MINUTES OF A SPECIAL MEETING OF THE
MICHIGAN CITY REDEVELOPMENT COMMISSION
MAY 21, 2019

The Michigan City Redevelopment Commission met in a special meeting in the
Common Council Chambers, City Hall Building, 100 East Michigan Boulevard, Michigan
City, Indiana, on Tuesday, May 21, 2019, at 4:00 p.m. local time; the date, hour, and
place duly established for the holding of said meeting.

CALL TO ORDER

President Don Babcock called the meeting to order at approximately 4:05 p.m.

ROLL CALL

Commissioners present:
Don Babcock, Mayor Ron Meer, Charles Oberlie, John Sheets, Non-voting
Commissioner Theresa Edwards

Commissioners absent:
Pat Kowalski

Staff present:
Executive Director Craig Phillips, Attorney Alan Sirinek, Administrative Assistant Debbie
Wilson

Staff absent:
None

LANDSCAPE MAINTENANCE CONTRACTS

Mr. Phillips prefaced stating that these proposals are for property located in the South
TIF area; property recently acquired by the Redevelopment Commission, having no
contract for maintenance before. Mr. Phillips reviewed the proposals:

Ameriplex House – 355 East U.S. Highway 20: Initial mowing/clean-up $55.00/man hr.;
22 weekly mowings $5,390.00.

It was noted that the occupant was mowing the grass/maintaining the property but is
currently in the process of moving out because of the Commission’s order to vacate the
premises, so the grass needs to be mowed and maintained by the Commission as it is
Redevelopment-owned property.
Motion by Commissioner Oberlie – seconded by Commissioner Sheets approving a project quote from P.R.’s Lawn Care, Inc. for initial mowing/clean-up $55.00/man hr.; 22 weekly mowings $5,390.00 located at 355 East U.S. Highway 20. Voice vote was as follows: (Ayes) Commissioners Babcock, Meer, Oberlie, Sheets – 4; (Nays) None – 0. With a vote of 4 ayes and 0 nays, the MOTION CARRIED.

Ameriplex Ponds: 22 weekly mowings/clean-up at a cost of $5,390.00.

Motion by Commissioner Meer – seconded by Commissioner Sheets approving a project quote from P.R.’s Lawn Care, Inc. for 22 weekly mowings/clean-up around the “Ameriplex Ponds” at a cost of $5,390.00. Voice vote was as follows: (Ayes) Commissioners Babcock, Meer, Oberlie, Sheets – 4; (Nays) None – 0. With a vote of 4 ayes and 0 nays, the MOTION CARRIED.

Cleveland Avenue – North grass area along west side of Cleveland Avenue from U.S. 20 north to Barker Middle School property: 22 weekly mowings/clean-up at a cost of $2,310.00.

It was noted that this property is currently being mowed by someone else, so this approval would be for maintenance as needed if it stops getting mowed. Mr. Phillips will check into it to see who is currently maintaining it and if they will continue to maintain it.

Motion by Commissioner Oberlie – seconded by Commissioner Sheets approving a project quote from P.R.’s Lawn Care, Inc. for 22 weekly mowings/clean-up of the north grass area along the west side of Cleveland Avenue from U.S. 20 north to the Barker Middle School property at a cost of $2,310.00. Voice vote was as follows: (Ayes) Commissioners Babcock, Meer, Oberlie, Sheets – 4; (Nays) None – 0. With a vote of 4 ayes and 0 nays, the MOTION CARRIED.

Cleveland Avenue – South grass area along west side of Cleveland Avenue from Timm Road north to new office building: 22 weekly mowings/clean-up at a cost of $3,850.00.

Motion by Commissioner Sheets – seconded by Commissioner Meer approving a project quote from P.R.’s Lawn Care, Inc. for 22 weekly mowings/clean-up of the south grass area along the west side of Cleveland Avenue from Timm Road north to new office building at a cost of $3,850.00. Voice vote was as follows: (Ayes) Commissioners Babcock, Meer, Oberlie, Sheets – 4; (Nays) None – 0. With a vote of 4 ayes and 0 nays, the MOTION CARRIED.

Elston Grove walking park at corner of 8th Street/Michigan Boulevard – Grass area inside walking path, tree lawn along Michigan Boulevard, and tree lawn along 8th Street: Initial mowing and clean-up $55.00/man hr.; 22 weekly mowings/clean-up at a cost of $1,430.00.
It was noted that there currently is a contract with P.R.'s Lawn Care for this area, but it does not include the grass area. This proposal is for the grass area which has not been maintained.

Motion by Commissioner Sheets – seconded by Commissioner Oberlie approving a project quote from P.R.'s Lawn Care, Inc. for initial mowing and clean-up $55.00/man hr.; 22 weekly mowings/clean-up at a cost of $1,430.00 for the Elston Grove walking park at corner of 8th Street/Michigan Boulevard – Grass area inside walking path, tree lawn along Michigan Boulevard, and tree lawn along 8th Street. Voice vote was as follows: (Ayes) Commissioners Babcock, Meer, Oberlie, Sheets – 4; (Nays) None – 0. With a vote of 4 ayes and 0 nays, the MOTION CARRIED.

Elston Grove walking park at corner of 8th Street/Michigan Boulevard – Lawn area to be treated to include grass area inside walking path, tree lawn along Michigan Boulevard, and tree lawn along 8th Street: Seven (7) lawn applications to include five (5) fertilizer applications at a cost of $308.00.

Motion by Commissioner Sheets – seconded by Commissioner Meer approving a project quote from P.R.'s Lawn Care, Inc. for seven (7) lawn applications to include five (5) fertilizer applications at the Elston Grove walking park at corner of 8th Street/Michigan Boulevard – Lawn area to be treated to include grass area inside walking path, tree lawn along Michigan Boulevard, and tree lawn along 8th Street at a cost of $308.00. Voice vote was as follows: (Ayes) Commissioners Babcock, Meer, Oberlie, Sheets – 4; (Nays) None – 0. With a vote of 4 ayes and 0 nays, the MOTION CARRIED.

Regarding Redevelopment-owned property at the northeast corner of 8th Street/Michigan Boulevard, Mr. Phillips mentioned the problem with phragmites but not being able to treat them with chemicals because of the test wells on the site. Although, the tall grass will be mowed and maintained as lawn.

AGREEMENT WITH BOSAK AUTO GROUP
Pat Reardon (Project Consultant) introduced Greg Bosak of Bosak Auto Group and Tony Oss, the Project Development Manager for Larson Danielson (general contractor for project).

Mr. Bosak gave a summary of their project stating that they will be building a new state-of-the-art Honda dealership on their property located at 700 Highway 20. This will allow them to expand and create an opportunity for 15-20 new employees in various levels of skill and development, including mechanical trades, entry-level positions, and sales people which will generate a significant increase in their payroll and contribution to the city. Their facility is outdated, so they want to build something that will be functional and something that will look nice for the community, giving them the chance to expand, grow, and hire additional employees. The total investment will be approximately $3.8 -
$3.9 million, which would include an agreement with the Michigan City Sanitary District for their needs as well. The request is for $380,000 from the Redevelopment Commission South TIF funds to assist with the project.

Commissioner Babcock asked Mr. Bosak to describe the high paying technical positions created as part of this expansion.

Mr. Bosak stated that pay for a sales representative/product specialist ranges from $50,000 - $130,000/year; technicians range from $75,000 - $130,000/year. There will be additional lower level positions as well.

Commissioner Babcock stated that he understands Michigan City is in significant competition for this project.

Mr. Bosak replied affirmatively explaining that their particular franchise could be located in Michigan City or they could be located in LaPorte or Chesterton and still remain within Honda's scope and State laws. He stated that they own property in Michigan City and are currently located in Michigan City. He said they would like to remain in Michigan City, but acknowledged that there are opportunities to go somewhere else.

Commissioner Babcock asked if it would jeopardize the future investment in Michigan City if they decide to locate somewhere else.

Mr. Bosak replied that it would because they have two buildings that they would sell if the relocate elsewhere. Including the expected new jobs, they would be retaining 80-90 jobs by staying in Michigan City.

Commissioner Sheets recollected from prior discussions that this would be a $1.5 million payroll with 45 current employees plus new jobs.

Mr. Bosak replied affirmatively.

Attorney Sirinek commented that this site is located outside the South TIF District but is adjacent to it. The project is clearly an upgrade to the current property and is an upgrade if they were to abandon the property. It is also in line with the South Gateway Corridor Plan being an ideal project for that as Highway 20 is an entryway into the city. Also identified in the Plan was getting rid of vacant property/dilapidated buildings, so this project would address that objective as well.

Attorney Sirinek advised that like other projects, he prepared an Economic Development Agreement (EDA) between the Redevelopment Commission and Bosak in accordance with requirements of the law. Generally summarizing, Mr. Sirinek stated that by the Commission and Bosak entering into this agreement, the Commission will ultimately have a licensing agreement with Bosak which would allow the Commission to
make the various types of improvements/contributions to the project, then once those projects have been completed the Commission would terminate the licensing agreement. This is what must be done by law to allow the Commission to spend TIF dollars on projects they have an interest in but don’t necessarily own.

Attorney Sirinek pointed out the EDA has two contingencies in it; one of which has been satisfied. He referred to a letter from the Michigan City Sanitary District approving the drainage plan for the project. The other contingency has to do with the actual building itself and plans being approved by the Planning Department but not yet formally submitted.

Mr. Phillips replied that is correct stating that the Planning Department has reviewed a revised set of plans which appear to comply with the standards. He asked that this approval be contingent upon final review.

Attorney Sirinek advised that if the Commission is so inclined they need to approve the EDA tonight, and because Bosak is under a time crunch they will be presenting a request to give notice to bidders.

Commissioner Babcock pointed out that this is not a bonding project, it is using cash on hand from South TIF funds.

Mr. Phillips referred to the EDA, Article III, Project Development, clarifying the dollar amount being $3.9 million as opposed to $4.2 million.

The chair entertained a motion.

Motion by Commissioner Oberlie – seconded by Commissioner Sheets approving the Economic Development Agreement between the Michigan City Redevelopment Commission and Bosak Motors of Michigan City, LLC with contingencies as outlined for the Sanitary District approving the drainage plan and the Planning Department formally approving the building plans.

Regarding the EDA given to Commissioner’s earlier, Attorney Sirinek noted that Exhibit A as it relates to the legal description was intentionally left blank, but Mr. Reardon has supplied that legal description and it will be attached accordingly. The general contractor will provide Exhibit B, project description, to be attached accordingly as well.

With a motion and second on the floor, voice vote was as follows: (Ayes) Commissioners Babcock, Meer, Oberlie, Sheets – 4; (Nays) None – 0. With a vote of 4 ayes and 0 nays, the MOTION CARRIED.

Mr. Oss addressed the Commission stating that he was present on behalf of Larson Danielson who is design, builder, and general contractor for the Bosak Honda project.
Mr. Oss described the project stating that what is currently on the site is an existing old Jeep dealership. That building will be demolished, and a new 20,000 square foot facility built in its place. The steel structure of the building will have a glass and aluminum composite panel front façade. The building will house all their sales operations as well as staffing for office, administration, sales, and a shop area for service.

Attorney Sirinek asked the specific aspects of the project for which the Commission is being asked to contribute the $380,000 to.

Mr. Oss replied that it is his understanding it would include the front façade aluminum composite, site improvements to address site infrastructure, as well as demolition of the existing facility.

Attorney Sirinek referred to the notice to bidders provided to him earlier which includes bid package 1 for the earthwork, building demolition, and site utilities; bid package 2 for sheet metal and roofing ACM; and bid package 3 for landscaping.

Mr. Oss confirmed that was his understanding.

Attorney Sirinek stated that it is hard for him to believe that those three items are going to come in under $380,000.

Mr. Oss indicated that it was his understanding those three items were selected based on the budgets for those three packages.

For the record, Attorney Sirinek advised that the Commission is relying on Larson Danielson to be the project/construction manager for the project which is included in the $380,000. He likened it to the Blue Chip expansion project. Attorney Sirinek advised that the Commission will have to follow the regular bidding process for their $380,000 commitment and he wanted it to be known that these three aspects of the project were chosen by Larson Danielson because they have no interest in doing those things.

Mr. Oss confirmed that was correct, stating that they will comply with all State laws regarding the bidding process.

Attorney Sirinek made it clear that the Commission's commitment is for $380,000 and that they will not go any higher than that even if the bids come in higher.

Mr. Bosak acknowledged that and agreed.

The chair entertained a motion.

*Motion by Commissioner Sheets – seconded by Commissioner Meer authorizing Larson Danielson as the construction manager to go forth with Notice to Bidders*
for the three bid packages as outlined: Bid package 1 for the earthwork, building demolition, and site utilities; bid package 2 for sheet metal and roofing ACM; and bid package 3 for landscaping. Voice vote was as follows: (Ayes) Commissioners Babcock, Meer, Oberlie, Sheets – 4; (Nays) None – 0. With a vote of 4 ayes and 0 nays, the MOTION CARRIED.

Attorney Sirinek noted that this will be about a 10-month project. There was discussion about the schedule for bidding and the need for a special meeting somewhere around June 24th to award the bids.

NORTH TIF DISTRICT PAVING
Tim Haas (Haas & Associates, Michigan City IN) referred to a letter provided to Commissioners written by himself on behalf of the Mayor's Office requesting funding in the amount of $600,000 for milling and paving of Pine Street from Highway 12 to 11th Street, and 9th Street from Washington Street to Wabash Street. He explained that the work would be completed this summer through the Board of Works and the City's paving contract. Haas will do the design, engineering, and put the plans out to bid through the Board of Works and administer the construction contract. Mr. Haas pointed out that those fees are already in the contract they have with the Board of Works; the $600,000 is strictly for construction. If the bid comes in lower for the milling and paving, the excess funds would be used to make as many concrete repairs as possible, particularly ADA ramps.

Mr. Phillips advised that the Commission's TIF counsel, Barnes & Thornburg, has verified that this is a proper expenditure of TIF funds. Although the statute is clear that funds cannot be used for general maintenance purposes, this is a maintenance item allowable by state law. Keeping the roads in proper condition in the North TIF District makes it look better to potential investors for projects in the North End.

The chair entertained a motion.

Motion by Commissioner Meer – seconded by Commissioner Oberlie approving a North TIF funding commitment of $600,000 for milling and paving of Pine Street from Highway 12 to 11th Street and 9th Street from Washington Street to Wabash Street. Voice vote was as follows: (Ayes) Commissioners Babcock, Meer, Oberlie, Sheets – 4; (Nays) None – 0. With a vote of 4 ayes and 0 nays, the MOTION CARRIED.

SOUTH TIF DISTRICT PAVING
Martin Bobcek (Global Engineering, Michigan City IN) referred to a letter written by himself on behalf of the Mayor's Office requesting funding for the Franklin Street Rehabilitation project. The project area includes Franklin Street between Valentine Court and Highway 20. The scope of work includes milling and paving, lane striping,
adjusting manhole castings to grade, upgrading existing ADA ramps, and full-depth patching as needed. The estimated budget from South TIF funds is $1,049,971.20.

Mr. Phillips acknowledged this being a reasonable number but strongly suggested that it be a not to exceed amount and doing as much work as possible within that budget.

Commissioner Babcock asked if this amount includes engineering, design, inspection, etc.

Mr. Phillips replied that engineering is part of the other contracts mentioned and is not part of this request. Global currently has a contract with the City Board of Works.

The chair entertained a motion.

Motion by Commissioner Oberlie – seconded by Commissioner Sheets approving a South TIF funding commitment in an amount not to exceed $1,049,971.20 for milling and paving, lane striping, adjusting manhole castings to grade, upgrading existing ADA ramps, and full-depth patching as needed on Franklin Street from Valentine Court to Highway 20.

Regarding the schedule for the project, Mr. Bobcek stated that they anticipated bid letting this winter with spring 2020 paving.

Hesham Khalil (Global Engineering) explained the reason being is that this is the main entrance into Michigan City and that there will be a lot of other paving projects going on this summer throughout the city.

Commissioners expressed their dissatisfaction with that schedule and after discussion Global was directed to make every effort for a summer 2019 letting with fall 2019 paving.

Mr. Khalil acknowledged the request and agreed.

With a motion and second on the floor, voice vote was as follows: (Ayes) Commissioners Babcock, Meer, Oberlie, Sheets – 4; (Nays) None – 0. With a vote of 4 ayes and 0 nays, the MOTION CARRIED.

11TH STREET NICTD STATION SIGN
Mr. Phillips lead discussion stating that this was held over from the Commission’s last meeting because there wasn’t a representative from Global Engineering present to answer questions. There was a concern about the proposed angle iron blocking the backlit aspect of the sign, and if there was a way to break it up either by word or to make the backlight come through.
Mr. Bobcek stated that they could use consistent circular cuts throughout the whole thing to light it.

Mr. Phillips explained the idea behind this fix is to strengthen the back of the letters. One of the questions asked at the meeting was why the letters weren’t just installed flush, and in response to that it was stated that it would defeat the purpose of the backlit letters. Other than addressing that concern, Mr. Phillips recommended approval of the proposal from Marquiss Electric in the amount of $4,692.00.

Commissioner Babcock said another question asked was if this is a worthwhile expenditure versus a short-term fix of the lettering on the wall.

Mr. Phillips replied that this is the short-term fix. The concern was if the Commission was completely redoing the sign. This will just reinforce the letters. If the City invests substantially in the South Shore Station improvements in the future, this fix is strong enough for it to be there for a while, but it is not a complete replacement of the sign. Mr. Phillips feels it is a worthwhile expenditure stating that the sign is a nice addition to that area and it is a good investment to make sure it looks and functions properly.

The chair entertained a motion.

Motion by Commissioner Sheets – seconded by Commissioner Meer approving a proposal from Marquiss Electric to fix the lettering on the 11th Street NICTD Station sign at a cost of $4,692.00. Voice vote was as follows: (Ayes) Commissioners Babcock, Meer, Oberlie, Sheets – 4; (Nays) None – 0. With a vote of 4 ayes and 0 nays, the MOTION CARRIED.

BUILDING PROJECT AT 114 E. 11TH STREET (FORMER SOUTH SHORE STATION)
Mr. Phillips stated that the Commission owns the former South Shore Station building, noting that it has been a challenge over the years to maintain the look of it. It is important to replace the existing plywood which is pulling away from the building and looking ragged. He reached out to Deutscher Construction to put together a quote. Also, during an inspection of the plywood it was noticed that the stairwell doesn’t have a standard rail which creates a concern with code and safety. The scope of work is to remove the existing plywood and replace it with new painted plywood and minor framing repairs to hold the plywood in place as well as fabricating and installing a pipe rail around the stairwell at a cost of $18,000.00.

The chair entertained a motion.

Motion by Commissioner Meer – seconded by Commissioner Oberlie approving the quote from Deutscher Construction for plywood and railing at the former South Shore Station building located at 114 E. 11th Street in the amount of $18,000.00. Voice vote was as follows: (Ayes) Commissioners Babcock, Meer,
Oberlie, Sheets – 4; (Nays) None – 0. With a vote of 4 ayes and 0 nays, the MOTION CARRIED.

REQUEST TO USE “YOU ARE BEAUTIFUL SITE”
Commissioner Babcock summarized that this is a preliminary request from individuals in the community who have a concept for significant art pieces to be placed around the city. He said that they aren’t ready to announce the project yet but anticipate a public announcement by the end of the month. They would like to do the art project on the You Are Beautiful site from about June 12th-24th which will involve bringing in an item to be painted and then taken off site and assembled somewhere else. This piece could be 50’-60’ tall to be painted piece by piece on site and assembled off site. Commissioner Babcock asked for preliminary support from the Commission to use the site, thereby creating excitement in the city for a future significant art piece(s). They will comply with requirements by Commission/Board of Works and provide the appropriate insurance. Any damage to the site would be repaired by them.

Regarding damage to the site, Mr. Phillips recommended that they specifically work with P.R.’s Lawn Care to restore the site at their cost. He also asked that they not use the chained-in part of the property, restricting their use to the northeast corner only because of issues with test wells on the site.

Commissioner Oberlie asked if those dates would conflict with any other uses committed on the site.

Commissioner Babcock replied that he doesn’t believe it does.

Commissioner Edwards asked if they will clean up the property each day.

Commissioner Babcock stated that they will maintain it per the agreement.

Mr. Phillips stated that that the approval steps would be going before the Board of Works on June 3rd and the Redevelopment Commission on June 10th.

Commissioner Meer asked if it would be done one piece at a time.

Commissioner Babcock replied that it would probably be two at a time; a total of six pieces.

Commissioner Meer assured the project is nothing negative or bad; it is something that will take up some space and it will be a spectacle.

CONTRACT AMENDMENT – STANHOPE CONSULTING
Mr. Phillips advised that the Commission currently has a contract in place with Stanhope Consulting (Hubert Morgan) for public outreach for the Plaza project. The
current contract amount has been depleted. He requested funding in an amount not to exceed an additional $25,000.00. Mr. Phillips explained how beneficial Mr. Morgan's participation in the project has been in connecting with the community.

The chair entertained a motion.

**Motion by Commissioner Meer – seconded by Commissioner Sheets approving additional funding in an amount not to exceed $25,000 as an addendum to the contract with Stanhope Consulting for Civic Plaza outreach. Voice vote was as follows: (Ayes) Commissioners Babcock, Meer, Oberlie, Sheets – 4; (Nays) None – 0. With a vote of 4 ayes and 0 nays, the MOTION CARRIED.**

**FUNDING FOR VILLAGE RD/CRESTWOOD DR STORMWATER IMPROVEMENTS**
Mr. Phillips prefaced stating that the Sanitary District is requesting the use of remaining funds from the bond proceeds from the Ohio Street reconstruction project. He acknowledged that since the start of the Ohio Street project, it was always anticipated doing this project with part of the bond funds. Staff has reviewed the remaining funds from the bond proceeds and believe there is adequate capacity to do this project. This is a request for stormwater improvements in the vicinity of Village Road and Crestwood Drive, adjacent to and connecting with the Ohio Street project. Mr. Phillips acknowledged John Gorczyca (Sanitary District Engineer) and Tim Haas (Haas & Associates) being present to discuss details of the project.

Mr. Gorczyca provided Commissioners with an additional handout outlining the project. He stated that there are significant drainage improvements needed in the Village Road, Southwind Drive, and Crestwood Drive rear yard areas east of Ohio Street. The Sanitary District has entered into an agreement with Haas & Associates to perform survey and engineering work to improve the drainage situation. It was previously discussed that the preliminary engineering work and construction costs would be funded through the remaining funds from the Ohio Street reconstruction project. If approved by the Commission, the Sanitary District will manage the entire project, will pay all invoices and then seek reimbursement from the Commission.

Mr. Phillips explained details of the request stating that it would include anticipated construction costs, contingencies, and engineering costs in an amount not to exceed $950,000.00.

Mr. Gorczyca confirmed that was correct.

Mr. Phillips noted that there is about $1.5 million in bond proceeds for this specific purpose. It is the intent once this project amount has been approved, the remainder of the money would be used to repave/reconstruct as much as possible of Village Road. He pointed out that the bond amount was increased with the intent of doing these projects, so it is in line with the intent of the bond.
Commissioner Meer commented that this project would be a continuance of the efforts already put into the area of Ohio Street, Larkspur Lane, and now Village Road trying to address some of the drainage problems in this neighborhood. This project will contribute to alleviating the problem but will not totally take care of it because of the high-water table and clay soil in this area. He pointed out that about $12 million total will be invested into this area.

Referring to the remaining funds to be used for paving and sidewalk work as allowed, Commissioner Meer asked Mr. Haas what they had planned to do to restore Village Road without those funds and asked if it was included in his price.

Mr. Haas replied that their current agreement with the Sanitary District includes replacing anything damaged on the surface with like in-kind, so if 200' feet of curb is taken out it has to be replaced with 200' of curb, etc. It did not include milling and repaving the entire street; it was just for patching as necessary.

Commissioner Meer again asked if it is included in their dollar amount.

Mr. Haas clarified that this dollar amount includes patching and in-kind replacement; not paving.

Commissioner Meer asked if it would reduce the amount somewhat if it is going to be repaved.

Mr. Haas replied that it could especially if the timing is right where their contractor would tear up the road for the sewer project and the City would follow right behind with the paving. In that case they could just have the contractor bring the trench up to grade with intermediate course in the meantime until the final coat of asphalt is laid.

Discussed was the importance of coordination to achieve this and knowing the amount of the project and remaining funds to be used for repaving/reconstruction.

Commissioner Edwards noted confusion with Mr. Gorczyca's figure of $950,000 versus the figure of $750,000 referenced in the letter.

Mr. Phillips explained that the lower amount referenced in the letter was an estimate from back in November. Since then, the numbers needed to be revised with contingencies and engineering built into that amount.

The chair entertained a motion.

Commissioner Oberlie commented that the project would improve the livability out there and that it ties in nicely with the Ohio Street project.
Motion by Commissioner Oberlie – seconded by Commissioner Meer approving funding in the amount of $950,000 for the Village Road – Southwind Drive drainage improvements from remaining bond funds from the Ohio Street reconstruction project, and any remaining funds from that to be used for repaving/reconstruction as much as possible of Village Road. Voice vote was as follows: (Ayes) Commissioners Babcock, Meer, Oberlie, Sheets – 4; (Nays) None – 0. With a vote of 4 ayes and 0 nays, the MOTION CARRIED.

PINE STREET LUXURY APARTMENTS
Attorney Sirinek opened discussion recalling that the Commission entered into a project agreement with Pine Street Development LLC on June 15, 2017 for the development of the former Memorial Hospital property. There were several roadblocks along the way and there were things not anticipated, but those things were fixed. On January 11, 2019 the Commission entered into an amended project agreement with two key components. One being that the developer would have obtained funding for the project on or before March 31, 2019, otherwise they would be in default. The project agreement calls for a cure period whereby anytime there is notice of default, either party is granted an opportunity of a 30-day period to cure the defect. Mr. Sirinek reviewed the timeline wherein on March 31, 2019 the Developer had not obtained funding; on April 1, 2019 Attorney Sirinek sent a notice of default to the Developer giving 30 days to cure the defect; it is now past that 30 days on or about May 2, 2019.

Attorney Sirinek offered three possible options and recommended the Commission formally vote on whichever option they choose. Option 1 would be to simply terminate the agreement as the agreement allows for that. Note of the default occurred on December 31, 2018, the cure period has expired, and notice has been given. Option 2 is extending the cure deadline, but the Commission would need to include in their motion the number of days. Option 3, if the Commission decides to extend the cure deadline, they could do one of two things; see if the Developer can cure the defect for the project in its current format or enter into discussions to modify the scope of the project. Attorney Sirinek stated that it was his advice for the Commission to not do the last option, because if the Commission is going to modify the scope of the project they should terminate the project and enter into a new project agreement, pointing out that the scope of the project and specifics of the project have been modified numerous times. Attorney Sirinek advised that the Commission needs to take final action as he is at the end of noticing in terms of enforcing the contract.

Mr. Phillips commented that the one thing which has remained constant during discussions from the beginning of the project until now is that it has been the Commission’s intent for a portion of the project along Pine Street to be mixed-use in nature with a non-residential component to it in addition to residential in the buildings; the intent has been the same, but the design elements have changed.
Commissioner Babcock referred to a communication received today and asked Attorney Sirinek to opine on it.

Attorney Sirinek stated that when he talked to the Developer last week, the Developer talked about redesigning the first part of the project into a sole apartment luxury living type of project, getting rid of the mixed-use aspect. The Developer assured if that was done the funding problem he had with the original design for project 1 would go away and he could provide a term letter from a lender to demonstrate he could get funding if the project was reconceptualized that way. Attorney Sirinek referred to that term letter which he provided to Commissioners prior to the meeting. He also noted a series of emails between the Developer and lender from First Merchant Bank indicating that while they are still interested in working with this as a modified project they would need additional information. Even though there was discussion about taking the mixed-use portion out of the project, Mr. Sirinek noted confusion as the 4/20/19 term letter from Wintrust references “construction financing for mixed-use property located at 5th and Pine Streets, Michigan City IN”.

Mr. Phillips reiterated that it has always been the Commission’s intent to have some aspect of this project be mixed-use. He added that after a review of the TIF funds for the North End, the Commission is not in the position to provide additional funding. He said the discussion about full retail versus non-residential could potentially be had, but beyond that he was not sure how much flexibility the Commission should provide given the fact that representation has been made by the Developer along the way a number of times as to what the project consisted of, drawings seen, etc. Mr. Phillips said it is a little confusing as to how the Commission ended up in this position.

Attorney Sirinek also pointed out that the reason for more study and a modified agreement is because there would be no question of impacting the revenue streams coming in. The Commission bases certain things for this project on the revenue stream. He believes if the size of the project is decreased (cut down on number of luxury units), decreasing the revenue on that aspect of it and the corresponding decrease in the assessed value of it will also decrease the revenue stream. It needs to be addressed in a new agreement.

Mr. Phillips agreed stating that all the Commission’s financial commitments and investments made in the project have been made based on understanding of those proformas presented to them. Mr. Phillips also agreed if there are any modifications it needs to be in the form of a new agreement. He is uncomfortable modifying the factors of the current agreement. Again, he stated the Commission is not in the position to offer any additional incentives and felt that the Commission should not be put in the position of trying to modify the existing agreement haphazardly at this point.

Commissioner Oberlie pointed out that the letter from Attorney Sirinek references an updated Tracy Cross market analysis. He asked if the Commission has seen that.
Mr. Phillips replied that they have seen the summary. The full analysis has just recently been delivered, so he is not sure if everyone has had to the chance to study it.

Because of the fact it references favoring a single use building, Commissioner Oberlie said it would reaffirm the fact that the Commission may want to start over.

Mr. Phillips stated that he might want a second opinion on the market study because of it being a substantial deviation from what they were given before in a very short period. He does not know how the market conditions could have changed that much.

Paul Dresden (Developer of site) addressed the Commission stating that he agrees the project has changed multiple times over the past 3-4 years. Although, he questioned references made to the deviation in the Tracy Cross market study.

Mr. Phillips replied that the market study was previously based on mixed-use residential and this time they are recommending only residential.

Mr. Dresden disagreed with that statement, indicating that they are okay with the retail on the bottom. He assured that they have not changed their position at all. The study came out a few weeks ago.

There was confusion expressed as to where that information came from.

Mr. Dresden continued stating that he would request a two-week extension to the existing contract they have in place, and one meeting with Don Babcock, Craig Phillips, and Alan Sirinek to try and work it out without changing anything.

Mr. Phillips noted that the Commission is in the position of wanting to change direction by their regular meeting in June to keep the project on track. He said the two-week extension would be up to the Commission.

Commissioner Babcock referred to the term letter which references a loan amount of $2.8 million. He asked if that was always the loan amount, thinking that it was higher.

Mr. Dresden replied that it was not, and it depends on whether it is a 3-story or 4-story building. This is based on a 3-story building with retail on the first floor and two floors of apartments with the parking garage as drawn in the rear. Regarding the property tax it would generate, Mr. Dresden stated that it would more than generate enough over what the Redevelopment Commission has placed in the project. He stated that a 4-story building would generate $4 million and a 3-story building would generate $3 million over a course of 25-30 years and be well within the life of the building.
Mr. Phillips stated that the Commission is concerned with the life of the TIF, about 20 years.

Commissioner Babcock recalled two modifications to the contract.

Attorney Sirinek interrupted acknowledging that he was wrong in making that statement to the Commission explaining that the first amendment was in the fall. The actual first amendment was called the second amendment to the first amendment of the project agreement. There was an original agreement in 2017. The first amendment to the agreement was entitled the second amendment to first amendment of the project agreement, which was executed with those dates on January 11, 2019. The sub-agreements in 2018 had nothing to do with the amendments to the original project.

Commissioner Babcock expressed his frustration over this whole thing stating that the Commission has been working on this for a long time and the reason the modification was made in January was because they wanted the project to start no later than this summer. At that time the Developer made several verbal commitments to the fact that the financing would get locked down, with no problem getting it by the beginning of March, then ended up being the end of March. Then in April they were still working on the financing rather than the cure and still going back and forth over similar questions on the project in terms of what was actually going to be done or not.

Mr. Phillips mentioned another issue being the project was designed using a pre-cast construction method and the project estimates given by the architect were substantially under representative of the actual cost of the project. He said the question would be if the Commission is to consider going forward with some sort of modification or extension, is if the Developer can handle the re-design necessary to get the project within the budget amount with a different method and the timing with the expiration of this agreement.

In response, Mr. Dresden stated that they have two other architects, Tonn & Blank and Holabird & Root, both willing to work on the architectural design and both believe they can bring it in at $175/square foot, putting it at $200/square foot with soft costs. The current building came in well over $250/square foot. He said they are going back and redrawing the building with different components but assured it does not make it any less attractive. Mr. Dresden also pointed out that it is not a matter of getting the financing, it is a matter of structuring it correctly. He stated both of those things came up in March and April; they were unaware of it in January and February until they got to that point. Mr. Dresden referred to the first amendment noting that it is subject to Section 13, and Section 13 is subject to the cure period. He said according to the cure period if they are diligently working to resolve it, they are okay.

Attorney Sirinek advised that they have 30-days.
Mr. Dresden stated that is not what he read.

Attorney Sirinek read from the agreement that the "Cure Period shall mean a period of 30 days after a party failing to perform or observe any term or condition of this Agreement to be performed or observed by it receives notice specifying the nature of the failure; provided that, if the failure is of such a nature that it cannot be remedied within 30 days, despite reasonably diligent efforts, then the 30 day period shall be extended as reasonably may be necessary for the defaulting party"... Mr. Sirinek said they are not at that point and said it is a hard and fast 30 days unless they are things well beyond control.

In response to being beyond control, Mr. Dresden referred to redrawing the architectural and previously given a cap rate by a lender.

Attorney Sirinek maintained that is not what is contemplated by the agreement and not what is contemplated by the cure period.

Commissioner Babcock commented that everyone wants this project to be a tremendous success and stated that if it was an easy project to do it would have been completed 8-10 years ago. He pointed out that staff has invested a significant amount of time on this.

Mr. Phillips added that the Commission has invested a significant amount of resources into site work, ready work, prep work, etc. noting that it would have had to been done regardless of when the project is actually constructed.

Commissioner Babcock said he would leave it up to the Commission but stated it would be his recommendation to terminate the agreement and that Mr. Dresden be considered along with other developers as they gear up to develop the site.

Mr. Phillips again stressed that the Commission is not in the position to provide any more incentives.

Mr. Dresden acknowledged stating that he understood.

Commissioner Meer commented for the publics' point of view that all the investment from the Redevelopment Commission/City of Michigan City and infrastructure that has taken place is an investment the City will not lose out on regardless of who develops there; it was needed infrastructure for whoever builds there. He added that this project has been worked on for a long time and there have been a lot of modifications, alterations, and conversations but there still are not certain things that should be in place. He said it is his opinion that it is time to move on as there should have already been a ribbon cutting and things happening, adding that there has been a lot of energy
of City departments and staff on this, so he feels it is time to get somebody who is ready to move forward and has the financing in place.

Attorney Sirinek advised that if the Commission is inclined to have one more sit-down with Mr. Dresden, he is taking the position of the agreement in that he needs to give Mr. Dresden notice that the cure period is extended for 15 days, up to and including the date of the Commission’s next meeting. Attorney Sirinek advised that the Commission must make one of two motions tonight and vote on either terminating the agreement or extending the cure period for 15 days.

Mr. Phillips commented that they are still at a point where there are too many contingencies and details to work out to move forward with this agreement the way it is. He stated that perhaps the best way to go is to consider a project proposal from Mr. Dresden and his partners along with proposals from others.

Whether the Commission terminates or discusses, Commissioner Oberlie asked if it is correct that the notice would be for 15 days.

Attorney Sirinek clarified that the Commission needs to make a motion and vote tonight on one of two motions; either terminate the agreement or extend the cure period for a certain number of days (before the June 10th meeting).

The chair entertained a motion.

Motion by Commissioner Meer – seconded by Commissioner Sheets to terminate the agreement between the Michigan City Redevelopment Commission and Pine Street Development, LLC for the Pine Street Luxury Apartment Project. Voice vote was as follows: (Ayes) Commissioners Babcock, Meer, Oberlie, Sheets – 4; (Nays) None – 0. With a vote of 4 ayes and 0 nays, the MOTION CARRIED.

Attorney Sirinek advised that he will prepare the notice to terminate and have it in the mail tomorrow.

REPORT BY LEGAL COUNSEL
(No report)

REPORT BY DIRECTOR
Mr. Phillips reported that he will be giving an overview of the Departments’ 2018 Annual Report at the Common Council meeting tonight. Also, he along with Mr. Babcock will be available at the Council meeting to answer questions regarding the cashflow analysis and bond capacity report provided to the Council at the request of Councilman Stimley.

PUBLIC COMMENTS
(No comments)
COMMISSIONER COMMENTS
Commissioner Sheets commented regarding the Pine Street project stating that even though he is new on the Commission he feels the right decision was made. He indicated that whatever comes out of it the Commission needs to get the ball rolling so there is a more positive effect from the project.

Mr. Phillips commented that if Mr. Dresden and his partners choose to submit a new proposal and the Commission feels it is the best one to consider going forward, it would be fine, but he feels the Commission needs to start fresh. He said they intend to take steps to get going on the process by pursuing a very short period turnaround on an RFP from an invited list of developers. There will be more information on that process at the June 10th Commission meeting.

Commissioner Babcock added that over the last four to five years there is now a list of 4-5 unsolicited developers coming to our community wanting to do significant projects. He said this is the result of the work of many pulling together in the same direction, significantly under the leadership of the Mayor. Mr. Babcock recognized the activity in the community along with the new investment which has occurred over the last few years, stating that positive investment and leadership create an opportunity for other people to want to invest in our community. He thinks that there will be a number of really good developers to pick from in this next go around.

Commissioner Meer added that he is new to the Commission as well and stated that he feels the Commission was more than fair in the length of time and duration that this Developer had working with the Redevelopment Commission over a period of 6-7 years. Mayor Meer re-emphasized that the infrastructure investment the Redevelopment Commission made on this project is not wasted money and will be utilized. He pointed out that the site is now shovel-ready being an incentive to the next developer, acknowledging that several have inquired over the last year.

ADJOURNMENT
The chair entertained a motion to adjourn.

Motion to adjourn by Commissioner Meer and unanimously approved. The chair declared the meeting adjourned at approximately 5:45 p.m.

John Sheets, Secretary