



CITY OF SOUTH BEND

ECONOMIC DEVELOPMENT COMMISSION

SOUTH BEND ECONOMIC DEVELOPMENT COMMISSION

December 11, 2023, at 11:00 am
BPW Conference Room, 13th Floor
<https://tinyurl.com/EDC12112023>

The South Bend Economic Development Commission was called to order at 11:06 am

1. **Roll Call**

Members Present: Renata Matousova, Secretary
Luis Zapata, Commissioner
Rafael Morton, Vice-President

Members Absent: Cecilia Lopez Monterrosa, President
Karen White, Commissioner

Staff: Danielle Campbell Weiss, Assistant City Attorney
Mary Brazinsky, Board Secretary

Others Present: Caleb Bauer, Executive Director, DCI
Erik Glavich, Director, Growth & Opportunity, DCI
Lisa Lee, Note Attorney, Ice Miller
Debra Passmore, Ice Miller

2. **Election of Officers**

Upon a motion by Commissioner Luis Zapata and seconded by Secretary, Renata Matousova the Commission approved keeping the current state of officers for 2023; motion carried unanimously, on December 11, 2023.

3. **Approval of Minutes**

Upon a motion by Secretary Renata Matousova and seconded by Commissioner Luis Zapata the Commission approved the meeting minutes of November 9, 2022; motion carried unanimously, on December 11, 2023.

4. **New Business**

A. **Presentation of Monreaux Project**

Consideration was given to a request by Delta Ventures Ltd., an Indiana Nonprofit Corporation ("Borrower") and Monreaux LLC, which is under common control, for the issuance and funding of the City's Taxable Economic Development Revenue Note, Series 2023 (Monreaux Project) ("Series 2023 Note") for funding the construction of site work

and infrastructure improvements ("Local Public Improvements") needed to serve the redevelopment and development of: (i) a four-story building containing at least sixty-five thousand (65,000) square feet which will include the incorporation of the historic masonry features preserved by the hereinafter defined Redevelopment Commission; and (ii) a minimum of sixty (60) total apartment units of which no fewer than twenty-three (23) apartment units will be exclusively available for tenants at fifty percent (50%) or lower of the area median income ("AMI") and no fewer than an additional twenty-three (23) apartment units will be exclusively available for tenants at eighty percent (80%) or lower of AMI (collectively, "Development") on certain real estate acquired by the Borrower, in or physically connected to the River West Development Area and the River West Development Area Allocation Area No. 1 (collectively, "Area"). A discussion was had as to the proposals of the Borrower for the issuance and funding of the Series 2023 Note to finance the Local Public Improvements needed to serve the Development to be located generally at 505, 507, 511 and 513 S. Michigan Street, South Bend, Indiana.

Mr. Erik Glavich Presented an overview of the Monreaux Project. A group is leading this project called The Monreaux, LLC through the leadership of Deveraux Peters who is a developer based in Chicago. Mr. Glavich explained that Mr. Peters has been working with the city since 2022. The project is located at the corners of Monroe and Michigan, formerly the Fat Daddies site. Last year the project received low-income housing tax credit award (LIHTC) through the state of Indiana. A rendering of the site at 505 S Michigan Street was shown. This is currently a vacant lot. The project is a minimum of \$16M. The building will be a 4-story building (65,000 square feet). It will incorporate historic masonry preserved from HPC. There will be a minimum of sixty apartments. Twenty-three units for tenants at 50% AMI or lower and an additional twenty-three units for tenants at 80% or lower.

The Redevelopment Commission has approved \$2.3M in funding towards this project. The property will be transferred into the LLC and the project will be left for the developer to start construction. Mr. Glavich walked through the timeline of this project with a groundbreaking Spring 2024. Next step is presentation to Common Council with the ordinance. The following Thursday staff will ask for final approval of the loan agreement.

The commitments within the loan are equivalent to what is in the development agreement. Completion of the project with forty-six dedicated units made available to low to moderate housing incomes. The developer has committed to eight full time jobs. This is in line with the tax abatement received for completion within thirty-six months.

The forgivable loan is due to the tight deadlines from the state to complete within two years.

Commissioner Zapata asked what the process is to ensure that the apartments meet the requirements for residents.

Caleb Bauer stated that IHEDA will monitor the lease pricing as the rental pricing of the units and because of the award of the low-income tax credits. The developer will be bound for fifteen years to maintain those income qualified units.

Secretary Matousova confirmed that rent will be subsidized based on the income level of the resident.

Mr. Bauer stated yes, it is a fair market rent based on HUD guidelines for the specific AMI threshold.

Commissioner Morton asked how a new property like this compares to other properties throughout South Bend such as South Bend Heritage or the housing authority. How does the word get out to people in need? He is always concerned about how these properties are marketed.

Mr. Bauer states that it is similar to heritage or authority projects. The developer will be responsible for marketing to residents of appropriate incomes. Residents would be required to verify income. There is a waiting list for housing choice vouchers at the housing authority.

Commissioner Zapata asked if the developer could sell the property after development.

Mr. Bauer stated they cannot sell the property for at least fifteen years.

Secretary Matousova asked if the private funds had been secured.

Mr. Bauer stated yes, through the form of sale of credits and separate financing. Funds are available up front after closing. They would have to provide reports showing where funds went to.

Secretary Matousova asked if there were penalties if they fail to meet the minimum fifteen-year requirements.

Mr. Bauer stated there would be penalties from the state of Indiana through IHEDA if they failed to meet requirements and the tax credits would be clawed back.

Commissioner Zapata asked if this developer has other projects in the city of south bend.

Mr. Bauer stated this is the first project in South Bend, but she is interested in doing more in South Bend. She has done other projects in Chicago.

Commissioner Morton asked what fair market rent would be for one of those units.

Mr. Bauer stated a single-family household 80% AMI rent is approximately \$1,000 per month for metropolitan area. This is the high range of AMI.

Commissioner Morton stated he feels these are high for low-income housing.

Mr. Bauer states 50% rent limit is \$723 efficiency/\$775 1-bedroom/\$930 2-bedrom. At 65% rent limit \$920 efficiency/\$988 one bedroom. Those are caps and they can be subsidized. They could utilize a housing choice voucher. HUD sets these.

Commissioner Morton stated he still feels this rate is high.

B. Project Report of Monreaux

Mr. Erik Glavich presented a proposed report of the City entitled "Project Report of the South Bend Economic Development Commission Concerning the Issuance and Funding of the Taxable Economic Development Revenue Note, Series 2023 (Monreaux Project) for the Proposed Local Public Improvements to Serve Economic Development Facilities for Delta Ventures Ltd.," as attached hereto.

After consideration of the proposed report, upon a motion by Secretary Renata Matousova and seconded by Commissioner Luis Zapata, the motion carried unanimously, the Commission approved the presentation of the Monreaux Project on December 11, 2023.

5. Public Hearing on Monreaux Project

The Commission was presented with the proof of publication of a notice published on December 1, 2023 by the South Bend Tribune of a public hearing for this date before the Commission, regarding the loan to fund the Local Public Improvements to serve the Development for the Borrower. The public was invited to comment thereon as to the public purpose of the loan and financing and as to any adverse competitive effect that it might have. No comment was offered by members of the public to show an adverse competitive effect.

After all comments were heard and considered, the President closed the public hearing. The substantially final form of the Loan Agreement and the proposed form of ordinance (all such documents collectively to be considered the Financing Documents referred to in the Indiana Code, Title 36, Article 7, Chapters 11.9 and -12) were then presented to the Commission.

6. Resolution No. 2023-1 Making Findings Relating to the financing of certain local public improvements to service Economic Development facilities, approving such financing and form of loan agreement related thereto.

Mr. Erik Glavich Presented Resolution No. 2023-1 to the Economic Development Commission. This resolution would approve the loan documents. The obligation of the developer were previously discussed and upon completion of the obligations, the loan would be forgiven. This resolution also provides a recommendation to the Common Council for their ordinance to proceed with the financing of the loan.

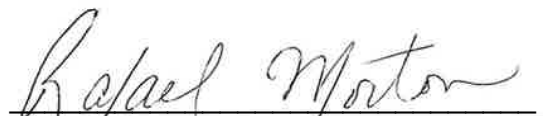
Upon a motion by Secretary Renata Matousova and seconded by Vice-President Morton, the motion carried unanimously, the resolution was adopted.

7. Adjournment

There being no further business to come before the meeting, the meeting was adjourned at 11:36 a.m.



Renata Matousova, Secretary



Rafael Morton, Vice-President