

To: President and Members of the Munster Town Council

From: Patricia Abbott, Controller

Date: December 1, 2025

Re: Ordinance 2004, Dissolution of the Munster Redevelopment Authority

In 2018, the Town was contemplating the best way to fund the 45th Street Grade Separation Project. At the time, the project cost was estimated at \$34 million with the Town needing to contribute approximately \$15.9 million. Working with its bond counsel and financial advisor, while taking into account the current financial position of the Town, it was recommended that the Town create a redevelopment authority as allowed under IC 36-7-14.5. The Munster Redevelopment Authority (MRA) would issue bonds to pay the Grade Separation Project then lease the improvement back to the redevelopment commission. The lease payments from the Redevelopment Commission were to be used to retire the bonds issued by the Redevelopment Authority.

Council adopted Ordinance 1728 on February 19, 2018, establishing the Munster Redevelopment Authority. It then adopted Ordinance 1737 approving a lease agreement between the Munster Redevelopment Authority and the Redevelopment Commission at that same meeting. Members were appointed and met on May 14, 2018, to elect officers. The MRA met again on September 12, 2018, to approve the lease agreement and to learn more about the project and expectations of the entity. It has not met since then.

February 20, 2019, bids for the Grade Separation Project were opened and came in significantly lower than anticipated. The low bid was \$20.5 million. After the bid opening, the various entities that had pledged funding met to discuss how to proceed. As a result of that meeting, the Town contribution was lowered to \$4.5 million plus any change orders. This reduction in cost meant that issuing bonds or any other debt instrument was not necessary. The project was paid directly from the TIF and Water Cash Operating Funds.

The Redevelopment Authority has not met since their second meeting in 2018, and there has not been any financial activity. At the time, other possible construction projects were contemplated that would be a good fit for the MRA, and it was decided to leave it in existence. Since that time, new reporting requirements have come into place, and the Department of Local Government Finance has been questioning what is happening with the MRA. During our audit this fall, the State Board of Accounts brought up the matter and recommends dissolving it.

Ordinance 2004 has been drafted for to dissolve the Munster Redevelopment Authority. The redevelopment authority can be reestablished at a future date when an appropriate project presents itself.

RECOMMENDED ACTION:

By motion and voice vote, hear Ordinance 2004 on first reading and set second reading for the next regular meeting.