county. Mr. Thompson said he does understand the issue with the tap fee. Mr. Moore said he has a little issue with the numbers they provided. He said based on his generic figures, we would have them paid back in 22 years. Mr. Barkin will forward their numbers. Mr. Moore stated we are looking at a water plant expansion and we are trying to figure a funding source for it and asked if they have any interest in paying tap fees upfront if they agree to their TIF? He said it would allow us to not have to take out a loan and have an interest rate to pay off. Mr. Barkin said he understands there was another tap agreement where they paid a different amount. He said they cannot pay all taps upfront but what they can do is when they plat a section which is typically 30-50 lots, those can be paid upfront. Mr. Moore said he does not know if that helps out on the short-term issue. Mr. Barkin said he wants to get to a place where we are happy and they are happy. Mr. Moore said in the past, TIF's they negotiated the interest rate down but it is not a capitalized interest rate. He said he understands they have infrastructure needs, but then we don't just pay back the infrastructure with interest, we become a long-term investor at more than you would get in most investment portfolios. Mr. Moore said he would like to review their previous TIF's and encouraged them to review our TIF. Mr. Thompson discussed the tap fee increase and said he understands it happened in the middle of their discussions. He said he would not be opposed to a bargaining chip on the tap fee charge and allowing them to pay the old rate, if we get 100% of TIF, but stated that was his opinion. Mr. Moore explained that council has to look at the public benefit and we do not want to take a risk for them. He said as in the previous ones, they would have to ask for something built into this TIF to protect our risk. Mr. Barkin said having the revenue stream, we are able to borrow with very low interest. Mr. Moore said right now it is too speculative. Mr. Barkin said he disagrees with that statement. Mr. Moore discussed the OWDA loan and advised it locks us in for 30 years and would not allow for us to pay it off earlier without penalty. Mr. Thompson said he feels there is room to do something with the tap fee, but the \$5.5 million with the 5% interest rate would not get his vote. Mr. Barkin said if there is something on the table, he can work with that, but they will need something from the TIF, but it could get a lot smaller. Mr. Moore said he would like to discuss with VA Crego, Engineer Grosse and FO Hastings to understand the projections to see why they increased the tap fee. Mr. Moore said MI has a larger financial capacity to get a loan at a specific rate and we pay it back to MI. Mr. Barkin said that is actually not true because they are a public company. He said they do not have the ability to get the financing. It is either approved by corporate or not. Mr. Moore said he definitely would like to see their financial projections because he does not see how it can be paid off in 12 years. Mr. Underhill asked of the date for the OWDA decision. Mayor Goldhardt advised him a decision must be made by February 17th. FO Hastings advised at this point the upfront money would not help us. She said if we go through OWDA, we cannot pay it off early. Mr. Thompson asked if they looked into other providers. Mayor Goldhardt said they have spoken to a few banks and they could not help. Mayor Goldhardt said he will sit down and discuss some things with FO Hastings and once he reviews it with her, he will bring it back to council. He said we are up against the timelines and we do not own the land, so it should not have gone to bid. Mr. Moore said one thing every resident talks about is having a pool. He said he understand their pool is not large enough, but that is an amenity he could sell to the residents for a fee. Mr. Barkin said it becomes a liability for the HOA. Mr. Underhill asked if they need a public park. Mr. Moore advised we are not equipped to maintain one yet. Mr. Moore said he feels the Planning & Zoning board gave a lot, but they are still learning. He said there were things they gave that he would not have agreed to. Mr. Underhill said he appreciated the dialog tonight and now has a few things to work with. Mr. Moore said he feels the next step is for them to crunch their numbers, review other items they can provide for us and review their TIF's. Mr. Underhill would like to get the TIF notices out to the property owners, which starts a 60-day clock for decisions. Mr. Moore said one thing that came up at the end of the other TIF was the Fire Department. He asked if they have had any discussions with them on the impact of the TIF. FO Hastings said she believes with residential TIF's, they are made whole. FO Hastings advised February 17 at 6:00 is their Public Hearing for the MI zoning request.

New Business:

Mr. Moore discussed the sewer plant coming in after the water plant. He said he has not seen projections on the actual tap fee monies that will come in from all the developments that have been approved. He said this would be helpful to know what they will bring. Mayor Goldhardt said in the past month they found out we are still under a 20-year agreement with Scioto Crossing. He said 1/3 of Scioto Crossing's water and sewer tap fees will have to go to the Talbot Estate because they tap into the Southern Point lines on State Route 104. Mr. Moore said he would like to

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review the contract. FO Hastings said it would be paid off after 48 homes come on-line at Scioto Crossing. Mr. Moore said he would still like to review it. He said with this information, we definitely need an updated projection of what we have, the homes that are coming, commercial etc. FO Hastings advised him that we do not know commercial yet. She said Maronda Homes is 99 houses and Scioto Crossing is 191 homes. Mr. Moore said that would be \$5.3 million. FO Hastings advised him that this has to be divided between water and sewer and not look at it as total. Mayor Goldhardt said in the middle of negotiations with MI, the tap fee went up. Mr. Moore said it has nicer greenspace. Mayor Goldhardt asked council what should we give them? Mr. Moore said nothing based on their current plan, but we do have needs. Mayor Goldhardt said we can get the loans through the OWDA and he does not see what they are bringing to the table that would benefit the Village at this time. Mr. Thompson said he would offer them the old tap price. In return, we keep 100% of all TIF revenue. Mayor Goldhardt said what would make it perfect is to tell them they get 100% of the TIF up to the \$2.5 million and then they are finished. He said this way they would be paying the tap fees out of pocket and they would still get their money back. He said the TIF money won't show up for 2-3 years. If council wants to give them back tap fee money, he would recommend doing it this way. Mr. Thompson said he thinks we could sell them all of their taps at the old price. Then, when the TIF kicks in, we will collect the money to offset the tap fee money. He said if the project doesn't go well, they will not receive the \$2.5 million. Mr. Moore said if we thought they were going to bring in a large community that would bring in large revenue, then he may agree. Ms. Joiner said we may need to look into increasing our income tax base for non-residences. Mr. Moore said he has been pushing that for 2 years. Ms. Joiner said she is just suggesting non-residences. Mr. Moore said we would need to increase it to 1% and do a .25% back to all residents. He said we need a 2-2.5% income tax with a rollback for all residents. FO Hastings advised we can always raise it ¼% and we need to make sure construction workers register with the village so we can collect RITA tax from them.

Mayor Goldhardt asked for council's response to the TIF. Mr. Moore advised we should wait to see what they are willing to give us.

Mayor Goldhardt discussed the water plant and advised once it is completed and you process that much water, a sewer plant will need to follow. Mr. Thompson asked how many taps we have remaining. Mayor Goldhardt noted that the water plant is running at 80% capacity. FO Hastings advised we have gotten close to 100%, but just seasonal. Mr. Thompson asked for an update on the property purchase for the new water plant. FO Hastings said the property owner's attorney is holding it up, but it should be closed in 2 weeks. She was asked about a 30-day extension on awarding the contract, but stated that the bidders could increase their price if they do so. Ms. Joiner said she would prefer to ask for a 30-day extension. FO Hastings said right now we have to award the contract by March 17, but can award it contingent upon financing. She said another option is not to roll the engineering cost into the loan and just pay it off. Mr. Moore advised he will contact OWDA for alternate plans and Mayor Goldhardt will contact IBI.

A motion to adjourn was made by Mr. Moore and seconded by Mr. Grassel . All were in favor and the meeting was adjourned.



Bruce Moore, President Pro Tempe



Wendy Hastings, Fiscal Officer

*Minutes provided by Paula Baldwin, Administrative Assistant