

MINUTES OF THE FORT HARRISON REUSE AUTHORITY
BOARD MEETING

AUGUST 27, 2008

The FHRA Board met in public session at 9120 Otis Avenue, FHRA conference room, Lawrence, IN at 7:30 A.M.

FHRA Board Members Present:

Mr. Carl L. Drummer
Mr. Dennis Charles
Ms. Ann Lathrop
Ms. Cheryl Sullivan

FHRA Board Member Absent

Mr. Quake Pletcher

FHRA Staff

Mr. Ehren Bingaman
Ms. Doris Combs

Members of the Public

Matthew Morrissey
Adam Horst
Jim Kane
Bill Rudd, VLB
Virginia Basham, VLB
Richard Dick, VLB
Tim Ritman, Gilliatte General Contractors
David Alexander, Gilliatte General Contractors
Matt Vail
Kim Reeves, Browning
Judy Byron
Bret Dodd, RQFW
Cassandra Ashley Jordan, Coleman Stevenson
Mr. Phil Genetos
Ms. April Pyatt

A copy of the public agenda is attached.

Meeting was called to order at 7:37.

1. The first item on the agenda was the approval of the July 2007 minutes. Mr. Drummer called for a motion to approve the minutes. Ms. Lathrop made the motion and Ms. Sullivan seconded. The vote was unanimous to approve.

2. The second item on the agenda was VLB issues. Mr. Bingaman stated that in March 2007, FHRA board requested an update and invited Ms. Basham to attend the April board meeting to talk about the project on Lawton Loop. At the time the board requested some information and confirmed that in writing. The information had not been received in time for our July board meeting; at that time board ask to have Ms. Basham come to the August meeting to give an update on the information that was requested. FHRA has received copies of contracts, verification of financing for development of a portion of the project.

Mr. Richard Dick, attorney for VLB, stated he had been in contact with FHRA counsel, Mr. Phil Genetos and April Pyatt concerning the loan commitment and VLB is willing to provide that information to the board with the commitment that the information be given confidentially to the board Mr. Dick stated he did not know what other information the board wanted to see. Mr. Dick said VLB was trying to be cautious about internal information and didn't think it was appropriate for a lot of the information to be public type information.

Ms. Sullivan asked if FHRA board should assume by the loan that it would cover all of the buildings?

Mr. Dick replied that would respond to that confidentially. VLB will answer whatever questions the board wants, but does not deem it appropriate public information about how VLB is going to proceed.

Ms. Sullivan than asked if the project would be completed by the March 2008 date?

Mr. Dick replied "yes"

Ms. Sullivan asked if that included all buildings on Lawton Loop?

Mr. Dick responded that that was the goal.

Ms. Lathrop remarked that given the current status of the buildings and the construction schedule is that really realistic. She stated there was a lot of work to be done and the schedule is for a seven month timeframe.

Mr. Dick stated that the structure of the buildings were there; and demolition was already completed on the next building. There is basically a closed building so workers can work through the winter months; so it is not like a project where you are just coming out of the

ground with footings and foundations and winter conditions are going to delay or impact you. The answer is Gilliatte Contractors think they can get it done within that time period.

Ms. Lathrop asked “not just the one building, but all of them”.

Mr. Dick replied the intent is to have all the buildings by March, 2008. That is the goal. VLB will be happy to give the board more specifics on scheduling; they (Gilliatte) can't finalize their scheduling until VLB closes on the loans and expect to have them shortly.

Ms. Sullivan asked how this goal of having all buildings completed by 2008 differ from the goal that was signed in the agreement in 1999.

Mr. Dick responded that he didn't know if it differs at all; other than the circumstances that have happened in this project that were totally beyond Ms. Basham's control, i.e., environmental issues that delayed this project by 11 months; several months delay based upon some variance issues. VLB will be happy to talk to the board and met with the board if you want background on the kinds of things that have happened on this project and some of the things that continue to happen that are unusual; such as people constantly stealing the signs to that it makes it difficult for Ms. Basham to sell her units

Ms. Sullivan stated she lives on Lawton Loop and travels by there several times a day. It seems as though this property has deteriorated significantly and it has nothing to do with broker signs on the buildings. Our concern is that this is a premier site at Fort Harrison. Many people have invested in property and take great pride in living at Fort Harrison and frankly with the number of people who do drive by, walk past, run past, have a huge marathon half-marathon scheduled for middle of October, all of those literally thousands of walkers and runners are going to be passing by that property. It is not one of pride. Instead of this being a premier site, premier location to move forward with all of the development at Fort Harrison it is an embarrassment.

Mr. Dick replied that there were circumstances beyond VLB's control but we do want to move forward.

Ms. Sullivan responded that VLB had cited an eleven month delay, but it has been almost nine years.

Mr. Dick replied there were lots of other issues and if the board wants to meet with Ms. Basham, there are confidential and other financial information that VLB does not believe is appropriate to be discussed in a public forum. It has nothing to do with an unwillingness to give you that information. That information will not be provided in a public forum; it is not appropriate.

Ms. Sullivan replied that the Board is encouraged by having VLB say these buildings will be completed by March 2008.

Ms. Lathrop stated that in the construction schedule that Mr. Dodd put together there were dates that went into April and May.

Mr. Drummer commented that it clearly stated finish date May 2008. If the board understands you have already stretched it out to May which means two to three months thereafter.

Mr. Dick responded that the contract date is substantial completion. If you are building in the winter there may be landscaping on the outside that needs to be done, so are there some activities that still may be going on after March 2008, I think it is likely. But that is a substantial completion date. I have not looked at the agreement for a long time, but I believe the agreement requires the buildings be substantially completed. I can't stand here and tell you what the weather is going to be during December, January, February, March in terms of outside landscaping some of the things that are typical in construction that may still need to be done.

Mr. Drummer replied that it is discouraging as Ms. Sullivan discussed. At the last meeting the Board just asked for something simple in good faith – just put a barrier around the property which would stop individuals from coming and going, possibly stealing the signs, possibly stealing copper or whatever. Just put something around there so the neighbors would understand that there is progress; that something that is going to start. The Board has not even seen that. You want FHRA to continue to work with you and we are not getting anything on the other end.

Mr. Dick asked if it was in the April meeting that the Board asked for barriers to go up.

Mr. Drummer responded “yes” and everyone said sure VLB can do that

Mr. Dick stated that people who are there at the project can see that there is substantial activity going on in the buildings and demolition is going on in the next building to get it ready for progress.

Mr. Drummer asked if VLB was under contract with Gilliatte at this particular point and time.

Mr. Dick replies “yes” and that the contract had been provided to the board.

Ms. Lathrop commented that the best thing for the board is not to rehash the past but rather knowing that FHRA is trying to get other pieces of property developed we need to be looking into the future. The question is if FHRA has the opportunity to come in and potentially purchase back some of the unfinished buildings from Ms. Basham that should be an option. Then the board could work with another developer to complete them because from looking at the dates not sure how that could be done.

Mr. Dick responded that that will not happen voluntarily. Ms. Basham has a huge investment in this project; she has every intention of finishing it; she has no interest in allowing this project to be taken away.

Mr. Drummer remarked that he didn't think Board Member Lathrop meant be taken away. I think Ms. Lathrop offered a resolution to nine years and that is possibly for your client to sell the property back to the Reuse Authority and allow FHRA to then have it developed by someone that is able to get it done in a timely manner.

Mr. Dick replied that is not something that Ms. Basham is interested in at this point; because she is committed to financing; she had paid substantial money toward the financial commitment toward the loan commitment. Ms. Basham has put a substantial amount of money in the next building for the demolition and is ready to move forward with this project in accordance with what she is obligated to do under the contract. This is a substantial, substantial commitment from VLB and she has a great deal at risk in this project and has every intention of finishing it. VLB believes that the product and the quality of what has been done is substantial. It is a wonderful product and everyone who comes in thinks and sees the project tells Ms. Basham what a wonderful project it is. VLB does have some issues with unit owners and the ball is in their court at this time to get this resolved. The issue is close to be resolved and Ms. Basham is moving forward with her commitment and will do her best to perform and have buildings substantially completed in March 2008.

Mr. Genetos asked Mr. Dick to advise the board of what has been happening on the project since April.

Mr. Dick stated VLB had a loan commitment in May and has been negotiating with a lender on the terms. Loan commitments do not happen as quickly as you would like. VLB expected, because of having a loan commitment in early May, that it would be wrapped up by the end of the day. It didn't happen and VLB had to go look at other lenders in order to be able to get a commitment that VLB felt was appropriate for this project. So when it was told to the board in April that it was expected some of these things would move forward it was based upon real facts. It was based on real facts about the lawsuit, with loan commitment and VLB knew they were close to making a contract with Gilliatte

Mr. Genetos asked if VLB was saying a contract had been signed with Gilliatte.

Mr. Dick replied "yes".

Mr. Genetos asked if VLB was negotiating with the same lender.

Mr. Dick responded it was with the same lender; but VLB went to another lender. VLB thinks they have a very good relationship with the vendor they now have and feel they can move forward.

Mr. Genetos asked Mr. Dick to explain to the board if you had the loan commitment today what would be the next step? What steps do you have to take before you begin construction?

Mr. Dick responded the architect is finishing some modifications to the plans which VLB expects to be completed within the next two weeks. Gilliatte will be pricing that construction based upon the revisions within the plans. VLB has expectations within next 2-3 weeks there will be an actual closing on the loan; and certainly not any longer than a month, so the funding will be there. VLB does not expect any further delays on the next building. There were some revisions made in the plans based upon some issues that surfaced regarding the initial construction; but not significant changes that would require a big delay.

Mr. Drummer asked Mr. Ritman, Gilliatte Construction if he believed they could have the project completed by March 2008.

Mr. Ritman, Gillette Construction, replied that if the board looked at the schedule they would see a lot of things after the March deadline is all finished. Some of the work in the units will not be finished until tenants move in, i.e., countertops, baseboard. Plus most units will not get painted until individual buys unit. Buildings can be to a position where next year they will look like they are totally done.

Mr. Vail, homeowner on Lawton Loop, stated he was having a disconnect between looks on the outside of building such as masonry work that I walk by and see every day that obviously are in need of repair and what the unit owner determines. I think the Reuse Authority Board is very attuned to this; but we are not talking about minor architecture changes on the inside. We are talking about masonry work, chimney brick is falling off and falling into the gutters. That is the type of work I can't image the contractor doing in March.

Mr. Dick replied that VLB is talking about when we get to March 2008 is every unit in that building going to be 100% complete. The point was until those units are sold typically you don't finish; you don't put in countertops, floor coverings. That is what Mr. Ritman was talking about on the schedule. The schedule contemplates that construction, all exterior construction, will be done at that point and time. Subject to weather conditions and not being able to get landscaping done if the weather doesn't allow it. VLB would simply point out that items that go past March are unrelated to the structure of the building.

There are buildings that have nothing done inside other than demolition. What Mr. Ritman is talking about is on the schedule. The question was raised when we see things here beyond March 2008 to be done, why is that? It has nothing to do with the exterior of the building.

Mr. Drummer asked if in the schedule the concerns of homeowners would be addressed, i.e., bricks that are falling from the roof; all of that is in the schedule. That will be done before March.

Mr. Ritman stated there would be a more refined schedule. The schedule before the board is a milestone schedule.

Mr. Drummer asked if Mr. Vail's questions had been answered and Mr. Vail replied he had not seen the work plan. Mr. Drummer stated that as far as what you had just asked, bricks falling, things of that nature, the roof, VLB is telling us, and they are telling us in this meeting that that type of stuff will be done before March determining weather and other conditions.

Judy Byron, Lawton Loop, voiced her concern about the term substantially finished and asked what that meant? Is the brick going to be finished or only partially finished?

Mr. Dick stated that substantially complete means that it is completed except for punch list type work which can include exterior landscaping

Mr. Drummer stated that VLB kept referring to landscaping and that was throwing him off and he appreciated Lawton Loop homeowners participating. However, bricks that are falling, gutters are falling down, whatever the conditions are; are they going to be completed?

Mr. Dick responded "yes". It would not qualify as being substantially completed if those things were not finished. And as a practical matter you can not building the inside of a building without getting the roof on and the chimney fixed so water is not coming in. There is no way you could finish these buildings without doing that pretty early in the process.

Jim Cain, Lawton Loop, asked if substantial also includes, there is a lot of additional construction, the recreation of porches, garage, elevators, etc.

Mr. Ritman stated substantial completion is really defined as the property can be used for its intended purpose; and that is where we will be and it will include elevators, garages.

Mr. Dick commented that this was a tremendous amount of additional construction not just remodeling

Mr. Drummer asked that if at the end of the day VLB was talking about a punch list.

Mr. Dick responded "yes".

Mr. Drummer again asked if at the end of March VLB was talking about a punch list. Mr. Dick replied that was his understanding and it would be all buildings.

Ms. Sullivan stated that at the April meeting the Board was assured that the Executive Director, FHRA would be invited to participate in contract meetings for assurance that the schedule was underway. Does the board have that ongoing commitment?

Mr. Ritman replied “absolutely”.

Ms. Sullivan asked that since FHRA was under such a short time frame at every board meeting between now and March 2008 the board would get an update.

Mr. Drummer asked Mr. Dick if that would be a problem and he responded not that he was aware of. Mr. Drummer stated that at every board meeting which is once a month and when FHRA did not have a board meeting FHRA would get a report from your contract. Ms. Sullivan commented that Executive Director would be invited to participate.

Ms. Pyatt stated she would like to clarify that she believes the agreement stated that the VLB architect would provide a certificate in accordance with the development plan. It is also understood that this would be done subject to corrective items
(Ehren would you edit this – I could not hear April and she is not audible on the tape.)

Mr. Dodd stated RQW had submitted plans to Mr. Duvall, SHIPO, and he is in agreement with the overall concept. Mr. Drummer asked when the board could expect the plans; Mr. Dodd stated RQW was working on the plans and needed two weeks to finish them up. We will meet with Schneider and go through any issues they have.

Mr. Bingaman stated that as a matter of practice FHRA create access for the technical reviewing architect representing the authority and development standards to have a progressive design process as opposed to they comment, FHRA ships back. FHRA is trying to expedite the design process. When reference is made to Schneider it is in reference to communicating with our guy on the development standard review.

Mr. Drummer stated the bottom line is communicating with the Reuse Authority. If you are communicating with FHRA we can then communicate with the folks who are concerned in this area. It will make it much easier for everyone; but if we don't know we can't share that information and we have to ask you to come to these meetings. You feel like you are being beat up; FHRA has responsibility of the neighbors of Lawton Loop and Reuse Authority, yet you don't share the information with us yet that is all we ask.

Mr. Dick responded that VLB did not feel like they were getting beat up and that they came willingly to the board meeting. VLB appreciates the comments and interest of the board in this project and do not feel beat up. VLB feels like you have asked legitimate questions and they will respond to those.

3. The third item on the agenda was the acceptance of the audit. Ms. Lathrop stated the 2006 audit was complete. FHRA has implemented many of the changes that were recommended last year. The internal controls indicates they would like to see more segregation of duties but this is difficult to do with only three people in the office. FHRA has also brought in Teipen who is helping the office make sure the books are reconciled at the end of every month. Significant progress has been made in the last two years.

Mr. Bingaman stated there were two people in the office who had worked incredibly hard on both expanding their knowledge base and their skills and also understanding what an audit is and going through that process. To the degree that FHRA has gotten better, it is really a credit to Doris Combs and Tim Riggs for challenging themselves and taking on new tasks.

Mr. Drummer entertained the motion to accept the audit report. Mr. Charles made the motion and Ms. Sullivan seconded. The vote was unanimous to accept the audit report.

4. Mr. Bingaman reminded everyone of the tree planning ceremony, 9:00-12:00, September 15. Register at fhra.org and bring your friends. More than 130 trees will be planted.

The demolition and abatement work is well underway. All of Building 36, old motor pool, has been completed abated. PX abatement is near completion; then work will start on the commissary. A fence is going up around the Commissary/PX site. Wheeler Road will remain accessible. A decorative wood fence will be constructed on 56th Street and more traditional fencing around the other side. The Village will be advertised on the 56th Street side.

Mr. Bingaman stated he had notified the board about three weeks ago that he had accepted a new job as Executive Director, Central Indiana Transit Commission. His last day at FHRA will be August 28. Mr. Bingaman thanked the board for their support during his tenure at FHRA.

5. Mr. Cain, Lawton Loop, asked the board how does the neighborhood submit a funding request to help replace lighting on the flag pole. Mr. Bingaman suggested they submit a formal request in writing to the board.

