



Department of
Community Investment

Memorandum

February 26, 2015

TO: Redevelopment Commission
FROM: Scott Ford
SUBJECT: 2015 Infrastructure Bond – Resolution No. 3277

On January 15, the Commission approved Resolution No. 3267. This Resolution approved preliminary plans, specifications, and cost estimates; scheduled a public hearing for January 29; authorized the publication of a notice of public hearing; and found that the project is not a controlled project for the purposes of the lease approval procedures of IC 6-1.1-20-1.1.

On January 21, the Redevelopment Authority approved Resolution No. 191. This Resolution approved the proposed form of lease between the Authority and the Commission for the lease of the Project, and provided for the issuance of lease rental revenue bonds of the Authority to finance the costs of the Project, including costs relating to the issuance of such bonds.

On January 29, the Commission approved Resolution No. 3273. This Resolution, upon Common Council (Council) approval, authorizes the President and Secretary to execute and deliver the Lease; determines the annual rental payments are fair and reasonable and that the project will serve a public purpose; and directs the Secretary to transmit to the Council a copy of this Resolution and authorizes the filing with the Council of an approving Resolution.

On February 9, the Common Council approved Resolution No. 4423-15. This Resolution approved that the lease terms are fair and reasonable, the project serves a public purpose, and approving the issuance of the bonds and the execution and delivery of a lease between the South Bend Redevelopment Commission and South Bend Redevelopment Authority.

On February 18, the Redevelopment Authority approved Resolution No. 192. This Resolution approved the issuance of the bonds with a maximum principal amount of \$25,000,000, having a final maturity of not later than February 1, 2037, a maximum interest rate of 6%, provided for the bonds to be sold via public sale, authorized the Authority officers to approve and sign the documents necessary to provide for the sale and closing of the bonds, and authorized the Authority to enter into an agency agreement with the Board of Public Works.



Resolution No. 3277 authorizes the Commission to create and establish a Project Principal and Interest Account to pay the rentals owed pursuant to the Lease, and determine as of August 1 annually that sufficient funds are on hand to avoid a special tax levy. Per the revenue analysis provided by HJ Umbaugh and Associates, current lease payment coverage ranges from 300% to 1,100 %.

Memo from 1/15/15

The attached Resolutions # 3267 and Lease Agreement are for the purpose of issuance of bonds to finance the construction of local public improvements to support the City's Smart Streets initiative and West Side Main Streets Revitalization Plan. This bond is consistent with the inter-related aims of: Fiscal stewardship; Economic development; and, a Plan-driven redevelopment agenda, and will allow the City to strategically focus its resources on current priorities.

Project Description

The bond project consists of the planning, engineering, acquisition, construction, and maintenance of certain additions, changes, including, but not limited to pavement, streetscape, sidewalk, bulb-outs, signal control changes, trees, signage, markings, utilities, bicycle facilities, number of lanes, lane direction, drainage, utilities, parking, lighting, and right-of-way for the following stretches of road:

- 1) Bartlett Street between Lafayette Blvd and Riverside Drive
- 2) Michigan Street between Riverside Drive and Barbie Street
- 3) Main Street between Park Lane and Barbie Street
- 4) St. Joseph Street between LaSalle Avenue and Western Avenue
- 5) Lafayette Blvd between Park Lane and Indiana Avenue
- 6) Lincolnway West between W LaSalle Avenue and the City Limits (Woodland Avenue)
- 7) Western Avenue between Michigan Street and Mayflower Road
- 8) Marian and Madison Streets between Michigan and Lincolnway West.
- 9) Any cross streets related to the foregoing stretches.

The project is scheduled to be complete by fall 2016. The bond proceeds will enable a more efficient implementation pattern with concurrent construction that will minimize traffic disruption.

Bond Schedule

Based on a preliminary schedule, it is anticipated that the bond approval process would entail the following steps:

- | | |
|-------------------|---|
| January 15, 2015: | Meeting of the Commission to adopt resolution authorizing reimbursement for preliminary costs from the proceeds from bonds and preliminary resolution approving the form of the lease and authorizing public hearing on the lease. |
| January 21, 2015: | Meeting of Redevelopment Authority to adopt a resolution to approve the lease. |
| January 29, 2015: | Meeting of the Commission to (i) hold a public hearing at which all interested are provided the opportunity to be heard regarding proposed lease, (ii) adopt a resolution approving the execution of the lease on behalf of the Commission. |

- February 9, 2015: Meeting of the Common Council to consider resolution approving the lease and approving issuance of bonds by the Authority.
- February 11, 2015: Execution of lease by Redevelopment Authority and Commission.
- February 18, 2015: Meeting of Redevelopment Authority to adopt the bond resolution approving the of the issuance of bonds, execution of trust agreement and agency agreement with South Bend Public Works and delegating approval of Preliminary Official Statement.
- February 26, 2015: Meeting of the Redevelopment Commission to adopt resolution authorizing funding of the 2015 Bonds and creation of funds and accounts.
- March 10, 2015: Meeting of the South Bend Board of Public Works to approve of a form of Agency Agreement with the Authority.

Bond sale would occur in the third week of March with their closing the first to second week of April.

Amount

The bond amount is to be \$25M inclusive of all transaction costs, capitalize interest and debt service reserve fund, netting approximately \$21.4M in proceeds available for projects. The term of the bond is anticipated to be repaid over 20 years, with a maximum lease rental payment of up to \$1.9M per year.

Staff requests approval of Resolution No. 3277.

RESOLUTION NO. 3277

RESOLUTION OF THE SOUTH BEND REDEVELOPMENT COMMISSION ESTABLISHING CERTAIN FUNDS AND ACCOUNTS IN CONNECTION WITH THE LEASE DATED AS OF FEBRUARY 1, 2015, BETWEEN THE SOUTH BEND REDEVELOPMENT COMMISSION AND THE SOUTH BEND REDEVELOPMENT AUTHORITY

WHEREAS, the South Bend Redevelopment Commission (the "Commission"), governing body of the City of South Bend, Indiana, Department of Redevelopment (the "Department") and the Redevelopment District of the City of South Bend, Indiana (the "Redevelopment District"), exists and operates under the provisions of the Redevelopment of Cities and Towns Act of 1953 which has been codified in Indiana Code 36-7-14 et seq., as amended from time to time (the "Act"); and

WHEREAS, the City of South Bend Redevelopment Authority (the "Authority") has been created pursuant to Indiana Code 36-7-14.5 as a separate body corporate and politic, and as an instrumentality of the City of South Bend, Indiana (the "City"), to finance local public improvements for lease to the Commission pursuant to Section 25.2 of the Act and Indiana Code 36-7-14.5; and

WHEREAS, the Commission has previously designated and declared an area in the City, known as the River West Development Area to be an economic development area and an allocation area (collectively, the "Area") for the purpose of collecting tax increment finance revenues (the "TIF Revenues"), adopted an Economic Development Plan, and established an allocation fund for said Area; and

WHEREAS, the Authority intends to issue its lease rental revenue bonds in the aggregate principal amount not to exceed Twenty-five Million and 00/100 Dollars (\$25,000,000.00), pursuant to Indiana Code 36-7-14.5-19 and a trust agreement (the "Trust Agreement") to be entered into by the Authority and a trustee to be selected by the Authority, to be known as the "South Bend Redevelopment Authority Lease Rental Revenue Bonds of 2015" (the "Bonds"), the proceeds of which are to be used to finance the acquisition, construction and installation of certain local public improvements as part of the City's Smart Streets initiative and Westside Main Streets Revitalization Plan which local public improvements shall consist of all or any portion of the acquisition, construction and installation of the following: pavement, streetscape, and sidewalk improvements, bulb-out installation, street signage and markings, installation of bicycle facilities, road widening, intersection and traffic signal interconnection improvements, utility relocation, utility and sidewalk improvements, and installation of lighting and right-of-way improvements, all of which local public improvements are to be located along the following stretches of road: (i) Bartlett Street between Lafayette Blvd and Riverside Drive; (ii) Michigan Street between Riverside Drive and Barbie Street; (iii) Main Street between Park Lane and Barbie Street; (iv) St. Joseph Street between LaSalle Avenue and Western Avenue; (v) Lafayette Blvd between Park Lane and Indiana Avenue; (vi) Western Avenue between Michigan Street and Mayflower Road; (vii) Lincolnway West between West LaSalle Avenue and the City limits (Woodland Avenue);

(viii) Marion and Madison Streets between Michigan Street and Lincolnway West; and (ix) any cross streets related to the foregoing stretches and various expenses related thereto (collectively, the "Project") and to pay the cost of issuance of the Bonds; and

WHEREAS, the Authority intends to lease the Project to the Commission pursuant to a lease dated as of February 1, 2015, as may be amended from time to time (the "Lease"), which Lease was heretofore approved by this Commission; and

WHEREAS, in order for the Authority to proceed with the issuance of its Bonds, it is necessary for the Commission to establish certain funds and accounts for the payment of the rentals owed by the Commission pursuant to said Lease;

NOW, THEREFORE, BE IT RESOLVED, by the South Bend Redevelopment Commission as follows:

1. The Commission hereby creates and establishes a River West Development Area Project Principal and Interest Account (the "Lease Account") in the Redevelopment District Bond Fund, previously created by the Commission, to pay the rentals owed by the Commission pursuant to the Lease as the same may be amended by an Addendum.

2. The Commission shall levy in each calendar year beginning in the year prior to the first calendar year in which the Commission is required to pay lease rentals pursuant to the Lease, a special tax upon all of the taxable property in the Redevelopment District in a total amount sufficient, together with all other funds (other than special taxes) including, without limitation, the TIF Revenues deposited in the Lease Account during the previous 12 calendar months prior to August 1 of such calendar year (in determining whether such levy is necessary, the Commission may also take into account any funds on deposit in any reserve fund established by the Authority in the Trust Agreement with respect to the Bonds), to pay all lease rental payments payable in the 12-month period beginning on July 1 of the following calendar year pursuant to Section 4 of the Lease. The proceeds of such special tax shall be deposited in the Lease Account, and such taxes and any other funds, including, without limitation, the TIF Revenues deposited in the Lease Account shall be irrevocably pledged for the purposes set forth in this Resolution. It is the expectation of the Commission that sufficient TIF Revenues will be available to make such lease rental payments under the Lease when due, without having to resort to the levy of the special tax provided herein.

3. This Resolution shall be in full force and effect after its adoption by the Commission.

* * * * *

Resolution No. 3277
Page 3

ADOPTED AND APPROVED at a meeting of the South Bend Redevelopment Commission held on the 26th day of February, 2015.

**CITY OF SOUTH BEND,
DEPARTMENT OF REDEVELOPMENT**

Signature

Printed Name and Title

South Bend Redevelopment Commission

ATTEST:

Signature

Printed Name and Title

South Bend Redevelopment Commission