

**SOUTH BEND REDEVELOPMENT COMMISSION
REGULAR MEETING**

July 16, 2015

9:30 a.m.

Presiding: Marcia Jones, President

227 West Jefferson Boulevard
South Bend, Indiana

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

1. ROLL CALL

Members Present:

Marcia Jones, President
David Varner, Vice President
Don Inks, Secretary
Greg Downes
Gavin Ferlic
John Anella

Legal Counsel:

Benjamin Dougherty, Esq.

Redevelopment Staff:

David Relos, Associate II
Debrah Jennings, Associate I
Tracy Oehler, Recording Secretary

Others Present:

Scott Ford, Executive Director
Chris Fielding, Assistant Executive Director
Beth Inks, Director
Jitin Kain, Director
Chris Dressler, Associate I
Michael Divita, Associate I
Laura Mazur, Analyst I
Jeremy McClements
Conrad Damian
David Matthews
Zach Crenshaw
Rich Deahl
Matt Powell
Dan Boecher
Mark Peterson
Eric Walker
A.J. Patel
Norman Patel

2. APPROVAL OF MINUTES

A. Approval of Minutes of the Regular Meeting of Thursday, June 25, 2015.

Upon a motion by Secretary Inks, seconded by Commissioner Downes and unanimously carried, the Commission approved the Minutes of the Regular Meeting of Thursday, June 25, 2015.

3. APPROVAL OF CLAIMS

324 Fund River West Development Area

Wells Fargo	58,500.00	South Bend RA Lease Rental Revenue Ref Bonds 2009 (Morris Performing Arts Center)
DHA	310.00	Land Surveyor
Shaffner Heaney Associates Inc.	218,236.85	Façade ACM Panel for Ignition Park Building
BSCO, Inc.	384,234.00	Equipment Purchase for Nello
DHA	1,300.00	Survey Replat of 111 South Street
Interstate Environmental Services	152,942.40	Removal of Lead Paint at Ivy Tower
Weaver Consultants Group	9,546.91	Ivy Tower
Underground Pipe & Valve Inc.	146,249.96	Water Construction Materials
Tri County News	86.58	Notice to Bidders
IDEM	328.27	Remediation Agreement
Balint Ryder	56,145.00	Equipment Purchase for Norres
DHA	850.00	College Hall of Fame
American Structurepoint Inc.	5,088.26	Ignition Park Infrastructure Phase 1C Div. B
Abonmarche Consultants	665.00	Ignition Park Buildings 1 and 2
South Bend Tribune	90.60	Notice to Bidders

429 Fund River East Development Area

SSWW	3,250.00	Relocation on Hill Street
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430 Fund South Side TIF Area No. 1

Lawson-Fisher Associates P.C.	1,878.50	Intersection of Chippewa at Michigan and Main Roundabout Improvements
DLZ	140.00	Ireland Right-of-Way Acquisition
Meridian Title	3,049.65	Acquisition Wire Transfer Closing Right-of-Way Main and Lafayette

435 Fund SEDA TIF Area No. 3 Erskine Village

Wells Fargo	130,835.00	City of South Bend Taxable ED Revenue Bonds Erskine Village Series 2005A
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\$1,173,726.98

Upon a motion by Secretary Inks, seconded by Commissioner Downes and unanimously carried, the Commission approved the Claims submitted July 16, 2015.

4. COMMUNICATIONS

Mr. Relos reported Gates Sales and Service renewed their second two-year lease extension for the property located at Main and Western.

5. OLD BUSINESS

None.

6. NEW BUSINESS

A. River East Development Area

(1) Development Agreement for Jefferson/Niles Improvements (121 River Race, LLC/521 Jefferson, LLC)

Mr. Fielding stated the development agreement is with developer David Matthews for improvements to the exterior of the Emporium building located at 121 Niles Avenue including removal of the white paint on the original brick façade, tuck-pointing, construction of a rear multi-story deck, parking lot improvements, new windows, and interior. The building located at 521 Jefferson Boulevard has undergone substantial renovation and the developer has proposed the installation of a French quarter style steel and metal façade creating an upper deck and greatly improving the appeal of the building.

The developer has requested assistance from the Redevelopment Commission to address the improper flow and turn of the Jefferson Street tunnel and the restoration of the parking area which is 50% owned by the Commission. The developer has committed that the new business that will be located in the buildings will create 40 new jobs at \$10 per hour.

Upon a motion by Vice President Varner, seconded by Secretary Inks and unanimously carried, the Commission approved the development agreement, with an allocation of \$87,000 to the project as described under Local Public Improvements, with 121 River Race, LLC/521 Jefferson, LLC.

B. River West Development Area

(1) Master Lease and Development Agreement for Speculative Industrial Building at Ameriplex (GLC Portage Prairie, LLC)

Mr. Fielding stated in an effort to address the lack of industrial space available, staff proposed the term of a potential speculative industrial building to the Redevelopment Commission in October 2014. Staff was able to negotiate favorable terms with Great Lakes Capital who has agreed to build a 200,000 square foot shell under the proposed agreement with the Commission entering into a five year master lease backed by TIF funding. The summarized terms of the lease are as follows: lease rate of \$2.79 per square foot inclusive of any and all costs associated with the building; a 60 month maximum term; 20% decrease in rent each year; and the lease terminates upon occupancy of a third party business.

Staff presented on Monday, July 13, 2015, the terms of the master lease to the Common Council pursuant to Section 2.5 of the Indiana Code 36-7-14. The request for recommendation was subject to the following express limitations: the term of the master lease may not exceed sixty (60) months; and the total consideration potentially paid by the Commission may not exceed one million six hundred seventy-four thousand dollars (\$1,674,000). The Common Council has forwarded the proposal to the Redevelopment Commission with a favorable recommendation.

Upon a motion by Vice President Varner, seconded by Commissioner Ferlic and unanimously carried, the Commission approved the master lease and development agreement for a Speculative Industrial Building at Ameriplex with GLC Portage Prairie, LLC.

(2) Development Agreement for Downtown South Bend Hotel at the Hall of Fame (Southhold, LLC)

Mr. Fielding stated in 2013, the Department of Community Investment release a call for offers to solicit alternative uses for the space previously occupied by the College Football Hall of Fame with the goal to fulfill three basic tenets: contribute to the tax base; attract visitors to the downtown; and maintain the civic role of the building as a gathering space.

Staff has completed negotiations for the project with Southhold, LLC resulting in the sale and repurposing of the Hall of Fame building and the development of a new 120 room hotel along St. Joseph Street. The development will utilize the Hall of Fame structure as its entrance and lobby inclusive of a potential restaurant and additional retail space.

The terms of the development agreement are as follows for the project: minimum of 120 guest rooms; private investment of approximately \$10 million into the project; the Hall of Fame to be incorporated into the hotel, inclusive of hotel amenities, registration, and space for development; the gridiron will remain available to the public 30 times per year with a minimum of 60 days' notice by the City to the developer; and solidifies a public/private partnership for up to 5,000 square feet in the lower level of the Hall of Fame to be used by the City free of charge during the period the developer makes installment payments for the purchase of the Hall of Fame building.

The terms of the development agreement are as follows: purchase price for the Jefferson lot is \$1; the purchase price for the Hall of Fame building is \$1.2 million (\$50,000 paid upon the signing of the purchase agreement; \$150,000 paid upon receipt of the certificate of occupancy for the hotel; \$150,000 paid on or before the first anniversary of the occupancy date; \$250,000 paid on or before the second anniversary of the occupancy date; and \$600,000 paid on or before the third anniversary of the occupancy date); any failure to make the above payments

constitutes a default and converts the purchase agreement into a triple net lease at \$12.00 per square foot for all the space above ground and \$6.00 per square foot for any subterranean space utilized by the developer with previous payments forfeited; \$700,000 will be requested in TIF infrastructure investment; the Redevelopment Commission will cover the maintenance costs specific to the HVAC systems for 36 months; and staff will assist the developer in gaining access to 100 spaces in the Leighton garage and 50 spaces in the Century Center parking lot.

Mr. Patel, representative for Southhold, LLC, announced they have secured an agreement with Courtyard by Marriott.

Mr. Relos noted the legal description of the development agreement will be completed and added once the property has been replatted.

Upon a motion by Commissioner Downes, seconded by Secretary Inks and unanimously carried, the Commission approved the development agreement for the downtown South Bend Hotel at the Hall of Fame with Southhold, LLC.

(3) Collateral Assignments for the Hotel LaSalle (RealAmerica/The LaSalle Apartments, LLC)

Mr. Relos stated on November 24, 2014, the Commission and RealAmerica entered into a development agreement for the redevelopment of the Hotel LaSalle. The LaSalle Apartments, LLC is a wholly owned subsidiary of RealAmerica. On March 26, 2015, the Commission approved Resolution No. 3282, approving various agreements referenced in the development agreement. Several of these agreements were anticipated to be assigned to RealAmerica's lender upon financing and contained language to allow their assignment. The three collateral assignment agreements are to be assigned to Lake City Bank, which include the construction management agreement, the development agreement, and the parking lease agreement.

Upon a motion by Secretary Inks, seconded by Commissioner Ferlic and unanimously carried, the Commission approved the collateral assignment of construction management agreement, the collateral assignment of development agreement, and the collateral assignment of lease with RealAmerica/The LaSalle Apartments, LLC.

C. West Washington-Chapin Development

(1) City Cemetery Master Plan Update

Mr. Dressler gave a presentation of the City Cemetery Master Plan update, which included project recommendations of internal improvements; entrance improvements; perimeter improvements; Elm, Linden, and LaPorte streetscape improvements; two-way street conversion; and the development of neighborhood

open space. The next steps of the project implementation is tree planting of the Colfax streetscape in 2015; the two-way conversion of Colfax in 2016; the cemetery entrance enhancement in 2016; and the ongoing cemetery programming.

D. South Side Development Area

(1) Professional Services Proposal for High and Ireland Right-of-Way Legal Description Services (Jones Petrie Rafinski)

Mr. Relos stated the professional services proposal from Jones Petrie Rafinski is to complete the necessary right-of-way legal descriptions for improvements to the High and Ireland intersection. Planned improvements to this intersection are to add dedicated left turn lanes into and out of the Erskine Plaza Shopping Center, to relocate the Plaza's sign that is currently in the middle of High Street, and to connect sidewalks along both High and Ireland.

Upon a motion by Secretary Inks, seconded by Commissioner Downes and unanimously carried, the Commission approved the professional services proposal for High and Ireland right-of-way legal description services with Jones Petrie Rafinski in a not-to-exceed amount of \$2,515.

E. Douglas Road Development Area

None.

F. Other

(1) Approval of the Amended and Restated Redevelopment Commission Bylaws

Mr. Relos stated the Redevelopment Commission bylaws were adopted in 1992 and slightly revised in 1999. These amended and restated bylaws were made to align them with current practice to more meaningfully guide the Commission's activities and to ensure they are consistent with changes made over the years to Indiana Code 36-7-14, which governs redevelopment commissions.

The following changes and/or clarifications were made: non-voting member's role and term; commissioners subject to the City's Ethics Code; election of officers when a vacancy occurs; director appointment; annual organizational meeting now the first meeting of the year; monthly meeting time and days; special meetings; order of business; commission treasurer is the City Controller; and approval by four (4) commissioners necessary to amend the bylaws.

Upon a motion by Commissioner Ferlic, seconded by Commissioner Downes and unanimously carried, the Commission approved the amended and restated Redevelopment Commission bylaws.

7. PROGRESS REPORTS

Mr. Fielding reported a declaratory resolution has been passed by the Common Council for the speculative building for an eight year tax abatement and a prepackage incentive for companies interested in the building. Vice President Varner requested regular updates on the project and its outcome.

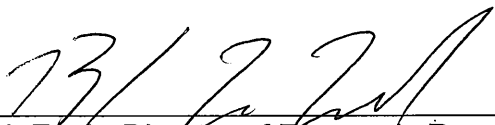
Mr. Ford stated Councilmember White requested a budget conversation for Monday, July 20, 2015, regarding tax increment funding (TIF), which is a great opportunity to revisit what TIF is, its uses and policies, and an update on each of the TIF districts. The presentation will include comparisons of the key categories of debt service, infrastructure, parks, jobs, project management, remediation, and public facilities and how decisions are made on incentives.

8. NEXT COMMISSION MEETING

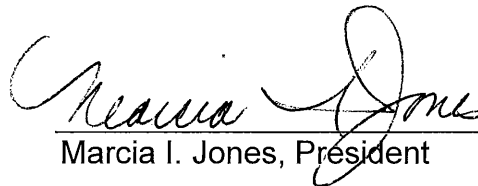
Thursday, July 30, 2015, at 9:30 a.m.

9. ADJOURNMENT

President Jones adjourned the meeting at 10:07 a.m.



Brock Zeeb, Director of Economic Resources



Marcia I. Jones, President