

Affiliate Review Committee

Carmel Midtown Community Development Corporation (CMCDC)

Carmel City Center Community Development Corporation (4CDC)

May 1, 2025

Overview

Indiana Code allows nonprofit entities to operate in communities to help achieve public purposes. Community development corporations (“CDC”) are specifically identified in IC 36-7-14 *et al.* as entities that can be used to facilitate community improvements in conjunction with redevelopment commissions.

One construct of CDCs is as a locally-driven organization that engages in neighborhood or community wide projects. Another construct is for a CDC to assist a unit of government and to engage in neighborhood or community wide projects; the two CDCs we will discuss today are utilized to aid the City of Carmel and the redevelopment commission.

These types of redevelopment-supporting CDCs are utilized statewide and are an essential component of a city’s economic development/redevelopment tool kit.

Governance

Carmel Midtown
Community Development
Corporation
(CMCDC)

Federal Tax Exemption

Carmel Midtown Community Development Corporation (CMCDC) was incorporated on October 25, 2018 pursuant to the Indiana Nonprofit Corporation Act of 1991, as amended.

CMCDC applied to the IRS and received its federal IRS determination letter on **June 30, 2022**, confirming its status as a **social welfare organization** described in **Code Section 501(c)(4)**.

Federal Tax-Exempt Requirements

As a social welfare organization exempt from federal income tax under Code Section 501(c)(4), CMCDC is subject to several federal tax requirements:

1. Devotion of Net Earnings: CMCDC's net earnings must be devoted exclusively to charitable, educational, or recreational purposes.
2. Prohibition Against Private Inurement: CMCDC may not allow its net earnings to inure to the benefit of any individual.
3. Organizational Test: CMCDC must not be organized for profit.
4. Operational Test: CMCDC must be operated exclusively for the promotion of social welfare.

CMCDC's Purposes In Its Articles Of Incorporation (Article IV, Section 4)

- CMCDC “shall be **organized and operated exclusively to benefit, perform, and carry out the charitable, educational, recreational, and other public purposes of the City of Carmel ... and the City of Carmel Redevelopment Commission** (the “Commission”)”.
- Programs that further social, cultural, and economic development, redevelopment, and rehabilitation in the City.
- **Stimulate capital investment and revitalization** in, and improvement of, public and other spaces throughout the City.
- Enhance and improve the social, cultural, and economic conditions within the City.
- Foster, develop, and maintain conditions that contribute to the **growth of business and employment opportunities** within the City.
- **Enhance and beautify public areas** and facilities and **upgrade the effectiveness of the infrastructure** in the City.
- Provide **financial assistance for the construction, rehabilitation, or repair of commercial and residential property in the Carmel Redevelopment District**.

CMCDC's Commitments To The IRS In Its Form 1024-A

CMCDC's purposes, as defined in Article IV of its Articles are also described in its Form 1024-A submitted to the IRS on December 15, 2021:

- Includes same purposes language from its Articles of Incorporation.
- "CMCDC has, and will continue to, **receive grants from [the Commission] to pay for real estate and construction** of various properties in need of improvement around the City."
- "CMCDC will **remit any rent payments for owned properties directly to [the Commission].**"
- "CMCDC will **grant some improved real-estate back to [the Commission]** upon satisfactory completion."

Governance Structure

- **Dissolution:** If CMCDC is dissolved, its assets will be distributed to the City or the Commission for public purposes (Articles, Article IV, Section 5).
- **Governance Amendments:**
 - Amendments to the Articles of Incorporation require approval in writing by the Executive Director of the Commission (Articles, Article VIII, Section 6).
 - Amendments to the Bylaws require approval in writing by the Mayor and the Commission (Bylaws, Article VIII).
- **Board of Directors:**
 - 3 Directors (Bylaws, Article III, Section 1).
 - Appointed by Executive Director of Commission (removals made and vacancies filled by Executive Director of Commission) (Bylaws, Article III, Sections 1 and 10).
 - Terms of 1 year (Bylaws, Article III, Section 1).
- **Officers:**
 - Officers consist of President, Secretary and Treasurer (Bylaws, Article IV, Section 1).
 - Elected by Board (Bylaws, Article IV, Section 1).
 - Terms of 1 year (Bylaws, Article IV, Section 1).

Carmel City Center
Community Development
Corporation
(4CDC)

Federal Tax Exemption

Carmel City Center Community Development Corporation (4CDC) was incorporated on July 17, 2009 pursuant to the Indiana Nonprofit Corporation Act of 1991, as amended.

4CDC applied to the IRS and received its federal IRS determination letter on September 29, 2011, confirming its status as a **social welfare organization** described in **Code Section 501(c)(4)**.

Federal Tax-Exempt Requirements

As a social welfare organization exempt from federal income tax under Code Section 501(c)(4), 4CDC is subject to several federal tax requirements:

1. Devotion of Net Earnings: 4CDC's net earnings must be devoted exclusively to charitable, educational, or recreational purposes.
2. Prohibition Against Private Inurement: 4CDC may not allow its net earnings to inure to the benefit of any individual.
3. Organizational Test: 4CDC must not be organized for profit.
4. Operational Test: 4CDC must be operated exclusively for the promotion of social welfare.

4CDC's Purposes In Its Articles of Incorporation (Article IV)

- 4CDC “shall be **organized and operated exclusively to benefit, perform, and carry out the charitable, educational, recreational, and other public purposes of the City of Carmel ... and the City of Carmel Redevelopment Commission** (the “Commission”).
- Programs that further social, cultural, and economic development, redevelopment, and rehabilitation in the City.
- **Stimulate capital investment and revitalization** in, and improvement of, public and other spaces throughout the City.
- Enhance and improve the social, cultural, and economic conditions within the City.
- Foster, develop, and maintain conditions that contribute to the **growth of business and employment opportunities** within the City.
- **Enhance and beautify public areas** and facilities and **upgrade the effectiveness of the infrastructure** in the City.
- Provide **financial assistance for the construction, rehabilitation, or repair of commercial property in the Carmel Redevelopment District**.

4CDC's Commitments To The IRS In Its Form 1024

4CDC's purposes, as defined in Article IV of its Articles are also described in its Form 1024 submitted to the IRS on October 28, 2010:

- **Extension of energy lines and retrofitting of City buildings**
- **Construct, lease, and operate the Parcel 7C Office Building**
- **Construct, rehabilitate and/or repair commercial property in the Carmel Arts & Design District**
- **Provide financial support for the completion and operation of the Carmel Regional Performing Arts Center**
- **Provide financial support for the completion and operation of redevelopment projects in the City**
- **4CDC's revenues to include grants from the Commission and rent from the leases of City office buildings**

Governance Structure

- **Dissolution:** If 4CDC is dissolved, its assets will be distributed to the City for public purposes (Articles, Article IV).
- **Governance Amendments:**
 - Amendments to the Articles of Incorporation require approval in writing by the Mayor and the Commission (Articles, Article VIII, Section 6).
 - Amendments to the Bylaws require approval in writing by the Mayor and the Commission (Articles, Article VIII, Section 7).
- **Board of Directors:**
 - The board is comprised of 3 directors (Articles).
 - Appointed by the Mayor, the Commission, and the Common Council (Articles) with removals made and vacancies filled by the appointers (Bylaws, Article III, Section 10).
 - Terms of 1 year (Articles)
- **Officers:**
 - Officers consist of President, Secretary and Treasurer (Bylaws, Article IV, Section 1).
 - Elected by Board (Bylaws, Article IV, Section 1).
 - Terms of 1 year (Bylaws, Article IV, Section 1).

Activity and Financial Overview

Carmel Midtown Community Development Corporation (CMCDC)

- CMCDC facilitates real estate and TIF transactions as part of CRC projects
- Its actions generally follow matching actions of CRC
- This includes owning and leasing certain parcels of land until they are developed
 - Example – Monon Square; Winter Farmer's Market
- CMCDC also reimburses developers for public improvements in City Council-created TIF allocation areas
 - Example – Roundabout at 111th and Slade Ave (between Illinois and Spring Mill)



Carmel Midtown Community Development Corporation – Financial Overview

YEAR	FINANCIAL TRANSACTION	TRANSACTION TYPE	AMOUNT	PURPOSE
2023	CRC grant	Revenues	\$ 60,000	Grant for development of 275 Veterans Way
2023	CRC grant	Revenues	\$ 400,000	Grant for development of Bridges II project
2023	Veterans Way LLC grant	Expenditures	\$ 60,000	Grant contribution for development of 275 Veterans Way
2023	Carmel Hotels LLC grant	Expenditures	\$ 60,000	Grant contribution for development of Aloft/Elements Hotel
2023	JEC Partnership LP grant	Expenditures	\$ 400,000	Grant contribution for development of Bridges II project
2024	Sale of land	Revenues	\$ 3,494,770	Sale of Monon Square northeast quadrant
2024	4CDC grant	Expenditures	\$ 78,720	Grant for Rockefeller tenant improvements (new tenant in James Building)
2024	Purchase of land	Expenditures	\$ 2,287,766	Purchase of 1132 S Rangeline for Proscenium III project
2025	CRC grant	Revenues	\$ 50,000	Grant for development of Aloft/Elements Hotel
2025	Environmental remediation	Expenditures	\$ 154,458	CMCDC's portion of environmental remediation costs on Monon Square NW quadrant
2025	Cash Balance as of March 31st	Cash Balance	\$ 1,220,402	Reserves for future expenditures

Carmel City Center Community Development Corporation (4CDC)

- 4CDC owns office space in the James Building (pictured) that generates rent revenue. It helps cover a portion of building maintenance costs shared with Tarkington and Civic theaters.
- 4CDC uses that revenue to provide partial rent assistance to three art galleries and No Label at the Table in the Arts & Design District



Carmel City Center Community Development Corporation – Financial Overview

YEAR	FINANCIAL TRANSACTION	TRANSACTION TYPE	AMOUNT	PURPOSE
2023	James Building net rents	Revenues	\$ 242,241	Net rental income from office tenants of the James Building/Tarkington Theatre
2023	Debt service on Star Bank loan	Expenditures	\$ 354,223	Annual debt service on \$6M mortgage of the James Building
2023	Energy Center payments	Expenditures	\$ 32,809	Annual Energy Center consumption payments
2023	Art gallery grants	Expenditures	\$ 79,635	Provide rent subsidies to art galleries located in the City's Arts and Design District
2024	James Building net rents	Revenues	\$ 612,391	Net rental income from office tenants of the James Building/Tarkington Theatre
2024	Transfer from CMCDC	Revenues	\$ 78,720	Grant for capital improvemetns of new office building tentants of James Building
2024	Replacement tenant of James Building	Expenditures	\$ 112,580	Capital improvements and brokerge fees of new office tenants of James Building
2024	Debt service on Star Bank loan	Expenditures	\$ 390,663	Annual debt service on \$6M mortgage of the James Building
2024	Energy Center payments	Expenditures	\$ 44,767	Annual Energy Center consumption payments
2024	Art gallery grants	Expenditures	\$ 89,400	Provide rent subsidies to art galleries located in the City's Arts and Design District
2025	James Building net rents	Revenues	\$ 217,338	Net rental income from office tenants of the James Building/Tarkington Theatre
2025	Debt service on Star Bank loan	Expenditures	\$ 97,908	YTD debt service on \$6M mortgage of the James Building
2025	Capital replacement reserve	Expenditures	\$ 15,000	\$5,000/month reserve to assist with capital improvements on the James Buiding
2025	Energy Center payments	Expenditures	\$ 11,198	YTD Energy Center consumption payments
2025	Art gallery grants	Expenditures	\$ 32,060	Provide rent subsidies to art galleries located in the City's Arts and Design District
2025	Cash Reserves	Cash Balance	\$ 170,200	Cash reserves as March 31st available for future expenditures

Questions