REGULAR MEETING OF THE MISHAWAKA COMMON COUNCIL

May 3, 2021

Be it remembered that the Common Council of the City of Mishawaka, Indiana met in the Council Chambers of the Mishawaka City Hall and via telephone on Monday, May 3, 2021 at 7:00PM. The meeting was called to order by President Gregg Hixenbaugh. All were asked to stand for the Pledge of Allegiance, followed by a moment of silence to remember the lives lost due to COVID-19.

Roll Call.
Present: Mrs. DeMaegd, Mr. Banicki, Mr. Hazen, Mr. Mammolenti, Mr. Emmons, Mr. Bellovich, Mr. Compton, Mrs. Voelker, Mr. Hixenbaugh.

Others Present: Clerk Block and Mike Trippel, Council Attorney.

Minutes for the Regular Meeting of April 19, 2021 were approved as received from the Clerk's Office.

Clerk Block read the following petitions to the council who referred them to the City Plan Commission for their recommendation.

PETITION NO. 2021-04	Right of Way alley vacation 16' wide alley N. of Brown, S. of Catalpa, between Forest and Brown Ave. for length of 215 feet
PETITION NO. 2021-05	Rezone from C-7 Auto Oriented Restaurant to C-4 Automobile Oriented Commercial – 5603 Grape Road
PETITION NO. 2021-06	Rezone from C-1 General Commercial to C-4 Automobile Oriented Restaurant – 2777 Lincolnway East

Clerk Block read the following proposed ordinances by title and were assigned committee.

PROPOSED ORDINANCE NO. 2021-14

AN ORDINANCE TRANSFERRING FUNDS FROM THE MOTOR VEHICLE HIGHWAY RESTRICTED FUND OF THE CITY OF MISHAWAKA TO THE LOCAL ROAD AND BRIDGE MATCHING GRANT FUND OF THE CITY OF MISHAWAKA FOR THE CALENDAR YEAR ENDING DECEMBER 31, 2021 AND AN ORDINANCE APPROPRIATING ADDITIONAL FUNDS FOR THE YEAR ENDING DECEMBER 31, 2021
Transfer of Funds and Additional Appropriation – Motor Vehicle Highway Restricted Fund $386,620.00 TO: Local Bridge and Road Matching Grant Fund. Additional Appropriation of Funds to: Local Bridge and Road Matching Grant Fund - $765,240.00 (Assigned to Budget & Finance Committee)

PROPOSED ORDINANCE 2021-15

AN ORIDNANCE DECLARING AN EMERGENCY AND DETERMINING THE EXPENDITURE OF ADDITIONAL FUNDS FOR THE YEAR ENDING DECEMBER 31, 2021
Additional Funds: Local Road and Street - $250,000 MVH Restricted - $750,000
(Assigned to Budget & Finance Committee)

PROPOSED ORDINANCE NO. 2021-16

AN ORDIANCE OF THE CITY OF MISHAWAKA, INDIANA ESTABLISHING THE ARP CORONAVIRUS LOCAL FISCAL RECOVERY GRANT FUND
(Assigned to Budget & Finance Committee)

Clerk Block read the following resolution by title and opened the public hearing.

RESOLUTION R2021-11

A RESOLUTION OF THE COMMON COUNCIL OF THE CITY OF MISHAWAKA, INDIANA, APPROVING A LEASE BETWEEN THE MISHAWAKA REDEVELOPMENT AUTHORITY AND THE MISHAWAKA REDEVELOPMENT COMISSION AND APPROVING ISSUANCE OF LEASE RENTAL REVENUE BONDS BY THE MISHAWAKA REDEVELOPMENT AUTHORITY AND OTHER MATTERS RELATED THERETO

Ken Prince, City Planner, spoke in favor of **RESOLUTION R2021-11**. Mr. Prince stated the resolution before them was the final council action for the stimulus bond suggested by the administration. Mr. Prince stated this went back to the beginning of the COVID epidemic when they talked about what steps they needed to take to address what they thought would be a very significant issue and it had been. Mr. Prince stated on the stimulus bond, they looked at the allocation of federal funds immediately to their Central Service agencies as step one, a small business loan as step two and the third step was a stimulus. Mr. Prince stated having discussed it at that time and after receiving relatively favorable feedback, they went through the process and continued to design on multiple projects. Mr. Prince stated this was a two-tiered process and they had a first year of projects and a second year of projects. Mr. Prince stated the idea was to try to get more than half of the $45 million dollars' worth of construction they designated and the overall cost was $50 million. Mr. Prince stated they felt this was so important at that time, because the cost was so low and they had a vision that there would be a decrease in construction with what was occurring at Notre Dame and knowing the school corporation was pulling back. Mr. Prince stated they had a number of road projects including Niles and Cedar that had already been awarded and issued and the large project they could not issue without approval of the stimulus bond was the ice project in downtown Mishawaka. Mr. Prince stated when looking at the ice project, they had budgeted $18 million for the construction portion of the project and the bids came back at just under $15.2 million. Mr. Prince stated when bids were sent out for the Biergarten on phase two, it came in slightly over the estimate, but they only had one bidder on that phase of the project and in this instance, they had 5 bidders for the project. Mr. Prince stated some of the other projects, including the next most significant project in phase two, was the replacement for fire station #2 on the north side. Mr. Prince stated the one thing they wanted to do and stressed in the beginning of this was that if they were 10% off, that could be a potential $2 million issue and that was why this had been done in phases. Mr. Prince stated they had a significant number of other projects. He said when looking at their water projects and new city hall project separate from the resolution, they felt it would be good to phase the implementation of the stimulus bond projects. Mr. Prince stated the fire station #2 could easily be an $8 million project, but they felt much more comfortable. Mr. Prince stated their next step once council approves the resolution, would be to move forward with the hiring a consultant to get under design for the project to be good next year. Mr. Prince stated he would leave it as contingent on the stimulus bond funding. Mr. Prince stated with the projects like Cedar and Niles Avenue, they were using TIF revenues, they could adjust costs and that was why those projects were bid and awarded ahead of time to allow them to incorporate that into their regular funding cycle. Mr. Prince stated as Baker and Tilly identified, once you got into a normal payment period the payment would be a little over $5 million a year. Mr. Prince stated they were looking at a total cost of just over $50 million and paying it back essentially over an 11-year period. Mr. Prince stated it was a 12-year issuance and a reserve fund was collected and that reserve fund would be used to pay off the final year of the bond issuance. Mr. Prince stated he was happy to answer any questions and Catherine Fanello, their special bond counsel, was present to answer questions and Mayor Wood was present as well to make other comments.

Mayor Wood spoke in favor of **RESOLUTION R2021-11**. Mayor Wood began stating this had been a process several months in the making. Mayor Wood stated their first leg of the stool was to do immediate response to their citizens, which they had done. Mayor Wood stated their second response was small business loan at zero interest, which they had done and this now in front of the council was the third more long-term part of their plan. Mayor Wood stated they came up with the plan and he gave it to Mr. Prince and appreciated all of his hard work on this and stated he had devoted quite a bit of time to this. Mayor Wood stated they came up with it, because of the fundamentals Mr. Prince thought of. Mayor Wood stated they knew money right then was cheap in terms of interest rates. Mayor Wood stated next, they had the capacity within their TIF because they carried almost no debt, not only with no remainder of debt in the general fund but in the TIF as well. Mayor Wood stated thirdly that these were projects they had on their list of work to get done over the next 10 years or so, and they felt getting some of this work done now in a favorable bid environment would save their citizens a lot of money. Lastly, Mayor Wood stated this would be meant to stimulate the local economy through the companies that were bidding the work out, who were from there, who paid taxes there and who most importantly employed there. Mayor Wood stated they had already bid out a couple of the projects and what they had seen this year in terms of their bidding, it bared out why they were doing this. Mayor Wood stated they were seeing multiple bidders on each of their projects, as opposed to the previous year where they were maybe seeing 1 bidder for a project and had to talk people into bidding in certain cases. Mayor Wood stated they had significant projects that would keep companies busy over a long period of time and they were anticipating the Ironworks phase 3 and 4 project to be bid out at roughly $18 million, with it coming in at $15 million and some change. Mayor Wood stated they were seeing their street projects come in at well under what the engineer’s estimates were also and were already saving money on the projects. Mayor Wood stated this was also stimulative for Mishawaka neighborhoods, because the work was being done in Mishawaka neighborhoods and brought new infrastructure into parts of Mishawaka that needed it the most and therefore improved their services, their environment and quality of life for the citizens. Mayor Wood stated they had a couple of park oriented projects along with infrastructure projects in this below ground and above ground. Mayor Wood stated public safety was a big part of this with a new, much needed fire station that would replace a fire station that was antiquated and built in the 1960s when they were a much different fire department than in the present. Mayor Wood stated the new fire station was on their wish list for a long period of time and this would make that project a reality. Mayor Wood stated they also had some projects on the list that would clean the environment, with the old central motor pool site along Cedar was one he wanted to see get done and repurposed into what he believed would be a great opportunity for single family residential there on the outskirts of Mishawaka's downtown. Mayor Wood stated he would appreciate the council's support of this and he believed it would be not just something they can afford, but the terms were very good and the overall length of the bond was much shorter than what they could typically do and only obligated a small portion of their TIF with still a lot of capacity remaining. Mayor Wood stated this was a best practice and he thought other cities were absolutely looking at what they were doing with this and reached out to them to see what they were doing. Mayor Wood stated this could be a model for them going forward as well to do a second round or something similar to that. Mayor Wood concluded urging the council to support this and believed it was good for their citizens, their companies and good for the city.

Mr. Hazen asked if they did the bonds in phases such as they did the projects in phases. Mayor Wood stated Catherine Fanello was present to answer how the money would be accessed and distributed.

Mrs. Voelker asked since bids were coming in a little less than initially thought, did he believe there would be capacity to do a couple of other little projects. Mayor Wood stated that was the goal if it worked out that way and the list was long. Mayor Wood also stated hopefully trends would bear out to realize significant savings and his intention was to do more projects. Mayor Wood stated they had a list of projects a mile long that needed done and were far beyond their capacity to do even with this.

Mr. Emmons asked if the Milburn project was on the list to complete, specifically the one and a half streets that needed to be done. Mayor Wood stated they were awarding that tomorrow. Mr. Emmons asked if that would complete the project out there. Mayor Wood stated it would come pretty close if it wasn't completed and reiterated it would be rewarded out the next day. Mayor Wood stated it would start that summer, along with 7th Street (West from 6th Street to 7th Street). Mr. Emmons asked if that would be as far as that project would go. Mayor Wood stated it was a part of three phased projects, so the next year they would bite off another chunk and get further south along West and do a couple of the side streets. Mayor Wood then stated the year following, they would move even further south and the goal was to get to Rose Park and then around Rose Park. Mr. Emmons asked if this would go for 4 years. Mayor Wood stated they would have to see how it went and they would get to beyond 8th Street in the last phase and the last part would be a pretty big jump and did not know how they would do it at that time. Mayor Wood stated they were starting to get there. Mayor Wood stated this project would include a complete tear out, brand new separated sewers underground, new water, burying electric power and utilities, above ground brand new road, sidewalks, curbs and in some cases landscape amenities. Mayor Wood stated that was what worked for them and that was what they were trying to replicate in neighborhoods all over the city. Mayor Wood stated they would be talking about another project with the council fairly soon they could have an opportunity to do as well.

Mr. Hixenbaugh thanked Mayor Wood for the information and he agreed with him and Mr. Prince with regard to the emphasis needed to be placed on the local stimulative effect of what they had set in motion. Mr. Hixenbaugh asked with regard to any bids had been awarded to date if they had been awarded to local firms so they were really getting the goal of stimulating their local workforce. Mayor Wood stated not only local firms, but local union as well. Mr. Hixenbaugh stated he appreciated that update and that validated the vision and goal the council and administration shared as they embarked on that journey.

Catherine Fanello, Kreig Devault Law Firm, served as bond counsel. Mrs. Fanello stated they had before them a resolution to approve the lease and bond issue along with documents she had provided including the lease and the trust indenture. Mrs. Fanello stated they had gone through their process and she was happy to answer questions. Mrs. Fanello also added the bonds were expected to be competitively bid, meaning they would be put out, people would submit a bid and the purchaser with the lowest interest cost would be selected. Mrs. Fanello stated the bonds would be bid out at one time, with a one bond issue of approximately $50,560,000. Mrs. Fanello stated they had a bit of a complicated structure and the best they could do was to bid out the entire amount. Mrs. Fanello stated the funds would be held under the trust indenture and Rebecca Miller, City Controller, was in the process of selecting a trustee for the bonds. Mrs. Fanello stated again it would be one bond issue and all of the bonds would be available on day one when they closed. Mrs. Fanello stated the bonds were payable from the TIF revenues and there would be a special benefits tax backup. Mrs. Fanello stated the TIF revenues were more than enough to cover the debt service, about 330% coverage based on the debt service that would be paid under the bonds. Mrs. Fanello stated however, they were also backed up by a special benefits tax, which was basically to add or lower property tax levied in what they called the Mishawaka Redevelopment district, the boundaries which were coterminous with the city. Mrs. Fanello stated it really was a credit enhancement and would allow them to get the best interest rate possible on the bonds even though they never expected to use it and the TIF revenues were more than sufficient, but it really enhanced the ability to get out the best price for the bonds. Mrs. Fanello stated it was $50,560,000 over approximately eleven years with a debt service reserve that would also enhance the ability to sell the bonds at the best price.

Mr. Hazen asked once they got the $50 million bond and if they decided to do other projects on the list, would they come back to the council or would they be able to do them as long as the fell in the scope of the TIF area. Mrs. Fanello stated as long as they were projects that were similar in nature. Mrs. Fanello stated they were funding these from TIF revenues and it was a pretty term as far as redevelopment and economic development were concerned and they all served and benefited a consolidated TIF area. Mrs. Fanello stated it would be an internal choice for what the internal procedure would be to come back for the projects not on the list, as long as the funds were spent consistent with the nature of the bond issue. Mr. Hazen asked if interest payments would start immediately or as they used the money. Mrs. Fanello stated it would start February 1, 2022 and how they structured this particular bond issue was they were not paying capitalized interest and in some respects, if they were waiting to pay for all of the projects there would be a period of time under a lease rental bond where you could not pay principle in interest on a lease rental bond until the projects were completed. Mrs. Fanello stated that meant they would be paying capitalized interest during a construction period, but in this instance because they were leasing, the underlying leased asset already existed and they avoided capitalized interest, so you would get a pool of funds to use.

Mrs. Voelker asked if this was something they could continue to use, as far as the establishment of the Bond Authority and Redevelopment Authority, as a function of funding projects in the future. Mrs. Fanello stated the Redevelopment Authority would continue to exist as long as the city desired and the Redevelopment Authority was generally for issuing lease rental bonds, which was a bit more of a complicated structure and you would have to work through that structure.

Mr. Hixenbaugh appreciated the work Mrs. Fanello had done on there before and stated she had always done a good job of taking complex concepts and explaining it to them in a very understandable fashion. Mr. Hixenbaugh asked about her comments on the special benefits tax and if that inclusion in the concept would allow them to enhance their credit and their ability to be able to do it in the most cost effective fashion. Mrs. Fanello stated that was correct and it enhanced the marketing of the bond. Mr. Hixenbaugh asked if it were correct that although it stood behind the TIF revenues, they were overwhelmingly in good shape with regard to TIF revenues so that no one anticipated that they would have to enact the special benefits tax. Mrs. Fanello stated that was correct. Mr. Hixenbaugh asked if it were correct that if they had to enact the special benefits tax, which was almost difficult to conceive, it would be a tax that would be assessed against the property that lied only within the consolidated TIF district itself. Mrs. Fanello stated it would be within the Redevelopment district and the boundaries were an overlay of the TIF district. Mr. Hixenbaugh thanked Mrs. Fanello again for the creative work she and her firm had done on this and stated it was exciting to see this move forward. Mrs. Fanello stated it was exciting and it was a structure used across Indiana, along with the United States and it was one they talked about regularly at their National Association of Bond Lawyers Conference. Mrs. Fanello stated she was glad Mishawaka was pleased and moving forward.

Mr. Prince stated briefly that part of the nature of choosing the projects they did was to try and keep flexibility within the expenditure of funds. Mr. Prince stated when looking at the projects on the list, Crawford Park was included, they had only been funding part of the intended improvements and if they had additional funding, it would immediately go to that. Mr. Prince stated Battell Park and Normain Park were the same way and their intent was to spend the $45 million of capital funds allocated through this to the projects on that list and they did not want to complicate any kind of audit or things associated with that. Mr. Prince stated projects would grow and expand if they had additional funds, but the intent for these funds were to keep it on that list. Mr. Prince stated that could enable them in other ways to use other TIF funds that were designated for the other projects to fund additional projects that were talked about, but he did not want anyone to think this was a pot of funds someone would take and move into another direction, because that was not the case. Mr. Hazen asked if they saved 20% over what they thought originally if they would still spend that tied to these projects. Mr. Prince stated if you looked at the other capital expenditures they had just in Battell Park and Crawford Park, in regard to Battell Park with the bridge, the completion of the Veteran's monument and the playground, it would probably be around $5 million. Mr. Prince stated Crawford Park would be another $4 million to $5 million, so immediately they would be at 25% initially. Mr. Prince stated when looking at the fire station, for example, they took their best estimate based on the numbers they did for fire station #4 and when they would get into the actual practice, he could not imagine they would have significant savings of a magnitude of 20% on that project.

Mr. Hixenbaugh followed up on that discussion stating they hoped there would be some opportunity to look at a second phase of this or expand into the projects they would use the financing vehicle for. Mr. Hixenbaugh asked, assuming that would occur, if Mr. Prince would anticipate going back to the comprehensive spreadsheet he put together and shared with the council and the Redevelopment Commission and try to program those projects into the mix or if they were so far beyond that to the point where it had been identified what the process would look like. Mr. Prince stated that list was put together every year and they had updated priorities every year and there were projects that went in and out based on changes in priorities. Mr. Prince stated in general they would follow that list, but that wouldn't mean they would not add a project or delete a project depending on what the priorities would be at that mean.

Mr. Mammolenti asked Mr. Prince to refresh his memory as to the completion time of the fire station. Mr. Prince stated the completion, knowing how the projects were working and if they hired a consultant that year and bid the following the year, would take a year to design and likely 18 months to build. Mr. Prince stated they were probably 2 and a half to 3 years out of completion, by his guess.

Question was called for at 7:36PM for **RESOLUTION R2021-11** **Vote: Motion carried by unanimous roll call vote (summary: Yes = 9).**
Yes: Mrs. DeMaegd, Mr. Banicki, Mr. Hazen, Mr. Mammolenti, Mr. Emmons, Mr. Bellovich, Mr. Compton, Mrs. Voelker, Mr. Hixenbaugh. The resolution passed 9-0.

Clerk Block read the following proposed ordinance by title and opened the public hearing.

PROPOSED ORDINANCE NO. 2021-13

AN ORDINANCE AMENDING CHAPTER 137 OF THE MUNICIPAL CODE OF THE CITY OF MISHAWAKA, INDIANA, AS FROM TIME TO TIME AMENDED, COMMONLY KNOWN AS "THE ZONING ORDINANCE OF 1966" OF THE CITY OF MISHAWAKA, INDIANA.
Rezone from C-1 to R-1 – 1803 Lincoln Way West

Mr. Mammolenti reported the Committee of Land Use Planning recommended this proposed ordinance should be adopted. This was signed by the entire committee and upon a second by Mr. Banicki, the motion carried.

Andrew Mick, represented Morgan Mick, and spoke in favor of **PROPOSED ORDINANCE NO. 2021-13**. Mr. Mick stated they wanted to build a single-family home on that lot.

Question was called for at 7:38PM for **PROPOSED ORDINANCE NO. 2021-13** **Vote: Motion carried by unanimous roll call vote (summary: Yes = 9).**
Yes: Mrs. DeMaegd, Mr. Banicki, Mr. Hazen, Mr. Mammolenti, Mr. Emmons, Mr. Bellovich, Mr. Compton, Mrs. Voelker, Mr. Hixenbaugh. The proposed ordinance passed 9-0, thus became **ORDINANCE NO. 5741**.

NEW BUSINESS

Mr. Mammolenti thanked the Parks Department and Councilwoman DeMaged's efforts to put together volunteer hours to help beautify the city and thanked to all that were involved. Mr. Hixenbaugh thanked Mrs. DeMaged for her work on the project.

ADJOURNMENT 7:40PM

Deborah S. Block /s/	Gregg A. Hixenbaugh /s/
Deborah S. Block, IAMC, MMC, City Clerk	Gregg A. Hixenbaugh, President