



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

**SOUTH BEND REDEVELOPMENT COMMISSION
 SCHEDULED REGULAR MEETING**

March 28, 2024 – 9:30 am

<https://tinyurl.com/RedevelopmentCommission> or **Council Chambers 4th Floor**

Presiding: Troy Warner, Vice-President

The meeting was called to order at 9:32 a.m.

1. ROLL CALL

Members Present:	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:	Marcia Jones, President	
Legal Counsel:	Sandra Kennedy, Esq. Danielle Campbell, Asst. City Attorney	
Redevelopment Staff:	Mary Sears, Board Secretary Joseph Molnar, Property Manager	
Others Present:	Caleb Bauer Erik Glavich Sarah Schaefer Tim Corcoran Rosa Tomas Michael Divita Jeff Jennifer Huddleston Patrick Sherman Zach Hurst Charlotte Brach Leslie Biek Gemma Stanton Kyle Willis Larry Tracy Audra Sieradzki Randy Rampola	DCI DCI DCI DCI DCI DCI DCI DCI DCI Engineering Engineering Engineering Engineering Engineering Admin & Finance Beacon GLC Barnes & Thornburg

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Others Present:	Lou Pierce Richard Nussbaum Mark Peterson Murray Miller James Gardner Jordan Smith Marek Mazurek Angie Steeno Becca Zakowski Matt Barrett Alyson Herzig Dominique Granger WSBT	Resident Resident WNDU Local 145 Local 150 Resident Resident Resident Resident 110 N. Niles South Bend Resident WSBT
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2. Approval of Minutes

- **Approval of Minutes of the Regular Meeting of Thursday, March 14, 2024**

Upon a motion by Secretary Sallie, seconded by Commissioner Wax, the motion carried unanimously, the Commission approved the minutes of the regular meeting of Thursday, March 14, 2024.

3. Approval of Claims

None

4. Old Business

5. New Business

A. River West Development Area

Beacon Health Agreements

Madison Lifestyle District & Memorial Patient Tower Agreements - upon a motion by Commissioner Wax, seconded by Commissioner Relos, the motion carried unanimously, the Commission approved hearing Items 5A1 – 5A5 together submitted on Thursday, March 28, 2024.

Caleb Bauer Presented an overview of the combined project scope. The Madison Lifestyle District & Memorial Patient Tower is more than \$330M in private investment leveraged by \$24M in Redevelopment Commission (approved last year as part of Series B Bond issuance) and \$11.7M in State of Indiana funding.

The Memorial Patient Tower that is already under construction will be a 10-story, 300,000 square foot expansion. The hospital will grow from two hundred forty-nine beds to three hundred and two acute care beds. They will expand the ICU, enhance facility technology, and have larger patient rooms with additional space for family and visitors. The planned growth will have hundreds of new FTEs. The total investment proposed is \$232M from Beacon Health System.

Separately and to the South, properties currently owned by Beacon Health System and Memorial Hospital would comprise the Madison Lifestyle District, which is the mixed-use portion of the project scope. This will be the two-surface park blocks on LaSalle between Michigan Street and Main Street. Those blocks will be filled with mixed use development. The district would comprise of more than two hundred forty new rental housing units, which would include workforce housing units that are hitting the 80% to 120% AMI income rates. A 100-key hotel, 40,000 square feet of commercial space and nine hundred twenty-five structured parking spaces. Conservatively the estimated property tax of this will be \$2.2M. This project is being developed by Great Lakes Capital (GLC) with a total private investment of over \$100M.

The Commission's role is the use of \$24M in lease rental revenue series B which supports a lot of the setup, site acquisition, support of site preparation and construction of the structured parking that will support both Memorial Hospital and the Madison Lifestyle District.

Mr. Bauer talked about the downtown investments that are happening the combined are over \$334M in private investment. Some of those investments are \$45M Four Winds Field expansion, \$30M Morris expansion, \$21.5M Diamond View and Stadium Flats (LIHTC project), \$13.7M Monreaux (LIHTC project) and \$14.7M Liberty Tower completion.

The Commission would purchase the improvements at the Memorial Health Plex to facilitate Beacons move of their physical therapy space to Memorial campus over time. The Commission would agree to procure demolition of the South Bend Medical Foundation building and construct surface parking there. This is the most important piece to set up the redevelopment project. By facilitating Beacon employee parking on that lot, we are able to move forward with construction on the development site. From a timeline perspective that is the piece that would move forward first starting this construction season. Additionally, the RDC has committed to design and implementing new pedestrian improvements across Main Street to the Memorial Hospital at campus. Those are the pieces with Beacon Health System.

Larry Tracy, President, Memorial Hospital. Mr. Tracy noted that they are the owners of the parcels in the agreements. They are proud partners in this project. In terms of density, the amenities and other services provided to be creative to the services that Beacon provides. As an example, Beacon draws patients from up to twenty-four counties depending on services needed. Those oftentimes include family that comes to support the patient. A hotel next door will be incredibly supportive to be near the loved ones receiving care. Workforce housing is another notable example in which they can provide exceptional care to the people in the community. They are a proud partner of this project.

1. Real Estate Purchase Agreement (Beacon and GLC)

Caleb Bauer Presented Real Estate Purchase Agreement (Beacon and GLC). Beacon Health System will transfer the development of sites to Great Lakes Capital and then Beacon will commit to its completion of the patient tower project. In exchange, the Redevelopment Commission will make commitments to reserve three hundred spaces in the northern parking garage for Beacon Health System employees.

Upon a motion by Commissioner Wax, seconded by Secretary Sallie, the motion carried unanimously, the Commission approved Real Estate Purchase Agreement (Beacon and GLC) submitted on Thursday, March 28, 2024.

2. Development Agreement (Beacon Health)

Caleb Bauer Presented a Development Agreement (Beacon Health).

Upon a motion by Commissioner Wax, seconded by Secretary Sallie, the motion carried unanimously, the Commission approved Development Agreement (Beacon Health) submitted on Thursday, March 28, 2024.

3. Lease (Beacon Health)

Caleb Bauer Presented Lease (Beacon Health). This lease will allow Beacon to continue to occupy the space for the near future through the end of 2025. They have the right to leave early should they choose.

Upon a motion by Commissioner Wax, seconded by Secretary Sallie, the motion carried unanimously, the Commission approved Lease (Beacon Health) submitted on Thursday, March 28, 2024.

Great Lakes Capital Agreements

Caleb Bauer presented the commitments on the Great Lakes Capital Agreements. Great Lakes Capital would commit at least \$102M in private investment, construction of the Phase One project, which includes 150 housing units: the 105-key hotel and more than 35,000 feet of office and retail space. Phase II would be ninety-one housing units with at least 7,000 square feet of retail space.

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The Redevelopment Commission would commit to construction of the parking garages and the purchase of the Main and Wayne Street garage which is owned by Great Lakes Capital. Upon Commission approval, GLC would be able to take ownership of the development site from Beacon later this year. The city team would move forward with demolition of the South Bend Medical Foundation building and work to construct a new surface parking lot on initial site prep work at the development site. In 2025 you will see construction begin on the development site. The city will work on Phase I parking garage and potentially some work beginning from GLC, the goal is garage completion in 2026. Memorial Hospital will open the patient tower in 2026. Ideally GLC would be able to complete Phase I of the Madison Lifestyle District in 2026. These are tentative timelines with flexibility that allows extensions of up to one year.

Beacon Health System is committed to \$232M investment

Great Lake Capital is committed to \$102M investment

Redevelopment Commission is committed to \$24M investment

Regional Development Authority (State of IN) is committed to \$11.78M

Audra Sieradzki, Great Lakes Capital presented on the Madison Lifestyle District. The primary site is currently used primarily for Beacon employees and visitors. We see this site as a key connection point between downtown South Bend and the medical campus that currently exists and is being enhanced by Beacon Memorial. GLC feels that the residences are the key to this medicine, lifestyle district development plans that call for approximately 240 apartments. Included in these will be workforce housing. This is targeted to meet both the functional and financial needs of the South Bend downtown workforce. A hotel is key to develop a minimum one hundred key hotel which will include not just rooms for visitors, but a café and meeting space to support downtown South Bend employers and residents. Commercial space integrated into the district plans that are approximately 40,000 square feet. This space will be service retail activating the streetscape along Michigan, as well as, targeted office space available to education and businesses looking to be part of this lively district.

Each of the components and specifically the density would not be possible without structured parking. The parking garages will be integrated into the development.

The hotel will have an elevated façade and intentional design will create a curated visitor experience unlike any hotel in South Bend. Urban mixed-use buildings focused on activating the streetscape and enhancing the quality of housing available downtown. South Bend residents will provide the housing component of the district in thinking through the plans. We have considered how the Madison residences can support the regional initiative to attract and retain talent. Units are being designed to compete with luxury area developments while ensuring that a portion of the units are dedicated to providing housing for the downtown workforce.

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Steps moving forward are for the city to demolish the South Bend Medical Foundation building, develop surface parking for Beacon, clear the project site and complete site work including the utility connections. We are hoping for 2025 completion. All work for both the site preparation and the Phase I parking garage will go through the public procurement process. Current plans estimate the parking garage being completed in 2026. We anticipate the Phase I building components to coincide with other construction. We are targeting construction completion in 2026 with full occupancy and stabilization in 2027.

While Phase I is being completed, GLC will begin Phase II work on the southern block of the project site. Current project schedules show substantial completion in 2027, with occupancy and stabilization in 2028.

Following completion of the Madison Lifestyle District, downtown, South Bend will have a pedestrian and street connection to the Memorial Hospital Medical campus with enhanced housing, hotel, commercial and parking alternatives.

Commissioner Relos stated the commissioners have been part of meetings on this with a lot of valuable information.

James Gardner, representing Local 150 Engineers; Spoke in favor of the project.

Murray Miller, representing Labor Local 645; Spoke in favor of the project.

Vice-President Warner asked; with the financing and funding of the \$24M the approvals happened in January and February 2024; at this point is it just issuing the bonds.

Mr. Bauer noted yes, they are looking to sell those to the bond market in June 2024.

Commissioner Wax noted that residents may not understand any questions from the Commission. That is a testament to the work that has been done by the Redevelopment Commission staff and Caleb Bauer with Community Investment. Mr. Bauer has been engaging with the Commission for months on various aspects of the project, so they have become comfortable and familiar with the project. That pales in comparison to the hours spent by city staff along with partners at Beacon and GLC. He thanks everyone for the tremendous amounts of creativity and energy for a grand idea.

Commissioner Relos echoes those thoughts and thanks Beacon for the long-time presence in South Bend. GLC for all the great projects that have been brought to the table and the State of Indiana for participation and city leadership and staff with the time that has gone into the project; he cannot wait to see it rise out of the ground.

Commissioner Wesley stated that this is a huge win for South Bend today.

Secretary Sallie stated that this is something worth getting out of bed this morning! She really appreciates all the work that has gone into it and the many hours that Caleb and his staff pulling this together, so we understand what was happening and what we were asked to approve.

Vice-President Warner stated that Council voted on the bond in February. We have been talking about this project since then. He thanked attorney Weiss for the many hours in hundreds of pages of documents. He thanked Mr. Molnar and Mr. Bauer for this historic and exciting work. He thanked the partner and their massive investment with the city. He does want to make sure that as the project goes forward that there are many opportunities for local contractors to be able to bid and collaborate with local people on the job with good paying wages.

4. Development Agreement (GLC)

Caleb Bauer Presented Development Agreement (GLC).

Upon a motion by Commissioner Wax, seconded by Secretary Sallie, the motion carried unanimously, the Commission approved Development Agreement (GLC) submitted on Thursday, March 28, 2024.

5. Real Estate Purchase Agreement (GLC)

Caleb Bauer Presented Real Estate Purchase Agreement (GLC). On this item Mr. Bauer asked to strike the prorated property tax payment in section 13 that was a negotiated item today. The prorated rents would still be due to the city, but the prorated property taxes would not.

Upon a motion by Commissioner Wax, seconded by Commissioner Sallie, the motion carried unanimously, the Commission approved Real Estate Purchase Agreement (GLC) submitted on Thursday, March 28, 2024.

6. Resolution No. 3597 (Execution of Lease Four Winds Field)

Randy Rampola, Barnes, and Thornburg Presented Resolution No. 3597 (Execution of Lease Four Winds Field). Mr. Rampola stated that two weeks ago the RDC approved a form of lease for this project for the improvements and renovations at Four Winds Field including addition an upper deck to add increased seating and making other renovations to the stadium to bring it in line with other Minor League Baseball stadiums. The hope is with these renovations that it will bring more people downtown.

The Redevelopment Authority met yesterday and approved the form of the lease. The lease that is before you provides for a maximum lease rental of \$476M and a term of not to exceed twenty years. The lease would be used to support the bonds that the Redevelopment Authority will use. It is the same financing for improvements that were used at Morris a couple of years ago.

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Crowe Horwath worked with the Department of Revenue and looked at the revenues historically since being newly collected in the last year. They went back to 2017 and noted that the revenue collected would reach \$8M. The statute limits what can be distributed to the city at \$5M. There is significant coverage here. The bond issue would not use the entirety of the \$5M. The lease rentals will be payable from the revenues, which in turn pay the bonds; there is also a backup of a tax levy in the event of a short fall. Given the coverage we should not ever use the levy.

There is a public hearing required as part of this item and the next step is to take it to Council for action. The Council acts to approve the lease that would be executed by the Commission and the Authority. Timing for selling the bonds is end of May or June 2024. The project for the timing of the bonds is to allow for ordering of steel and materials. The plan of construction is around the existing baseball season so work would start Fall 2024. Completion is expected before opening day in 2026.

Vice-President Warner stated that even though we are capturing sufficient tax dollars to more than cover the bond payment that will be made from the tax dollars going to the state, the levy is additional collateral to get the city lower interest rates.

Mr. Rampola states yes, absolutely. The cost of borrowing over the term of the financing will be significantly less than if we are trying to sell solely based on the professional sports development revenues. The amount that is not used on debt service is available to the city to used on other projects with specific uses besides the stadium itself.

Commissioner Wax stated to it would be fair to say that in your opinion while there is a tax backup, the likelihood that it would require that tax backup is extremely unlikely.

Mr. Rampola stated absolutely. The public thinks of the tax levy and thinks their taxes are going up but that is not the intent at all. The intent is to use the professional sports development revenues, monetizing that twenty-year revenue stream and using that to be able to do the project today and layer on top of that the ability to go into the bond marketplace and get a lower interest rate based on the additional security that a tax backup brings.

Vice-President Warner closed the commission portion.

Vice-President Warner opened the Public Hearing portion of the meeting.

Richard A. Nussbaum, resident, spoke in favor of the project.

Vice-President Warner closed the Public Hearing portion of the meeting.

Upon a motion by Secretary Sallie, seconded by Commissioner Wax, the motion carried unanimously, the Commission approved Resolution No. 3597 (Execution of Lease Four Winds Field) submitted on Thursday, March 28, 2024.

B. West Washington Development Area

1. Budget Request (MLK Dream Center Building Cladding)

Patrick Sherman Presented Real Budget Request (MLK Dream Center Building Cladding). In addition to all those great projects, the city has transformational work continuing at the Martin Luther King's Dream Center. Progress renderings were shared. The steel portion of the project is nearly complete. Progress on the site continues very well and they are on schedule to be completed in February 2025. This budget request in the amount of \$140k is to correct an issue with the cladding/siding for the building. The cladding specifications were incorrect with a flat finish all across. The siding will add a lot of texture and make it look more attractive.

Commissioner Wax asked the current project cost.

Mr. Sherman stated that it is \$24.5M.

Commissioner Wax where the funding is coming from.

Mr. Bauer stated that collectively for a mix of funding sources such as the American Rescue Plan Funds appropriated by the South Bend Common Council, some development area funds from the River West and West Washington TIF areas with an additional appropriation from the Common Council. A part of this portion is part of the Neighborhood Improvement bonds issued by the Redevelopment Commission. There are approximately ten different funding sources for this project including philanthropic dollars from local foundations. This project has been on track from budget.

Commissioner Relos stated that he has no problem with the project. He does wonder what this does to the West Washington TIF as it is one of the smallest TIF's.

Mr. Bauer stated that there was \$300k available and we have a little bit left for this year. This TIF is getting close to its sunset date so we did commit a chunk of some of the reserves in that TIF to this project but there will still be some revenues coming in. Most of them are being dedicated to the center.

Commissioner Relos stated that as a resident of the West Washington/Chapin area that it would be important to use the remaining funds on the neighborhood.

Matt Barrett, resident, asked if there were any conversations with the architect as it seems to be an architectural error.

Mr. Sherman noted there were conversations with the architect, but this is not an error in re-work or additional cost but an error in what we wanted but did not state in the first place.

Secretary Sallie asked how the community fundraising is coming along.

Mr. Sherman stated there is additional community funding happening. There is \$600k to \$650k in donations and grants that have been part of the construction. Most of the fundraising moving forward is centered around the programming of the building and supporting all of those.

Commissioner Wesley stated that she grew up as third generation in that neighborhood and is extremely excited to see the development. This is a huge win in the development of South Bend and changing lives. The Dream Center is long overdue, and she is extremely excited.

Upon a motion by Secretary Sallie, seconded by Vice-President Warner, the motion carried unanimously, the Commission approved Budget Request (MLK Dream Center Building Cladding) submitted on Thursday, March 28, 2024.

6. Progress Reports

A. Tax Abatement

- Erik Glavich stated that at the Common Council meeting the Council approved the following:
 - Confirming Declaratory Resolution for purposes of an 8 Year Real Property Tax Abatement for Momentum Development Group, LLC. This is a \$6.3M investment that will have a commercial kitchen, offices, and common space to be rented.
 - Resolution correcting scrivener's error in resolution No. 5015-23 designating certain areas within the city of South Bend at 722 Harrison and 726 Harrison a residentially distressed area for purposes of a 5-year residential real property tax abatement for Cross Community, Inc. Correction Resolution No. 5016-23 Confirming the adoption of Resolution No. 5015-23. Ms. Patton has far exceeded the commitments for the abatement, and we are happy to support the change. She stated that she owns more properties in the area and is excited to move forward with those properties.

B. Common Council

- Mr. Bauer noted that there will be a TIF Report to council in April 2024.

C. Other

- None

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7. **Next Commission Meeting:**
Thursday, April 11, 2024
8. **Adjournment**
Thursday, March 28, 2024, 10:31 a.m.

Vivian G. Sallie, Secretary

Troy Warner, Vice-President