

LA PORTE COUNTY REDEVELOPMENT COMMISSION  
JULY 5, 2017 4:00PM

The La Porte County Redevelopment Commission meeting was held on Wednesday, July 5, 2017 at 4:00pm (CDT) in the Assembly Room #3 of the La Porte County Government Complex, 809 State Street, La Porte, IN 46350.

MINUTES

**CALL TO ORDER**

Meeting called to order by Joe Coar; President at 4:01 p.m.

**PLEDGE OF ALLEGIANCE**

Pledge of Allegiance led by Terry Larson.

**ROLL CALL**

Joe Coar – Present  
Dr. Vidya Kora – Present  
Terry Larson – Present  
Jeff Johnson – Absent  
Jim Arnold – Ex-Officio – Present  
Terry Garner – Absent  
Randy Novak – Present  
John Sullivan – Present

**APPROVAL OF THE AGENDA**

Randy Novak motioned to approve the agenda. Dr. Vidya Kora seconded the motion. The motion carried unanimously.

**PUBLIC COMMENT**

None

**APPROVAL OF MINUTES**

The May 24, 2017 minutes were reviewed. Dr. Vidya Kora motioned to approve the minutes as presented. Randy Novak seconded the motion. The motion carried unanimously.

**TREASURER'S REPORT**

Joie Winski presented the Treasurer's Report for review which was emailed previously to the members. Treasurer Winski stated the KIDC Project TIF Fund received a tax settlement of \$68,276.99. It was also stated a payment to Barnes & Thornburg, LLP of \$25,264.75 reflected on the Treasurer's report will be removed from the report since it was previously paid. A payment to Friedman & Associates, PC of \$2,187.00 and to Cender and Company of \$1,155.00 was also

paid. Treasurer Winski she will forward the corrected ending balance of the KIDC Project TIF Fund to the members. Treasurer Winski stated the US421/194 TIF Fund tax settlement was also received totaling \$133,656.51. She stated as of July 7, 2017, the current balance will be \$321,741.61 which will go back to the Major Moves Fund. Treasurer Winski stated the other US 421/194 TIF Fund received \$63,659.96 and after the U.S. Bank EDC Bond payment of \$99,475.00 the remaining balance of \$270,933.40 will also go back to the Major Moves Fund. Randy Novak motioned to approve the Treasurer's report as presented. Dr. Vidya Kora seconded the motion. The motion carried unanimously. Dr. Vidya Kora asked Treasurer Winski what was the remaining balance of the bond which she stated she will try the amount available at the next meeting. President Coar asked if she could have the remaining balance owed available at the July 24, 2017 workshop and Treasurer Winski stated she will try to do so.

### CLAIMS

- A. **Consideration of payment for Barnes & Thornburg, LLP - \$11,175.16 for legal services- KIP TIF – Office of Economic Development:** Attorney Shaw Friedman stated that Mr. Faccenda conveyed to him that this payment has previously been paid. Mary Jane Thomas stated that the payment was not mentioned in past minutes. Mr. Faccenda stated from the audience that it has been previously paid. President Coar announced that the Commission will confirm the payment instead of approving the payment. Dr. Vidya Kora motioned to confirm payment of \$11,175.16 from the KIP TIF to Barnes & Thornburg, LLP. Terry Larson seconded the motion. The motion carried unanimously.
- B. **Consideration of payment for Beall & Beall - \$930.00 for legal services- KIP TIF – Office of Economic Development:** Dr. Vidya Kora motioned to approve payment of \$930.00 from the KIP TIF to Beall & Beall for legal services. Terry Larson seconded the motion. The motion carried unanimously.
- C. **Consideration of payment for Friedman & Associates - \$3,126.00 April-May and \$1,812.00 May-June, legal services, KIP TIF – Office of Economic Development:** Dr. Vidya Kora motioned to approve payment of \$3,126.00 April-May and \$1,812.00 May-June from the KIP TIF to Friedman & Associates for legal services. Randy Novak seconded the motion. The motion carried unanimously.
- D. **Consideration of payment for Cender & Company - \$1,477.11 for financial advisory services, KIP TIF – Office of Economic Development:** Dr. Vidya Kora motioned to approve payment of \$1,477.11 from the KIP TIF to Cender & Company for financial advisory services. Randy Novak seconded the motion. The motion carried unanimously.
- E. **Consideration of payment for Herald-Argus, \$24.12, legal publication-KIP TIF – Office of Economic Development:** Dr. Vidya Kora motioned to approve payment of \$24.12 from the KIP TIF to Herald-Argus for legal publication. Randy Novak seconded the motion. The motion carried unanimously.

### OLD BUSINESS

None



## **NEW BUSINESS**

### **A. Cender & Company – Bryan Schuch**

Mr. Bryan Schuch presented and read the following reports: Summary of Actual Revenues and Expenditures for year ending December 31, 2016, Summary of Budgeted Revenues and Expenditures for year ending December 31, 2017, and Cender & Company's Thoughts on Use of Tax Increment. These reports are hereby attached permanently as part of these minutes. In addition to the reports the following was mentioned:

- Mr. Schuch stated that the Debt Service Bond payment for US 421 AA#2 (IU/Holladay) due August 1, 2017 will be \$30,000.00 (Principal) and \$34,475.00 (Interest) for a total of \$64,475.00 which will be paid with Draw #1. Draw #2 will be used to pay an interest payment of \$35,000.00.
- Mr. Schuch stated that 39 North AA received a tax distribution in June 2017 for \$6885.47.
- Treasurer Winski stated that it seems the reason the assessed value in the U.S. 421 AA#2 for Michigan MOB decreased by approximately \$1.5 billion from 2016 to 2017 was that for several years prior to her entering office, the owner had not paid their EDC bond payments and instead, requested that the assessed value be inflated. Treasurer Winski stated that this year the owner appealed the assessed value and it was decreased. She also stated that the owners are currently making EDC payments on a regular basis.
- Dr. Vidya Kora asked Mr. Schuch if the projected ending balance for 2017, almost \$1 million, will be used for other infrastructure development or debt reduction. Mr. Schuch answered that it would be the Redevelopment Commission's choice on what it would be used for. Treasurer Winski addressed the issue by reminding the Commission that unless the Council restructures the Major Moves loan the only funds available for the Redevelopment Commission would be from the 39 North and the KIP TIF's. Randy Novak confirmed that 100% of the other TIF area's funds goes to the Major Moves loan. When Dr. Kora asked Treasurer Winski what was still owed on the Major Moves loan, Treasurer Winski stated she will look into the matter.

President Coar thanked Bryan Schuch for the report.

### **OTHER BUSINESS:**

President Coar asked if there was any further business. Mr. Shaw Friedman stated that at the Commission's request, Mr. Phil Faccenda was present to provide an update on issues to be discussed at the joint workshop scheduled for July 24, 2017 with the County Council and County Commissioners. Mr. Faccenda stated that the restructuring of the Major Moves loan repayment, as mentioned earlier in tonight's meeting, will need to be discussed due to the lack of cash flow in two (2) of the U.S. 421 TIF funds. He also wanted to remind the Commission and the audience that the original loan was in connection with a private development and a mortgage taken on private property. That there was never a mortgage taken on any of the rail property intentionally.

That the rail itself was always free of any kind of mortgage. That the County fully owns the rail and project currently, therefore, should take that direction going forward. Mr. Faccenda stated that a change in the structure should be made regarding the Major Moves loan repayment to afford the Redevelopment Commission to make incentive offers to prospective businesses in the TIF areas. Mr. Shaw Friedman agreed that such structure changes could be either that repayment is deferred until a major development occurs or only a percentage of the repayment is made to Major Moves. President Coar also agreed that without the restructure of the Major Moves loan repayment the Redevelopment Commission has no cash flow to operate effectively. President Coar stated that he helped facilitate the joint workshop and asked if the other members have any questions. Dr. Vidya Kora asked if the Commission must utilize the TIF funds in the same TIF area those funds derived from or can the funds be used in other TIF areas. Mr. Faccenda answered that if the costs were specifically incurred in one definitive TIF area then the TIF Fund for that area should be used to make payment. If the costs were general in nature to all TIF areas then KIP TIF, for example, could pay for those expenses. Dr. Kora also asked if Mr. Faccenda and Cender & Company could provide several repayment scenarios to assist the Redevelopment Commission members during the joint workshop scheduled for July 24, 2017 in which they will discuss the Major Moves loan repayment with the County Council and County Commissioners. Mr. Faccenda responded that they could do so. Mr. Shaw Friedman mentioned that one option would be to have one of the TIF funds for U.S. 421 be used for future incentives and infrastructure improvements and the other U.S. 421 TIF fund would be used for repayment of the Major Moves loan. Mr. Faccenda stated with no obligations against U.S. 421 TIF #1 and a possible planned expansion in that area it certainly could and should be used in this way. Mr. Shaw Friedman mentioned that the U.S. 421 TIF #1, therefore, could be available to use for any water and sewer to the 300 North area of expansion. President Coar stated that this is a very important decision that needs to be made at the joint workshop and the right decision should be made for the County. President Coar thanked everyone for their input in this matter.

President Coar asked if there was any further business. With no other business, President Coar announced that Dale Clingerman has agreed to become the engineer and consultant for the Rail Committee and therefore, to avoid a conflict of interest, has resigned from the Rail Committee effective today. Randy Novak motioned to accept Mr. Clingerman's resignation from the Rail Committee. Dr. Vidya Kora seconded the motion. The motion passed unanimously. President Coar asked the other members if they had any recommendations for his replacement on the Rail Committee to forward the names to him.

#### **ADJOURN**

Randy Novak motioned to adjourn the meeting at approximately 4:35p.m. The motion was seconded by Dr. Vidya Kora. The motion carried unanimously.



**LAPORTE COUNTY REDEVELOPMENT COMMISSION**

**Summary of Actual Revenue and Expenditures**

For the Year Ended December 31, 2016

	<u>US 421 AA #1</u>	<u>US 421 AA #2 (IU/Holladay)</u>	<u>KIP AA</u>	<u>39 North AA</u>	<u>Totals</u>
Beginning Cash Balance	\$ 211,368	\$ 175,645	\$ 152,721	\$ -	\$ 539,734
<b>Revenues</b>					
Tax Increment Revenues	\$ 138,035	\$ 460,850	\$ 122,750	\$ -	\$ 721,635
Other					-
Interest Income					-
<b>Total</b>	<u>\$ 138,035</u>	<u>\$ 460,850</u>	<u>\$ 122,750</u>	<u>\$ -</u>	<u>\$ 721,635</u>
<b>Expenditures</b>					
Legal Services - Local Counsel			11,040		11,040
Legal Services - Other			38,161		38,161
Financial Consulting			3,368		3,368
Marketing			18,250		18,250
Utility Services			4,200		4,200
Legal Notices			17		17
Debt Service	<u>161,318</u>	<u>249,922</u>			<u>411,240</u>
<b>Total Expenditures</b>	<u>161,318</u>	<u>249,922</u>	<u>75,036</u>	<u>-</u>	<u>486,276</u>
Ending Cash Balance	<u>\$ 188,085</u>	<u>\$ 386,573</u>	<u>\$ 200,435</u>	<u>\$ -</u>	<u>\$ 775,093</u>

(1) The January 1, 2016 payment to US Bank should have been paid out of the 421 No. 2 AA and not from 421 No. 1 AA. These payments related to bond payments to US Bank on the Taxable Economic Development Revenue Bonds, Series 2010 (HP LRHS Land Development Project).

**LAPORTE COUNTY REDEVELOPMENT COMMISSION**

**Summary of Budgeted Revenue and Expenditures**  
For the Year Ending December 31, 2017

	<u>US 421 AA #1</u>	<u>US 421 AA #2 (IU/Holladay)</u>	<u>KIP AA</u>	<u>39 North AA</u>	<u>Total</u>
Beginning Cash Balance	<u>\$ 188,085</u>	<u>\$ 386,573</u>	<u>\$ 200,435</u>	<u>\$ -</u>	<u>\$ 775,093</u>
<b>Revenues</b>					
Tax Increment Revenues	\$ 283,000	\$ 125,000	\$ 117,000	16,000	\$ 541,000
Other					-
Interest Income					-
Total	<u>\$ 283,000</u>	<u>\$ 125,000</u>	<u>\$ 117,000</u>	<u>\$ 16,000</u>	<u>\$ 541,000</u>
<b>Expenditures</b>					
Legal Services - Local Counsel	5,000	-	20,000		25,000
Legal Services - Other	5,000	-	20,000		25,000
Financial Consulting	5,000	-	25,000		30,000
Publication Expenses			600		600
Marketing Expenses			20,000		20,000
Debt Service - Holladay Bonds		125,000 (1)			125,000
Capital - New Monument Sign			26,000		26,000
Repayments to Major Moves			-	(2)	-
Total Expenditures	<u>15,000</u>	<u>125,000</u>	<u>111,600</u>	<u>-</u>	<u>251,600</u>
Projected Ending Cash Balance	<u><u>\$ 456,085</u></u>	<u><u>\$ 386,573</u></u>	<u><u>\$ 205,835</u></u>	<u><u>\$ 16,000</u></u>	<u><u>\$ 1,064,493</u></u>

(1) Payments on debt service will be limited to revenues collected from the Allocation Area.

(2) RDC proposes deferring repayment of Major Moves Loan for KIP until such time as a major development occurs.

## LaPorte County Redevelopment Commission

### Initial Thoughts on Use of Tax Increment

By Cender & Company, LLC

July 5, 2017

- General legal consulting and financing advisory related to general redevelopment and economic development matters can be charged to allocation areas that have available budget and cash.
- I.E. specific legal and other expenses directly related to projects in a specific TIF Allocation Areas should be paid from those Allocation Areas.
- US 421 AA #2 (IU/Holladay Project) will require most of the Tax Increment from US 421 AA #2 to pay debt service on the outstanding bonds. Only Tax Increment US 421 AA #2 should be used to pay debt service on the bonds to US Bank as Trustee. In 2016, we noticed that \$161,318 of the bond payment was charged to US 421 AA #1, which should have been charged to US 421 AA #2.
- Recommend that the Redevelopment Commission propose to the County Commissioners and County Council to defer any repayments on the \$6 million loan from Major Movers for the KIP Projects in the KIP Allocation Area until such time as a major development occurs. In 2016, the KIP Allocation Area collected only \$122,750 in tax increment revenue. The Redevelopment Commission will need this revenue for on-going operations and projects. Alternatively, the County Council will need to appropriate other funds to support Redevelopment Commission functions if the KIP tax increment is presently required to make repayments to Major Moves.
- We previously presented several financing options to the Redevelopment Commission in April for the proposed sewer project at US 94 and US 421 S. Estimates are we will need to issue Tax Increment Revenue Bonds ranging of \$1,330,000 to \$1,555,000 in order to complete this project. Mitch Bishop has not received any firm buy-ins from other businesses that may benefit from the sewer line in this area. I believe this project is on hold until the RDC has its joint meeting with the Commissioners and Council later in July and to prioritize projects for the balance of 2017.
- Proposed budget for 2017 is included in the Redevelopment Commission's packet for your consideration.
- We noticed the incremental assessed value in US 421 AA #2 for Michigan City MOB decreased by approximately \$1.5 million from 2016 to 2017. Discussions may need to be made with the bondholder to let them know there will be shortfalls in bond repayments in 2017 due to decreases in incremental assessed value due appeals, etc.