

RDA TDD Steering Committee

FEBRUARY 19, 2020; 11:00 AM CDT

Agenda

1. Election of Chairperson
2. Welcome & Team and Committee Introductions
3. Approval of Minutes from November 20, 2019 meeting.
4. RDA Update on the progress of the rail projects
 - a. Rail projects
 - b. Legislative update
5. Community Meeting Update
6. Spotlight on TDDs: a Deep Dive
7. Next steps and questions
8. Adjourn

Transit Development District Steering Committee meeting November 20, 2019

Location

Purdue Tech Center, Crown Point, IN

Present

Lynn Eplawy, Rich Murphy, John Cannon, Mike Barry, Scott Jefferson, Carolyn Saxton, Brian Poland, Bernard Doyle, Richard Morrisroe

Minutes of Previous Meeting

Minutes of the August 21, 2019 were unanimously approved.

Regional Development Authority Update

Sherri Ziller provided an update on the West Lake and double track projects. Since the previous meeting, progress on West Lake was significant. The project had received permission from FTA to "enter into engineering," the phase in which all design and engineering is finished (and the cost of that work is eligible for federal matching dollars) and the final phase before negotiation of a full funding grant agreement (FFGA) with FTA. The only projects that have reached this point and not received federal funding are ones that have been withdrawn by their sponsors.

On double track, Michigan City had finalized its contribution since the last meeting and NICTD was expecting positive word on a rating in early 2020.

Lynn Eplawy asked what the time frame was for a FFGA on West Lake. Sherri replied that RDA and NICTD were looking at Q2-Q3 to hit that milestone.

Spotlight on TDD Community Process

Team members from MKSK and KPMG walked the steering committee through the process we are using to work with communities to draw the transit development districts (TDDs), with both community leadership and the public at large. For a full review, please see the attached presentation.

During the presentation, there was a question re slide 20 about forecasting demand and absorption and whether that took into account a possible post-rail-constriction boo. The answer was that there was flexibility of a community through growth numbers will be higher.

Lynn Eplawy questioned who would be presenting at the public meetings. Sherri replied that it would be a collaborative effort and that there would be a pre-meeting to discuss everyone's roles and make sure everyone was comfortable.

Dave Reynolds from Policy Analytics provided insight on slide 28 about statutory requirements and fielded a question about local approval. He noted that there is no statutory requirement that the TDD boundaries be approved locally but local governments still retain control of zoning and construction permits in the TDD.

There was also a question about the RDA's use of bonding based on the incremental tax revenues it would receive from the TDD and whether that would be limited to each TDDs revenues. The answer was that the statute requires any funds generated by a specific TDD to be spent in that TDD, but the RDA could in theory supplement that with other funds.

The meeting calendar for 2020 was approved.

The meeting was adjourned.



REGIONAL DEVELOPMENT AUTHORITY

TDD Steering Committee

Quarterly Update to Committee

February 19, 2020



AGENDA

1. Election of Chair
2. Welcome & Team and Committee Introductions
3. RDA Update on the progress of the rail projects
 - i. Rail projects
 - ii. Legislative update
4. Community Meeting Update
5. Spotlight on TDDs
6. Next steps and questions

TEAM INTRODUCTIONS

RDA

Bill Hanna

Sherri Ziller

Dave Wellman

Policy Analytics

Bill Sheldrake

Jason O'Neill

David Reynolds

KPMG

Vince Dolan

Oscar Bedolla

Tom Harmening

MKSK

Eric Lucas

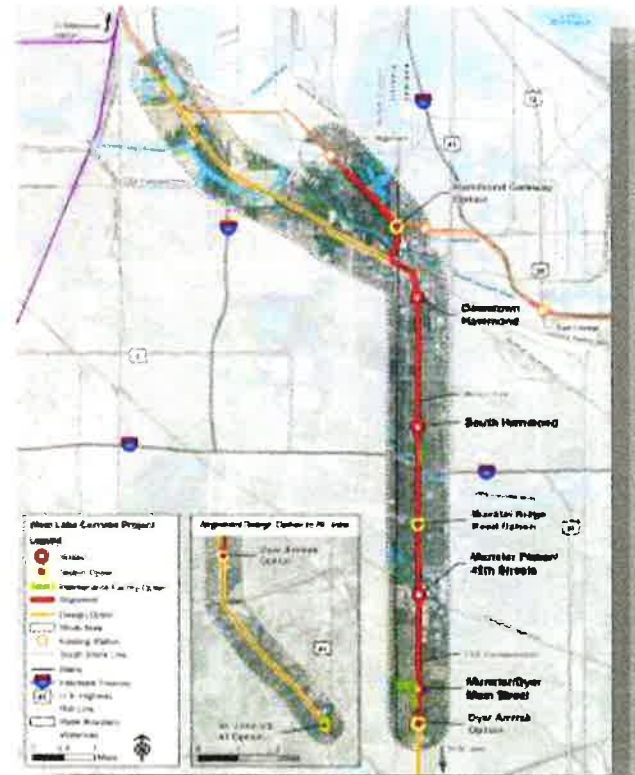
Aaron Kowalski

Luis Huber-Calvo

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West Lake Corridor Project

- 9-mile extension to Dyer, Indiana
- First extension of commuter rail in NW Indiana in over a century
- Project Cost: Estimated \$816 million
- West Lake has received permission to “enter into engineering” from the FTA. In this phase, NICTD will complete all design and engineering work. Part of the cost of this will be reimbursed by FTA.
- Entry into engineering is the final stage before negotiating a full funding grant agreement (FFGA).
- **In FTA’s annual funding report issued in February, they have set a goal of reaching a FFGA on West Lake in the fall of 2020.**



RAIL PROJECTS UPDATE

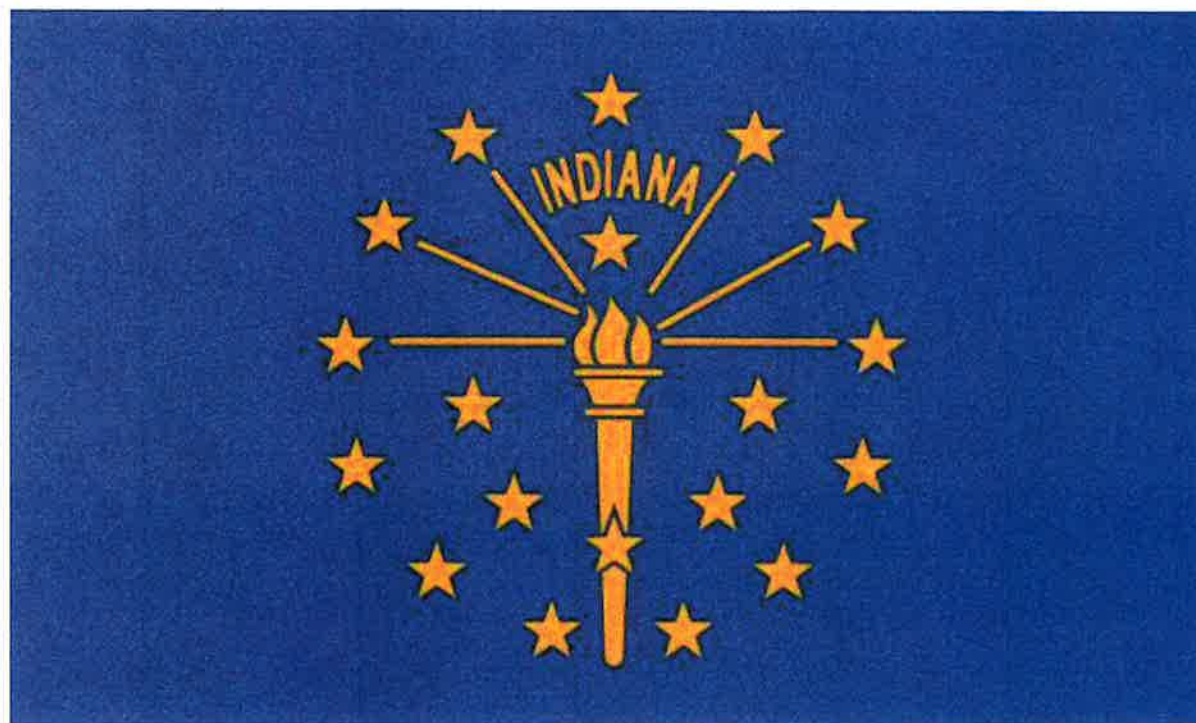
Double Track Project

- 25 mile project area, 16 miles new 2nd track, 4 new bridges, 3 new hi-level boarding platforms, 7 new hi-speed crossovers, closing 20 grade X-ings in Michigan City, train/car separation in Michigan City.
- Estimated cost: \$416 million
- **Double track has received permission to “enter into engineering” from the FTA. In this phase, NICTD will complete all design and engineering work. Part of the cost of this will be reimbursed by FTA.**
- **In FTA’s annual funding report issued in February, they have set a goal of reaching a FFGA on double track by June of 2021.**



LEGISLATIVE UPDATE

House Bill 1279





COMMUNITY MEETING UPDATE

- Munster – May 24, 2019
- Dyer – July 15, 2019
- Michigan City – July 30, 2019
- Hammond – October 7, 2019
- East Chicago – January 31, 2020

TDD Process and Finance Overview

Team Overview

Transit Development District (TDD) Project Team

Direct Contact/Leading the Project
Provide overall project steering/guidance, assure quality of delivery, and execution of work



**TDD
Advisors**



**North West Indiana
Communities**

Execute the Work

Conduct day-to-day project work including financial analysis, data gathering, research, analytics, site and neighbourhood planning, org analysis, and development of future state deliverables



**Economic
Analysis and
Revenue
Projections**



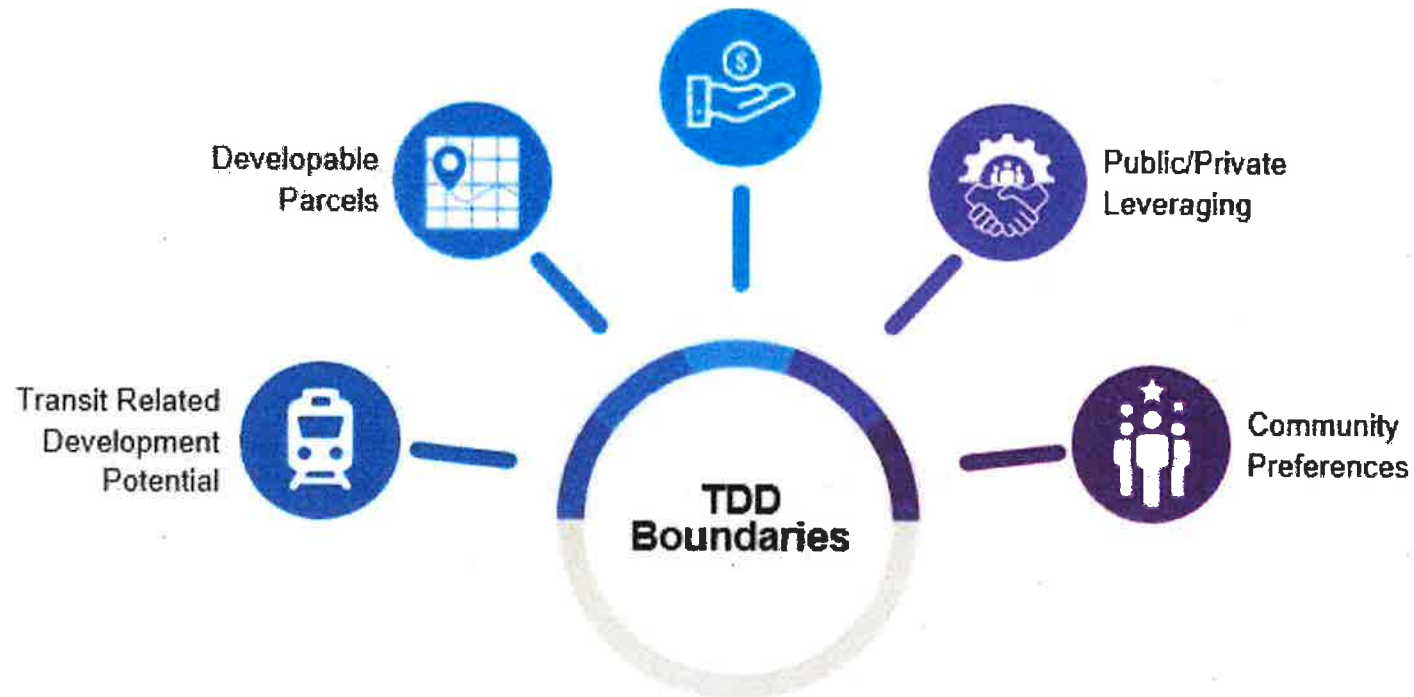
**Real Estate and
Financial
Analysis**

MKSK

**Land Use
Planning and
Community
Engagement**

Creation of TDD Boundaries

House Enrolled Act 1144 - 2017



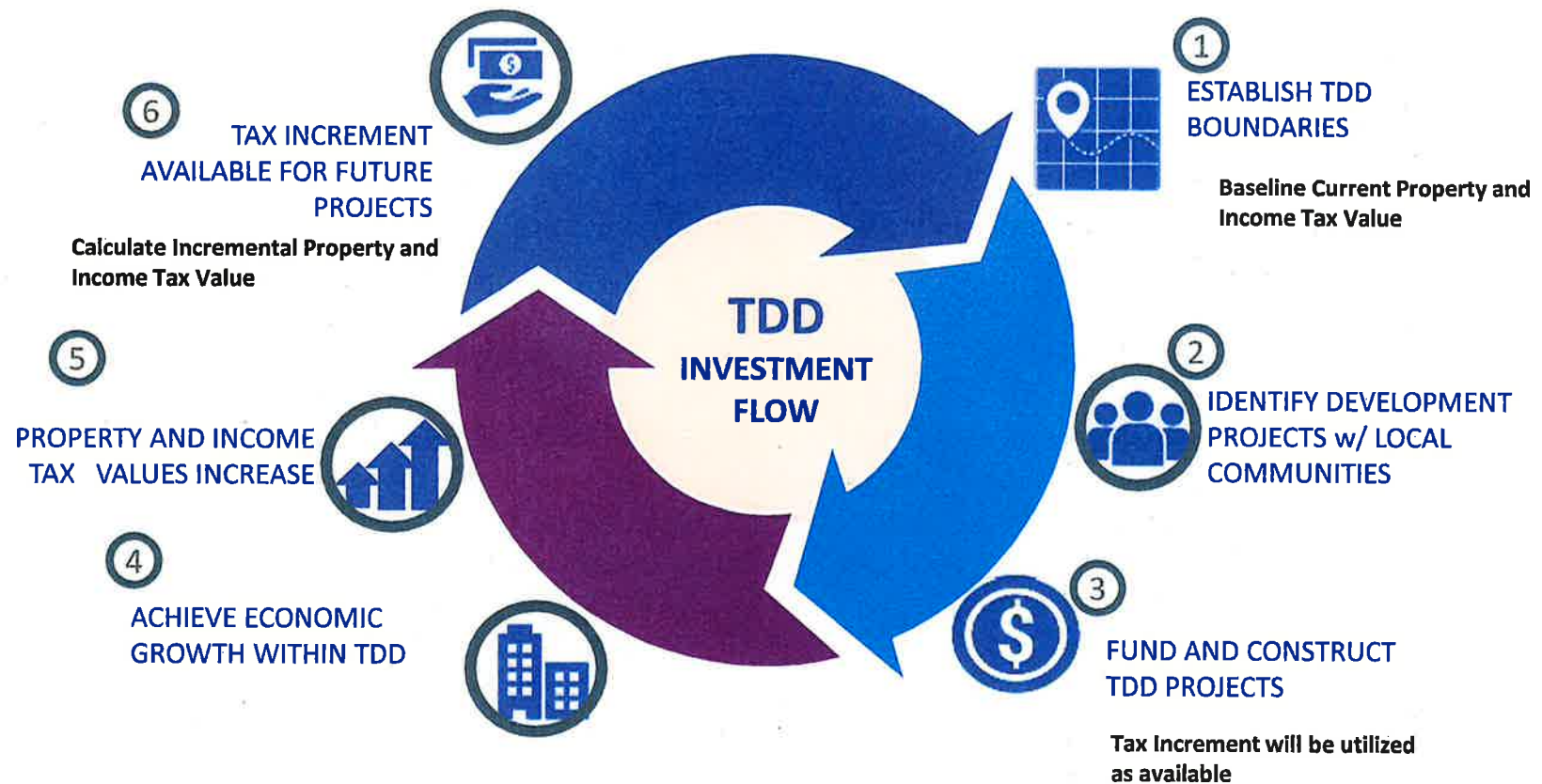
State Budget Committee Approval

Catalyzing TDD Investment

Key steps that RDA will take working closely with each community to encourage development and investment in TDD districts:

- Design TDD **development guidelines** (RDA & Community)
- Develop **evaluation criteria and process** (RDA & Community)
- Develop TDD **marketing materials for outreach** to development community (RDA & Team)
- Engage **private investors and developers** (RDA, Team & Community)
- **Identify and select projects** (Community, RDA & Team)
- Provide structured **financial assistance** (RDA)

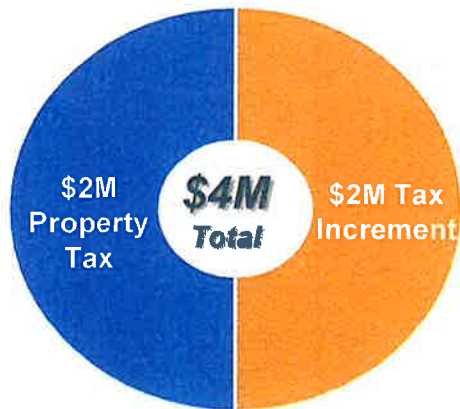
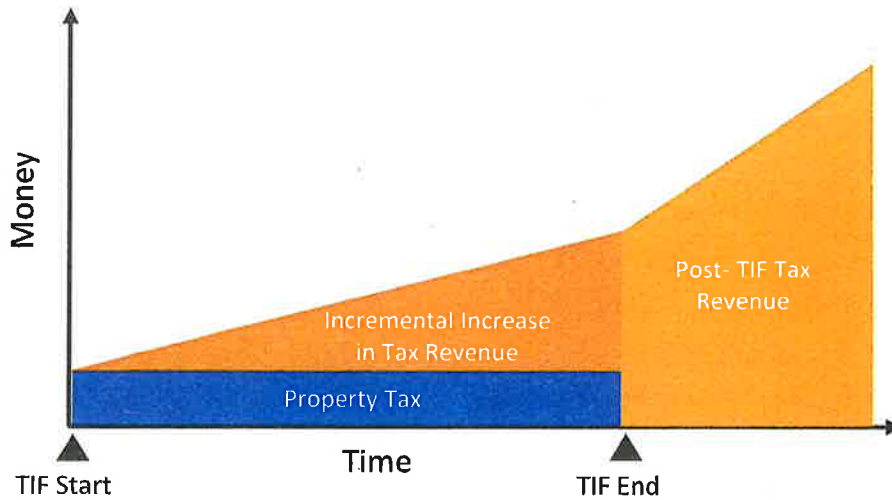
TDD Investment Process



Value Capture

Tax Increment Financing (TIF)

Leveraging Property Tax

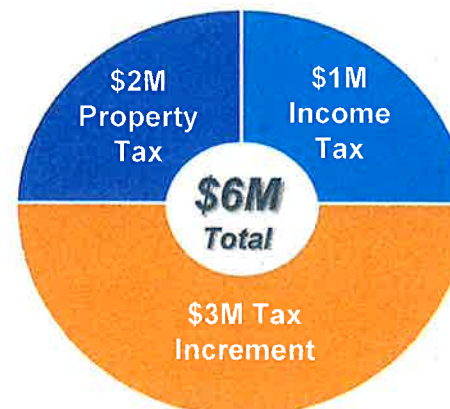
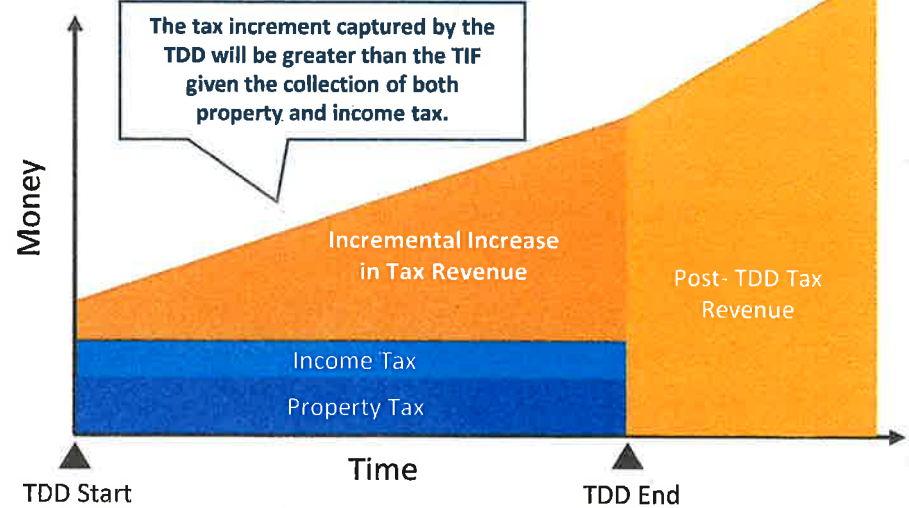


TIF REVENUE

TIF revenue consists of the incremental increase in property tax revenue above an established property tax baseline.

Transit Development District (TDD)

Leveraging Property And Income Tax



TDD REVENUE

TDD revenue consists of the incremental increase in property and income tax revenue above an established baseline.

Complement vs. Compete

- Extend the life of tax increment districts (**sunset period**)
- Provide **additional capital** to fund development opportunities
- **Extend designated areas** reserved for economic and community development
- Provide **greater flexibility** associated with funding eligible projects and project costs
- Provide **access to innovative funding and financing solutions** (enhanced regional development tax credit)

It should be noted that RDA will work with each community to develop the boundaries for each TDD to identify the preferred option that is most advantageous based on development priorities. In addition, HEA 1144, requires the RDA to coordinate with Local governments to determine the split between the tax increment placed in the TIF and TDD.

Munster Ridge Road



TDD revenues generated by each district will be spent within the district in which they were captured. RDA will work with each community to establish a formal agreement which will speak to community and project priorities for initiatives funded with TDD proceeds.

TDD Benefits

TDD Initiative

Market Confidence

- Promoting a shared vision and working together with surrounding communities will promote confidence within the region

Return on Investment (ROI)

- Leveraging public investment to attract private investment will increase ROI

Greater Efficiencies

- Leveraging lessons learned and joint resources will result in efficiencies and cost savings

Marketing

- Leveraging joint efforts will allow for a higher impact and attract broader participation

Access to new revenue sources

- The TDD will provide access to revenue generated from tax increment from both property and local income tax

RDA Resources

Development Expertise

- Gain access to RDA and their team of development professionals in the areas of planning, economics, real estate and finance

Financial Support

- Obtain funding and financing support to support eligible projects within each Transit Development District (TDD)

Benefits Analysis

- RDA will conduct a benefits analysis on each TDD to help support community lead projects and initiatives

Post Construction Support

- RDA and their team of professionals can provide support through out the lifecycle of the project from design to post construction and operations

RDA Funding & Financing Assistance

RDA's Transit Oriented Development financing program makes available several forms of financial assistance designed to promote sustainable communities and livable communities adjacent to West Lake and Double Track stations:

Direct loan: RDA may provide in some cases secured loans with flexible repayment terms for construction and permanent financing of capital improvements.

Line of Credit: RDA, for eligible borrowers, may provide, a line of credit in the form of a contingent loan to supplement project revenues, if needed, during the first 10 years of project operations.

Credit Enhancement: RDA may be able to provide a credit guarantee to eligible borrowers for repayment of public or private debt. This could be in the form of a direct loan guarantee or to fund a debt service reserve.

Grants: RDA based on project need and the overall economic status of targeted communities may choose to provide grants to encourage development in underserved areas

Benefits

- Flexible Repayments Terms
- Lower Cost of Capital
- Nonrecourse
- Senior or Subordinate financing
- Long term, fixed costs
- Deferred repayment following substantial completion

TOD Program Details:

Eligible Applicants:

- RDA Members
- Economic Development Agencies
- Real Estate Developers
- Local Municipalities

Eligible Projects:

- Transit Oriented Development investments
- Parking Garage

Eligibility Requirements:

- Creditworthiness
- Private Investment
- Promotes decent, safe and sanitary housing

NEXT STEPS & QUESTIONS





NEXT MEETING

May 20, 2020

11 a.m.

Purdue Tech Center in Crown Point