

RESOLUTION NO. RC 2012-3

**RESOLUTION OF THE CITY OF WEST LAFAYETTE REDEVELOPMENT
COMMISSION DECLARING AN AREA IN THE CITY OF WEST LAFAYETTE
AS AN ECONOMIC DEVELOPMENT AREA AND
APPROVING AN ECONOMIC DEVELOPMENT PLAN FOR SAID AREA**

WHEREAS, the City of West Lafayette, Indiana (the “City”), desires to undertake an economic development project that will assist the City in a project by Metro FiberNet, LLC, or its subsidiaries, affiliates, successors or assigns, to construct facilities to house electronics and to install fiber optic cable that will provide high speed internet, telephone and television services for the City (collectively, the “Metro FiberNet Project”); and

WHEREAS, the City of West Lafayette Redevelopment Commission (the “Commission”), governing body of the City of West Lafayette Department of Redevelopment (the “Department”), pursuant to Indiana Code 36-7-14, as amended (the “Act”), has thoroughly studied an area of the City, which area consists of the possible locations throughout the City of all depreciable personal property consisting of the actual space where new fiber optic cable will be laid due to the Metro FiberNet Project in the City, with such areas designated as the “Metro FiberNet Project Allocation Area,” which area is also an economic development area (the “Economic Development Area”); and

WHEREAS, there has been presented to this meeting for consideration and approval of the Commission a development plan (the “Plan”) for the Economic Development Area and entitled “Metro FiberNet Economic Development Plan—Economic Development Area;” and

WHEREAS, to the extent relevant to the Metro FiberNet Project, the Commission has caused to be prepared maps and plats showing the boundaries of the Economic Development Area, the location of various parcels of property, streets, alleys, and other features affecting the replatting, replanning, rezoning, or redevelopment of the Economic Development Area, and the parts of the Economic Development Area that are to be devoted to public ways, sewerage and other public purposes under the Plan; and

WHEREAS, the Commission has caused to be prepared estimates of the costs of the development projects as set forth in the Plan; and

WHEREAS, the Plan and supporting data were reviewed and considered at this meeting; and

WHEREAS, Section 39 of the Act has been created and amended to permit the creation of “allocation areas” to provide for the allocation and distribution of property taxes for the purposes and in the manner provided in said section; and

WHEREAS, Sections 41 and 43 of the Act have been created to permit the creation of “economic development areas” and to provide that all of the rights, powers, privileges and immunities that may be exercised by this Commission in a redevelopment area or urban renewal

area may be exercised in an economic development area, subject to the conditions set forth in the Act; and

WHEREAS, the Commission deems it advisable to apply the provisions of said Sections 39, 41, and 43 of the Act to the Plan and financing of the Plan.

NOW, THEREFORE, BE IT RESOLVED by the City of West Lafayette Redevelopment Commission, governing body of the City of West Lafayette Department of Redevelopment, as follows:

1. The Plan for the Economic Development Area promotes significant opportunities for the gainful employment of its citizens and meets other purposes of Sections 2.5, 41 and 43 of the Act, including without limitation benefiting public health, safety and welfare, increasing the economic well being of the City and the State of Indiana (the "State"), and serving to protect and increase property values in the City and the State.

2. The Plan for the Economic Development Area cannot be achieved by regulatory processes or by the ordinary operation of private enterprise without resort to the powers allowed under Sections 2.5, 41 and 43 of the Act because of lack of local public improvements, including without limitation the cost of the projects contemplated by the Plan.

3. The public health and welfare will be benefited by accomplishment of the Plan for the Economic Development Area.

4. The accomplishment of the Plan for the Economic Development Area will be a public utility and benefit as measured by the attraction or retention of permanent jobs, an increase in the property tax base, improved diversity of the economic base and other similar public benefits.

5. The Plan for the Economic Development Area conforms to other development and redevelopment plans for the City.

6. In support of the findings and determinations set forth in Sections 1 through 5 above, the Commission hereby adopts the specific findings set forth in the Plan.

7. The Plan does not recommend any specific property acquisition and the Department does not at this time propose to acquire any specific parcel of land or interests in land within the boundaries of the Economic Development Area. At the time the Department proposes to acquire specific parcels of land, the required procedures for amending the Plan under the Act will be followed, including notice by publication and to affected property owners and a public hearing.

8. The Commission finds that no residents of the Economic Development Area will be displaced by any project resulting from the Plan, and therefore finds that it

does not need to give consideration to transitional and permanent provisions for adequate housing for the residents.

9. The Plan is hereby in all respects approved, and the secretary of the Commission is hereby directed to file a certified copy of the Plan with the minutes of this meeting. The Economic Development Area is hereby designated as an “economic development area” under Section 41 of the Act.

10. The entire Economic Development Area is hereby designated as an “allocation area” pursuant to Section 39 of the Act for purposes of the allocation and distribution of property taxes for the purposes and in the manner provided by said Section. Any real property taxes subsequently levied by or for the benefit of any public body entitled to a distribution of property taxes on taxable property in said allocation area shall be allocated and distributed as follows:

Except as otherwise provided in said Section 39, the proceeds of taxes attributable to the lesser of the assessed value of the property for the assessment date with respect to which the allocation and distribution is made, or the base assessed value, shall be allocated to and when collected paid into the funds of the respective taxing units. Except as otherwise provided in said Section 39, property tax proceeds in excess of those described in the previous sentence shall be allocated to the redevelopment district and when collected paid into an allocation fund for said allocation area that may be used by the redevelopment district to do one or more of the things specified in Section 39(b)(2) of the Act, as the same may be amended from time to time. Said allocation fund may not be used for operating expenses of the Commission. Except as otherwise provided in the Act, before July 15 of each year, the Commission shall take the actions set forth in Section 39(b)(3) of the Act.

11. The foregoing allocation provision shall apply to all of the Economic Development Area and shall expire upon the happening of the first of: (a) 25 years from date of issuance of any bond in the TIF allocation area; or (b) the date on which the captured tax revenue from the TIF allocation area exceeds the amount owed under the revenue bonds issued for installation of the fiber to the home for the West Lafayette portion of the project. The base assessment date for the allocation area shall be March 1, 2011.

12. Said allocation area is hereby designated as the “Metro FiberNet Allocation Area,” and said allocation fund is hereby designated as the “Metro FiberNet Allocation Fund.”

13. The Commission designates as a “designated taxpayer” Metro FiberNet, LLC and its successors or assigns or any affiliate of Metro FiberNet, LLC and its successors or assigns (the “Designated Taxpayer”).

14. The Commission hereby modifies the definition of property taxes in IC 36-7-14-39(a) for the purposes of including taxes imposed under IC 6-1.1 on the depreciable personal property of the designated taxpayer described above and all other depreciable property located and taxable on the designated taxpayer's site of operations in the Allocation Area. This allocation provision shall expire upon the happening of the first of: (a) 25 years from date of issuance of any bond in the TIF allocation area; or (b) the date on which the captured tax revenue from the TIF allocation area exceeds the amount owed under the revenue bonds issued for installation of the fiber to the home for the West Lafayette portion of the project.

15. The Commission finds that:

(a) The taxes to be derived from the Designated Taxpayer's depreciable personal property in the allocation area and all other depreciable property located and taxable on the designated taxpayer's site of operations within the allocation area in excess of the taxes attributable to the base assessed value of that personal property, are needed to pay debt service on bonds issued under IC 36-7-14-25.1, or to make payments or to provide security on leases payable under IC 36-7-14-25.2, in order to provide local public improvements for the particular allocation area;

(b) The taxpayer's property in the allocation area consists primarily of industrial, manufacturing, warehousing, research and development, processing, distribution, or transportation related projects; and

(c) The taxpayer's property in the allocation area does not consist primarily of retail, commercial or residential projects.

16. The officers of the Commission are hereby directed to make any and all required filings with the Indiana Department of Local Government Finance and the Tippecanoe County Auditor in connection with the creation of the allocation area.

17. The provisions of this Resolution shall be subject in all respects to the Act and any amendments thereto.

18. This Resolution, together with any supporting data and together with the Plan, shall be submitted to the Area Plan Commission of Tippecanoe County (the "Plan Commission") and the Common Council of the City of West Lafayette (the "Common Council") as provided in the Act, and if approved by the Plan Commission and the Common Council, shall be submitted to a public hearing and remonstrance as provided by the Act, after public notice as required by the Act.

Adopted the 22nd day of February, 2012.

CITY OF WEST LAFAYETTE
REDEVELOPMENT COMMISSION

By: _____
Lawrence T. Oates, President

ATTEST:

Linda M. Sorensen, Secretary

CITY OF WEST LAFAYETTE, INDIANA

Metro FiberNet Economic Development Area

Economic Development Plan

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**REQUIRED FINDING OF FACTS TO
SUPPORT THE STATUTORY REQUIREMENTS**

FACTS

1. The Economic Development Plan (the “Plan”) promotes significant opportunities for gainful employment of its citizens, attracts a new major business enterprise to the City of West Lafayette, Indiana (the “City”), retains and expands significant business enterprises existing in the boundaries of the City, and meets other statutory purposes, as set forth in Indiana Code Sections 36-7-14-2.5 and 36-7-14-43.
2. The Plan for the Metro FiberNet Economic Development Area (the EDA”) cannot happen by regulatory process or by the ordinary operation of private enterprise because of the lack of public infrastructure or other similar conditions.
3. The public health and welfare will benefit by the accomplishment of the Plan for the EDA.
4. The achievement of the Plan for the EDA will constitute a public utility and will benefit as measured by the attraction or retention of permanent jobs, an increase in the property values, thus equating to increased assessed value (which herein is defined as “assessed value”), improved diversity of the economic base through the enhanced mix of property and other public benefits and the expansion of technology and high speed internet services to a significant portion of the City, which is in direct alignment with the goals of the City.
5. The Plan for the EDA conforms to other development and redevelopment plans for the City.

ECONOMIC DEVELOPMENT PLAN
METRO FIBERNET ECONOMIC DEVELOPMENT AREA

CITY OF WEST LAFAYETTE REDEVELOPMENT COMMISSION
FOR THE
CITY OF WEST LAFAYETTE

Purpose

This document is the City Economic Development Plan (the “Plan”) for the Metro FiberNet Economic Development Area (the “EDA”) contained within the City. This document is intended to be approved by the Area Plan Commission of Tippecanoe County, the West Lafayette City Council and the City of West Lafayette Redevelopment Commission in conformance with IC-37-14.

Introduction

The Greater Lafayette area economic base was developed with the dominance of two sectors that have served it well over the years. The greater Lafayette area is the regional, industrial and commercial center for the surrounding counties. The area is well-diversified with industries manufacturing a variety of products including diesel engines, automobiles, food products and plastics. Manufacturing and agriculture has formed the basis of the local economy from the beginnings of Tippecanoe County in 1826. In January 1866, the citizens met to start the process of incorporation and naming the town. The Town of Chauncey received its charter in the fall of 1867. In May, 1888, the town changed its name to the Town of West Lafayette. The City of West Lafayette was established on June 2, 1924. Since 1874, the area’s economic base has been strengthened with the establishment and development of Purdue University, Indiana’s first land grant university. The university is Tippecanoe County’s largest single employer with 15,338 personnel. Today Purdue University is considered to be an international leader in educating and training leaders in the areas of agriculture, engineering, aerospace, science, technology and other 21st century industries. A regional institute of Ivy Tech Community College is also located in Lafayette. Ivy Tech is a state assisted college offering technical training in the areas of business, health and trade.

The greater West Lafayette area has been recognized for its low unemployment rate, diversified industrial economy and excellent education opportunities. However, in recent years, like many places, the global economy and recession negatively impacted the economy of the Greater Lafayette area and its employment base. During the past few years many companies scaled back investments, cancelled expansions and reduced their workforce. This has resulted in higher unemployment and underemployment that is only now slowly coming down. It has also resulted in the realization that many in our

workforce need to keep current and improve their skills as the demands of global industries change.

In fact, a recent initiative has been launched to promote Advancing Manufacturing (www.advancingmanufacturing.com). This regional effort covers a 12 county area and is designed to address the needs of the both the workforce and business sectors in the manufacturing area.

To remain competitive and continue to move forward in this global marketplace in the fields of advanced manufacturing, logistics, distribution, food processing, life science, technology, energy, health care, value added agriculture and education, the need for the availability of sufficient bandwidth and high speed telecommunications is essential. The project proposed by Metro FiberNet to bring fiber to the premise will provide the Greater Lafayette area the 21st century communications infrastructure that will facilitate the efforts to enhance the opportunities for the existing workforce and businesses, as well as assist in the attraction of new enterprises and enhance the overall quality of life in the region.

Description of the Area

The Area is located within the boundaries of West Lafayette. It is the intention of this Plan to create an allocation area within the Area that consists solely of the personal property of Metro FiberNet, which personal property consists of fiber optic cable that will be placed either on poles or underground, depending upon where the existing utilities lay. The allocation area will, by definition, be where the personal property of Metro FiberNet exists, and can move when the fiber optic cable is moved. The designation of the Area is to delineate where the fiber optic cable may be located, but is not in and of itself the allocation area.

Project Description

Metro FiberNet Potential Project List within TIF Area / EDA

The personal property to be captured as the allocation area will consist of:

1. New Fiber Optic Cable installed by Metro FiberNet;
2. Pre-cast concrete storage sheds (2) that are classified as personal property in locations to be determined; and
3. Electronic equipment within storage sheds.

THE PROCESS OF DESIGNATING AN ECONOMIC DEVELOPMENT AREA

The following represents a general narrative summary of the sequence of actions to be undertaken in support of the designation of the EDA. Each step will be reviewed by the legal staff of the City of Lafayette, by Bond Counsel and the Financial Advisor.

After formation of the Plan, it will be submitted to the Redevelopment Commission of the City of West Lafayette for consideration and approval. Upon presentation and discussion, the Redevelopment Commission may approve the Plan in its entirety, make modifications to the Plan and approve the Plan as amended, or reject the Plan and the designation of an EDA.

Declaratory Resolution

If the Redevelopment Commission desires to approve the Plan, it will pass a Declaratory Resolution of the Redevelopment Commission. The Declaratory Resolution declares the intent of the Redevelopment Commission to create an EDA.

Plan Commission Review

After passing the Declaratory Resolution, the Redevelopment Commission must then submit the Plan to the Area Plan Commission of Tippecanoe County for review to assure that it conforms to the plan of development for the City. The Area Plan Commission's task is to affirm that the Plan conforms to the plan of development of each jurisdiction as contained in the Comprehensive Plan. The Plan can propose an alteration of land use or zoning to any of the jurisdictions in response to a specific economic development proposal, but if it does so, such alteration or rezoning must be approved by the Plan Commission. This Plan was developed in compliance with the current Comprehensive Plan and no deviation is anticipated.

City Council Approval

Upon receiving approvals of the Redevelopment Commission and the Area Plan Commission, the Plan must be submitted to the West Lafayette City Council for approval before it can be implemented. The City Council may reject the Plan or approve the Plan. The City Council also must approve the Redevelopment Commission's determination that the Area is an economic development area under the redevelopment statute.

Notice of Public Hearing and Tax Impact Statement

Upon receipt of approval by the City Council, the Redevelopment Commission must publish a notice of the adoption of the Declaratory Resolution and the date upon which the Redevelopment Commission will conduct a public hearing thereon, which must be no sooner than 10 days following the publication of the notice. The Redevelopment Commission also must deliver a copy of the notice, along with a statement disclosing the impact of the Area, to each taxing unit that is wholly or partially located in the Area.

Confirmatory Resolution

The Redevelopment Commission must then conduct the public hearing and pass a Confirmatory Resolution which confirms the Redevelopment Commission's intention to designate the EDA as set forth in the Plan. The Redevelopment Commission is not required to take this action, but may consider whether the Area designation is still appropriate. If the Redevelopment Commission passes the Confirmatory Resolution, the EDA is then finally declared and designated.

Bond Counsel for the project will assure that all necessary and appropriate filings and administrative actions are taken. It is, therefore, important that the various agencies, bodies, elected officials and the generally public understand the limitations which are imposed on subsequent decision and actions by these various agencies and bodies.

**EXAMPLES OF HOW THE CITY INTENDS TO MEET
THE
STATUTORY FINDINGS**

MetroNet

The fiber optic system planned by MetroNet (and its affiliated companies including, but not limited to, Metro FiberNet, LLC) will enhance economic development and improve the overall financial health of the county by enhancing efforts to expand and diversify the economy by attracting 21st century businesses which rely upon technology and require band width in order to locate in the county. It will also directly create 25-40 jobs with an annual payroll of approximately \$1.25 to \$2.0 million within the Greater Lafayette Area.

It is crucial to the long term fiscal health of the county that we are positioned to attract these technology driven businesses especially those in logistics, advanced manufacturing, energy and agriculture. The local workforce is trained in these vocations and additional training will improve skill levels to a degree commensurate with those required in the aforementioned industries.

Financing the Projects

It is the intention of the Redevelopment Commission to create a Tax Incremental Finance (“TIF”) District and to capture the incremental depreciable personal property within the EDA in order to finance the necessary projects. The TIF District must be established by March 1, 2012 so that the Redevelopment Commission may receive funds in 2013. If this does not occur, the already formed Redevelopment Commission will not be able to meet the needs that are projected to occur shortly.

It will be necessary to issue bonds sometime in the near future, based on the incremental *ad valorem* property taxes allocated under IC 36-7-14-39, in order to raise money for completion of the Projects in the Area.

The financing will be used for part, or all, of the following:

- (1) All reasonable and necessary architectural, engineering, and construction, equipment, legal, financing, accounting, advertising, bond discount, and supervisory expenses related to the acquisition and development of the Project or the issuance of bonds;
- (2) Interest on, and principal of, the bonds issued by the Commission for the project; and
- (3) Expenses that the Commission is required or permitted to pay under IC 8-23-17.

Metro FiberNet, LLC has estimated the total cost of their project to total \$50-\$65 million for the first phase which would include bring fiber to the premise within the Greater Lafayette Area. The approximate project cost within the City of West Lafayette will approximate \$15-\$20 million.

Based upon the estimated investment of depreciable personal property to be located within the various taxing districts, Metro FiberNet, LLC would be requesting assistance through the issuance of TIF Revenue Bonds by the Cities of Lafayette and West Lafayette in an aggregate amount approximating \$9.0 million with a term not to exceed 25 years. (The size of the TIF Revenue Bond to be issued by the City of West Lafayette would not exceed \$2 million). The Bonds, when issued, would be paid solely from the incremental revenues generated within the area and would not cause a general or moral obligation on the part of the Redevelopment Commission or the City.

Amendment of the Plan

By following the procedures specified in IC 36-7-14-15 the Redevelopment Commission may amend the Plan for the Area.

**FACTUAL REPORT IN SUPPORT
OF FINDINGS CONTAINED IN RESOLUTION _____**

1. The Plan for the Metro FiberNet Economic Development Area (the “Area”) will promote significant opportunities for growth and the gainful employment of citizens of the City by providing the means to extend state of the art fiber optic lines and high speed internet services to the Area. This 21st century infrastructure is necessary to attract employers engaged in advanced manufacturing, logistics, distribution, food processing, energy, health care and value added agriculture. This infrastructure will improve the county’s ability to attract employers as follows:
 - A. To locate in the Area, entities require sites that are shovel ready with all required infrastructure, including fiber optic broad band services. This Plan provides for the public funding of the fiber optic lines and electronic equipment required to bring high speed internet services to the Area.
 - B. The Plan provides for these services to be brought to publicly owned sites that are developed or will be developed as shovel ready sites suitable for development by entities that are engaged in logistics, distribution, food processing, energy, health care and value added agriculture.
2. The Plan:
 - A. Will promote significant opportunities for the gainful employment of the citizens of the City;
 - B. Is likely to attract major new business enterprises as a result of the existence of fiber optic and broad band services;
 - C. Enables the use of public funding to guide infrastructure design and construction and thus development in the Area to promote basic employment and mixed uses of the land, to an extent individual property owners would not otherwise attain.
 - D. Benefits the public health, safety, morals and welfare of the citizens of the County and State as follows: The Plan, when fully implemented, will add high speed broad band services that are required in the transmission of medical records. Development of this 21st century infrastructure will

permit the City to approach land use development, public services, resources and public investments in a positive manner; and

- E. Increases the economic well being of the City and the State of Indiana in direct alignment with the Governor's public statements of promoting economic development opportunity in Indiana through the extension of 21st century broadband services throughout the state, especially in rural areas.
3. The planning and development of the Area will benefit the public health, safety morals and welfare; it will increase the economic well being of the City and serve to protect and increase property values in both the City and the State of Indiana.
 - A. The Plan will create new employment opportunities;
 - B. The Plan will diversify the local economy and add employment opportunities that do not now exist and cannot exist without the addition of 21st century broad band fiber optics; and
 - C. Broadband fiber optic services are not available in vacant land within the Area. The Plan promotes development throughout the Area.
 4. The Plan for the Area cannot be achieved by the regulatory processes or by ordinary operation of private enterprise without resorting to IC 36-7-14 (the Redevelopment statutes) because of the lack of public improvements, the existence of geological impediments to industrial development and multiple ownership of land.
 5. The accomplishment of the Plan for the Area will be of public utility benefit, for the following reasons. First, it is estimated that the full development of the Area, pursuant to the Plan will allow for the immediate attraction of approximately 25-40 permanent high tech jobs in the Greater Lafayette Area by September, 2013. The foregoing estimate is based upon representation of MetroNet. Secondly, current employers in West Lafayette have indicated a need for updated fiber optic broad band services to transmit engineering, medical records, books and technical manuals. The expectation is that hundreds of local jobs will be preserved and retained as a result of implementation of the plan. This information has been developed through interviews with a number of existing employers. It is also estimated that, when fully developed in accordance with the Plan, the gross assessed value for Depreciable Personal Property will be increased by approximately \$50-\$65 million within the Greater Lafayette Area. The foregoing estimate is based upon representations of Metro FiberNet, LLC.
 6. The Commission believes that the TIF District will generate, over time, along with federal, state and local funds, sufficient monies to fully implement the Plan.