RESOLUTION NO. 22-2024

A RESOLUTION OF THE COMMON COUNCIL OF THE CITY OF VALPARAISO, INDIANA GRANTING VIKING MEDICAL CENTER, LLC, AN ASSESSED VALUATION DEDUCTION (TAX ABATEMENT) FOR TANGIBLE REAL PROPERTY UNDER INDIANA CODE § 6-1.1-12.1

WHEREAS, Pursuant to Resolution No. 5-2010, as confirmed by Resolution No. 7-2010, the Common Council of the City of Valparaiso, Indiana (the "City"), designated a certain area located within the City as an economic revitalization area (an "ERA");

WHEREAS, Resolution No. 5-2010 remains in full force and effect;

WHEREAS, **VIKING MEDICAL CENTER, LLC**, ("Company") has filed with the Common Council a **Statements of Benefits Real Property Improvements (FORM SB-1/Real Property)** dated **August 20, 2024** proposing real property improvements, more specifically related to completing the construction on a 43,500 square foot medical office building for commercial use estimated to cost **$7,177,131** (the "Project"), and estimated to be completed on or prior to **December 31, 2025** and to be fully assessed on or prior to **January 1, 2026**;

WHEREAS, A Statements of Benefits Real Property (FORM SB-1/Real Property) was submitted to the Common Council as the designating body before and prior to the completion of construction, renovation, redevelopment or installation of real property improvements related to the Project for which the Company desires to request an assessed valuation deduction;

WHEREAS, The Company's real property located at **1425 Glendale Blvd.** in the City (real property parcel number **64-10-18-151-006.000-004**) is within the boundaries of an ERA, and therefore the Common Council may make a determination pursuant to IC 6-1.1-12.1-3(b) based upon the evidence as to whether Company shall be allowed an assessed valuation deduction.

NOW, THEREFORE, BE IT RESOLVED that the actions of the Common Council of the City of Valparaiso, Indiana are based upon the evidence as presented by the Company upon review of the FORM SB-1/Real Property as well as other pertinent information and upon the following findings and determinations pursuant to IC 6-1.1-12.1-3(b), such that:

(1) The Project is reasonable for a project of its nature;

(2) The estimated number of individuals who will be employed or whose employment will be retained can reasonably be expected to result from the construction, renovation, redevelopment or installation of real property improvements related of the Project;

(3) The estimated annual salaries of those individuals who will be employed or whose employment will be retained can reasonably be expected to result from the from the construction, renovation, redevelopment or installation of real property improvements related of the Project; and

(4) The totality of the benefits is sufficient to justify an assessed valuation deduction on the Project.

BE IT FURTHER RESOLVED that the Common Council acknowledges that the Project is located within a designated allocation area of the Valparaiso Redevelopment District, more specifically the Consolidated Allocation Area.

BE IT FURTHER RESOLVED that the Common Council hereby grants an assessed valuation deduction (Tax Abatement) from tangible real property for an abatement period of **three (3) years** on the VACANT improvements with a current assessed valuation of **$699,600** and **seven (7) years** on the PROPOSED improvements with an anticipated assessed valuation of **$6,148,700** to the Company in accordance with IC 6-1.1-12.1-3(c) and IC 6-1.1-12.1-17(b) as it relates to the Project.

BE IT FURTHER RESOLVED that assessed valuation deduction(s) (Tax Abatement) from tangible real property shall be applied only to the Company's qualified real property improvements to be located at **1425 Glendale Blvd.** in the City (**64-10-18-151-006.000-004**).

BE IT FURTHER RESOLVED that the Common Council hereby grants an assessed valuation deduction (Tax Abatement) of real property with an abatement schedule provided below pursuant IC 6-1.1-12.1-17(b) consistent with the above abatement period as it relates to the Project.

Approved Abatement Period Schedule: VACANT

*Existing Vacant building: To be applied commencing tax year **2024** and payable in **2025** having a schedule of*

Year of Abatement Period	Deduction Percentage
Year One (1)	100%
Year Two (2)	66.66%
Year Three (3)	33.33%

Approved Abatement Period Schedule: PROPOSED

Tangible real property improvements:

*To be installed and placed into service **by December 31, 2025.** Construction as completed is limited to the following assessment date: **January 1, 2026;***

Year of Abatement Period	Deduction Percentage
Year One (1)	100%
Year Two (2)	85%
Year Three (3)	71%
Year Four (4)	57%
Year Five (5)	43%
Year Six (6)	29%
Year Seven (7)	14%

BE IT FURTHER RESOLVED that having received the consent of the Company and in accordance with Indiana Code 6-1.1-12.1-14(b), as agreed upon in the Tax Abatement Agreement (**EXHIBIT A**), and pursuant to Indiana Code 6-1.1-12.1-14 for each year the Company's real property tax liability is reduced by an assessed valuation deduction related specifically to the Project, the Company shall pay to the Porter County Treasurer a fee in the amount computed and determined by the Porter County Auditor pursuant to the provisions of subsection (c) of Indiana Code 6-1.1-12.1-14 (the "Imposed Fee") such that:

(1) The Common Council hereby determines that **fifteen percent (15%)** shall be the percentage to be applied by the Porter County Auditor for purposes of STEP TWO of subsection (c) of Indiana Code 6-1.1-12.1-14(c);

(2) Accordingly, for each year the Imposed Fee is payable by the Company, the Imposed Fee shall be equal to the lesser of One Hundred Thousand Dollars ($100,000) or fifteen percent (15%) of the additional amount of real property taxes that would have been paid by the Company during that year if the deductions approved in this Resolution had not been in effect (i.e., 15% of the Company's real property tax savings attributable to a deduction from the assessed valuation from the Project); and

(3) The Imposed Fee as collected shall be distributed to the **City of Valparaiso Redevelopment Commission** as a public entity established to promote economic development within the corporate limits of the City as determined by the Common Council as the designating body.

BE IT FURTHER RESOLVED that the final determination of the amount of assessed valuation deduction as applied to the Project for real property improvements shall be made by the appropriate Porter County or State of Indiana agency.

BE IT FURTHER RESOLVED that the Clerk-Treasurer of the City is hereby directed to file with the Office of the Porter County Auditor the following information as it applies to this Resolution and the approval of the Company's assessed valuation deduction in order to insure the application of an assessed valuation deduction as calculated by the Office of the Porter County Assessor, assuming an annual FORM CF-1 is approved by the City Council and all required documents are filed in a timely manner:

1. The FORM SB-1/Real Property, as approved, properly completed and executed consistent with this Resolution and as signed and attested by the appropriate City officials;
2. A certified copy of this Resolution; and
3. A copy of the meeting minutes which approved this Resolution and the FORM SB-1/Real Property.

BE IT FURTHER RESOLVED that if any part, clause, or portion of this Resolution shall be adjudged invalid or unconstitutional, such invalidity or unconstitutionality shall not affect the validity or constitutionality of this Resolution as a whole or any other part, clause, or portion of this Resolution.

BE IT FURTHER RESOLVED that this Resolution shall be in full force and effect from and after its passage and adoption by the City's Common Council and upon the signature of the Mayor of the City as the executive of the City.

PASSED AND ADOPTED BY THE COMMON COUNCIL OF THE CITY OF VALPARAISO, INDIANA,

by a vote of 7 "Ayes" and 0 "Nays" of those Council members present on this 26th day of August, 2024.

Jon Costas
Mayor

ATTEST:

Holly Taylor
Clerk-Treasurer

TAX ABATEMENT
Real Property
and
Vacant Building Deduction

THIS TAX ABATEMENT AGREEMENT ("Agreement") is made and entered into as of the 26th day of August, 2024 ("Effective Date"), by the **Common Council of the City of Valparaiso** ("City"); and **Viking Medical Center, LLC** ("Applicant").

WITNESSETH:

WHEREAS, Applicant is the owner of real property which is commonly known as **1425 Glendale Blvd., Valparaiso, Indiana** and identified by the Porter County Assessor as parcel **64-10-18-151-006.000-004** ("Parcel");

WHEREAS, Applicant has submitted a completed Statement of Benefits forms for real property tax abatement ("SB-1/RP") and a vacant building deduction ("SB-1/VBD"). Such forms are incorporated by referenced into this Agreement;

WHEREAS, the Parcel is improved with an eligible vacant building where the Parcel is zoned for commercial or industrial purposes; and is unoccupied for more than one (1) year before the Applicant or Applicant's tenant(s) occupy the building on the Parcel;

WHEREAS, the City, after due and careful consideration, has concluded that the Project (as defined below) is consistent with the overall vision for commercial development and job creation and specifically finds that it is in the best interest of the City and its inhabitants to approve the requested tax abatement and deduction.

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties do hereby agree as follows:

ARTICLE I. The Project

1.1 The Project. Applicant, working with Hasse Construction Company, will complete construction of an approximately 43,500 square foot medical office building for commercial use ("Project"). The Applicant commits to investing at least **$7,100,000** (excluding land acquisition costs) towards real property improvements. Such Project investments shall be of a quality, size, character and appearance substantially similar to Applicant's representations to the City.

1.2 Project Assessment. Applicant represents and commits that the real property improvements, once completed, will have a minimum gross assessment of no less than **$6,148,700.00** excluding the assessed valuation on the preexisting real property ("Minimum Assessed Value").

1.3 Development of Project. The Applicant commits to commence the Project within 120 days of this Agreement and agrees to complete the Project by February 15, 2025 for full assessment on January 1, 2026 ("Completion Date").

ARTICLE II. Tax Abatement

2.1 Tax Abatement:

Real Property. Subject to compliance with the procedures required by law and to ongoing compliance by the Applicant for maintaining a tax abatement, the City will offer real property tax abatement on the Project for a term of seven (7) years commencing tax year 2026 and payable in 2027 having a schedule of:

Year 1:	100%
Year 2:	85%
Year 3:	71%
Year 4:	57%
Year 5:	43%
Year 6:	29%
Year 7:	14%

Vacant Building. Subject to compliance with the procedures required by law and to ongoing compliance by the Applicant for maintaining a tax abatement, the City will offer tax abatement for the improved Parcel as an eligible vacant building for a term of three (3) years commencing tax year 2024 and payable in 2025 having a schedule of:

Year 1:	100%
Year 2:	66.66%
Year 3:	33.33%

2.2 Annual Information. During the term of the tax abatements and for a period of two (2) years thereafter, the City or its authorized agent may annually request information from the Applicant concerning the nature of the Project, the approved capital expenditures for the Project, the number of full-time permanent positions retained and newly created by the Project, and the average wage rates and salaries (excluding benefits and overtime) associated with the positions, and the Applicant shall provide the City with adequate written evidence thereof within 30 days of such request ("Annual Survey"). The City shall utilize this information and the information required to be filed by the Applicant in the Form CF-1 (Form CF-1/RP and CF-1/VBD) consistent with the SB-1/RP or SB-1/VBD forms as the case may be, to verify that the Applicant has complied with the all commitments during the duration of the tax abatements. The Applicant further agrees to provide the City with such additional information requested by the City related to the information provided in the Annual Survey and the CF-1 form within a reasonable time following any such request.

2.3. Termination and Repayment.

A. Right to Terminate. The City, by and through the Council reserves the right to terminate the tax abatement deductions if it determines that the Applicant has not substantially complied with all of the commitments (including, but not limited to, the commitments of Sections 1.1-1.3 and 2.4-2.7).

B. Notice of Termination and Repayment for Noncompliance. In the event that the City determines that the tax abatement deductions should be terminated or that any of the tax abatement savings should be repaid, it will give the Applicant notice of such determination, including a written statement calculating the amount due from the Applicant, and will provide the Applicant with an opportunity to meet with the City's designated representatives to show cause why the abatement should not be terminated and/or the tax benefits repaid. Such notice shall state the names of the person with whom the Applicant may meet and will provide that the Applicant shall have thirty (30) days from the date of such notice to arrange such meeting and to provide its evidence concerning why the abatement termination and/or tax benefits repayment should not occur. If, after giving such notice and receiving such evidence, if any, the City determines that the abatement termination and/or tax benefits repayment action is proper, the Applicant shall be provided with written notice and a hearing before the Council before any final action shall be taken terminating the abatement and/or requiring repayment of tax benefits. If the Council adopts a resolution terminating the tax abatement and/or requiring repayment of tax benefits, the Applicant shall be entitled to appeal that determination to a Porter County Superior or Circuit Court.

C. Time of Repayment. In the event that the City requires repayment of the tax abatement benefits as provided hereunder, it shall provide Applicant with a written statement calculating the amount due ("Statement"), and the Applicant shall make such repayment to the City within thirty (30) days of the date of delivery of the Statement, unless such repayment has been stayed pending an appeal. If the Applicant does not make timely repayment, the City shall be entitled to all reasonable costs and attorneys' fees incurred in the enforcement and collection of the tax abatement savings required to be repaid hereunder.

D. Special Provision as to Default under Section 1.2. If, after completion of the Project or at any time during the term of the tax abatement, the Assessed Value of the Improvements, as determined by the Porter County Assessor, is greater than ten percent (10%) below the Minimum Assessed Value, Applicant shall have the right, but not the obligation, to enter into a Payment in-lieu-of-Taxes ("PILOT") agreement with the City for the purpose of insuring full tax payments, as represented to the City, are paid during the term of the tax abatement. Absent entry of a PILOT agreement within sixty (60) days after notice is provided to the Applicant, the City may proceed under the terms of Section 2.3.

2.4

A. Local Contractors, Suppliers and Vendors. Applicant acknowledges the use of local incentives for this Project and recognizes the benefits of utilizing local contractors and suppliers. The City strongly urges Applicant to maximize the employment opportunities of the citizens, and resources found within Northwest Indiana. As a material part of this Agreement, Applicant agrees that it will use commercially reasonable efforts to employ price competitive contractors, suppliers and vendors located within Northwest Indiana (Lake and Porter counties) with respect to the Project, and will additionally use such efforts to purchase materials and supplies from price competitive suppliers and vendors located within Northwest Indiana (Lake and Porter counties). Upon request, Applicant shall provide the City an accounting of the Project as to the: i) contractors and suppliers used; and, ii) "commercially reasonable efforts" used by the Applicant. Failure to comply with this provision shall result in the revocation of Applicant's tax abatement as provided under Section 2.3.

B. Conditions on Contractors that receive more than $500,000 from Applicant for work relating to the Project. Applicant acknowledges the use of local incentives for this Project and recognizes the benefits of utilizing contractors that adhere to good practices with their employees and management of their job site. Any contractor who provides work towards the Project and receives total compensation that exceeds $500,000 shall comply with the following:

i) Upon request, provide a copy of an adopted written plan for employee drug testing that covers all employees of the contractor who will perform work on the project that meets or exceeds the requirements set forth in Indiana Code § 4-13-18-5 or Indiana Code § 4-13-18-6.

ii) Upon request, provide a copy of any professional or trade licensing required by law for any trade or specialty area in which the contractor will perform work.

iii) Upon request, provide a statement that individuals who will perform work on the Project on behalf of the Applicant will be properly classified as either (i) an employee or (ii) an independent contractor, under all applicable state and federal laws. In addition, the City shall have the right to request and receive a list of workers that have worked on the Project at any given time with their employment status. This obligation shall extend to any company that provides workers to a contractor.

2.5 Community Engagement. Applicant acknowledges, as a business within Valparaiso, its obligation (and that of its employees) to fully engage with the community and support groups, organizations, initiatives and institutions that contribute towards the betterment of Valparaiso. Such engagement and support may include, but is not limited to, financial contributions, volunteering of time, and/or participating in social, cultural, civic and religious events within Valparaiso. As a part of its annual filing of its Form CF-1/RP and Form CF-1/VBD, Applicant shall include an overview outlining what actions the Applicant and its employees have taken to satisfy its obligation.

2.6 Tax Abatement Fee. As provided by Indiana Code § 6-1.1-12.1-14, the City is imposing a fifteen percent (15%) fee on the tax abatement (both real property and vacant building deduction). Applicant consents to such fee. To the extent an Imposed Fee Letter is executed, such is incorporated by reference into this Agreement.

2.7 Assessment Appeal Waiver. From the date this Agreement is executed until December 31, 2032, Applicant or any subsequent individual/entity that has or will receive any benefits from the granting of this tax abatement by the City, shall not challenge and/ or appeal (and irrevocably waives it right to challenge and/or appeal) any Notice of Assessment as provided under Indiana Code § 6-1.1-15-1.

Article III. Additional Provisions

3.1 Indemnity: No Joint Venture or Partnership. The Applicant covenants and agrees at its expenses to pay and to indemnify and save the City, and their officers and agents, including the Economic Development Director ("Indemnitees") harmless of, from and against, any and all claims, damages, demands, expense and liabilities relating to bodily injury or property damage resulting directly or indirectly from the Applicant's (and/or any affiliate's thereof) activities with respect to the Project unless such claims, damages, demands, expenses or liabilities arise by reason for the negligent act or omission for the City or other Indemnitees or arise from the City's breach of this Agreement. The parties further agree that this Agreement does not constitute a joint venture or partnership.

3.2 Amendment. This Agreement can only be amended by the mutual consent of the parties to this Agreement.

3.3 No Other Agreement. Except as otherwise expressly provided herein, this Agreement supersedes all prior agreements, negotiations and discussions relative to the subject matter hereof and is a full integration of the agreement of the parties.

3.4 Severability. If any provision, covenant, agreement or portion of this Agreement or its application to any person, entity or property, is held invalid, such invalidity shall not affect the application or validity of any other provisions, covenants, agreements or portions of this Agreement and, to that end, any provisions, covenants, agreements or portions of this Agreement are declared to be severable.

3.5 Indiana Law/Venue/Attorneys' Fees. This Agreement shall be construed in accordance with the laws of the State of Indiana. Any action to enforce any provision of this Agreement shall be filed in the state courts of Indiana, Porter County. The successful party in any action to enforce this Agreement shall be entitled to reimbursement of court costs and attorney fees.

3.6 Notices. All notices and requests required pursuant to this Agreement shall be deemed sufficiently made if delivered, as follows:

Applicant:

Viking Medical Center, LLC
c/o William A. Hasse, III
10 Lincoln Avenue
Calumet City, Illinois 60409

With a Copy to:

Todd A. Leeth
Leeth Law LLC
2700 Valparaiso St., #2412
Valparaiso, IN 46384

To City:

Patrick Lyp
General Counsel
162 W. Lincolnway
Valparaiso, IN 46383

or at such other addresses as the parties may indicate in writing to the other either by personal delivery, courier, or by registered mail, return receipt requested, with proof of delivery thereof. Mailed notices shall be deemed effective on the third day after mailing; all other notices shall be effective when delivered.

3.7 Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same agreement.

3.8 Recordation of Agreement. At the request of any party hereto, the parties hereby agree to execute and deliver the original of this Agreement or a Memorandum thereof in property form for recording in the appropriate property or governmental records.

3.9 Consent or Approval. Except as otherwise provided herein, whenever consent or approval of any party is required, such consent or approval shall not be unreasonably withheld.

3.10 Assignment. The rights and obligations contained in this Agreement may not be assigned by the Applicant without the express prior written consent of the Commission; provided, however, that the Applicant may assign its rights and obligations hereunder to an affiliate of the Applicant upon notice and consent of the City, but any such assignment to an affiliate of the Applicant shall not have the effect of releasing the Applicant from its obligations hereunder.

3.11 No Third Party Beneficiaries. This Agreement shall be deemed to be for the benefit solely of the parties hereto and shall not be deemed to be for the benefit of any third party.

3.12 Authority. Each individual executing this Agreement represents that they possess the requisite authority to sign this Agreement.

IN WITNESS WHEREOF, the parties have duly executed this Agreement pursuant to all requisite authorizations as of the date first above written.

Applicant:

William A. Hasse III
Authorized Member, Viking Medical Center, LLC

City:

Jon Costas
Mayor, City of Valparaiso

Recommended

Economic Development Director

Https://leethlaw.sharepoint.com/sites/LeethLaw/Shared Documents/Client Folders/Victor/Viking Medical Center, LLC/Documents/Tax Abatement Agreement Viking Medical 2024-08-21.docx