

Duty and Jurisdiction

Executive Session

Executive sessions, illustrated in IC 5-14-1.5-6.1, are closed-door meetings of the RDC. They are a unique tool for municipal boards to hold meetings to discuss collective bargaining, litigation, security, real estate transactions, school consolidation, etc. These meetings are unique because no final actions may be taken within this setting. Final actions must be taken at a meeting open to the public. These meetings do still need to be publicly noticed.

Creation and Membership

Indiana Code gives cities, towns, and counties to create their own Redevelopment Commission (RDC) through the action of their legislative body. RDCs are generally comprised of five voting members appointed by the Mayor and Town Council. In Zionsville, the Mayor appoints three (3) members, and the Town Council appoints two (2). RDCs must include a sixth, non-voting, board member from the school board, which is located within the Town. In Zionsville's case, the Zionsville Community Schools Board of Trustees. Each shall be appointed for one year beginning on January 1st.

The RDC officers are held to similar standards as elected officials. Each member must reside within the Town of Zionsville's jurisdictional boundaries. This includes the rural areas of Zionsville. Officers are sworn into service when they become a member of the RDC. These officers must avoid conflicts of interest, holding multiple lucrative offices, etc.

Officers

Officers include a President, Vice President, and Secretary. The Treasurer role is held by the Town's fiscal officer (Director of Finance). The Treasurer is tasked with managing funds and accounts of the RDC. The Treasurer will not take any action without the direction of the RDC.

Meeting

The Redevelopment Commission (RDC) is required to hold a meeting within the first thirty days after their appointment. The requirement intends to allow these members to elect their required officers. The RDC may adopt a schedule of regular meetings or may hold meetings as needed throughout the year.

Indiana Open Door Law (see IC 5-14-1.5) requires boards like the RDC to provide 48 hours of notice prior to holding a meeting. Unless these requirements are satisfied by noticing for all scheduled meetings at the beginning of the year. The Zionsville RDC currently schedules monthly meetings on the fourth Monday at 6:30 PM in the Town Council Chamber.

A quorum of three voting members must be present for business to occur at a regular meeting. When voting occurs at these meetings, a vote of a majority of the voting members of the RDC is needed, not the majority of those present at the meeting. Members can still participate via electronic means specified under the Zionsville Redevelopment Commission Electronic Meetings Policy.

Electronic Meeting Policies

- a. **Minimum Physical Participation.** At any meeting of the Board at least two (2) members of the Board must be physically present at the place where the meeting is conducted.
- b. **Treatment of Members Participating by Electronic Means.** A member of the Board who participates in a meeting by a permitted electronic means of communication:
 - i. shall be considered present at the meeting; and
 - ii. may vote at the meeting.
- c. **Quorum.** A majority of the members of the Board of the RDC constitutes a quorum for the transaction of business. A member of the Board of the RDC who participates in a meeting by a permitted electronic means of communication shall be counted for purposes of establishing a quorum.
- d. **Permitted Means of Communication.** A member of the Board not physically present at a meeting may participate in the meeting by any electronic means of communication, so long as that electronic means of communication permits:
 - i. the member;
 - ii. all other members participating in the meeting; and
 - iii. all members of the public physically present at the place where the meeting is conducted to simultaneously communicate with each other.
- e. **Roll Call Voting.** All final action votes of the Board during a meeting where any member participates by means of electronic communication shall be taken by roll call vote, in which the name of each member of the Board present will be called individually and requested to cast their vote aloud.
- f. **Limitations.**
 - i. **Annual Minimum Physical Participation.** IC 36-7-14.5-9.5(e) requires that each member of the Board must physically attend at least one (1) meeting of the Board annually. However, anything in this Policy notwithstanding, Board members will still be expected to comply with the attendance expectations provided in the By-laws of the RDC.
 - ii. **Notice of Intent to Participate by Electronic Means.** A member of the Board intending to participate in a meeting of the Board by electronic means must provide notice of such intent, in writing, to the President of the Board (the "President") and the Director of Planning & Economic Development at least forty-eight (48) hours prior to the time the meeting is scheduled to begin to allow adequate arrangements to be made. Exceptions to the forty-eight (48) hour notice requirement may be granted at the discretion of the President.
 - iii. **Maximum Electronic Participation.** No more than three (3) members of the Board may participate by electronic means of communication at a meeting of the Board of the RDC. Each member of the Board of the RDC may only participate by electronic means of communication in six (6) meeting annually without prior written approval of the President. To participate in any subsequent meeting by electronic means of communication during the year, such member of the Board must obtain prior written approval of the President.
 - iv. **Executive Sessions.** This Policy does not affect the right of the Board of the RDC to exclude the public from an executive session in which a member of the Board participates by electronic communication.
 - v. **Public.** This Policy does not affect the public's right to attend a meeting at the place where the meeting is conducted and the minimum number of members of the Board of the RDC are present.

Duty and Jurisdiction

Duties

The Redevelopment Commission's (RDC) role is to strengthen and maintain the economic health of Zionsville. The duties of a RDC include:

1. Investigate, survey and study areas in the unit that need redevelopment.
2. Study and combat the factors causing an area to need redevelopment.
3. Select and acquire areas needing redevelopment or economic development areas.

Jurisdiction

Generally, the Redevelopment Commission (RDC) has jurisdiction throughout Zionsville. The Town Council does have oversight over the RDC, which includes the RDC's annual budget illustrated in IC 36-7-14-3(b). The significant items over which the Town Council has additional approvals include the issuance of bonds, amendments to declaratory resolutions or plans, and lease agreements. The purchase of real estate also requires Town Council approval if the price exceeds \$5 million or the contract has a term of more than three years.

Annual Notice and Reporting

The Redevelopment Commission (RDC) has several reports it must generate or be provided throughout the year. A brief summary of these reports is listed below.

- **April 01 Fiscal Report** – RDC Treasurer (Director of Finance) provides a Fiscal Report
- **April 15 Annual Reports** – the RDC must file a report of its activities for the prior year with the Mayor and Town Council President including items listed in IC 36-7-14-13. A copy must be submitted to the Department of Local Government Finance (DLGF). This is one of the most comprehensive reports prepared by the RDC including revenues, expenses, fund balances, employees, TIF parcel information, and more.
- **June 15 Report** – The RDC must notify the Boone County Auditor, Town Council, taxing unit within a TIF allocation area, and the DLGF of the RDC's plan to use TIF in the upcoming year and potential release of excess assessed value to taxing units.

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- **August 1 Neutralization** – The Boone County Auditor must complete a neutralization of the effects of reassessment or trending of real property on TIF each year.
- **Annual Presentation to Taxing Units** – Annually, the RDC must present general information on each allocation area such as budget for the use of these revenues, long-term plans for allocation areas, impacts of the allocation area, etc.
- **Appearance** – The RDC may be called upon to provide a member to attend a public meeting of the Town. No formal presentation is required but it is recommended that the Director or other support staff attend to help facilitate any discussion.

General Powers

The Redevelopment Commission (RDC) has several powers that it can use to accomplish its goals. A majority of these powers are listed below. Most of these tools can only be used when it is for the purpose of redevelopment and economic development.

- **Acquisition of Property** – A RDC may acquire property for redevelopment or economic development purposes.
- **Disposition of Property** – Disposal of property for redevelopment or economic development purposes.
- **Holding and Using Property** – Holding a property for redevelopment or economic development purposes.
- **Remediation of Property** – Remediate environmental contamination of property acquired from redevelopment or economic development purposes.
- **Repair and Improvement of Property** – Repair, remodel, maintain, or improve property acquired for redevelopment or economic development purposes.
- **Financial Assistance for Purchase or Lease of Residential Housing** – Providing financial assistance to enable individuals and families to purchase or lease residential units in a multi-unit residential structure. These individuals and families must have an income below the Town's median income.
- **Financial Assistance to Neighborhood Development Corporations** – Providing financial assistance to neighborhood development corporations to allow them to either provide financial assistance to low-income individuals and families; or construct, rehabilitate, or repair commercial property within the district.

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- **Tax Levy for General Expenses** – Annually levy a tax at a rate no greater than \$0.0333 per \$100 of assessed valuation in the Town. This money can be used for purposes outlined in IC 36-7-14 which can include planning and survey costs; property acquisition; redevelopment; and payment of general expenses. The RDC is subject to the general rules applicable to executive departments.
- **Issuance of Tax Warrants** – Issue tax warrants in anticipation of taxes that have been levied and are in the course of collection. This can be up to 80% of the taxes to be collected. Subject to procedural requirements.
- **Urban Renewal Projects** – Undertake urban renewal projects subject to IC 36-7-14.
- **Neighborhood Development Programs** – Undertake neighborhood development projects subject to IC 36-7-14.

Monitor TIF Calculations

Annually review of TIF Districts for errors.

Pruning TIF Districts

Amending TIF districts to remove parcels which are decrements to the area.

Personal Property TIF

Capturing TIF on depreciable personal property is not permitted for retail, commercial, or residential assessed value. Depreciable personal property TIF may be more significant than real property TIF in some TIF districts.

Monitoring Effect of Reassessment and Trending

Making efforts to verify Boone County Assessors are correctly assessing properties. This can reduce opportunities for loss through errors.

Refinancing of Existing Debt

Refinancing of existing debts to reduce the amount of annual debt. This can be done in a number of methods one including lengthening the term of the debt.

Clawbacks in Economic Development Agreements

Including clawback provisions or clauses in development agreements with a private developer to hold recipients accountable should they fail to meet commitments within the agreement like job creation or capital investments.

Request Receipt of Share of Savings From Tax Abatement Beneficiaries

Requesting that when providing tax abatements, Town Council require that some of the savings received by beneficiaries be allocated to the RDC.

EDA & TIF

Creating a “Economic Development Area”

An Economic Development Area (EDA) is required for the collection and use of any Tax Increment Financing (TIF). There are several procedural steps to accomplish this.

1. Establish proposed boundaries for the EDA.
2. Create an Economic Development Plan
3. The RDC adopts a declaratory Resolution approving the Plan and declaring the area a EDA.
4. The Plan Commission adopts a resolution approving the Economic Development Plan and Declaratory Resolution. In doing so confirming that the Economic Development Plan conforms with the Town’s vision for the area.
5. The Town Council passes a resolution approving the EDA’s designation
6. If the RDC plans to establish any TIF allocation areas, then the RDC must be prepared to submit a “Tax Impact Statement” of the projected impacts on and benefits to the underlying taxing units.
7. Public notice must be given of an upcoming RDC meeting. This should be done 10 day in advance of the meeting published in local newspapers. It must also be provided to other planning bodies in the Town, underlying taxing units, Neighborhood Associations, and property owners in the EDA. The Tax Impact Statement must also be sent to the underlying taxing units.
8. The RDC holds a public hearing and adopts a resolution confirming the EDA’s creation.
9. The RDC must file with the Indiana Department of Local Government Finance (IDLG), Boone County Auditor, and record the resolution with the Boone County Recorder.

Statutory Findings IC 36-7-14

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| <ol style="list-style-type: none"> 1. The Economic Development Plan should: <ol style="list-style-type: none"> a. promote significant opportunities for employment of citizens b. Attract a major new business c. Retain or expand existing businesses d. Meet purpose of Section 41, 2.5, and 43 of IC 36-7-14 | <ol style="list-style-type: none"> 2. The Economic Development Plan must be 3. The public health and welfare will be improved by the EDA 4. The EDA will contain public utility improvements which will attract and retain jobs, increase property taxes, improve economic diversity, and/or other similar benefits. 5. The EDA conforms with other public development and redevelopment plans within Zionsville. |
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EDA & TIF

TIF Allocation Areas

To better understand the term “Tax Increment Financing,” we will break it down. “Tax increment” refers to taxes payable on assessed value more than taxes attributable to the base’s estimated value. The “base” is the assessed value of the property in the area that existed before the designation of an area as an “allocation area.” “increment” is another word for increase. “Allocation Area,” “TIF Allocation Area,” “TIF District,” “allocation area,” and “tax increment financing allocation area” are all often used interchangeably.

The “Base” has an assessment date when a determination is made regarding the assessed value of the TIF Allocation Area’s parcels. This value will continue to be taxed and distributed to the underlying taxing units; however, any increase in tax revenue will be “captured” by the TIF Allocation Area. The taxes generated in and captured by the TIF Allocation Area are distributed to the Zionsville RDC by the Boone County Auditor.

TIF Allocation Areas are not indefinite. All of them, by state statutes, have expiration dates.

- If created **prior to July 1, 1995** (Legacy TIF District), the termination date is June 30, 2025, OR the final maturity date of obligations payable from the TIF District that were issued by July 1, 2015.
- If created **between July 1, 1995 and June 30, 2008** it will last **30 years**.
- If created **on or after July 1, 2008** it will last **25 years** after debt is issued and the first principal payment or lease payment is scheduled to be paid from the TIF.
- A unique version may last **35 years**. However, several conditions must be met including the Allocation Area must include two buildings that are 75 years old and located in an area where manufacturing took place for at least 75 years.

TIF and Residential

TIF Allocation Areas have limitations on what uses can be captured. Single-family residential property cannot have increment captured for TIF revenue. Multi-family residential, however, is different. If certain conditions are met, apartments and condominiums can be considered commercial and capable of being used in a TIF. These multi-family structures must consist of a single structure with single ownership and containing four or more units; or consists of condominiums with four or more stories.

EDA & TIF

Difference Between a TIF District & EDA

Before a “TIF Allocation Area” creation, the RDC must create an Economic Development Area (EDA). From the EDA, some or all of the parcels are pulled together to form a TIF Allocation Area. These parcels must be connected or touching (with limited exceptions). The parcels included should be those likely to experience an increased assessed value and new development in the near future. Only parcels within the TIF Districts boundaries will generate TIF revenue. It is also important to remember that the greater the number of parcels included, the more difficult it will be for the auditor to perform their annual calculations.

Indiana Tax Terminology and Mechanics

To understand how TIF functions, it can be helpful to understand general concepts and mechanics of property taxation in Indiana.

Payment of Property Taxes, whether individual or business, pay their property taxes twice a year in May and November.

Amount of Taxes Payable. The amount of taxes paid is determined by multiplying the net assessed value of a taxpayer’s property times the applicable tax rate. This is the sum of different tax rates of the taxing units where a property is located. Once calculated, the amount is reduced if it exceeds the amount associated with the circuit breaker tax cap associated with its use.

Applicable Tax Rate. The applicable tax rate is the sum of the tax rates of all separate taxing units within which the parcel is located. Taxing units typically include the Town of Zionsville, Boone County, Zionsville School Corporation, Township, library district, or other special taxing districts. These are all combined when calculating the aggregate tax rate for a parcel.

“Levy-Limited” and “Rate-Limited” Funds. Local government units have several property-tax-funded funds, most of which are “levy-limited” funds. The State annually determines the maximum dollar amount that these funds may receive. The total maximum levy amount equals the total net assessed value of taxable property in the taxing unit’s territory multiplied by the aggregate tax rate equaling the maximum levy amount. A “rate-limited” fund is calculated similarly; however, it has no limit on the maximum amount it can receive. As the net value of assessed properties increases, so does the fund.

Tax Cap Laws. Indiana has created tax cap laws that limit the maximum tax rate imposed on a property based on its classification. There are three classifications; homestead or a home owned and resided within, the tax cap is one percent. The tax cap is two percent for residential rental, agricultural, and long-term care property. Commercial property is capped at three percent.

EDA & TIF

Permissible Use of TIF Revenue

Tax Increment Financing revenue has limitations on how and where it can be spent. Remembering these limitations and focusing the RDC's attention on viable projects is essential. Typically, any expenditure of TIF revenues should align with the 2012 Zionsville Economic Development Strategic Plan. If a property acquisition or project is not included in this plan, it should be amended.

- Specific projects that are permissible can include:
 - Infrastructure Improvements
 - Publicly Owned Capital Projects
 - Public Bidding and Public Procurement Laws
 - Reimbursement of Zionsville expenditures, payments of bonds, or leases for eligible projects within TIF Allocation Areas.
 - Grants to school corporations up to 15 percent of their annual TIF revenues from a TIF District for educational or work retraining programs (IC 36-7-25-7).
 - Efficiency Projects, as defined in IC 36-9-41-1.5 as "a project necessary or useful to carrying out an interlocal cooperation agreement entered into by two (2) or more political subdivisions or governmental entities under IC 36-1-7; or (2) a project necessary or useful to the consolidation of local government services." The statute does not limit the type of expenditure that is made in association with the agreement, making this category very broad.
 - Supervisory expenses such as RDC or Town employees or subcontractors working on redevelopment projects within a TIF Allocation Area can be paid for using TIF revenues.
 - Professional Services associated with the allocation area, such as legal or accounting costs.
 - Capital Projects of Private Entities to further Economic Development or Redevelopment purposes of a TIF District.

TIF revenues, however, cannot be used to fund the operational expenses of the Redevelopment Commission.

Real Estate Actions

Acquisition of Real Property

The RDC can acquire real estate. However, some procedures are required to do so. The RDC must obtain two independent professional appraisals of the property's value. The RDC cannot pay more than the average of the two appraisals unless it passes a resolution affirmatively determining to do so. The appraisals are not required if the property is less than \$25,000 or for sale at an auction. The RDC should verify that the acquisition is part of the Economic Development Plan or amend the plan. The RDC is prohibited from owning single-family dwellings or condominium units to lease them for use by individuals as a dwelling.

Additional rules must be followed if the property is blighted, unsafe, etc. The RDC should always verify that the property is free of environmental contamination before completing the acquisition.

- If the property is \$25,000 or less; or is for sale by another government agency, then the RDC may purchase it if they have sufficient funds.
- If the property exceeds \$25,000, the RDC must:
 - Obtain two independent appraisals of the fair market value,
 - Obtain the prior approval of the Town Council if the RDC wishes to pay more than the greater appraisal, the payments for the property are to be made over a term that exceeds three years, or the purchase price exceeds \$5 million.

Disposition of Property

Indiana law has made the disposition of property easier for RDCs than for municipalities and counties. Disposing of real property involves obtaining two appraisals and publishing a legal notice requesting the submission of proposals agreeing to satisfy specified conditions of the purchase. If no complying bid is received, the RDC must wait thirty days and then may dispose of the property on terms it considers in the RDC's best interest.

The RDC has other options when working with other governmental agencies and the CDC. The RDC may sell, lease, or grant interests in all or part of a property to another department of the Town or government agency for public ways, levees, sewerage, parks, and other public purposes on any terms agreed upon. The RDC can also dispose of a property to the CDC to provide housing to low- or moderate-income families at no cost.

Redevelopment & Economic Development Plans

Amendments