



CITY OF MUNCIE REDEVELOPMENT COMMISSION

Regular Meeting Minutes

The City of Muncie Redevelopment Commission (MRC) met on Thursday, March 16, 2023, at 9:00AM in the City Hall Auditorium, First Floor, 300 N High St. Muncie, Indiana 47305.

Call to Order: President Jeff Howe called the meeting to order at 9:00AM.

- I. Roll Call:** President Jeff Howe, Isaac Miller, Steve Prybylla, Lorraine Tomlin, and Shareen Wagley all present. School Board Jim Lowe was present.
- II. Agenda:** President Howe entertained a motion to approve the agenda. Lorraine Tomlin moved to approve the agenda. Isaac Miller provided second. Commissioners Isaac Miller, Steve Prybylla, Lorraine Tomlin, Shareen Wagley, and Jeff Howe voted aye. Motion passed.
- III. Approval of the Minutes:** President Howe entertained a motion to approve the minutes from the February 16, 2022, MRC meeting. Shareen Wagley moved to approve as amended. Isaac Miller provided second. Commissioners Isaac Miller, Steve Prybylla, Lorraine Tomlin, Shareen Wagley, and Jeff Howe voted aye. Motion passed.
- IV. Claims:** Craig Wright, City Controller, stated on the check date of 2/24 on page 1 there claim to Fredricks Services for parking lot demolition on South Madison. A claim to American Electric power for the infrastructure underground to bury the power lines at White River Lofts (333 N Franklin). There is a \$40,000 payment to Muncie Downtown Development as part of the two-year agreement that was previously approved. Lorraine Tomlin made a motion to approve. Isaac Miller provided second. Commissioners Isaac Miller, Steve Prybylla, Lorraine Tomlin, Shareen Wagley, and Jeff Howe voted aye. Motion passed.
- V. City of Muncie Update – Mayor Dan Ridenour.** Mayor Ridenour provided an update on the following items.
 - **Financials:** Mayor Ridenour: The Central TIF has two more years of maintenance work downtown, mostly for the street scape. Funds have been given for 2023, these are for 2024 and 2025. Demolition work continues for Markets on Madison. Village Parking Garage funds are shown. White River Lofts public space shows \$15,000 for the underground utilities done by AEP. The amount was reduced from \$1.2 million to \$1.185 million. There were more expenses on the McKinley READI. Till Pond remains the same. There is another \$230,000 that is committed to be put into the READI project fund. After coordination meetings the YMCA should be able to be put out to bid. The grant is for a total of \$730,000, we have put in \$500,000 so far. The revenues anticipated on taxes, subtracted about 5%, and reduce by bond payments. The MRC has \$1.235 million on an

annual basis to use for other projects. It is estimated but based on previous numbers and actual bond payments. DAC will be paid when requested for the Gilbert property by the Canal. The MRC has committed \$170,000 for the Storer Park, it has not been paid yet. It will be requested once construction starts. Michaels Place Apartments shows a little less than \$300,000 for construction, loan, and closing. If the project goes through that will be sometime in August. The projected revenue less debt payments is what the MRC has each year to spend on other projects. The second page with parks shows only \$4,454.54 for Cowing Park. The Heekin balance is now corrected.

- **White River Lofts – Phase II:** The block is in our possession and the demolition work is paid for; we are ready to move forward. Working on the size of building. Parking for the apartments must be onsite. The negotiations are ongoing. The Muncie Sanitary District will create public space for that area.
- **Riverbend Flats:** This is the 60-unit apartment complex located at Memorial and Burlington. It is almost complete. The recent Dream with Dan supplies more information for the apartments. The apartment website is up and running. It is in a TIF district, the hope is for these to be on the April assessments. Meaning it would be part of the revenue source for the 2024. The current assessed value is \$235,000. The grand opening is hoped to be at the end of April or early May. TWG, the developer invested just under \$12 million.
- **City View 1 & 2 – Resolution 2023-05:** This is a resolution to authorize President Howe to execute documents for the closing of City View 2. Legal counsel stated the whole development and the whole scheme to sell these is 40 lots for scattered sites residential housing units was entered in 2021 between MRC and MVAH Holding LLC. It was held up for state tax benefits. The purpose of resolution is for the title company to know Jeff Howe can sign the closing documents. Isaac Miller moved to approve Resolution 2023-05. Lorraine Tomlin provided second. Commissioners Isaac Miller, Steve Prybylla, Lorraine Tomlin, Shareen Wagley, and Jeff Howe voted aye. Motion passed.
- **Storer Estates:** Bunn is ready to move forward with construction as soon as the weather permits.
- **Michaels Place Apartments – Tax Abatement Resolution 2023-03:** There is about \$7 million in infrastructure for the \$52.44 million project. The city will not borrow and not in the position to do so. The mayor and the developer came to an agreement of \$2.5 million dollars to help pay for some of the infrastructure. As a city we have three options to help a development; money from MRC, money from edit funds and tax abatements. Council passed this in introduction. The mayor delayed a month to do the due diligence. It was tabled with council. The mayor is not sure it will ever pass again. This caused another month delay and caused frustration for the developer. The mayor introduced a plan B. The packet handout provided by the Mayor shows projected tax revenue at 1,609,100 million over 5 years. The first year would be a full 100%, the second year would be 40% abatement of the taxes. Plan B would be for the MRC to consider setting up an

economic development agreement over 6 years. This project over 15 years would generate \$8.6 million in tax revenue. Currently, we receive about \$1,900 per year over 15 years. The mayor asked the MRC to consider an economic development agreement with the developer that says that we would provide Michaels Place Apartments with \$2.5 million for infrastructure from the City of Muncie over six years. The breakdown would be \$890,890 at closing and then disbursements as shown over the following five years. These are the same numbers from the tax abatement. The mayor is asking the MRC to put in the \$1.6 million that the council did not approve. President Howe stated he did some math on the project, which gives an assessed value of about \$41 million. He stated with the city's investment, if it assesses for the \$41 million it will give about \$830,000 in taxes. President Howe stated if the building is around for 50 years with depreciation the city will collect about \$51 million in taxes. He stated that is a 5,600% return on investment. President Howe stated if you present value the term it is still almost \$17 million. He stated there have been some concerns expressed, but Muncie has one of the lowest residential owner-occupied percentages in the State of Indiana. We will not have a lot of people moving from desirable, owner-occupied homes to move into apartments. His opinion is that people will move from less desirable rental properties, that will give them a better place to live. President Howe stated the stages of development in this county, this state, this county, this city, it is around the gas boom, post World War II, the Industrial Revolution. A lot of the neighborhoods were built around the same time, things start to fail with the old homes. There comes a time when properties need replaced and you cannot replace them without a place for people to go. He stated he fully supports the tax abatement and an alternative means to get there. President Howe asked if the developer is walking if it does not happen. The mayor stated yes. President Howe stated, then other investments and future plans are being jeopardized. There are a lot of investors from different parts of the county that look for the positive NOI and then run them into the ground. There are several houses that are substandard or occupied blight, where children cohabitate with rodents, bugs, homes with lead paint. It is time to clear the deck and start over, but people have to have somewhere to go. The mayor stated this helps to solve the housing challenges we have and financially it puts us in a better position. When you look at the nonideal activities that are occurring on that lot, it eliminates that. The city has three options to make this work. He stated that he did the due diligence to see some of the developers work and would like to have the MRC's support on this on plan B. Shareen Wagley clarified that the funds that come to the MRC are not any different if the council does the tax abatement, so Michaels Place is paying less every year for the five years or we do the agreement and they pay their full taxes and we pay them what would have been the abatement. To the MRC the cost is no different in either scenario. The mayor stated that is an excellent point, they will pay full taxes now. The MRC will receive those funds and the net figure is almost the same. The investment is covered in three years. President Howe stated that if

we proposed an agreement that reimburses them, do we reimburse them for the proportion of what would equal their abatement. Is the economic development agreement to say that we would reimburse them for 80%, 60%, 40%, 20% of the actual taxes or the actual amount. The mayor stated that he would prefer an actual amount. The \$2.5 million is what is needed to make this work. Steve Prybylla stated that he agrees with President Howe, and he thinks this is very similar to Ball State University. He stated improvements were not made until the apartment complexes were put in where the rental houses had to step up their game to compete. Isaac Miller asked legal counsel if this gets passed by us today, it still goes before council again. Legal Counsel, Mr. Freeman, stated that is correct. He stated the Resolution 2023-03 is a statutory requirement that would have come before you regardless of the events that took place at the last council meeting. Mr. Freeman stated that because the property is in a TIF, even if and when the council approves it, it still requires MRC approval because it the abatement is of taxes that would otherwise be payable into the MRC's funds. President Howe stated if we have a plan B then are we looking for an action to approve the abatement and a separate action to approve the alternative plan should the abatement fail. Mr. Freeman stated yes, the resolution before the MRC does not have anything to do with what the mayor explained. He stated this is a procedural step assuming the council approves the abatement. Mr. Freeman stated that an EDA that is essentially able to accomplish the same thing would be a separate agreement with Michaels Place apartments. Isaac Miller stated that this is essentially the backup to continue the project regardless of councils opinion. The mayor stated that is correct. He stated that if he can go to the developer and say there is an in-principal agreement with the MRC, they can begin construction engineering and things they need to get permanent financing. Mr. Freeman stated that it would be good to see a vote on the resolution concerning the approval of the tax abatement that would still need to be approved by the council and secondary to that there could be a motion to approve further negotiations on a potential EDA under these terms, which would be \$2.5 million incentive over 5 years beginning in August of this year and ending in August of 2028 in the form proposed. He stated that it would be flushed out and there would be an actual agreement. Isaac Miller stated that it is important to point out that there are still several council people that have an opinion and perspective on this topic that still want to think and discuss. He stated that the plan that we are proposing still allows the council to act and it allows us as the commission to do the due diligence and do our job. Mr. Miller stated that it is a double-edged positive sword. President Howe entertained a motion to approve the tax abatement. Isaac Miller moved to approve. Lorraine Tomlin provided second. Commissioners Isaac Miller, Steve Prybylla, Lorraine Tomlin, Shareen Wagley, and Jeff Howe voted aye. Motion passed. President Howe entertained a motion to approve the further development of an economic development agreement capped at \$2.5 million in the structure that makes sense. Isaac Miller made a motion to approve. Shareen Wagley provided second. President Howe

asked Isaac Miller to add to his motion in the spirit of what has been presented in the mayor's proposal. Mr. Freeman stated that if Isaac Miller feels comfortable the wording should be moved to approve the mayor and President Howe on behalf of the MRC to negotiate an economic development agreement with the Michaels Place developers capped at a total benefit of \$2.5 million over five years and the other incidental agreements that are necessary to bring the agreement together. Isaac Miller made the motion to approve. Shareen Wagley provided second. Commissioners Isaac Miller, Steve Prybylla, Lorraine Tomlin, Shareen Wagley, and Jeff Howe voted aye. Motion passed.

- **New Construction at the Mall:** The mayor stated the Mall TIF district assessed value has dropped significantly. Other developments are helping the assessed value. There is a new building (a pet store) being constructed behind Party City. The mall is struggling with assessed values and that impacts all of us and primarily the MRC. There have been enough other projects going on in and around that have negated that loss. The district is assessed at a little over \$11 million. President Howe stated that at one time it was about \$60 million. The mayor stated that over 50 years it might go up, but if no other investments are made then it does start decreasing. Panera Bread is now on the tax rolls and that is about \$1.5 million itself. There are some other things in the works.
- **Southway Plaza:** The mayor stated that Brick Red Systems will be in town in April. The delay was caused by not being interested in leasing spaces because of HVAC problems. They have been given a date of when the new systems installed and will then open their IT hub and start leasing in July. The parking lot is being worked on very slowly because of HVAC delays.

VI. Other Business

- **EDA Yearly Reports**
 - **Accutech Systems Corporation:** President Howe stated Accutech met the scorecard and created 48 new full-time jobs, the average compensation was \$54,000.
 - **Navient:** President Howe stated Navient came up short. They will issue a check back to the city for \$77,000. Mayor Ridenour stated that is the 10th year of their 10-year agreement.
- **Extension of Partnership Agreements**
 - **Downtown Development:** Mayor Ridenour stated last month Vicki Veach gave a presentation; the errors were fixed. The agreement extends the contract by one year to allow downtown development to budget for 2024. President Howe stated we have seen some good things from them and many good events for downtown. The mayor stated that he charged them with a project every single weekend in the summer months, and they did. President Howe entertained a motion to extend the agreement for one year. Isaac Miller moved to approve. Shareen Wagley provided second. Commissioners Isaac Miller, Steve Prybylla, Lorraine Tomlin, Shareen Wagley, and Jeff Howe voted aye. Motion passed.

- **BSU Gifted Property – Deeds:** The mayor stated the landowners, of the properties adjacent to the lots we received from Ball State, would like the MRC board to gift 50 feet of the eastern edge of the property back to the property owners. There was a misunderstanding of the property line and residents have been using the property as their own. This does not negatively affect us. President Howe stated the deed requires signature. President Howe entertained a motion to approve the signing of the deed. Steve Prybylla moved to approve. Issacs Miller provided second. Commissioners Isaac Miller, Steve Prybylla, Lorraine Tomlin, Shareen Wagley, and Jeff Howe voted aye. Motion passed.
- **703 W. Adams Request for Bids Results:** President Howe stated we have bids to open. Lorraine Tomlin stated there is a packet for everyone. The mayor stated we have a property at 703 West Adams it is on the demolition list and has had some challenges. The MRC took it over years ago. Before we move forward with taking it down, we wanted to see if a local developer could renovate and put it to useful life. Essentially what we are looking at is to find a way to put it into good use. The developer is in the audience. The developer is IBYH LLC property development. Jason Scalante with IBYH, states we acquired property next to this property, which is another demolition list property. The acquired property had some required intricate renovations to fix the foundation and fix the infrastructure. We were a good alternative (to demolition). We made a commitment to fully rehab and renovate that property in 3 months, it was completed in 3 months. It is now rented. The concern is on this property is there is only one submittal. Considering what the conditions were prior to this winter, most companies would not want to take on the risk. If we take on a commitment with a city we will get the property rehabbed. We have never taken on a property and let it go. There are a couple that were thought we would not finish (a previous project). If we take the commitment, it will be done. The commitment for this property is to finish it by October or the end of this year. The challenge is not only the foundation, roof, the walls, the electrical, is the zoning components. The historical nature and the parking requirements that have-to-have accommodations. We are requesting the support of \$28,000 to renovate this property. It fits into everything the mayor is trying to accomplish with rehabbing the city. We come from South Florida. The quality of the product is well beyond. We are in line with what Muncie is trying to accomplish. He stated this will be an over \$200,000 renovation project. It will be several units; the quality will be the same as all the others. We moved into Muncie less than 2 years ago. We have a great relationship with the housing authority. About 70% of our projects are rented by the housing authority tenants. We have received zero complaints by the city or the housing authority. He stated we go through a rigorous process to ensure the tenants will not be a problem. The vision is long term, 30 plus years. In the two years we are up 20 to 30 units. He stated there are others on the list as well. President Howe asked the name of the property completed what is it. The developer stated the address is 713 West Adams, it is 4 plex with detached cottage. He stated it was originally named

internally Jack Jack. A lot of renovations have occurred in that area just passed Adams and Gharkey. 713 is a blue structure. President Howe stated that you are wanting the property and \$28,000 to help to redevelop it, which would essential would draw down \$5,000 upon completion of some of the project, \$5,000, \$10,000, and then \$8,000 upon completion. The developer stated that the first draw would be well after we have put in \$50,000. The next one would be after we put in about \$28,000. The developer added that if it goes to demo the cost is very similar to what we are requesting. Shareen Wagley asked if we need to take this under advisement or can it be approved. Legal counsel stated you can accept the bid subject to the formalization of an agreement. President Howe stated when we take bids like this, there is a due diligence on our part required. Legal counsel stated that is correct. President Howe stated that the experience in the past is that we had made some transactions and the folks just did not have the resources to get it done. The developer stated we have 5 multiplexes already; we have never lost any or given any back to the city. The 713 property is about the most comparable because of the similarities. 713 was way more complicated than 703. We put in a lot prior to receiving money from the city. Deterioration is a large factor. President Howe asked the mayor if the building commissioner's office would be able to do site visits. The mayor stated yes. President Howe stated we should do due diligence and ensure the building inspector can see things are completed. Something needs to be done and the cost is similar either way. Legal counsel asked the timeline. The developer stated the hope is to begin almost immediate, weather permitting. The roof work would begin next week, if signed today. Certainly, within two weeks depending on weather. President Howe made a motion to accept the bid conditioned upon favorable references to be vetted by the mayor and the draws would be done based on inspection by the building commissioner. Legal counsel stated the property is being deeded to the development company so would that be taking place immediately. Legal counsel stated they want to take possession almost immediately, if the property is not being transferred to them legally there would be risk for both parties by them taking ownership of MRC property and doing work that would not be tenable for either party. President Howe stated he will make a motion to accept bid and deed the property to the development company, the investment by the city would be subject to those conditions be met, and that the agreement for the money will be reduced to writing executed by the parties after today. Isaac Miller provided second. Commissioners Isaac Miller, Steve Prybylla, Lorraine Tomlin, Shareen Wagley, and Jeff Howe voted aye. Motion passed.

- **2023 Lawn Service:** President Howe stated that the mayor has asked the commission to authorize him to get bids on the 2023 lawn services. The mayor stated this will be in a time crunch, so he asked the commission to authorize him to award it to who has the best and most responsible bid. Shareen Wagley moved to approve the mayor to allow him to take the lowest and most responsible bid.

Steve Prybylla provided second. Commissioners Isaac Miller, Steve Prybylla, Lorraine Tomlin, Shareen Wagley, and Jeff Howe voted aye. Motion passed.

- **Property Acquisitions**
- **Properties from Muncie Sanitary District – Resolution 2023-04:** President Howe stated we have properties to be deeded to us by the Muncie Sanitary District, resolution 2023-04 to accept. Legal Counsel stated the resolution has the memorandum of understanding attached to it between the Muncie Sanitary District and the Muncie Redevelopment Commission outlining the transfer of four parcels, that are attached in document. It is a total of seven property lot. Shareen Wagley made a motion to approve resolution 2023-04. Isaac Miller provided second. Commissioners Isaac Miller, Steve Prybylla, Lorraine Tomlin, Shareen Wagley, and Jeff Howe voted aye. Motion passed.
- **Muncie Land Bank** – Nate Howard provided an update to the commission. See attached document on last page.

VII. Public Comment (2 minute each):

- Aaron Clark, Muncie City Council, came before the commission with a parking request from the Muncie Civic Theater. The MRC is shown as the owner of record for surface parking lot at 200, 204, and 206 E Main Street it is adjacent to the theater. The Civic Theater board members and managing director contacted Mr. Clark to see about the protocol for the possibility for striping and signage for four ADA compliant parking spaces. He stated it is used by patrons of the theater and community members throughout the year. He is unsure of any leases or obligations contractually on that lot. The ask is to consider this request and gather quotes for some ADA spaces on that lot. President Howe asked if there were any currently. Mr. Clark stated there are none currently. He stated the ideal location would be adjacent to theater so the west boarder and the east boarder of the parking lot. Mr. Clark stated that would allow some unimpeded access to the theater. Isaac Miller asked if it was striped currently. Mr. Clark stated it is not. He stated that he was not sure if it is something we can do inhouse or if it needs to go out to a contractor. President Howe stated he thinks it is necessary. Mr. Clark stated a total restripe of the surface could help for designation. He stated he appreciates the consideration. Lorraine Tomlin asked if there was a reason why we owned the lot. The mayor stated to provide public parking. He stated 12 of the 40 some spaces are leased to the Patterson building. The mayor states we will have to accommodate them. He stated we did resurface the lot recently. The mayor stated the street department can put it on their list. President Howe stated he recently read the guidelines for accessible parking, but he is not sure how to accommodate the multiple users. He stated usually it is based on the load of the parking lot. The mayor stated it is 2-hour free parking. He stated there are some parking challenges. President Howe entertained a motion to give consent to the mayor to work with Public Works to get striping done. Isaac Miller moved to approve. Lorraine Tomlin provided second. Commissioners Isaac Miller, Steve

Prybylla, Lorraine Tomlin, Shareen Wagley, and Jeff Howe voted aye. Motion passed.

VIII. Commission Member Comments:

- Lorraine Tomlin stated that was a long meeting, we got a lot of accomplished. She thanked everyone for the time and effort.
- Shareen Wagley stated she is excited about Michael's Place apartments. She stated Riverbend was a large development at about \$12 million and compare it to Michaels Place at about \$52 million.

IX. Adjournment: Jeff Howe motioned to adjourn at 10:37AM.

The Muncie Redevelopment Commission will meet again on April 20, 2023, at 9:00AM

Respectively prepared by,

Maggie Bales

Respectively submitted by,

Commissioner Lorraine Tomlin



March 16, 2022

Muncie Land Bank Report to the Muncie Redevelopment Commission

Period: February 16 – March 15, 2023

Property Update

- Acquisition:
 - o 577 W Wilson (title received)
 - o Strategic Inventory Buildup: 50 props (OWE, TPA, SC, Industry)
 - Triangulation of input:
 - Unsold tax sale (emphasis on props owned by non-local LLCs)
 - Community input (problems and props w/ economic potential)
 - Strategic from MLB perspective (clusters, structural sound)
 - Run through local leadership again and then through our AD Committee
- Disposition:
 - o 2718 E Jackson (finally resolved legal issues working with Auditor and Title Co.)

Other

- New grants:
 - o Vacant Property Leadership Institute (applied as a cohort with three other cities: Indianapolis, Kokomo, Gary)...very much appreciate the mayor's endorsement of our application.
 - o National Land Bank Network: funds to grow our First Friday meeting
- First Friday – Joseph Anderson from MHA (March); Evan Tester from Intend (April)
- Demolition of 2015 S Elm (thanks to the Building Commissioner), 2007 S Biltmore (our first experience, learning that process)
- Out showing houses to folks who have expressed interest in the props w/ structures we have recently made public.