

MEMORANDUM

TO: John Whitehart, Chair, Capital Improvement Board (CIB)
FROM: Deborah Myerson, President, on behalf of the City of Bloomington Redevelopment Commission (RDC) (Adopted unanimously 5-0)
DATE: May 4, 2026
RE: RDC Response to Proposed Property Swap — College Square / W. 2nd St. & S. College Ave. Parcels

Purpose

This memo outlines the reasoning and considerations that informed the unanimous decision by the City of Bloomington Redevelopment Commission (RDC) on April 20, 2026, to decline the Capital Improvement Board's (CIB's) proposed property swap involving the College Square property at W. 4th Street and S. College Avenue (also known as the Bunger & Robertson lot) and four parcels at W. 2nd St. & S. College Ave.

Background and Statutory Role of the RDC

Redevelopment commissions, as authorized under the laws of the State of Indiana, are charged with advancing community and economic development through strategic investment. The RDC fulfills this mission by capturing incremental property tax revenue generated within designated Tax Increment Financing (TIF) districts in the City of Bloomington. These funds are reinvested into critical public infrastructure, safety improvements, and site readiness efforts that catalyze private investment, support long-term economic growth, and strengthen existing neighborhoods. In doing so, the RDC enables transformative projects that would not otherwise be feasible without targeted TIF support.

The RDC is not chartered to function as a commercial developer, building contractor, landlord, property manager, or land bank. Those roles fall outside our statutory mandate and, primarily, operational capacity.

2025 Priorities

At the start of 2025, the RDC established two primary objectives:

1. **Advance inherited projects:** Move forward on Hopewell, The Mill/Tech Park, and initiate work on Sudbury.
2. **Manage the real estate portfolio:** Sell or otherwise put to productive use RDC-owned parcels that currently serve no clear purpose.

The RDC's existing workload is manageable and can be funded at the current TIF levels, but the TIF fund is not a bottomless bank account.

Considerations Regarding the Proposed Swap

When the CIB proposed exchanging College Square for the four parcels at W. 2nd St. & S. College Ave., the RDC evaluated the proposal against both its financial position and its core objectives. Several factors weighed against acceptance:

- **Financial terms were unfavorable.** The exchange did not represent a sound financial opportunity for the RDC. The RDC fulfilled its statutory obligation by obtaining two independent appraisals of College Square, which averaged \$7.59 million. No comparable appraisals, environmental assessments, or rent roll documentation were provided for the four W. 2nd St. parcels at the time of the swap proposal, making a sound financial comparison impossible.
- **Operational burden.** The W. 2nd St. buildings include contributing historic structures that would require coordination with the Historic Preservation Commission and potential demolition delay proceedings. Several buildings exhibit significant deferred maintenance, commercial tenants are departing, and residential leases are not being renewed. The RDC has no staff capacity, management infrastructure, or statutory mandate to assume ongoing landlord responsibilities. Absent the capacity to actively manage, create a plan, and reinvest in these properties, transferring such responsibilities to the RDC would likely perpetuate—or further exacerbate—the pattern of deferred maintenance and building degradation that tenants have experienced under prior county ownership.
- **Strategic misalignment.** Accepting the parcels would have been a distraction from the RDC's objectives as described above.
- **Likely short-term outcome.** Given the above, any RDC ownership of the parcels would likely have been temporary, making acceptance an inefficient use of RDC time and resources. A 30-day moratorium would not have been sufficient time to complete appraisals and environmental reviews for the southern parcels.
- **Financial Burden on Limited Resources.** The four CIB parcels would need to undergo due diligence (which hasn't been done to date), assistance to renters whose leases will terminate, securing and possible repair of structures, studies to determine highest and best use of the property, possible site remediation or preparation, and an offering process. The RDC has committed itself to other projects and cannot add on this

additional project, and reasonably believes that all projects could be financed appropriately.

A Note on the History of the Four Parcels

Both the current custodian (the CIB) and the prior owners (Monroe County Commissioners) originally designated these parcels for *convention center use or support services*, a purpose funded by innkeeper's tax revenue. When the swap was proposed to the RDC, that designated use was set aside without explanation. The RDC believes the custodians of the innkeeper's tax deserve transparency on how these assets are ultimately deployed.

The Public Offering Supports Convention Center Goals

The RDC's decision to move forward with a public offering for College Square is not a rejection of the convention center's goal of securing a host hotel. To the contrary:

- **The CIB is expressly welcome to respond to the public offering** on the same terms as any other party.
- **The offering language specifically contemplates hotel proposals**, and any respondent proposing a hotel would be required to obtain necessary CIB approvals as a condition of the offering — ensuring alignment between the two bodies.
- **Moving forward with the offering actually accelerates the timeline for resolution**, creating more options rather than fewer.

The RDC evaluates responses based on project quality and alignment with its economic development objectives. A compelling hotel proposal that serves the convention center's needs will receive serious consideration.

The Public Offering Lets the Market Determine Value

The RDC's decision to pursue a public offering is not only procedurally appropriate, but it is the only method that allows the market to establish what College Square is actually worth.

- **Appraisals set a floor, not a ceiling.** The two independent appraisals establish the minimum the RDC will accept for College Square. A competitive process creates the conditions for the market to speak. Any response that exceeds the floor would be a direct benefit to the community. In the event the offers are less, this is a true indication of the property's value for the type of economic development requested.

- **Limitations of Appraised Value Relative to RDC Policy and Council Direction.** The appraisals do not fully account for the RDC’s policy objective to exclude student-oriented multifamily development, which typically represents the highest-value use under an income-based valuation approach. As a result, the valuations may overstate market assumptions that are not aligned with the RDC’s intended development outcomes. In May 2024, the City Council transmitted a letter, signed by eight of nine members, expressing a preference that the RDC recover the full acquisition cost of the parcels. While the Council does not have statutory authority to impose this requirement, the RDC has taken this guidance into consideration in the interest of intergovernmental cooperation. Accordingly, failing to test the market and make a good-faith effort to achieve that outcome would be inconsistent with the Council’s stated direction. By contrast, a subsequent letter received in December 2025 indicated support for a land swap from only three Council members, reflecting a position that did not constitute a majority and therefore lacks the same level of collective Council endorsement.
- **The proposed swap bypassed price discovery entirely.** No market test was applied to the W. 2nd St. parcels, and none was proposed. Accepting the exchange would have required the RDC to assign value to those properties based on the CIB's framing rather than independent evidence. The public offering corrects for that.
- **Transparency strengthens whatever outcome follows.** If a hotel proposal ultimately prevails through open competition, its legitimacy is greater than if it had been awarded through a bilateral exchange conducted under time pressure. A competitive process protects all parties, including the CIB.

RDC Support for the Convention Center and Host Hotel

The RDC has been an active partner in the success of Bloomington's convention center expansion. The RDC has consistently demonstrated this commitment over the last two years in several concrete ways:

- **2024 – 2025: Over a Year of Active Negotiations.** For more than a year, the City of Bloomington and Dora Hospitality negotiated an agreement centered on the College Square site as the host hotel location. The Hunden Study notes that the average public subsidy for a headquarters hotel over the past 25 years is approximately 33 percent, with some communities financing such projects entirely through public bonds, and cautions that the City and County should be prepared for this reality. Despite this, substantive discussions regarding how to address the anticipated funding gap did not occur and were largely presumed to fall to the RDC. While the cost of the land alone

does not approach a 33 percent subsidy, the RDC nonetheless engaged in good-faith efforts over an extended period to bridge that gap to the greatest extent feasible.

- **April 2025: \$100,000 for a Site Analysis.** The RDC approved \$100,000 to fund a site analysis for the parcel when Dora Hospitality was evaluating the feasibility of building the host hotel on the property. The RDC retained ownership of that work product.
- **May 2025: College Square as a Construction Asset.** In a direct, tangible contribution to the project's operational need, the RDC allowed Weddle Brothers Construction to use the College Square property as a construction management office throughout the convention center expansion project at no cost to the CIB.
- **June 2025: \$300,000 for Architectural Designs.** At its June 2, 2025 meeting, the RDC authorized an additional \$300,000 to support a potential agreement with Dora Hospitality — specifically to fund architectural drawings to determine what portion of the RDC's real estate would be needed for the hotel, establish the proposed structure and design plans, and produce renderings of the overall hotel concept. Taken together, the RDC's April 2025 and June 2025 expenditure commitments represent \$400,000 in pre-deal investment on behalf of the hotel project — commitments that may appropriately be counted among the public incentives Dora representatives described as necessary to make the project financially viable when presenting to the CIB in September 2024.
- **2025 – 2026: Two Independent Appraisals of College Square.** Consistent with its statutory obligations and its commitment to fiscal transparency, the RDC commissioned two independent appraisals of College Square — one by First Appraisal (completed March 13, 2026, at a cost of \$5,000) and one by Michael C. Lady Advisors (completed May 9, 2025, at a cost of \$3,950). The average of those two appraisals, \$7.59 million, became the minimum offering price for the public offering now underway.
- **November 2025: Affirmed Commitment at the CIB Meeting.** When the CIB set a December 17, 2025 deadline for concrete progress on the hotel, the RDC provided an update at the CIB's November 2025 meeting. RDC Executive Director Anna Killion-Hanson told CIB members directly that the RDC remained committed to supporting the convention center hotel project. She also described the funding challenge candidly, noting, "Despite offering a significant contribution, a very large funding gap does still exist." At the same meeting, RDC member John West added that the commission had spent considerable time with city legal counsel and the controller's

office to identify every available funding mechanism, stating, "We want this project to happen. We think that the Bunger & Robertson property is ideal for the hotel — but funding is what it is."

- **April 6, 2026: Conveyance of Parcels to CIB.** The Redevelopment Commission approved the conveyance of three parcels to the CIB at no cost for Convention Center expansion use.

Conclusion

The RDC's unanimous vote regarding the proposed land swap was not a vote against the convention center or the host hotel. Rather, this vote reflects a clear-eyed assessment of our statutory role, our current capacity, our financial constraints, and our obligations to the community. The RDC remains committed to a transparent, competitive process that will make College Square a transformative economic asset for downtown Bloomington. This approach ensures that any ultimate development—whether a hotel or otherwise—reflects both community priorities and real market conditions, positioning the City for a more durable and defensible result.