



**GERMAN TOWNSHIP BOARD OF TRUSTEES
MINUTES OF THE SPECIAL MEETING HELD ON OCTOBER 10, 2020**

Meeting held virtually using WebEx

The SPECIAL MEETING was called to order by Board President Abra Reed at 5:42 pm The meeting was held virtually using WebEx. Attendees included:

President Abra Reed

Vice-President Jacob Stubbs

Trustee Tyler Rehmert

Fiscal Officer Mark Heistand

WebEx Facilitator Halie Sewell

ONLINE VISITORS:

Name	Name	Name	Name
David Gehron	Deb Cross	DJ	Mike Kuhn
Benjamin	Brian Wafzig	Kim Dupps	Jeremy Holbrook
Jaron DeVilbiss	Lora	KC	Nick Lamb
Lloyd Johnson	Sam H	Valorie	Dylan
Andy	Ben	Dave C	Benjamin
Mike	9374****94	9376****55	9372****64
9376****36			

The Germantown Press was notified of the virtual meeting more than 24 hours in advance.

The announced purpose of the Special Meeting was to meet with representatives from the City of Germantown, the Village of Farmersville, and Jackson Township to discuss a proposed Joint Economic Development District (JEDD) at the southwest corner of Manning Road and Germantown-Farmersville Pike incorporating land owned by the Valley View School District.

Mrs. Reed noted that the City of Germantown was represented by Council Member Brian Wafzig. The Village of Farmersville was represented by Mayor Nick Lamb. Jackson Township was not represented.

Mr. Stubbs reported that he spoke with Jackson Township Trustee Mike Moyer and they were not happy with the 24 hour notice and the 5:30 meeting on a Saturday. He understood was that Jackson Township would not be attending.

Mrs. Reed stated that the meeting would go forward. She has attempted to schedule this meeting since early September. Mr. Wafzig noted that the draft of the JEDD agreement was prepared in spring 2020. Mrs. Reed reported that the purpose of the meeting was to address any concerns about the JEDD.

JEDD DISCUSSION:

Mr. Stubbs stated that he has shared his concerns many times with multiple people. He listed them as:

1. The purpose of a JEDD is to develop a district for economic purposes. That is not the case in this situation. According to the law a JEDD is not meant to be used as a means to redistribute taxes. Earlier this year the JEDD attorney acknowledged that this situation is a stretch for a JEDD.
2. The percentage of the split among the four jurisdictions is incredibly one-sided.
3. In order to give the JEDD a purpose, it needs to pay 75% for a School Resource Officer (SRO).

Mr. Rehmert commented that he understood that the JEDD would replace taxes lost by the two municipalities when the schools leave their jurisdictions. It is up to the four jurisdictions to determine if they want to participate in a JEDD. He thinks it's prudent to have the lawyers determine that this situation qualifies for a JEDD. He anticipates that the school will start building within a year and the entities stand to miss out on tax revenues if nothing is done. He wants to focus on what is in the best interests of the constituents of each jurisdiction. He stated that he has procedural questions about how a JEDD will operate. He noted that changes to the draft agreement can be made before it gets finalized.

Mr. Wafzig noted that he asked the JEDD attorney to attend the meeting. He wasn't sure if she was on the call. He stated that the JEDD is unique as it now stands but that doesn't mean that the school is the only thing that will ever be on the land. Potentially other businesses such as a medical facility could locate there in the future since the school has stated that it will have more land than it needs. He understood that all four jurisdictions agreed that should other businesses build on the JEDD land, those income taxes would go straight to German Township.

Mr. Wafzig stated that Germantown will lose \$90,000 of income tax and Farmersville will lose about \$22,000 when the schools leave. The income tax on the construction phase itself could be as much as \$500,000. In addition, the high school staff are not currently taxed unless they live in the municipalities. The high school will generate additional tax revenue. He noted that the draft split percentages can be adjusted. Other open issues are the term of the JEDD and the contributions from each jurisdiction.

Mr. Wafzig estimated that the JEDD would generate about \$140,000 a year after construction is completed. He felt that the costs of a SRO would take up a large portion of the JEDD revenues. He felt that the schools should pay for a SRO but he would support SRO costs being paid by the jurisdictions.

Mrs. Reed and Mr. Wafzig discussed the school's position concerning the addition of a SRO and the effect on the construction period timeline due to delays in receiving state funding. Mrs. Reed introduced the possibility that high school employee income tax revenue during the construction phase be distributed solely to German Township. Mr. Wafzig responded that her suggestion made sense and said that Germantown would have to find a creative way to document this nuance in the agreement while still detailing how the construction tax revenue would be split.

Mr. Lamb stated that Farmersville will be flexible with the percentage split, including the construction revenue and the high school revenue during construction. The draft agreement is just a starting point. Farmersville's goal is simply to be made whole with what they will lose in income tax revenue.

Mr. Stubbs commented that no tax is guaranteed for either Germantown or Farmersville. If businesses leave the municipalities, they have no ability to continue to collect those income taxes. He stated that people choose to live in a township for a reason, one of which is not paying any local income tax.

Mr. Stubbs stated that Germantown residents who work at the schools in Germantown would now start paying a total of 2.4% in income taxes to the City and the JEDD instead of 1.5% as they currently pay.

Mr. Wafzig agreed, noting that Germantown gives a 60% credit for taxes paid to other jurisdictions. The JEDD is its own taxing entity, no different than any other municipality where residents might work.

Mr. Rehmert commented on the issue of double taxing Germantown residents. He noted that this is very common with people who live in one municipality and work in a different municipality. The JEDD double tax scenario will only apply to those who currently both live and work in Germantown or Farmersville. He suggested that perhaps a carve-out credit could be added to the JEDD documents to address this situation. He felt that this situation would affect less than 5% of the entire community, but felt the broader concern should be the entire community.

Mr. Stubbs suggested that Mr. Rehmert was advocating taxing the few to benefit everyone else.

Mr. Wafzig noted that due to State reductions of local government funds and the estate tax elimination, Germantown has lost \$1 million since 2013. The City will lose another \$100,000 from school employees. The City is trying to prevent asking voters to approve new levies or having to cut services.

Mr. Rehmert stated his belief that 10-25 people would be affected by the double taxation. He felt that isn't comparable to the thousands of people who would be impacted by the municipalities' lost tax revenue. He stated that the schools have a desire to have everyone on one campus, the teachers have been asking for the same thing for a long time, and a JEDD was always contemplated being set up at the new school facilities. People should have been prepared for this situation.

Mr. Stubbs noted that any school employee who works in Farmersville, any school employee who works at the high school, and anyone who lives in Germantown and works in the JEDD will see a tax increase. He said we are talking about a lot more than 10 people. This will be the majority of employees who work for the school district.

Mrs. Reed commented that German Township stands to receive about \$246,000 in taxes during the five years of construction. She stated that the Township roads need the money. Giving some of this money to the Road or Police Departments might avoid having to ask residents to approve new tax levies. She asked Mr. Stubbs how the Trustees will justify to Township residents why they turned down the money.

Mr. Stubbs stated his proposal to create a five year JEDD for construction payroll only with an equal 25% split among the jurisdictions. That would give Germantown and Farmersville five years to determine how they can deal with the loss in income tax revenue. He said this is reasonable and fair. His plan would tax construction employees but would not tax the employees of the school district.

Mrs. Reed noted that German Township would receive new revenue of about \$110,000 per year after construction ends. Mr. Stubbs responded that this would not be revenue to use for the roads since the Township would need to hire another police officer. He felt that the Township would take a loss in the long run. Mrs. Reed countered that using Mr. Stubbs' example the Township would still need to hire another officer even if the JEDD doesn't go through and would need to find funding to pay for the SRO.

Mr. Stubbs repeated his position that the JEDD would tax people who aren't currently being taxed. He said it is one thing for the Township to put a levy on the ballot and allow taxpayers to decide if they want to approve the tax. He said that the JEDD would tax school employees when it has no benefit to them. He stated that the purpose of a JEDD is to benefit the JEDD but there is no benefit to the JEDD in this situation. He believed that paying for a SRO would give the JEDD a purpose that it currently does not have; paying for a SRO would be a benefit to school employees, a benefit to the schools and a benefit to the JEDD itself. He doesn't believe in taxing school employees just to balance local budgets.

Mr. Wafzig asked Mr. Stubbs if it was fair for school employees who don't live in a municipality to pay no income tax. Mr. Stubbs said absolutely yes; that's why people live in townships. Mr. Wafzig responded that Mr. Stubbs was now talking about his own salary as a school employee. He asked if this was the reason Mr. Stubbs was taking this position. Mr. Stubbs responded that he resented the accusation, noting that this isn't about him but it's about taxation without representation.

Mr. Lamb asked how Farmersville could recover the costs of providing water infrastructure to the school. The potential need for a lift station was noted. Mr. Stubbs started his assumption that Farmersville would pass the cost of the water infrastructure on to the school district. Mr. Lamb noted that the higher water use by the school district might require hiring an additional water employee. He stated that one way a JEDD would benefit the Village is by helping cover extra water-related costs.

Mr. Wafzig outlined several ways that the JEDD would benefit the school and the jurisdictions, including water, sewer, extra police calls, extra fire/EMS calls, and road improvements. He believed that the JEDD revenue will benefit the JEDD indirectly and there is no requirement that the money benefit it directly.

Mr. Rehmert asked Mr. Stubbs if he would feel differently if the JEDD tax rate was lower than 1.5%. Mr. Stubbs replied that a 1.0% rate would be better, but he still didn't agree with the JEDD on its premise of taxing people without benefit to them. Mr. Rehmert and Mr. Stubbs engaged in a discussion on Mr. Stubbs' point about taxation without benefit.

Mr. Stubbs proposed that the school pays 75% for a SRO and that German Township pays 25% for the summer months when school is not in session.

Mr. Wafzig discussed the JEDD participants. He noted that German Township is essential to the JEDD because the school property is in German Township. At least one municipal partner is needed in order to levy an income tax. Jackson Township is not critical to the JEDD, but for Valley View community unity they are being included. Both townships' Trustees are required to pass the JEDD unanimously, but the municipalities' Councils can pass the legislation by a simple majority vote.

Mr. Wafzig stated that if the Jackson Township Trustees won't approve the JEDD unanimously, he would recommend that Jackson be dropped from the JEDD before the public hearings since it is not in the best interests to take the issue to a vote in Jackson Township when they aren't contributing to the JEDD. If the German Township Trustees vote is not unanimous, the issue will need to go before Township voters, both those in the unincorporated area and those in Germantown. What would be decided by the voters would be the final agreement negotiated by the jurisdictions, including the tax revenue splits.

Mr. Stubbs recalled hearing several years ago at a joint Germantown-German Township meeting that the City would lose \$28,000 if the schools left the City. He asked Mr. Wafzig how the tax loss number increased to \$90-100,000. Mr. Wafzig responded that he didn't recall ever hearing a \$28,000 number. He said he received the numbers he quoted from the school district. A discussion followed among Mr. Stubbs, Mr. Wafzig and Mr. Lamb about how much tax revenue will be lost when the schools relocate. Mr. Wafzig said that the schools told him about 30% of employees live in Germantown or Farmersville.

Mr. Rehmert stated that it would be foolish not to impose some kind of income tax on the employees at the school property. Most of the employees are currently paying taxes and should continue to do so. But he doesn't want the tax to become an economic boon for German Township to generate money that the Township never had. At a 1.5% tax rate it will be difficult to generate enough tax to pay for a SRO and replace the tax revenue that the municipalities will lose.

Mr. Rehmert said he would support a lesser tax rate of 1.0% for school employees, perhaps combining that with a 1.5% rate for construction workers. Who will pay for the SRO will also need to be decided.

Mr. Stubbs suggested that the jurisdictions agree at this point to a five year JEDD for the construction period with a 25% split for each entity. Then the jurisdictions can work towards agreeing on a second JEDD covering employees after the buildings are completed.

Mr. Rehmert stated that Mr. Stubbs' made a logical offer. However, he wanted to make sure the cost of the SRO once the new schools are occupied is considered. A JEDD will be needed to pay for the SRO. Mr. Stubbs replied that if the school pays for the SRO then the additional Township costs would be less.

Mr. Stubbs asked to see tax numbers related to those school employees who live in Germantown. Mr. Wafzig felt that employee tax information may be protected by privacy laws and would not be available.

Mr. Wafzig stated that the situation will be similar in five years as to what it is now. He preferred coming to an agreement on all aspects of the JEDD at one time.

Mrs. Reed asked Mr. Stubbs to discuss the revenue split, especially the proposed 57% to Germantown. He replied that he would like to see an updated draft of the agreement with percentages that are fairer to German Township.

Mr. Rehmert stated to Mr. Stubbs that German Township needs to decide if it's willing to pay for the SRO or if the issue is contingent on the revenue split. Even if the Township doesn't pay for a SRO he believed there will be increased costs for the Township. He said that the Trustees will have to explain to the residents that they chose not to do a JEDD because they didn't think it was fair to tax the teachers. He asked Mr. Stubbs to propose a split that he thought was fair.

Mr. Stubbs stated that if the Township has to pay for the SRO, the \$22,000 the Township will receive under the proposed split won't begin to cover those expenses. Mr. Rehmert agreed. He said a decision needs to be made if the Township will pay for the SRO or if the school should pay these costs. Mrs. Reed responded that the Township can't make a funding decision on a SRO without knowing the school's ability to pay some or all of the cost.

Mr. Stubbs stated that the school has not yet applied for a JEDD. Without an applicant, he felt that the jurisdictions were putting the cart before the horse.

Mr. Rehmert asked Mr. Wafzig what items would qualify as German Township's required contribution to the JEDD. Since a SRO is above and beyond what the Township is legally required to provide, Mr. Wafzig felt that a SRO would qualify as the Township's contribution. Mrs. Reed stated that providing traffic control at the school is not a requirement, so that should also qualify as a Township contribution.

Mr. Rehmert suggested bringing the school superintendent and a board representative into these discussions as well as the JEDD attorney. He would like to hold monthly meetings to keep things moving forward and not miss out on construction revenues. He noted that more discussion is needed on the tax split. He would like to see the school provide information on tax revenues for both municipalities from employees who live within their jurisdictions. In addition, a SRO decision needs to be finalized.

Mr. Stubbs repeated his support for a five year construction JEDD, with each jurisdictions getting 25%. He stated that the rest should be determined based upon the numbers.

Mr. Heistand encouraged the jurisdictions to move forward quickly with where they are in agreement and finalize a construction period JEDD in order not to lose those revenues. Then a second JEDD could be negotiated related to taxing school employees once the buildings are occupied.

Mr. Rehmert agreed with Mr. Heistand's suggestion, noting that everyone agreed on a 25% split of construction tax revenues. Mr. Lamb stated his concern that locking into a construction period JEDD reduces bargaining position for a second JEDD. Mrs. Reed noted that the rules covering JEDDs have changed over the years and she is concerned that they might change again before a second JEDD is negotiated. Mr. Wafzig agreed, noting that it would be a risk if they only did a short-term JEDD. He wanted to come to an agreement on everything and get one agreement finalized.

Mrs. Reed asked Mr. Stubbs if his opinion would change if the Township received \$30,000 or more rather than \$22,000 from school employee taxes. He replied that he would like to see the numbers written down but he would consider it.

Mr. Wafzig restated that Germantown would be flexible with the split. Mr. Lamb said that Farmersville would also be flexible. He felt that Jackson Township would also be flexible. He noted that Jackson Township provides a police officer who checks in at the school in Farmersville on a regular basis and will continue at the new school. He also noted that the school is the largest employer in Farmersville.

Mr. Lamb asked Mr. Stubbs to look at the current draft of the JEDD agreement and suggest changes that can be sent out to all participants prior to the next meeting. Mr. Stubbs agreed to do so.

The participants agreed to meet again, but a date was not set. The German Township Trustees will determine a date and inform the other jurisdictions.

Mr. Rehmert summarized the to-do items on his list:

1. Confirm with the JEDD attorney that a JEDD can move forward and be established.
2. Confirm with the School Board that they are in agreement with a JEDD.
3. Mr. Stubbs will edit the current draft agreement, especially the split proposal, and circulate his comments to all four jurisdictions in advance of the next meeting.

Mr. Stubbs requested that more notice be given to the community for the next meeting. He thought that only 24 hour notice was disappointing for a meeting of this magnitude. Mrs. Reed reminded him that she had been trying since early September to arrange a date and he did not respond to her emails.

MEETING ADJOURNED:

With no further business, Mrs. Reed made a MOTION, seconded by Mr. Rehmert, to adjourn. The MOTION PASSED. The Meeting adjourned at 7:12 pm.

Signed: Abra Reed
Abra Reed, President, Board of Trustees

Attest: These minutes were approved by the Board of Trustees at their meeting on November 9, 2020.

Signed: Mark A. Heistand
Mark A. Heistand, Fiscal Officer