



South Bend
Redevelopment Commission
 227 West Jefferson Boulevard, Room 1308, South Bend, IN

**SOUTH BEND REDEVELOPMENT COMMISSION
 RE-SCHEDULED REGULAR MEETING**

December 8, 2022 – 9:30 am
http://tiny.cc/RDC___ or BPW Conference Room 13th Floor

Presiding: Marcia Jones, President

The meeting was called to order at 9:30 a.m.

1. ROLL CALL

Members Present:	Marcia Jones, President – IP Troy Warner, Secretary – V Eli Wax, Commissioner - IP Vivian Sallie, Commissioner – IP Leslie Wesley, Commissioner - V	IP = In Person V = Virtual
Members Absent:	Donald Inks, Vice-President	
Legal Counsel:	Sandra Kennedy, Esq. Danielle Campbell-Weiss, Esq.	
Redevelopment Staff:	Mary Brazinsky, Board Secretary Joseph Molnar, RDC Staff	
Others Present:	Caleb Bauer Erik Glavich Rachel Boyles Amy Paul Chris Dressel Sarah Barber Charlotte Brach Zach Hurst Leslie Biek Daniel Parker Aaron Perri Rachel Tomas Morgan Daniel Buckenmeyer Randy Rampola Emma Adlam Alyson Herzig Matthew Barrett Conrad Damian	DCI - IP DCI – IP DCI – V DCI – V DCI – V DCI – V Engineering – IP Engineering – V Engineering – V Engineering – V Admin & Finance – V VPA – V Councilmember – V SB/Elkhart – V Barnes & Thornburgh – IP Barnes & Thornburgh – V Resident - V Resident – IP Resident - V

2. Approval of Minutes

- **Approval of Minutes of the Regular Meeting of Thursday, November 10, 2022**

Upon a motion by Commissioner Wax, seconded by Commissioner Sallie, the motion carried unanimously, the Commission approved the minutes of the regular meeting of Thursday, November 10, 2022.

3. Approval of Claims

- **Claims Submitted for October 10, November 8, November 15, November 22, and November 29, 2022**

Commissioner Wax asked about the Coal Line Trail claims.

Mr. Bauer noted he would get more information and round back with Commissioner Wax.

Upon a motion by Commissioner Wax, seconded by Commissioner Sallie, the motion carried unanimously, the Commission approved the claims for October 10, November 8, November 15, November 22, and November 29, 2022, submitted on Thursday, November 8, 2022.

4. Old Business

5. New Business

A. River West Development Area

1. Budget Request (Kennedy Park Improvements)

Ms. Barber Presented a Budget Request (Kennedy Park Improvements). This request for \$186,500 is for Kennedy Park improvements out of the RW TIF. This will be a \$10M project with an estimated \$8.5M worth of capital improvements. This work stemmed from the needs of neighborhood residents. We will be creating equitable recreation opportunities on the West side. We are in the conceptual phase of this project. This will include a new aquatics development, natural walking paths, recreation course fields, playgrounds, pavilions, and interactive green spaces. Funding will be obtained through a 2023 bond (\$5M) and the other half will be through pursuing an outdoor legacy recreating partnership grant through the National Park Service. In order to obtain the grant, we need to provide 50% of the design plans; these need to be submitted by January 2023. Commission approval is requested.

Mr. Bauer stated that typically we wouldn't bring a design request prior to your authorization, however, because of the timeline of the National Park Service grant, we brought this to you prior to this full bond process planning. That is a unique circumstance, and we hope that you understand.

Commissioner Wax confirmed that 50% of the plans need to be finalized to be included in the application.

Mr. Bauer stated that they have to be included in the application.

Upon a motion by Commissioner Wax, seconded by Commissioner Sallie, the motion carried unanimously, the Commission approved Budget Request (Kennedy Park Improvements) submitted on Thursday, November 8, 2022.

2. Second Amendment to Real Estate Purchase Agreement (RealAmerica)

Mr. Molnar Presented a Second Amendment to Real Estate Purchase Agreement (RealAmerica). This was approved in 2021 for the sale of six RDC owned lots just to the east of Four Winds Field. The original agreement was in July 2021 which gave them twenty years for state tax credits for low-income housing. The First Amendment was approved earlier this year clarifying the dates of the 2022 tax credit application. The state asked applicants to go back and rerun numbers under the new interest rate. Normally projects are approved in November, however, they moved the timeline to January based on interest rates. This amendment extends the time frame for the application in January 2023. All of the other commitments stay intact. Commission approval is requested.

Commissioner Wax asked for a report back to Commission when these are awarded in January 2023

Upon a motion by Commissioner Wax, seconded by Secretary Warner, the motion carried unanimously, the Commission approved Second Amendment to Real Estate Purchase Agreement (RealAmerica) submitted on Thursday, November 8, 2022.

B. River West & River East Development Areas

1. Resolution No. 3564 (COSB 2023 Redevelopment Projects)

Mr. Bauer Presented Resolution No. 3564 (COSB 2023 Redevelopment Projects). Mr. Bauer introduced Randy Rampola, Barnes and Thornburgh who represents COSB bond council and will present the first portion of the Resolution.

Mr. Rampola states that this resolution is the initial action you would take with respect to a proposed lease financing that would encompass three projects in the River West and River East TIF districts in regard to infrastructure improvements with respect to the expanded Beacon district. The resolution in front of you approves the form of lease. This proposes lease financing between the Redevelopment Commission and Redevelopment Authority. The bonds would be secured by lease rental payments that the Redevelopment Commission would make to the Redevelopment Authority. The lease payments would pay the debt service on the bonds. The lease asset in this case would be a portion of Portage Avenue between Cleveland and Angela.

One benefit from the bond market perspective is it allows you not to have rental interruption insurance. That allows you to lease assets that could easily be substituted if something were to happen to Portage Avenue in the future as

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opposed to a building where you may have rental interruption insurance, which adds additional annual expense. The lease itself provides terms that are parameters. The maximum lease rental is \$10.5M with a maximum lease term of 20 years. The \$10.5M is based on estimated assumptions. We are contemplating two series of bonds. The first series is for the River West and East infrastructure improvements that would proceed once those bonds are issued.

April 2023 is the proposed closing date; the second series of bonds would be for the Beacon project. The second paragraph of the lease provides another financing; once the bonds are issued at \$10.5M, these would be reduced to the actual amount of the principal and interest that would be due on the bonds at that time. There are some interest rate and project cost assumptions that may make that a little higher. Once the rates are sorted out on the bonds the rental amount will decrease.

Today, we are asking the Commission to consider the lease in its initial form. If you adopt the resolution approved the form of lease, then we would publish some notices that there would be a public hearing on the meeting of December 19, 2022. Following that, we anticipate going before the Common Council in January 2023 for approval of the lease financing which is required by Indiana law.

The lease financing would proceed to sale after Common Council approval. We are estimating closing in April 2023. The rentals would be payable from River West and River East tax increment revenues. When the bonds are sold the lease does contemplate a tax backup. You are able to get the best rate that the COSB can get in the market on any given day because of the tax back up. It does provide a lower cost of financing from the city's perspective.

Baker Tilly has analyzed the increment that is available for both River West and River East and there is sufficient amount of coverage; you can be assured that there would be sufficient TIF revenues to pay the debt service on the bonds. The debt throughout the lease rentals would be used to pay the debt service.

Dan Parker, the City Controller stated that Baker Tilly ran a full financial analysis. River West has two, three series of bonds that are rolling off in 2023 that are debt service for the proposed bonds and are well within the proposed TIF increments for both TIF areas. This would be the first debt issuance. Baker Tilly is putting together maintain a 225% coverage ratio against parity bonds which is very healthy.

Caleb Bauer, Executive Director DCI handed out the Baker Tilly analysis to the Commission and will have it posted online after the meeting. He notes that it is a pro-rated breakout. Mr. Bauer presented a PowerPoint of the projects being funded. A number of infrastructure and parks projects in both TIF districts at a \$34M bond. We projected roughly \$18.3M in revenue out of River West TIF for 2023 and just shy of \$10M in River East. On the River West side \$2.5M will go to the Walker Field improvement project. There has been a lot of concerns about the safety in crossing Ewing, so we will look into that. \$800k for some SE park upgrades including a splash pad and playground resurfacing. \$5M match to the

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potential \$5M grant awards for the comprehensive Kennedy Park improvements. We are discussing some potential additions and a form of aquatics, potentially a public pool. \$2M for Portage/Elwood sidewalk project. We announced yesterday a partnership with the Environmental Protection Agency for cleanup of Drewry's site. We are taking a look at the Portage and Elwood intersection and to the west of there, improving pedestrian connections along the business corridor.

Additionally, \$3M for River Bridge connector pedestrian bridge. This bridge would cross the river south of Leeper Park as part of the broader trails network. Then a couple projects related to the Martin Luther King Jr. Dream Center project including Linden Avenue streetscape improvements. The other would-be park improvements for the Dream Center including new sports courts, basketball courts and a splash pad.

River East projects are a few streetscape projects at the LaSalle Avenue streetscape improvements including dedicated turn lanes and bump outs for pedestrian safety at major intersections. The same type of treatment will also happen along Mishawaka Avenue from Cooper Street or Eddy Street bright to the railroad tracks near Bamber's and the Farmer's Market. \$300k for Couillard Park splash pad upgrades. There is a splash pad there, but it needs significant updates. We have added \$2M to a couple of trail projects \$2M for Hill Street trail project. Downtown South Bend and Notre Dame are interested in partnering and funding a significant portion of the trail, however, we are waiting on final decisions. The Hotel/Motel tax board is interested in providing some funding to support the trails project. \$2M for South Bend Avenue improvements which includes a multi-use trail and other street improvements for pedestrian safety (Notre Dame to Hill Street).

Commissioner Wax asked when the projects will begin. And how long would it take to cash flow instead of issuing a bond.

Mr. Bauer stated that some would start in 2023 and some in 2024. Mr. Bauer states it would be a little longer timeline.

Commissioner Wax asked is there a reason we want to leverage 20 years of revenue vs spanning the money we have?

Mr. Bauer states we have seen some transformative projects lead to transformative investments on a smaller scale. Things like the Western Avenue streetscape project driving private investment in small businesses along the corridor. On LaSalle Avenue there are some larger projects like the streetscape improvements or park projects. We can equate some of those to the Howard Park improvement where we have seen transformative change in a short period of time. We believe that making these transformative investments now can allow us to really continue to build on the moderate growth that we have seen in the last ten years and really accelerate that into the future. That concludes Rental Revenue Bond Series A.

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Commissioner Wax clarified that we can speed up the process by a couple of years versus waiting.

Mr. Bauer states at least a couple of years.

Mr. Bauer presented the taxable lease rental revenue bond Series B. This bond would specifically fund \$28.9M in improvement to support the broader Beacon integrative health and lifestyle district. A development agreement has not been brought before you as we are in negotiations. Tentatively it will fund two structured parking garages to provide more than 900 parking spaces, and site preparation work across the whole site. This is the two blocks south of Memorial Hospital that are currently surface parking lots and a potential skyway bridge. This connects employees and visitors to the hospital where they can cross the street on the 2nd floor. The district as a whole will include more than \$140M in private investment. This would support the \$232M investment by Beacon Health System in their new tower project. The project will add 550 new full-time employees at Memorial Hospital. Completion of this project would be in the late 20's (four or five years).

The improvements would include nearly one-hundred fifty market rate apartments, ninety-two income qualified workforce housing apartments. A one-hundred-five-bed hotel and a fifty thousand square foot fitness center. Thirty-five thousand feet of medical office space and the 927 structured parking spaces and eight-thousand five-hundred square feet of retail space.

We will come before you two more times as part of the issuance process. One for the public hearing on this lease and then one to consider the resolution for backup of the lease payment.

Commissioner Wax asked to simplify why the bond isn't against the TIF revenues itself but rather having the lease structure.

Mr. Rampola stated that the lease revenues goes to the security and rating. The bond market will view a pure TIF revenue bond at a certain model. There is an additional element of risk that appears TIF revenue bond brings to the table. If a pure TIF revenue bond didn't yield the assessed value of TIF revenue in theory, the governmental unit would look at that and say we don't have to make payment because we didn't pledge anything other than the TIF revenue. The bond market will look at that with a more negative view. They will look at a pure TIF revenue bond at a lower interest rate. They would look at a utility revenue bond payable solely from Water Works revenues or sewage works revenues in a similar fashion compared to a city general obligation bond with the city. The tax back up will provide additional security which allows the bond to get closer to the city's AA rating because of the tax backup. We need to do this as a lease asset, but we can easily use the streets. So, we have language in the bond that we can substitute another street if the issued street were to go away.

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Matt Barrett, a resident, asked for a sense of the difference between the interest rate of just a TIF bond and a general obligation bond.

Emma Adlam, Baker Tilly stated the interest rate difference would be if we did a pure TIF fund or if we did the property tax backup bond issue. The pure TIF bond for the tax-exempt public infrastructure project we were estimating around 6 ¼% true interest cost and for this bond issue with the backup we are estimating around 5.45%.

Matt Barrett asked why two parking garages. Is there a cost difference.

Mr. Bauer states one of the garages would be a cast-in-place garage which would include housing built on top of it. The other parking garage would just be a pre-cast garage. Part of the reason for the garages is different amenities in each block. Both blocks contain housing and then one block contains a health and fitness center. The other contains medical office space, retail space and the sky bridge over to Memorial Hospital. The larger garage could serve as parking for memorial employees as well as for the residents of the housing there and those utilizing the office and retail space. Then the other garage would be primarily for residents of the housing units around that garage, and then people coming to the Beacon health and fitness center.

Mr. Barrett asked about private investment.

Mr. Bauer stated Great Lakes Capital is the developer of the health and lifestyle district. Beacon as a partner is the current property owner of the site.

Commissioner Wax asked if the city is anticipating being a part of the bigger picture.

Mr. Bauer stated as part of our negotiations, we are looking at parking rates for the new FTEs that are created by the tower expansion and for the employees to park within one of these structures. There could be a bulk rate for employees. No TIF funding is going towards the tower, but one is not successful without the other. This is our full contribution. There is also \$11.9M of Ready grant funds towards this. The tower site wouldn't be eligible for a tax abatement.

Matt Barrett asked what happens to Memorial's current space.

Mr. Bauer states it is part of an on-going conversation that we are having but there is no news to share. We are having active conversations.

Commissioner Sallie suggests inviting a representative from Beacon to come and present what they are thinking of doing with the vacant space when the health and lifestyle center is moved on campus. That way we don't speculate what will be.

Mr. Bauer states that we would be happy to reach out and invite them but they will not have an answer but we can invite them in the first quarter of 2023.

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Secretary Warner stated that improving our neighborhoods is key. These are improvements that he knows within the city we have been talking about for a couple of years. He likes the fact that the neighborhood and Beacon bonds leverage other dollars, outside dollars with Kennedy Park and Notre Dame trail. We are partners with this, and he supports this venture.

Upon a motion by Secretary Warner, seconded by Commissioner Sallie, the motion carried unanimously, the Commission approved Resolution No. 3564 (COSB 2023 Redevelopment Projects) submitted on Thursday, November 8, 2022.

6. Progress Reports

A. Tax Abatement

1. Mr. Glavich noted states there is one tax abatement for a confirming resolution of an 8-year residential tax abatement. This is redeveloping the old St. Joseph medical building. The investor is putting \$10M specifically into rehabbing the building into a 69-apartment building.

B. Common Council

C. Other

1. Mr. Barrett asked if there was an update on Matthew's projects.
2. Ms. Campbell Weiss stated at the last RDC meeting, which was I believe, November 10th, Council Member Warner requested input in writing from the legal department regarding some of the public suggestions raised regarding the Commerce Center Agreement. A memo was provided to the Commissioners on November 22nd. Unfortunately, a legal strategy can't be discussed during the public meeting as this would affect attorney-client privilege and the information would obviously be available for anyone to access. So, if the Commissioners desire, an executive session could be scheduled to privately discuss this matter further, there's an exception that allows for discussion of strategy with respect to potential litigation. And we could do that later this month or in January.

Secretary Warner stated he would make a motion for either the next meeting in December or the January meeting to hold an Executive Session.

Commissioner Wax asked that it not be an early meeting so the kids can get off to school.

Secretary Warner made a motion to have an Executive Session to discuss potential litigation strategy. The motion was seconded by Commissioner Wax, the motion carried unanimously, to hold an Executive Session regarding Matthew's projects.

7. Next Commission Meeting:
Thursday, December 19, 2022

8. Adjournment
Thursday, December 8, 2022, 9:22 a.m.

Troy Warner, Secretary

Marcia Jones, President