

## NON-BINDING LETTER OF INTENT

This Non-Binding Letter of Intent executed this \_\_\_\_\_ day of April, 2023, by and between the **Town of Munster, Indiana** (hereinafter referred to as "Munster") and **Saxon Partners, LLC**. (hereinafter referred to as "Saxon").

**WHEREAS**, Munster is a municipal entity established under Indiana law, with the purpose, among other things, of bringing economic growth to the Town of Munster, Lake County, Indiana; and

**WHEREAS**, Saxon has approached Munster for consideration of incentives as it evaluated the potential development of the 59-acre parcel of land located in the Town of Munster, formerly part of the Lansing County Club ("Indiana Tract I" or the "Property"), now to be known as "Kenmara" (the "Project"); and

**WHEREAS**, Saxon has submitted a Development Plan Summary (Exhibit "A"); Development Agreement Summary (Exhibit "B"); and a Financial Summary (Exhibit "C") for consideration by Munster; and

**WHEREAS**, Munster has determined that it is in the best interests of the Town of Munster, Indiana to consider its participation in this Project by providing incentives for the Project through the use of Tax Increment Financing, as well as other permissible incentives; and

**WHEREAS**, Munster and Saxon are considering a phased approach to the Project, with Phase 1A (Fisher Street Extension) being the first priority;

**NOW, THEREFORE, MUNSTER AND SAXON AGREE THAT THEY WILL ENDEAVOR TO NEGOTIATE AND EXECUTE AN ACCEPTABLE DEVELOPMENT AGREEMENT WITHIN THE FOLLOWING PARAMETERS:**

1. Munster's Commitments:
  - a. Munster will endeavor to create an allocation area within its existing development area and establish a new Tax Increment Financing (TIF) area for the Property.
  - b. Munster will contract the services of Baker-Tilly to create an economic and fiscal impact analysis to assist with accurate tax increment financial models and determine the feasibility of the same. Saxon has agreed to reimburse the Town of Munster, Indiana up to \$25,000.00 for this analysis, which will help with subsequent phases of the Development Agreement.
  - c. Munster will negotiate a Development Agreement that provides, among other things, the issuance of an Economic Development

Revenue Bond from a pledge of tax increment or similar incentives. Munster will consider its participation in the financing for the construction of various infrastructure improvements for the proposed retail area and commercial districts as mutually agreed by the parties. Said amount shall not exceed \$ \_\_\_\_\_ Million Dollars.

2. Saxon's Commitments:
  - a. Saxon will construct the Project pursuant to Development Plan Summary, Development Agreement Summary, and Financial Summary attached hereto.
  - b. Saxon will file all technical submittals for NIPSCO, NICTD, and other stakeholders so that final building permits can be issued from the Town of Munster, Indiana.
3. Munster and Saxon will:
  - a. Begin to negotiate and finalize a phased Development Agreement that will include TIF and PILOT programs that consider the true economic and fiscal benefit the Project will generate.
4. Saxon has undertaken to secure a READI Grant commitment for the project, which Saxon represents is the most critical element of infrastructure funding. Munster is supporting of Saxon's READI Grant application.
5. Munster and Saxon agree that this Letter of Intent is non-binding and that it is not intended to be a binding, contractual commitment. However, upon receipt of the executed Non-Binding Letter of Intent, a draft of a formal development agreement shall be prepared and submitted for review by both parties.

ACCEPTED this \_\_\_\_\_ day of \_\_\_\_\_, 2023.

TOWN OF MUNSTER, INDIANA

By: \_\_\_\_\_

Title: \_\_\_\_\_

Saxon Partners, LLC

By: \_\_\_\_\_

Its: \_\_\_\_\_

**ATTACHMENT “A”**  
**DEVELOPMENT PLAN SUMMARY**

The Development Plan for the Project was initially submitted to the Town of Munster on April 12, 2022. A revised Development Plan was filed on December 1, 2022, with relevant updates. Project phasing in the Development Plan is carefully sequenced.

**Off-Site Infrastructure:**

Phase 1A – Fisher Street Extension

- The extension of Fisher Street west of Manor Avenue onto the site
- Acquisition and demolition of residential structures for the expansion of Evergreen Park
- New utilities including water service, sanitary sewer, storm sewer, gas, and electricity
- Coordination with the NICTD grade crossing at Fisher Street
- Enhancements along the NIPSCO right-of-way to be branded as “NIPSCO Park”
- Expansion of the Pennsy Greenway system and connection to the Cook County Forest Preserve District

Phase 1B – Maple Leaf Blvd

- The extension of Maple Leaf Blvd from Maple Leaf Crossing and Calumet Avenue northwest onto the site
- Coordinated utility enhancements with NIPSCO for improved grid security and reliability
- Connection of the Pennsy Greenway to Centennial Park

**On-Site Infrastructure:**

Phase 2 – Roadway and Utility Extension, Connectivity

- Allows for the development of 300,000 sq.ft. of commercial space
- At stabilization, generates \$1,169,000 of new annual tax revenue for Lake County
- Fulfills the vision of transit-oriented development for the NICTD Westlake Corridor

Phase 3 – Roadway and Utility Extension, Connectivity

- Allows for the additional development of 420,000 sq.ft. of commercial space
- Opens further uses under existing CD-4.B zoning
- At stabilization, generates a combined \$3,037,000 of new annual tax revenue for Lake County
- Maximizes the site’s full economic opportunity.

**Development Plan Status:**

- Preliminary Plats approved at Plan Commission for Phase 1A, 1B, and Phase 2
- Preliminary Subdivision Plat approved at Plan Commission for Phase 2
- All technical coordination between NIPSCO, NICTD, and the Town of Munster is substantially complete
- The Phase 1A Development Agreement will be executed in the next few months, allowing work to begin. During 2023, the remaining infrastructure work will be incorporated into a second-phase agreement.
- Demolition activity to prepare for roadways and Evergreen Park expansion is scheduled to begin in May 2023
- Phase 1A roadway construction is scheduled to begin in June-July 2023

**ATTACHMENT “B”**  
**DEVELOPMENT AGREEMENT SUMMARY**

**Phase 1A Development Agreement**

The Development Agreement for Phase 1A is being finalized. Engineering and planning is substantially complete and demolition of residential structures is scheduled to begin in May 2023. The following work under Phase 1A is either in progress or being scheduled:

- Engineering and Planning
- Demolition of Residential Homes at Timrick Drive and Manor Avenue
- Coordination with NICTD on the Fisher Street grade crossing
- Coordination with NICTD on the Westlake Corridor Rail Line from Fisher Street south to the 45<sup>th</sup> Street overpass.
- Roadway re-configuration and construction in the vicinity of Fisher Street and Manor Avenue
- Expansion of Evergreen Park
- Coordination of “NIPSCO Park” with NIPSCO

**Phase 1B and Phase 2 Development Agreement**

Future phases of development activity at Kenmara that follow Phase 1A (Fisher Street Extension) will be included under an amendment to the Kenmara Phase 1A Development Agreement. The amended Development Agreement will include the following:

- Details of work for Phase 1B, Phase 2, and other subsequent development activity that follows Phase 1A.
- Updated budgets
- Inclusion of additional market observations and refinement of the leasing plan that will take critical data after Phase 1A access has begun.
- Finalization of the TIF Program and PILOT Program for all phases of activity

**ATTACHMENT "C"**  
**FINANCIAL SUMMARY**

**Total Project Budget**

A summary of the Total Project Budget:

Phase 1A Off-Site Infrastructure	\$ 4,986,000.	
Phase 1B Off-Site Infrastructure	\$ 10,122,000.	
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Sub-Total Phase 1A and 1B		\$ 15,998,200.
Phase 2 On-Site Infrastructure		\$ 7,781,000.
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Sub-Total Phase 1 and Phase 2 Infrastructure		\$ 23,464,000.
Phase 3 On-Site Infrastructure		\$ 9,723,000.
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Sub-Total Infrastructure		\$ 33,187,000.
Phase 2 Vertical Construction	\$ 54,390,000.	
Phase 3 Vertical Construction	\$ 76,150,000.	
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Sub-Total Vertical Construction		\$ 130,540,000.
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Total Project Cost		<u>\$ 163,727,000.</u>

**Infrastructure Budget Update**

The last revision of the Infrastructure Budget was part of the submittal made to the Town of Munster from Saxon Partners on January 24, 2023 and presented to the Town on March 9, 2023.

- Exhibit "E-1" Kenmara Phase 1 and Phase 2 Budget Summary
- Exhibit "E-2" Kenmara Phase 1 Off-Site Infrastructure Budget Detail
- Exhibit "E-3" Kenmare Phase 2 On-Site Infrastructure Budget Detail
- Exhibit "E-4" Kenmara Phase 1 Off-Site Infrastructure Spent-To-Date (20 Jan 2023)
- Exhibit "E-5" Kenmara Infrastructure Public Benefit Discussion
- Exhibit "E-6" Proposed Budget Sources and Uses

**Tax Increment Forecast**

At stabilization, the projected annual increase in real estate tax to Lake County is estimated at \$3,037,000.

**READI Grant Match Update**

READI Grant Funding	\$ 1,410,000.	Match Funding
Phase 1 Infrastructure	\$ 15,683,000.	11:1
Total Infrastructure	\$ 33,187,000.	24:1
Total Vertical Construction	\$ 130,540,000.	
Total Project Cost	\$ 163,727,000.	116:1

The original forecast of matching funding for the READI Grant was 107:1

The current forecast, because of project scope increases is estimated at 116:1

For critical infrastructure alone, the forecasted matching funding is 24:1