



**MINUTES OF A MEETING OF THE
CITY OF HAMMOND ECONOMIC DEVELOPMENT COMMISSION
held on November 5, 2018**

The Hammond Economic Development Commission held a meeting on Monday, November 5, 2018 at 9:00 a.m. The meeting was held at the executive office of Planning and Development, located at 5925 Calumet Avenue, Room 315, Hammond, Indiana.

Members Present

Bonnie Henry, President
John Vezmar, Vice President
Monica Rubio, Secretary
Victor Franco, Commissioner
Alexius Barber, Commissioner

Absent

None

There was a quorum.

Others Present

Africa Tarver, Executive Director of Planning & Development
Anne Anderson, Director of Economic Development
David Westland, Attorney
Juan J. Moreno, Recording Secretary
Thomas P. Dakich, DX Hammond OpCo, LLC

1) Call Meeting to Order

The meeting was called to order by President Henry at 9:00 a.m.

2) Pledge of Allegiance

3) Election of Officers

President Henry opened nominations for:

- President- Commissioner Barber nominates Commissioner Vezmar, Commissioner Franco seconded. All in favor, none opposed; nomination passed unanimously (5-0).
- Vice President- Commissioner Barber nominates Commissioner Rubio, Commissioner Franco seconded. All in favor, none opposed, nomination passed unanimously (5-0).
- Secretary- Commissioner Rubio nominates Commissioner Barber, Commissioner Franco seconded. All in favor, none opposed, nomination passed unanimously (5-0).

4) Declaration of Conflict of Interest

There were no conflicts of interest declared



5) **Communications**

Director Anderson advised the commission that there is an Annual Christmas Party Flyer in their packets and all commission member are invited with a guest and please RSVP with Juan within the next couple of weeks.

6) **Approval of Minutes**

Commissioner Rubio made a motion to approve the minutes as submitted from meeting held on July 9, 2018, Commissioner Franco seconded the motion. All in favor, none opposed, motion passed unanimously (5-0).

7) **Old Business**

There was no old business to report.

8) **New Business**

Approval of Development Agreement with DX Hammond OpCo, LLC Regarding: Development of Data Center and Technology Hub, in the Marina Redevelopment Area

Attorney Westland gave the executive summary on the Development Agreement described the developer Thomas Dakich, who is also an Attorney and has done other developments in the city. He described that the city is essentially dealing with the property that is the former Stateline Energy site that sits Northwest side of the Marina. The land consist of 67 acres that is currently owned by an entity and they have been interested and approached the city years ago about transferring some of the property to the city. Attorney Westland explained that of the 67 acres the Redevelopment Commission is acquiring 44 acres of the property and the developer is keeping 23 acres.

Attorney Westland explained, that the Development Agreement was approved by the Redevelopment Commission. The Redevelopment Commission purchased 5 acres and the property owners donated 39 acres. The cost, fair market price for 5 acres the Hammond Redevelopment Commission ended up with 44 acres. He described that it is a challenging piece of property due to it was a former Stateline Energy Plant.

He explained that of the 44 acres the city will take title in the next couple of weeks. The city was approached approximately 12 months ago and the Hammond OpCo Developer was interested in the property to build a state-of-the-art Data Center and that when completed in different phases it will be a \$200,000,000. investment in the Marina Redevelopment Area.

Attorney Westland explained, the 1st Phase, the development agreement describes that the development will be a \$40,000,000 investment. The city expects for the project to be up and running by July or August 2019. The Redevelopment Commission is going to lease DX Hammond OpCo, LLC 15 of the 44 acres acquired. Attorney Westland explained that the Development Agreement explains the incentive that the developers will receive in different phases of the project.

The developer has to build and invest between \$40,000,000 to \$44,000,000 depending on the soft cost and variable for a 105,000 square foot Data Center building, They are going to install a Flagpole, which will be the 2nd tallest flagpole in the state of Indiana. The flagpole will be placed on the far Northwest corner and will be visible by the skyway and on a clear day, from Chicago. The developer will maintain the flagpole. There was also an agreement that DX Hammond OpCo will provide space for a bike path that will go around their building. A condition of the incentive is they cannot appeal their taxes. The Data Center will be assessed at some percentage of the \$40,000,000 to \$44,000,000 investment. In addition, from the taxes, the city will receive TIF revenues. The Redevelopment Commission and the City Council has already taken the steps to establish the allocation area. They will receive up to \$10,500,000



incentive from the city, \$3,000,000 will be paid upon beginning construction, \$2,000,000 when the building is up and has a roof, and the balance will be paid once they have occupancy next summer.

Attorney Westland advised they have been working with bond counsel and financial advisors on the numbers for several months. The developers arranging for the financing of the bonds that are being sold to pay the incentive. Attorney Westland explained, that if for whatever reason the Real Estate Taxes or Personal Property Taxes generated from this allocation area are not sufficient to pay that bond on the annual basis, the development agreement states that the developer will be responsible for the difference. Typically we see bonds where if there is a shortfall on payment of bonds, the city has to make it up with a General Obligation bond, which will come from the General Obligation of the taxes overall for the whole city. In this case the developer is confident enough in their development that they don't even need this option. This will not affect anybody's tax rate in the city.

Secondly, the developers are hopeful that there will be an access with the payment of taxes. Approving this development agreement in step 1 in the process that will help and start the development in the Marina Redevelopment Area. They are going to have 39 minus 15 acres and the city will still have 24 acres. The current property owner still has acres and is interested in developing on the property, light commercial to residential. The goal is to make this area an attractive area that will be a destination.

Attorney Westland explained that in addition to \$10,500,000 in TIF incentive that the Port Authority is also giving \$400,000 to help fund for the access roads. The road will go around the property so people can actually get to the flagpole and their destination. In addition, the acquisition of the land, the Redevelopment Commission paid \$871,000 for the 5 acres and getting donated 39 acres, which was a pretty good deal for the city. The city would have considered to purchase the land even if DX Hammond OpCo LLC didn't move forward due to it being a prime piece of real estate.

Attorney Westland advised that the Development Agreement explains that the City of Hammond will maintain the bike path and give them the flags to place on the flagpoles. The agreed flags will be 2 enormous flags, the United States flag and State of Indiana flag. The mayor want the flags be the gateway to the city and state for people that are driving through the location.

Thomas Dakich advised that the Flagpole at the Memorial Stadium at Indiana University Bloomington is 150' high and the Mayor wanted this written in the Development Agreement that our Flagpole will be at least 154' feet tall. He advised that there may be one taller in Fort Wayne, IN, that has been advertised to be 200' tall however, it is yet to be proven.

Attorney Westland explained that typically Data Centers are information hubs basically need a square box to put these super computers in to run and operate. He advised that the good news is this Data Center will not be a plain building and provided the commission with a rendering of the Data Center building. He described that on the Northwest corner of the building it will have a look out area and the Flagpole, and it will be the entrance. He advised that this will be a state of the art building. This building will have the housing of the equipment and also want to have people in for conventions and other tech events.

Attorney Westland advised the Economic Development Commission what needs to be considered today, will be to approve the Development Agreement so it can go before the City Council for approval. He advised the commission that Redevelopment Commission has approved the Development Agreement and Purchase Agreement on Thursday, November 1, 2018.



Commissioner Henry made a motion to approve Development Agreement with DX Hammond OpCo, LLC Regarding: Development of Data Center and Technology Hub, in the Marina Redevelopment Area, Commissioner Barber seconded the motion. All in favor, none opposed, motion passed unanimously (5-0).

9) Public Expression

Attorney Westland advised that he anticipates that there will be a second groundbreaking once there are building on the site. He explained why it was important to have a groundbreaking ceremony in August. Number one, there was a lot of Technology professionals that were in town and, secondly, Governor Holcomb and Mayor McDermott were able to have the day available on their calendars, thirdly the Data Center Executives chose our site over other competitors including the state of Illinois.

Commissioner Franco asked, how many jobs will the data center bring in and will it be all high tech jobs.

Thomas Dakich replied, that the development will bring approximately 46 jobs. It will be a little different than what was originally committed. Due to it was thought that they would have had a full blown tech incubator in, however they will have a tech accelerator. The difference between the two is negligible. A tech incubator means that companies pay to come in there and house their people. A tech accelerator more like a conference center, like people come to make their presentations in.

Commissioner Franco than asked if there was a brewery there in the past.

Thomas Dakich advised that on the other side of the Former Stateline Energy Plant, in the back, there was Falls Staff down the street. He explained that the pipe stacks from the brewery are still there. He advised that the brewery was on the Illinois side.

Commissioner Henry commented, that she is happy they are going to leave the brick archway, because it is beautiful and something to look at.

Commissioner Vezmar asked, what Purdue's involvement in this project and are they going to be allowed in the tech incubator.

Thomas Dakich, advised that a 4,000 square foot Greenhouse will be constructed. Purdue will have classes there and do research. It will be named, something along the lines of Purdue's Greenhouse. Purdue is hopeful to take over the Entrepreneurial Part and take over the tech incubator. He advised that Purdue will be involved in this project but will not be the lead.

Commissioner Rubio asked, what the breakdown of the \$10,500,000 and \$3,000,000 incentive.

Attorney Westland, explained that the \$3,000,000 to start construction, \$2,000,000 when they get the roof, the last half when they get occupancy.

Commissioner Vezmar asked, that is there any particular reason why all the incentive is not coming from TIF and only approximately \$1,000,000.

Attorney Westland replied, that Port Authority gave \$400,000 and \$871,000 is property acquisition, which has to take place before. The allocation area is in the redevelopment area. The Port Authority can give \$400,000 because it deals with the continuity and access to the lake and that whole area, which they are responsible for. This is why the \$1,200,000 is not part of the bond.

Commissioner Vezmar asked if this will be a 50 year lease.

Attorney Westland, advised that it is a 50 year lease that will give them the right to purchase the 15 acres at fair market value before year 11. They will have to pay \$2,500,000 to buy 15 acres from the city. He believe that they have every intention of purchasing the land. In all, it mean that the city has spent \$871,000 for 44 acres and will sell 15 acres for 3 times what the city paid for.

He explained that there are a lot of attributes for this to be a data center, they need redundancy. If there was a catastrophe they can still generate power, and will have the ability to cool there machines with the lake water. They also have ComEd, and will have the redundancy to have power and water.

Commissioner Vezmar commented that it would be nice if the city of Hammond can obtain the rest of the acres.

Attorney Westland replied, part of the deal with the land owner is that he has to submit a proposal on the 23 acres he is keeping by January 1, 2022 on additional development that the city of Hammond has the right approve/disapprove any development on the area. If we get to January 1, 2022 and he has not proposed anything, and due to the fact that the land has sat vacant for a long time, the city of Hammond will have the right to purchase the 23 acres. There are a lot of variables between now and then.

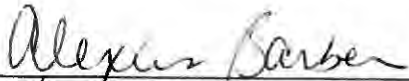
Commissioner Vezmar asked when they are looking to break ground.

Thomas Dakich replied hopeful to start foundation before December 1, 2018.

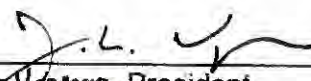
10) Call for Adjournment

Commissioner Franco made a motion to adjourn, seconded by Commissioner Rubio. All in favor, none opposed, motion passed unanimously (5-0). The Economic Development Commission meeting was adjourned at 9:30 a.m.

Approved and signed this 4th day of February, 2019.



Alexis Barber, Secretary



John Vezmar, President



Juan J. Moreno, Recording Secretary

