



CITY OF SOUTH BEND

REDEVELOPMENT AUTHORITY

December 19, 2022 – 2:00 pm
BPW Conference Room, 13th Floor or via: http://tiny.cc/RDA_

The meeting was called to order at 2:00 pm

1. ROLL CALL

Members Present: Richard Klee, President
Erin Linder Hanig, Vice-President
Anthony Fitts, Secretary

Redevelopment Staff: Mary Brazinsky, Board Secretary

Legal Counsel: Sandra Kennedy, Esq.
Danielle Campbell, Esq.

Attending: Caleb Bauer, Executive Director DCI
Randy Rampola, Barnes & Thornburg
Matt Eckerle, Baker Tilly

2. APPROVAL OF MINUTES

A. Approval of Minutes of the Regular Meeting of January 19, 2022

Upon a motion by Erin Linder Hanig, Vice-President seconded by Anthony Fitts, Secretary, the motion carried unanimously, the Authority approved the Minutes of the Meeting of January 19, 2022.

3. NEW BUSINESS

A. Resolution No. 213 (Approving Lease and Determining to Issue Bonds COSB 2023 Projects Financing)

Caleb Bauer Presented Resolution No. 213 (Approving Lease and Determining to Issue Bonds COSB 2024 Projects Financing). Mr. Bauer introduced himself and Randy Rampola from Barnes and Thornburg, which is bond council for the city.

Randy Rampola introduced Resolution 213 which is an initial resolution that provides for lease financing for two series of bonds. The first series of bonds would be for improvements in the River West and River East TIF districts. The second series of bonds would be for a project at Beacon Memorial. The bonds would be a maximum principal amount of \$64M (that is not to exceed amount). We expect slightly less than that amount. This resolution also approves a form of lease between yourselves as lessor and the Redevelopment Commission as lessee. A portion of Portage Avenue would serve as the lease premises and the lease will allow you as the Redevelopment Authority to issue bonds. Those bonds would be payable from lease payments at the Redevelopment Commission which is set up for a maximum lease term of 20 years and maximum lease rental of \$10M annually. We anticipate the lease term to be slightly less and are hopeful the maximum resort will be significantly less than that. These are parameters.

The chief revenue is projected to be more than sufficient to cover the debt service on the bonds. In fact, the coverage, meaning the excess money that would be left every year after all the debt services paid is in excess of 200%. There is certainly enough TIF to cover, but Baker Tilly, the municipal advisor's recommendation as well that and the city desires to do this is to utilize the tax levy as a backup. What the backup allows is the bonds to be issued at the lowest possible interest rate in the market because that tax levy allows the backup, the prospect of that allows these bonds to be sold at a better rating which will provide for a lower interest rate.

There are two series of bonds. The first series would be tax exempt or is anticipated to be tax exempt, meaning they would be even a lower interest rate. The second series would be applicable for the Beacon project. Currently we're contemplating them being taxable issued on a taxable basis, in part because of how the proceeds may be used, those might be at a slightly higher interest rate. Many of the projects are scheduled to begin in the spring. The second series of bonds are the Beacon project would be issued at a later date; there is some flexibility with respect to the maximum lease rental, because there's a built-in assumption as far as an interest rate that we would anticipate the rates would be lower.

Secretary Fitts asked if the series A bonds collateral River East and River West TIF projects.

Mr. Rampola answered that is correct for both of the bond series. The bonds will be issued separately due to timing.

Secretary Fitts asked if we have a list of allocation River East vs. River West.

Mr. Bauer noted that the total lease rental payments would be about \$31M over the lifetime of the lease rental from River West and \$21M coming out of River East. Series B is coming solely out of River West.

Secretary Fitts, what difference are we seeing between tax exempt and taxable?

Mr. Eckerle notes that we are looking a little under 2% but we are adding plenty of cushion for a conservative approach.

Secretary Fitts asked about the tax rate.

Mr. Eckerle stated from the 4 1/2% of the short end to 5.9% on the long end. Averaging somewhere in the low fives on that assumption and on the taxable and we're looking at about 6 1/2% on the short maturities, 7.6% on the long maturities averaging.

Mr. Rampola noted that the Redevelopment Commission had approved the leases unanimously earlier.

Mr. Bauer walked the commissioners through a PowerPoint Presentation showing the projects and focus for the bonds. (Listed online).

Secretary Fitts asked if we were comfortable with the way that the bonds are structured that there will be enough coverage in the timing gaps and phases.

Mr. Bauer noted that is correct. The contribution to this is really the building blocks of the remaining development.

Upon a motion by Erin Linder Hanig, Vice-President seconded by Anthony Fitts, Secretary, the motion carried unanimously, the Authority approved Resolution No. 213 (Approving Lease and Determining to Issue Bonds COSB 2024 Projects Financing) on December 19, 2022.

5. ADJOURNMENT

The Authority adjourned the meeting at 2:25pm.



Rick Klee, Secretary
South Bend Redevelopment Authority



Erin Linder Hanig, President
South Bend Redevelopment Authority