



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

**SOUTH BEND REDEVELOPMENT COMMISSION
 SCHEDULED REGULAR MEETING**

February 22, 2024 – 9:30 am
<https://tinyurl.com/RedevelopmentCommission> or **BPW 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, Vice-President - IP Vivian Sallie, Secretary – IP Eli Wax, Commissioner - IP David Relos, Commissioner – IP Leslie Wesley, Commissioner - IP	IP = In Person V = Virtual
Members Absent:		
Legal Counsel:	Danielle Campbell, Asst. City Attorney Sandra Kennedy, Esq.	
Redevelopment Staff:	Mary Sears, Board Secretary Joseph Molnar, Property Manager	
Others Present:	Caleb Bauer Erik Glavich Sarah Schaefer Rosa Tomas Patrick Sherman Alyson Herzig Alyssa Alstott Zach Hurst Matt Barrett Jordan Smith Mark Peterson WSBT Michael Surak	DCI DCI DCI DCI Engineering Resident DCI Engineering Resident South Bend Tribune WNDU WSBT RealAmerica

2. Approval of Minutes

A. Approval of Minutes of the Regular Meeting of Thursday, January 25, 2024

Upon a motion by Commissioner Eli Wax, seconded by Commissioner Dave Relos, the motion carried unanimously, the Commission approved the minutes of the regular meeting of Thursday, January 25, 2024.

B. Approval of Minutes of the Regular Meeting of Thursday, February 8, 2024

Upon a motion by Commissioner Eli Wax, seconded by Commissioner Dave Relos, the motion carried unanimously, the Commission approved the minutes of the regular meeting of Thursday, February 8, 2024.

3. Approval of Claims

None

4. Old Business

5. New Business

A. River West Development Area

1. Budget Request (Byer's Complex Design)

Patrick Sherman Presented a Budget Request (Byer's Complex Design). This budget request in the amount of \$288,850 is for design purposes of the Byer's Softball Complex. The project will be funded from a state grant of \$3M which we will receive in the second quarter of 2024. This request allows the city to move forward with the project schedule. The new design will attract tournaments to the area. Commission approval is requested.

Upon a motion by Commissioner Eli Wax, seconded by Commissioner Dave Relos, the motion carried unanimously, the Commission approved Budget Request (Byer's Complex Design) submitted on Thursday, February 22, 2024.

2. Resolution No. 3590 (Accepting Property Transfer from BPW)

Joseph Molnar Presented Resolution No. 3590 (Accepting Property Transfer from BPW). This resolution is a matching resolution accepting property from the Board of Public Works. BPW owns the majority of single-family lots. RDC is a better suited entity to negotiate development arrangements. The properties have the potential to be redeveloped to provide infill housing to South Bend. The twenty-seven lots are in the NNN, and primarily between Portage and Lincolnway on the eastern side of the neighborhood. BPW will still retain over fifty properties in the NNN. The resolution just transfers the properties between entities. Commission approval is requested.

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Commissioner Wax asked if there was specific criteria.

Mr. Molnar states that this is only a small percentage of their properties. We have had a number of interests in this area from multiple developers.

Mr. Glavich stated that with the announcements last year of the ADVANTIX project, which was fifty units over 44 properties, there was a press conference with Alan Edward Homes that sparked a lot of interest in that triangle area. We are looking to get ahead of some potential opportunities available to offer builders through real estate purchase agreements.

Commissioner Wax asked if staff has had conversations around the scatter site project like ADVANTIX.

Mr. Glavich stated he has not had conversations. Internally we talked about what our strategy is. We would love to have another project like ADVANTIX come along. We would like to have someone approach us to build and be able to help them to scale up that ensures the city is getting something where there is significant vacancy. This helps the city get the lots ready for negotiating.

Mr. Bauer stated that the intent with the lots would not be large scale projects but smaller projects. There are home builders that may be interested in building in South Bend for the first time who have built in more suburban settings.

Commissioner Wax asked if the market has changed economically speaking for new builds that are a smaller scale.

Mr. Bauer stated we have seen in localized areas, particularly in southeast neighborhoods, we have seen the appraisal gaps closing. Some builders are willing to take a higher risk profile that may turn some of the neighborhoods around.

Vice-President Warner stated that there is a great interest in incremental development. There is a movement a few homes down where people taking the initiative to build up that neighborhood. He asked why the Board of Public Works has come into possession of these properties.

Mr. Molnar stated BPW is the easiest entity to accept properties from tax sales. When we have interest from a developer to build, it is harder for that builder to work through BPW as they have stricter bidding processes no matter what the builder wants to do. If the property is in the RDC portfolio, we can start having negotiations with smaller developers.

Vice-President Warner noted that we had great success with the RFP process; do we see something happening like that with this portfolio. We are working with the county for a land bank is this another landing spot for non-profits to build.

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Mr. Bauer stated yes, we did see success from the RFP process. You can expect to see more RFP's coming before the Commission for different properties in that same style. The land bank discussions are ongoing. If the land bank is established, we would look at the existing BPW portfolio and seek to provide a limited number of parcels to a bank. The land bank has additional acquisitions through the tax sale process that are in some ways superior to the city's ability. The primary focus would be new acquisitions versus taking the portfolio that BPW already has.

Vice-President Warner stated he hears people state that the city has a lot of property, but no one knows where. It would be great to provide a map, a list and state, this is what we think could happen.

Secretary Sallie asked if the properties would be used for single family homes.

Mr. Bauer stated it could potentially be open to single family or duplex construction but yes, lower density.

Matt Barrett, resident, asked who is responsible for maintaining the properties to be transferred.

Mr. Molnar stated Community Investment contracts with VPA on most of the single-family lots that both RDC and BPW own. This will not change with additional properties.

Matt Barrett, resident, asked about snow shoveling.

Mr. Bauer noted that mowing is a more predictable service. It is scheduled. We do shovel, but it is cost prohibitive depending on the snowfall season.

Mr. Molnar stated that they do try to get to RDC properties, but the crews do the parks and trails first and get the most heavily hit areas done. By day three or four, a lot of time it has melted.

Upon a motion by Vice-President Warner, seconded by Commissioner Relos, the motion carried unanimously, the Commission approved Resolution No. 3590 (Accepting Property Transfer from BPW) submitted on Thursday, February 22, 2024.

3. Resolution No. 3591 (RealAmerica Appropriations)

Erik Glavich Presented Resolution No. 3591 (RealAmerica Appropriations). This should be the final chapter of the RealAmerica Diamond View stadium flats process. This resolution finalizes the forgivable loan process. Mr. Glavich presented the timeline process of this development and reminded the commission of the development agreement of the \$35M private investment. Commission approval is requested.

Secretary Sallie asked what the difference between the market rate units versus the affordable units.

Michael Surak, RealAmerica stated that the units are built to the same standard whether market rate versus the affordable units. The market rate units will have two bedrooms and two baths whereas Diamond View will have two bedrooms and one bath. The amenities will be consistent throughout each building. They will each have their own community space with a communal area for residents to gather with a fitness area and dog wash onsite. The cabinets and flooring will be the same throughout. The units will be comparable.

Commissioner Wax asked if the exterior is comparable.

Michael Surak stated correct. Each unit has a balcony or patio, and the materials are consistent throughout.

Mr. Molnar stated the first round of permits were issued yesterday and we will be gearing up for the closing of the property.

Upon a motion by Commissioner Relos, seconded by Secretary Sallie, the motion carried unanimously, the Commission approved Resolution No. 3591 (RealAmerica Appropriations) submitted on Thursday, February 22, 2024.

4. Resolution No. 3593 (Career Academy Mortgage and Note Subordination Ardmore)

Joseph Molnar Presented Resolution No. 3593 (Career Academy Mortgage and Note Subordination Ardmore). In 2015 the Redevelopment Commission sold 3408 Ardmore Trail to Career Academy for the establishment of the school on the premises. At the time, the cost of the property was \$732k to be paid in installments over fifteen years and invested \$8M into the property. Redevelopment Commission holds the lien on the property. A chart of accounts was presented with payments due, and payments made. They have been paying more than asked. They have just paid the 2024 payment and there is \$444,500 or less due on the note. Career Academy is entering into a bond in furtherance of the Commission and has requested a subordination of this property. The Commission has obtained a guarantee from the Garatoni Smith Family Foundation on the balance of the note. Even if something happens to the bond, they are guaranteeing the note. Commission approval is requested.

Commissioner Relos asked if they are making improvements to that location.

Mr. Bauer stated it would be collateral for a bond to make improvements to the Portage School location. Just using this location as collateral.

Commissioner Wax asked if Commission would see the underlying guarantee.

Mr. Bauer stated that this authorizes Corporation Counsel and RDC Executive to execute the guarantee with the Garatoni Smith Family Foundation.

Commissioner Wax asked if we are confident that the guarantee would hold up.

Mr. Bauer stated absolutely.

Mr. Barrett, resident, asked what the interest rate is on the loan.

Mr. Molnar stated it is an interest-free loan.

Commissioner Wesley asked if all other entities are given the same opportunity to have interest free loans on the book.

Mr. Bauer stated he would need to research and get back to Commissioner Wesley with that information.

Upon a motion by Secretary Sallie, seconded by Commissioner Relos, the motion carried unanimously, the Commission approved Resolution No. 3593 (Career Academy Mortgage and Note Subordination Ardmore) submitted on Thursday, February 22, 2024.

6. Other

A. River West Development Area

1. Resolution No. 3592 Approving Terms of Settlement Bear Brew)

Joseph Molnar Presented Resolution No. 3592 (Approving Terms of Settlement Bear Brew). In 2016 the Redevelopment Commission entered into a purchase agreement for the former Gates Auto building to establish a brewery and restaurant. The agreement was amended seven times. Upon the third amendment, the Redevelopment Commission took legal action for non-compliance but came to an agreement with Bare Hands giving them extensions, reduced the private commitments and lengthened the timelines. Bare Hands failed to meet the commitments. The agreement stated that the property should be conveyed back to the RDC should they fail to meet the commitments. The agreement stated that RDC would pay for property improvements, specifically physical material improvements and actual construction. As of September 2023, Bear Brew failed to finish the project or private investment. Staff agreed there were no extensions warranted and that they were in default. In October, RDC staff and legal counsel began dialogue with Mr. Gerard. RDC staff has received invoices from Mr. Gerard on work performed on the property. Staff and legal have vetted the invoices as to which ones met the agreement. In light of the reversion clause terms, the resolution approves \$98k for further reacquisition of the property. These cover verified work of the structure. This amount also covers any outstanding liens, taxes or other costs associated with closing the property and recording the deed. Bare Brew has turned over environmental reports including asbestos reports and building plans related to the property. This resolution authorized Corporation Counsel to execute the final agreement and the return of the property to the Redevelopment Commission. Staff intends on bringing an RFP for the property in the coming months. Commission approval is requested.

Commissioner Wax asked if staff feels there has been \$98k worth of value added to the property.

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Mr. Bauer stated he does not feel that full amount. That amount is documented as being expended with the contractors doing work. Some of those contractors are yet to be paid. Rather than waiting for this property and those commensurate liens to play out further, holding it up from being returned to RDC ownership, we would prefer to make those contractors whole for the work that they performed and be able to move on from this.

Ms. Campbell-Weiss states there are also unpaid property taxes that we would bring up to date. We are deducting those from the amount owed.

Commissioner Relos asked if we hope to have the property deeded back to RDC.

Ms. Campbell-Weiss stated we hope to have that before the next meeting.

Commissioner Wax asked if they will be indemnifying us for any people that come out of the weeds relating to the property. He wants to be sure we are capped out and any other related expenses are paid by Bear Brew.

Ms. Campbell-Weiss stated that is correct.

Mr. Barrett, resident, asked if there has been an appraisal of the property.

Mr. Molnar stated not currently, but that will be part of the RFP process.

Mr. Barrett, resident, asked staff for any lessons learned.

Mr. Molnar states he does not know if he would have written a reversion clause as it was previously done.

Ms. Campbell-Weiss stated we do not know what was happening at the time of the agreement or those conversations as it is not the same staff as in 2016. There was a stipulated dismissal in 2018. It has been several years.

Mr. Barrett, resident, suggested a policy change that the Commission does not approve any amendments to agreements when there are delinquent property taxes. Do not cut deals unless property taxes are paid in full.

Mr. Molnar stated that Bare Hands had paid property taxes many times on the property. It is not seven years' work of non-payment. It is the last year.

Upon a motion by Vice-President Warner, seconded by Commissioner Relos the motion carried unanimously, the Commission approved Resolution No. 3592 (Approving Terms of Settlement Bear Brew) submitted on Thursday, February 22, 2024.

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7. Progress Reports

A. Tax Abatement

- None

B. Common Council

- None

C. Other

- None

8. Next Commission Meeting:

Thursday, March 14, 2024

9. Adjournment

Thursday, February 22, 2024, 10:17 a.m.

Vivian Sallie, Secretary

Marcia Jones, President