MICHIGAN CITY COMMON COUNCIL

RESOLUTION NO. 4754

A RESOLUTION OF THE COMMON COUNCIL OF THE CITY OF MICHIGAN CITY, INDIANA, APPROVING A LEASE BETWEEN THE MICHIGAN CITY REDEVELOPMENT AUTHORITY AND THE MICHIGAN CITY REDEVELOPMENT COMMISSION RELATED TO THE DOUBLE TRACKING PROJECT AND TAKING OTHER ACTIONS RELATED THERETO

WHEREAS, the Michigan City Redevelopment Commission (the “Commission”), the governing body of the Michigan City Department of Redevelopment and the Redevelopment District of the City of Michigan City, Indiana (the “District”), exists and operates under the provisions of Indiana Code 36-7-14, as amended from time to time (the “Act”); and

WHEREAS, the Michigan City Redevelopment Authority (the “Authority”) has been created pursuant to Indiana Code 36-7-14.5 as a separate body corporate and politic, and as an instrumentality of the City of Michigan City, Indiana (the “City”) to finance local public improvements for lease to the Commission; and

WHEREAS, the Commission, pursuant to declaratory resolutions previously adopted by the Commission and amended from time to time has (i) declared a certain area of the City known as the “Community Center No. 1 Expanded Urban Renewal Area” (the “North Side Area”) as a redevelopment area, designated such area as an allocation area under the Act, and approved a redevelopment plan for the North Side Area and (ii) declared a certain area in the City known as the “Southside Economic Development Area” (the “South Side Area” and collectively with the North Side Area, the “Areas”) as an economic development area, designated an allocation area under the Act, and approved an economic development plan for the South Side Area; and

WHEREAS, the Commission previously adopted Resolution No. 8-17 on May 31, 2017, resolving to be a cash participant, pursuant to Indiana Code 36-7.5-4.5-16, in the Northern Indiana Commuter Transportation District (“NICTD”) Main Line Double-Tracking Project which consists of the design, engineering, acquisition, renovation, construction, demolition, installation and/or improvement of certain rail lines owned and/or operated by NICTD and other projects relating to the foregoing projects (collectively, the “Double Tracking Project”); and

WHEREAS, the Common Council of the City previously adopted Resolution No. 4679 on June 6, 2017, approving (i) for the City to be a cash participant pursuant to Indiana Code 36-7.5-4.5-16 in the Double Tracking Project in the total amount of $12,166,666.67 by and through the Commission making a payment to the Northwest Indiana Regional Development Authority for the Double Tracking Project (the “Payment”) to contribute to LaPorte County’s share of funding as a cash participant pursuant to Indiana Code 36-7.5-4.5-16 and (ii) of the issuance of bonds by the District in an aggregate principal amount of Five Million Three Hundred Ninety Thousand Dollars ($5,390,000) for the purpose of paying a portion of the costs of the Payment; and
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WHEREAS, the Common Council of the City previously adopted Resolution No. 4679 on June 6, 2017, approving (i) for the City to be a cash participant pursuant to Indiana Code 36-7.5-4.5-16 in the Double Tracking Project in the total amount of $12,166,666.67 by and through the Commission making a payment to the Northwest Indiana Regional Development Authority for the Double Tracking Project (the “Payment”) to contribute to LaPorte County’s share of funding as a cash participant pursuant to Indiana Code 36-7.5-4.5-16 and (ii) of the issuance of bonds by the District in an aggregate principal amount of Five Million Three Hundred Ninety Thousand Dollars ($5,390,000) for the purpose of paying a portion of the costs of the Payment; and
WHEREAS, the Commission has determined that, in order to provide the lowest possible interest cost for the issuance of bonds, it would be beneficial to the District and the City for the Commission to enter into a lease with the Authority pursuant to Section 25.2 of the Act and have the Authority issue its lease rental revenue bonds pursuant to Indiana Code 36-7-14-.5-19; and

WHEREAS, the Project is located within the boundaries of the District and will benefit the residents of the City by providing future opportunities for new redevelopment and economic development and job creation in the Areas and in the City generally; and

WHEREAS, at a meeting held on August 12, 2019, following a public hearing held pursuant to Section 25.2 of the Act, the Commission did adopt its Resolution No. 6-19 (a) finding (i) that the lease rental payments (the “Lease Rentals”) to be paid by the Commission to the Authority pursuant to a lease between the Commission and the Authority (the “Lease”) are fair and reasonable, (ii) that the terms of the Lease are based upon the value of the leased premises which includes all or a portion of 11th Street from its intersection with Chicago Street to its intersection with Pine Street (the “Leased Premises”), and (iii) the use of the Leased Premises under the Lease and the Project throughout the term of the Lease will serve the public purpose of the City and is in the best interests of its residents and (b) approving the Lease in the form presented at the Commission meeting for the purpose of paying the principal of and interest on the Michigan City Redevelopment Authority Lease Rental Revenue Bonds of 2019 (Double Tracking Project) (the “Bonds”) proposed to be issued by the Authority pursuant to Indiana Code 36-7-14.5 to finance the Project; and

WHEREAS, at a meeting held on August 13, 2019, the Authority did adopt Resolution No. 4-19 whereby the Authority (a) indicated its intent to issue the Bonds in one (1) or more series in an aggregate principal amount not to exceed Five Million Three Hundred Ninety Thousand Dollars ($5,390,000), to finance all or a portion of (i) the costs of the Payment; (ii) a debt service reserve fund, if necessary, in connection with the issuance of the Bonds; and (iii) costs incurred in connection with the issuance of the Bonds; and (b) approved the proposed form of Lease between the Authority and the Commission for the lease of the Leased Premises; and

WHEREAS, the Commission reasonably expects to pay the Lease Rentals during the term of the Lease from tax increment finance revenues collected from the Areas (the “TIF Revenues”), and the payment of the Lease Rentals also will be secured by the levy of a special benefits tax pursuant to Section 27 of the Act in the event the TIF Revenues are ever insufficient in order to provide the lowest interest rate on the Bonds; and

WHEREAS, the annual rentals payable by the Commission under the Lease will be pledged by the Authority to pay the principal of and interest on the Bonds; and

WHEREAS, given the use of the lease financing provisions to reduce the cost of borrowing and certain additional requirements set forth in the Act and Indiana Code 36-7-14.5 with respect to the approval by the Common Council of a financing for redevelopment or economic development purposes, the Common Council of the City (the “Common Council”) desires to reaffirm its earlier determination to approve of financing for the Double Track Project by approving the Lease as required by Section 25.2 of the Act, which provides that any lease approved
by a resolution of the Commission must be approved by the fiscal body of the City and (ii) approving the issuance of the Bonds by the Authority as required by Indiana Code 36-7-14.5-19.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMON COUNCIL OF THE CITY OF MICHIGAN CITY, INDIANA, AS FOLLOWS:

1. All of the above stated "WHEREAS" clauses are incorporated herein by reference.

2. The Common Council hereby approves the issuance of the Bonds by the Authority pursuant to Indiana Code 36-7-14.5-19 and the execution and delivery of the Lease, as approved by the Commission, pursuant to Section 25.2 of the Act, in order to provide for the financing of a portion of the Payment as previously approved by the Common Council, all upon the following conditions: (a) the maximum aggregate principal amount of the Bonds shall not exceed $5,390,000; (b) the Bonds shall have a final maturity date which is not later than twenty-two (22) years from the date of their issuance; (c) the maximum annual lease rental payment during the term of the Lease shall not exceed $750,000; (d) the maximum interest rate on the Bonds shall not exceed six percent (6.00%) per annum; (e) the Bonds may be subject to redemption prior to maturity on any date not later than ten (10) years following the date of issuance of the Bonds, with such specific dates and redemption terms determined by the Authority at the time of the sale of the Bonds, all upon the advice of the municipal advisor to the Authority; (f) the maximum term of the Lease shall not exceed twenty-two (22) years; and (g) no interest on the Bonds shall be capitalized or paid from the proceeds of the Bonds.

3. This Resolution shall be in full force and effect from and after its adoption by the Common Council and upon compliance with the procedures required by law.

* * * * *
Adopted at a meeting of the Common Council of the City of Michigan City, Indiana, held on this 20th day of August, 2019.

Introduced by: Tim Bietry, Member
Michigan City Common Council

Passed by the Common Council of the City of Michigan City, Indiana, this 20th day of August, 2019.

Donald Przybylinski, President
Michigan City Common Council

Approved by me on the 20th day of August, 2019.

Ron Meer, Mayor
City of Michigan City, Indiana

(SEAL)

ATTEST:

Gale A. Neulieb, City Clerk of the City of Michigan City, Indiana

DMS 14870476v2