



Town of Munster

Redevelopment Commission

2012 Annual Report

To the Munster Town Council President and Other Interested Readers:

The Commissioners of the Munster Redevelopment Commission are pleased to present the annual report of the Commission for the year ended December 31, 2012. This report was developed in accordance with Indiana Code § 36-7-14-13, attached as Exhibit A.

This document was created not only to satisfy statutory requirements; it also provides a recapitulation of the events taken over a prior year for the reader. Creating and utilizing such documentation is important when assessing the effectiveness of the actions taken by the Commission in that year and determining the direction of the Commission going forward.

The year 2012 was, again, a very active year for the Munster Redevelopment Commission as we saw numerous projects brought to culmination. We have also seen the positive progress on a number of long-term projects. The Commission's long hours of planning and strategizing have moved projects from concepts to construction. However, the Commission recognized that there are remaining areas that need improvement, and we sought ideas on how to improve those items. The nature of the business climate has caused many Illinois businesses to look to relocate in Indiana, and Munster has been an attractive target of many moves. The Commission has seen the results of its investment into the community as new life is created in the commercial corridor and as the tax increment finance fund continues to grow at a healthy and steady pace.

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Personnel

Commissioners:	David B. Nellans, President Munster Town Councilman
	John W. Edington, Vice President Munster Town Councilman
	Andy Koultourides, Secretary Munster Town Councilman
	John P. Reed Munster Town Councilman
	Joseph A. Simonetto Munster Town Councilman
Nonvoting adviser:	Judith Florczak Munster Board of School Trustees
Other personnel:	David F. Shafer, Treasurer and Executive Secretary Munster Clerk-Treasurer
	Thomas F. DeGiulio, Executive Director Munster Town Manager
	Eugene M. Feingold, Attorney Munster Town Attorney

The Munster Redevelopment Commission does not employ any full-time regular employees. Instead, a portion of the compensation of certain employees of the Town of Munster is assigned to either the Redevelopment Operating Fund 406 or the TIF Allocation Fund 471; both funds are administered by the Commission. Compensation paid during 2012 is summarized in Exhibit B to this report.

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Fund Structure

The Commission administers eight funds for the receipt of all revenues due the Commission, and to account for all expenditures made by the Commission. The eight funds are:

Redevelopment Bond & Interest Fund 311 – is funded primarily through property tax dollars and interest income on the property taxes received. It is used to account for the expenditures related to the principal, interest, and fees of the redevelopment bond issue.

Economic Development Bond & Interest Fund 328 – is funded through tax increment financing dollars as received from the TIF Allocation Fund 471. It is used to account for the expenditures related to the principal, interest, and fees of the economic development bond issues.

Redevelopment Reserve Fund 330 – was created to serve as a depository for funds to meet debt service requirements if the Redevelopment Bond & Interest Fund 311 were under-funded. It was fully funded from the Redevelopment Bonds of 2007.

Economic Development Commission Bond Reserve Fund 331 – was created to serve as a depository for funds to meet debt service requirements if the Economic Development Commission Bond & Interest Fund 328 were under-funded. It was fully funded from the 2010 and 2011 Economic Development Commission Bond proceeds.

Redevelopment Operating Fund 406 – is funded primarily through property tax dollars and is used to benefit the entire redevelopment area as allowed by statute.

Redevelopment Capital Improvement Fund 418 – is funded through the sale of bonds by the Redevelopment Commission. Expenditures are limited to those items and projects listed in the bond issuance documents. It is used for capital purchases only.

TIF Allocation Fund 471 – is funded by tax increment financing dollars collected through property taxes. It covers expenses that are directly related to a defined project of the redevelopment district as defined by statute.

Economic Development Commission Bond Proceeds Fund 481 – is funded through the sale of bonds by the Redevelopment Commission through the Economic Development Commission. Expenditures are limited to those items and projects listed in the bond issuance documents. It is used for capital purchases only. The actual funds are disbursed through Peoples Bank acting as Registrar and Paying Agent; the Treasurer of the Commission does not have direct disbursement authority of these funds.

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Revenue to the Commission

Following is a summary of revenues totaling \$10,551,607.35 received by the Commission during 2012.

Type of Revenue	Fund 311	Fund 328	Fund 330	Fund 331	Fund 406	Fund 418	Fund 471	Fund 481
General property tax	\$ 658,572.83	\$ -	\$ -		\$ 102,415.85	\$ -	\$ -	\$ -
TIF allocation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,816,124.38	\$ -
Financial institution tax	\$ 1,924.06	\$ -	\$ -	\$ -	\$ 318.66	\$ -	\$ -	\$ -
Automobile excise tax	\$ 35,725.71	\$ -	\$ -	\$ -	\$ 5,916.83	\$ -	\$ -	\$ -
Commercial veh. excise tax	\$ 1,676.20	\$ -	\$ -	\$ -	\$ 277.60	\$ -	\$ -	\$ -
Interest on investments	\$ 1,093.09	\$ -	\$ -	\$ 2,390.40	\$ -	\$ 431.74	\$ 294.97	\$ -
Other interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 206.76	\$ 9,401.47
Property lease & rent	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 318,310.41	\$ -
Bond ordinance transfers	\$ -	\$ 600,571.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,201,262.29
Bond proceeds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Temporary loans	\$ 30,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Refunds	\$ -	\$ -	\$ -	\$ -	\$ 29.75	\$ -	\$ 226.05	\$ -
Reimbursements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,031.15	\$ -
Federal grant transfers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,492,817.95	\$ -
Miscellaneous	\$ -	\$ 266,588.00	\$ -	\$ -	\$ -	\$ -	\$ 0.20	\$ -
Totals	\$ 728,991.89	\$ 867,159.00	\$ -	\$ 2,390.40	\$ 108,958.69	\$ 431.74	\$ 7,633,011.87	\$ 1,210,663.76

Expenditures by the Commission

Expenditures are classified as Personal Services (salaries, wages, and related employee benefits), Supplies (articles and commodities which are consumed or materially altered when used), Other Services and Charges (services other than personal services, i.e., professional services, communication, printing, insurance, utilities, contracted repairs and maintenance, debt service, and other similar services and charges), or Capital Outlays (acquisition of or addition to assets such as land, infrastructure, buildings, improvements other than buildings, and machinery and equipment). These classifications are sometimes referred to as major expenditure groups. Following is a summary of expenditures made during 2012 and their general purpose, as classified by the major expenditure groups.

Fund	Classification				Totals
	Personal Services	Supplies	Other Services and Charges	Capital Outlays	
Fund 311	\$ -	\$ -	\$ 736,199.00	\$ -	\$ 736,199.00
Fund 328	\$ -	\$ -	\$ 1,002,438.29	\$ -	\$ 1,002,438.29
Fund 330	\$ -	\$ -	\$ -	\$ -	\$ -
Fund 331	\$ -	\$ -	\$ -	\$ -	\$ -
Fund 406	\$ 118,246.20	\$ 227.17	\$ 107,907.00	\$ -	\$ 226,380.37
Fund 418	\$ -	\$ -	\$ -	\$ -	\$ -
Fund 471	\$ 9,270.09	\$ 2,848.73	\$ 573,723.97	\$ 8,307,572.80	\$ 8,893,415.59
Fund 481	\$ -	\$ -	\$ 21,702.19	\$ 11,584,160.15	\$ 11,605,862.34
Totals	\$ 127,516.29	\$ 3,075.90	\$ 2,441,970.45	\$ 19,891,732.95	\$ 22,464,295.59

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Expenditures by the Commission (continued)

Highlights of the expenditures are elaborated in the section, “Description of Activities,” below.

Expenditures for Loans

No tax increment revenue was used by the Commission to make a loan to any entity.

Year-end Funds

The amount of funds on hand as of December 31, 2012, was:

Fund	Cash Held Locally	Investments	Total Funds
Fund 311	\$ 543.49	\$ -	\$ 543.49
Fund 328	\$ 664,053.00	\$ -	\$ 664,053.00
Fund 330	\$ -	\$ 736,554.50	\$ 736,554.50
Fund 331	\$ -	\$ -	\$ -
Fund 406	\$ 630,596.73	\$ -	\$ 630,596.73
Fund 418	\$ 221,569.86	\$ 190,840.80	\$ 412,410.66
Fund 471	\$ 1,965,870.68	\$ 700,000.00	\$ 2,665,870.68
Fund 481	\$ -	\$ -	\$ -
Totals	\$ 3,482,633.76	\$ 1,627,395.30	\$ 5,110,029.06

Description of Activities

Previous Year RDC Projects Completed in 2012

- ▣ ***Munster Shops Phase 2:*** A project that redeveloped a large dilapidated commercial site into a new commercial area that will be the standard for future renovations of Calumet Avenue. The entire project contains a stand alone Panera Bread and two strip retail buildings. The buildings are now entirely occupied – housing a Chipotle, Firehouse Subs, and Five Guys Burgers. This also houses other retail businesses, professional offices, and local businesses such as Big and Little Shoes and Frozen Yogurt Express. Over \$5.3M in Tax Increment Finance (TIF) bonds were sold to help finance this project.

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Description of Activities (continued)

Previous Year RDC Projects Completed in 2012 (continued)

- ***Redesign and Redevelopment of Community Park – Phase 1:*** The first phase of the Community Park Redevelopment Project was bid and awarded in 2011. Construction of the project began in 2012. The ultimate goal of this redevelopment is to upgrade facilities and infrastructure within the park adjacent to the TIF district. The first phase of this project included the demolition of structures, creation of a retention pond, and installation of storm water drainage, sanitary sewer and water lines. The second portion of this project let in 2011 includes the construction of roadways/walkways, new softball buildings (press box and storage), and new softball fields and dugouts. The new softball buildings have been constructed as well as a new press box.
- ***Reconstruction of Fran-Lin Parkway:*** Sections of Fran-Lin Parkway have been quickly deteriorating for years. Even after resurfacing, potholes, fissures, and other settling occurred on the road. Studies determined that the problematic sections of the road were built on terrible subsurface conditions combined with an unusually high water table. The most practical, long-term solution was to excavate the sub-base and essentially rebuild the road from scratch. In 2011, the first phase of this project was approved which allowed for the excavation of the poor sub-base material, installation of storm sewers and water mains. The project was broken into phases to minimize the impacted area and in turn, reduce the inconvenience of residents in this area. In 2012, this work was begun and completed which included resurfacing and the unanticipated reconstruction of sections of the Fran-Lin Bridge over Hart's Ditch.
- ***Gas-to-Energy Project:*** The Redevelopment Commission utilized an US Department of Energy grant and TIF funds to finance the installation of a generator that converts methane gas, a byproduct from the former landfill (now Centennial Park), into electricity. The electricity produced from this project will be fed back into the electrical grid. The Town will be reimbursed by the local utility at a regulatory rate for the amount of electricity produced. The Town will bear up to \$2.6M as a 50% cost share of the \$5.2M DOE grant.

Projects Ongoing Throughout 2012

- ***Redesign and Redevelopment of Community Park – Phase 2:*** In Fall 2012, after reducing the scope of work, construction began on the rehabilitation of current softball field "C" and "D" with new dugouts constructed, new electric wiring and fencing installed, and field sod planted.

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Description of Activities (continued)

Projects Ongoing Throughout 2012 (continued)

- ***Lake Business Center Redevelopment:*** The site of a former Simmons mattress manufacturing plant had been identified as a top area for redevelopment within the Town's TIF district. The site, which is comprised of one million square feet under roof, has held various tenants over its life, but has areas vacant and in disrepair. In 2011, the Redevelopment Commission sold \$19.72M in TIF fund backed bonds to assist in the financing of demolition of certain warehouse areas, recladding of office building facades, the construction of a new, ninety-nine (99) room extended-stay hotel, the development of retail outlots, and extensive interior renovations for future occupation by mid-sized manufacturing and Class A office tenants.

In 2012, the majority of all demolition has been completed and façades have been updated for the North and South Office Buildings. Tenants are beginning to fill the office space and are receiving modern build-outs for their use. The office space is receiving interest from professional medical groups, while the manufacturing has received interest from numerous potential tenants. Some of the warehousing has been recladded with the new façade. The subdivision for the hotel has been approved and construction should begin in 2013.

Projects Approved in 2012

- ***TIF Incentive for Land O'Frost*** – The 3rd largest deli meat distributor in the country approached the Town for incentive of relocating their headquarters from Illinois to Indiana. The move would bring roughly 50 corporate jobs into the Town. The Redevelopment Commission approved an incentive of \$2M for construction to be used for any commercial location within the Town. The total investment by Land O'Frost will total about \$6.4M. This will be incorporated into a bond issue that will incorporate a number of redevelopment projects. This bond issue is planned to be sold in the first quarter of 2013.
- ***Purchase of River Drive Properties*** – To serve as flood mitigation, the Town of Munster's Civic Foundation purchased four (4) homes located along the Little Calumet River. The Town has since demolished the structures and has left the property open as

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Description of Activities (continued)

Projects Approved in 2012 (continued)

green space. The Redevelopment Commission will purchase this property (and Clayhole Lake) and exchange it as open/green space with land located at Centennial Park. The exchange will lift a conservation easement placed on the Centennial Park property and allow it to be used for the future grade separation and development.

Munster Business Complex Statistics

- January 1, 2012 Rentals
 - 18 Customers Renting (Some customers have more than one unit.)
 - 1 Units Rented by the Town
- December 31, 2012 Rentals
 - 25 Customers Renting
 - 5 Units Vacant
 - 3 Units Rented by the Town
- 2012 Lease/Rent Revenue Received: \$318,310.41
- 2013 Lease/Rent Revenue Anticipated: \$350,000.00

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Exhibit A

Code Cite

IC 36-7-14-13

Annual reports; contents

Sec. 13. (a) Within thirty (30) days after the close of each calendar year, the redevelopment commissioners shall file with the unit's executive a report setting out their activities during the preceding calendar year.

(b) The report of the commissioners of a municipal redevelopment commission must show the names of the then qualified and acting commissioners, the names of the officers of that body, the number of regular employees and their fixed salaries or compensation, the amount of the expenditures made during the preceding year and their general purpose, an accounting of the tax increment revenues expended by any entity receiving the tax increment revenues as a grant or loan from the commission, the amount of funds on hand at the close of the calendar year, and other information necessary to disclose the activities of the commissioners and the results obtained.

(c) The report of the commissioners of a county redevelopment commission must show all the information required by subsection (b), plus the names of any commissioners appointed to or removed from office during the preceding calendar year.

(d) A copy of each report filed under this section must be submitted to the department of local government finance in an electronic format under IC 5-14-6.

As added by Acts 1981, P.L.309, SEC.33. Amended by Acts 1981, P.L.310, SEC.88; P.L.112-2012, SEC.54.

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Exhibit B

Fixed Salaries or Compensation of Regular Employees

The Munster Redevelopment Commission does not employ any full-time regular employees. Instead, a portion of the compensation of certain employees of the Town of Munster is assigned to either the Redevelopment Operating Fund 406 or the TIF Allocation Fund 471; both funds are administered by the Commission. Compensation (wages or salaries, longevity, overtime, FICA, Medicare, retirement plan, and insurance) paid during 2012 is summarized as follows.

Department	Position	Number of Employees	Amount of Compensation Paid in 2012	
			Fund 406	Fund 471
Redevelopment	Commissioner	5	\$ -	\$ -
	Nonvoting Adviser	1	\$ -	\$ -
Clerk-Treasurer	Treas. & Exec. Secy.	1	\$ 9,077.60	\$ -
	Acctng. Supervisor	1	\$ 7,384.45	\$ -
	Acctng. Analyst	1	\$ -	\$ 2,385.94
	Trailing costs		\$ 6,253.29	\$ 1,233.67
Town Manager	Executive Director	1	\$ 36,299.41	\$ -
	Asst. Town Manager	1	\$ 8,060.50	\$ -
	Secretary	1	\$ 11,141.24	\$ -
	Trailing costs		\$ 23,333.60	\$ -
Town Attorney	Attorney	1	\$ 4,271.00	\$ -
Building Dept.	Town Engineer	1	\$ 12,425.11	\$ -
Building Maint.	Facilities Mtce. Mgr.	1	\$ -	\$ 5,650.48
Totals			\$ 118,246.20	\$ 9,270.09