

**MINUTES OF THE REGULAR MEETING OF THE  
MICHIGAN CITY REDEVELOPMENT COMMISSION  
FEBRUARY 12, 2007**

The Michigan City Redevelopment Commission met in a regular meeting in the Planning Department Conference Room, City Hall Building, 100 East Michigan Boulevard, Michigan City, Indiana, on Monday, February 12, 2007, at 5:00 p.m. local time; the date, hour, and place duly established for the holding of said meeting.

**CALL TO ORDER**

Chairman Behrendt called the meeting to order at 5:10 p.m.

**ROLL CALL**

Board members present: Ken Behrendt, Ed Bigda, Marc Espar, Richard Richey, Joie Winski (5 present, 0 absent)

Staff present: Executive Director John Pugh, Attorney Michael Bergerson, Zoning Administrator/Rehab Officer Joseph Siegel, Secretary Debbie Wilson

Public present: Robert Bicek, John Vail, Ron Miller – WE FM, Ken Fryar, Amanda Haverstick – News Dispatch, Dan Radtke, Rich Murphy, Neil Kienitz, Mike Conner, Councilman Phil Jankowski, Mark Pastoret, and residents from Elston Grove

Chairman Behrendt introduced Phil Jankowski, the new Council liaison to the Redevelopment Commission.

**MINUTES**

The Chair entertained a motion for approval of the minutes of January 8, 2007.

***A motion to approve the minutes was made by Mr. Richey – seconded by Mr. Bigda and unanimously approved.***

**CLAIMS**

Mr. Pugh submitted and reviewed the following claims for approval:

**Payroll**

Staff salaries	01/05/07	2,259.64
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Staff salaries (cont)	01/19/07	2,259.44
	02/02/07	<u>2,259.45</u>
		<b>6,778.53</b>

**Claims (Regular)**

Lenore Gregory	Accounting services for Dec 2006	400.00
Michael Bergerson	Legal retainer for Feb 2007	<u>300.00</u>
		<b>700.00</b>

**Claims (N TIF)**

Michael Bergerson	Legal services N TIF	2,231.25
Baker & Daniels	Legal services N TIF – Sobkowiak	5,338.80
Baker & Daniels	Legal services N TIF – Blocksom	2,778.14
IDEM	N TIF Benz remediation	3,136.25
News Dispatch	Notice to bid – B&E storage bldg	<u>4.23</u>
		<b>13,488.67</b>

**Claims (S TIF)**

Beam, Longest & Neff	400 N Engineering	20,914.72
LP Recorder	400 N Recording	204.00
LP Auditor	400 N Recording	12.00
Property Owners (6)	400 N ROW acquisition	<u>61,919.00</u>
		<b>83,049.72</b>

The Chair entertained a motion for approval of the claims.

***A motion to approve the claims as submitted was made by Mr. Bigda – seconded by Mr. Espar and unanimously approved.***

**FINANCIAL REPORT**

Mr. Pugh submitted and reviewed the financial report for the year ended December 31, 2006.

The Chair entertained a motion for approval of the financial report.

***A motion to approve the financial report was made by Mr. Espar – seconded by Mr. Richey and unanimously approved.***

**REPORT BY LEGAL COUNSEL**

Attorney Bergerson reported on acquisition efforts. Negotiations continue with the Michigan Township Trustee. An agreement has been submitted to them based on the average of appraisals obtained by both parties. The average of those appraisals is \$118,000. The Trustee Office is in the process of acquiring the old Pubco property on Michigan Boulevard subject to a petition before the Zoning Board of Appeals. If that petition is approved, they will then be in a position to accept the offer. Attorney Bergerson noted that the Commission will also pay their relocation fees in an amount not to exceed \$5,000. Attorney Bergerson recommended that the Commission authorize Mr. Pugh and himself to close on the transaction. Attorney Bergerson also noted that the Trustee will continue to use the existing building for a time period not to exceed six months, and they will pay all costs associated with the use of the building (utilities, insurance, etc.) during that time.

The Chair entertained a motion.

***A motion was made by Mrs. Winski authorizing Attorney Bergerson and Mr. Pugh to close on the transaction in an amount of \$118,000, plus relocation costs not to exceed \$5,000, and the use of the building for a time period not to exceed six months with the Township Trustee to pay all related costs for said use of the building during that time – seconded by Mr. Richey and unanimously approved.***

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Attorney Bergerson is waiting for appraisals for 5<sup>th</sup>/Michigan. When the appraisals are received he will be in the position to bring it back to the Commission for authorization to acquire the property.

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Attorney Bergerson reported that the Verma property at 8<sup>th</sup>/Michigan has been demolished and all vegetation removed. There is a small amount of clean up left. He pointed out that the appearance of the property is much improved.

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Attorney Bergerson advised that the Sobkowiak and Weber litigation is ongoing. He anticipates a hearing date in the near future regarding a decision to acquire those properties.

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Attorney Bergerson reported that the Blocksom litigation is also pending.

**REPORT ON ELSTON GROVE RFQ EVALUATION**

Mr. Pugh stated that the selection committee interviewed three firms on January 24<sup>th</sup> – JJR, Land Plan Group, and Beam Longest & Neff. As a result of the interviews, the committee has recommended the selection of JJR and would ask for authorization to enter into contract negotiations with them to do the Elston Grove Streetscape Project.

Chairman Behrendt asked for comments from the selection committee.

Mr. Richey stated that in his opinion it was close between JJR and another firm, but JJR ended up being the best out of all of them.

Mr. Bigda commented that JJR might cost the Commission a little bit more, but the committee felt that the project should be done the right way.

The Chair entertained a motion.

***A motion was made by Mr. Bigda authorizing the Commission to enter into contract negotiations with the firm of JJR to do the Elston Grove Streetscape Project – seconded by Mr. Richey and unanimously approved.***

**REPORT BY DIRECTOR**

Mr. Pugh informed the Board that he advertised for the purchase and removal of the former B&E storage building. Smith & Sons Excavating was the only bid received in the amount of \$2,500. Mr. Pugh stated that the bid was awarded to Smith & Sons and a check in the amount of \$2,500 made payable to the Michigan City Redevelopment Commission was received and deposited. The contractor will remove the building when weather permits.

The Chair entertained a motion.

***A motion was made by Mr. Richey approving the sale of the former B&E storage building for scrap in the amount of \$2,500 to Smith & Sons Excavating – seconded by Mrs. Winski and unanimously approved.***

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Mr. Pugh stated that acquisition efforts continue along Trail Creek and the 5<sup>th</sup>/6<sup>th</sup> Street corridor from Pine Street to Michigan Boulevard. With respect to the acquisition efforts, Mr. Pugh requested authorization to go out for RFPs to develop a re-use plan for those areas the Commission is acquiring.

The Chair entertained a motion.

***Mr. Richey made a motion authorizing Mr. Pugh to go out for RFPs to develop a re-use plan – seconded by Mrs. Winski and unanimously approved.***

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Mr. Pugh introduced Mike Connor to give the Commission a preliminary review, update and status of a previous project the Commission approved some time ago on the North End.

Mr. Connor addressed the Commission and explained why nothing has happened within the two-year period from the time the Board approved his previous plans. He reviewed his original plan which called for five 1-story and 1 ½ story 400 square foot structures on a parcel of land between Matey's and Galveston. The Commission gave preliminary concept approval of the plans. He acquired the property two years ago and was in negotiations with two different developers for the Galveston property because he felt that his property and the Galveston property should be developed together, but he was unable to come to terms with the developer/seller. There were two projects he was working on with a developer from Chicago for the Galveston site. One was a high-rise structure and one was a mid-level development. The high-rise structure would have adversely affected his parcel of land by covering up everything. He feels the best use of the property would be a low-rise development with retail along the curve.

Mr. Connor explained his current plans for this property and pointed out that the most important area of the property will be the front of the lot. The original plan called for 5-6 buildings stretched along the back of the property, but with the development of the Galveston property, there would be no direct access visually. The new plan calls for the majority of the property being moved to the front of the lot with full 2-story structures containing retail/office and possibly a mixed use with residential on the second floor. He reviewed the drawings with the Commission and pointed out that the City would have to approve his parking plan, landscaping, and setbacks for the buildings.

Mr. Pugh reminded Board members that Mr. Connor is looking for preliminary authorization so that he can proceed with architectural plans, work with the staff, and come back to the Commission with recommendations for approval.

The Chair entertained a motion.

***Mrs. Winski made a motion approving the preliminary concept and authorizing Mr. Pugh and his staff to work with Mr. Connor – seconded by Mr. Richey and unanimously approved.***

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Mr. Pugh asked Mr. Bicek to provide the Commission with an update on the development of the Brewery.

Mr. Bicek addressed the Commission and explained that there are problems with the acquisition of the Brewery – there are encumbrances on the land which he recently discovered, but he has been told they are in the process of being resolved. Mr. Bicek mentioned that the seller made a demand on him that had to be met before this meeting requiring Mr. Bicek to put up a check for \$200,000 or he was told the deal with the Commission would be done. Mr. Bicek indicated the other problem is the boat slip issue and what he can promise to potential buyers. The financing for the construction costs is subject to the marketing of the slips.

Mr. Bigda commented that Mr. Bicek told the Commission he had everything in place and the Commission has been going along with him on this project. He felt that Mr. Bicek should be given a 30-day deadline or the Commission will reconsider their proposal. He said money has been spent, but the project isn't going anywhere.

Mr. Bicek asked what would be required in 30 days.

Mr. Bigda replied that Mr. Bicek should have title to the property and show that he is doing something as far as leasing the property.

Mr. Bicek asked to read his letter dated November 13, 2006.

Mr. Bigda stated that he read the letter and hoped everyone else had read it.

Mr. Fryar interrupted to clear up a couple statements made by Mr. Bicek. He said that in no way did he try to blackmail him by telling him what the Commission would do if he didn't go ahead. He also commented that there is no encumbrance on the Brewery that wouldn't be cured instantaneously if Mr. Bicek would buy the Brewery. Mr. Fryar agreed with Mr. Bigda in that Mr. Bicek has made promises, and now it is time for him to do something. Mr. Fryar also commented that he still thinks Mr. Bicek is perfectly capable of doing a lot of good things for Michigan City. Until recently they had a good working relationship, but that has changed. He hopes they can get back on track because there is a lot of potential in working with Mr. Bicek.

Attorney Bergerson acknowledged that in good faith both gentlemen have brought forth this proposal to the Commission and for whatever reason it has not worked out as hoped it would. This Commission had made some intentions to Mr. Bicek to do some things provided he was able to follow through on his commitments. Attorney Bergerson said he does not think the Commission can continue with their commitments until Mr. Bicek shows that he in fact owns the property. He also pointed out that the Commission would not get involved in their personal dispute.

The Chair entertained a motion.

***Mr. Bigda made a motion rescinding the Commission's previous commitments made to Mr. Bicek unless he provides documentation that he holds title to the Brewery property and is pursuing his commitments originally approved by the Commission within 30-days.***

Mr. Bicek pointed out that the encumbrances are in excess of the original price from January.

As a point of order, Mrs. Winski stated this is a personal matter between Mr. Bicek and Mr. Fryar and she advised them to work it out between them. The Commission's only concern is the 30-day allowance for Mr. Bicek to either acquire the property or move on. Mrs. Winski commented that she hopes they can work out their differences so this project can move forward. On a personal note, she stated that almost every piece of property for sale has some encumbrances – a mortgage, etc. that is paid off at the time of closing and she would hope this does not stand in the way.

***The motion was seconded by Mrs. Winski and unanimously approved.***

### **PUBLIC COMMENT**

Chairman Behrendt reminded Board members of the meeting moderated by the Chamber of Commerce to be held at the Senior Center on Tuesday, February 13, 2007, from 7:00 p.m. – 9:00 p.m.

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Neil Kienitz asked the Chairman if Mr. Bicek could read his letter of November 13<sup>th</sup> as the public does not know what it is about.

Chairman Behrendt allowed Mr. Bicek to read the letter.

Mr. Bicek read the letter.

In response, Chairman Behrendt stated that the Commission entered into agreements with Mr. Bicek and pursued new territory with regard to TIF issues, boat slips, leasing, and working with other entities, under the premise that the Commission and Mr. Bicek work parallel steps to the point where the Commission received his letter with the understanding that the project would be titled in Mr. Bicek's name by December. The Commission has expended attorney fees, consulting fees, architectural fees and a lot of time and effort on the City's behalf. Then in the letter, Mr. Bicek asks that the Commission continue expending additional funds for consulting, attorney, and architectural fees when the Commission does not even know if Mr. Bicek has title to the property that this project is tied to. Now the Commission understands there are issues between Mr. Bicek and the seller, but Mr. Bicek still wants the Commission to expend

this money and effort when the Commission does not have a person of standing with which to enter an agreement with.

Mr. Behrendt continued stating that he has talked to Mr. Bicek since he became President of this Board and has explained to him that he would like to get this project going and moving forward. Mr. Behrendt feels this is a great project, but it has to move along. The issue holding the project back is the fact that Mr. Bicek does not have title to the Brewery property. Mr. Behrendt stated that he does not think the Commission would be responsible representatives of the City if they expend funds for something they don't know they have a partner with.

Mr. Bicek said that he understands what Mr. Behrendt is saying, but stated that there are requirements he must have to get a construction loan – one of the requirements is the boat slips which are needed for marketing. He said if the Commission gives him boat slips he would buy any property they have – he will buy whatever Newcomb owns, the Verma property, and he will pay for the studies; he just needs a date and he will still do the Brewery.

Mr. Behrendt stated that the issue on the table is the Brewery project, and that is what the Commission agreed to back in January when the proposal was made. He said the Commission wants it to happen.

### **ADJOURNMENT**

Mrs. Winski moved to adjourn – seconded by Mr. Bigda. The meeting adjourned at 6:05 p.m.

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Richard Richey, Secretary