

FORT HARRISON REUSE AUTHORITY BOARD MINUTES
Monday, February 22, 2016

The FHRA Board met in public session at 9120 Otis Avenue, FHRA conference room, Lawrence, IN at 5:30 p.m.

FHRA Board Members Present

Mr. Ed Treacy, President
Mr. Russell Brown, Secretary Treasurer
Ms. Marci Reddick, Board Member
Mr. Curtis Bigsbee, Board Member

FHRA Staff

Mr. Freddie Burrus, Executive Director
Ms. Heather Millikan

Public

April Pyatt, Ice Miller
Chris Barnett, Lawrence CDC
Kim Reeves, Browning Investments
Steve Heck, LLE HOA President
Fred & Alyssa Prazeau, Context Design
Ann Kunz, resident
Tom & Ali Marten, residents
Richard Snindell, resident
Greta Meglin, resident
Matt Culbertson, resident
Sherron Freeman, Lawrence Common Council
Bob Pychinka, resident
Matt Vail, resident
Raymond Rohana, Partnerships for Lawrence
Jeff Meglin, resident
Steven Ackely, resident
Susan Hargrove, resident
Rick & Sarah Hines, residents

Official Public Meeting was called to order by Mr. Treacy at 5:34 p.m. Mr. Treacy introduced the new board member Mr. Curtis Bigsbee.

Mr. Brown stated the financials were at the front table for any one to take.

A Lawton Loop resident asked about the P&L. He asked if we were at a negative \$330,000 and what the capital was for the FHRA. Mr. Brown stated we have not formalized a budget yet. That is a portion and the revenue does not show TIF revenue on it. Mr. Brown stated it should be reflected on the report but it is not updated yet because the 2016 budget is not updated yet. Mr. Brown stated that there is a balance sheet available if anyone wants to see it and there is

\$10.52 million in cash available at this time and they are not all unrestricted funds because there are a lot of restrictions that go along with that.

Mr. Burrus gave an Executive Director's update. He stated that efforts continue for the possibility of a connector road from Post Road to Lawton Loop east. Tom Marten has added Current Architecture which brings his building to 70% capacity. Partnership for Lawrence had its second event last weekend. The final plan for parcel A where homes are being built by David Weekley Homes will close on two more lots and bring it to a total of 15 lots sold. Envoy at 5723 Birtz Road is continuing its renovation and will house four tenants. We have met with the city engineer to investigate putting in an amphitheater at Civic Plaza for outdoor civic events and we are looking for some matching funds for that. We have a fully executed agreement with the Ackermann Group to expand the Fort Apartments which will make it at 325 units with additional 2 and 3 bedroom apartments. We are working with United Consulting to put in an Otis Avenue extension all the way thru to Lee Road. We are having meetings with several groups to get everything situated for north and southbound cut-ins to the village. There will be one more addition to The Post building also known as Fort Harrison Office Suites. They would lease space to Spot Services for pediatric and geriatric health services. The facility will be over 1800 square feet on the east end to give it a medical feel to the building.

A gentleman asked if the amphitheater was still alive. Mr. Treacy stated it is still being investigated and we are looking for matching funds. Mr. Treacy stated we are looking to do this on a long range basis to be used all year around with restrooms and concession and that will really last and can be used for all kinds of events. Mr. Brown stated it died last year when we couldn't find local match dollars but we are working towards it for 2016.

A gentleman asked what the proposed cost will be and Mr. Burrus stated we do not know yet. The plan is still preliminary and they just had the first meeting on the 18th. Mr. Treacy stated it depends on what will be available grant wise.

A gentleman asked about the Ackermann Group and what they are planning. Mr. Treacy stated they have already purchased John Harts development and will add to it. It will be on the south side of the current property. We are selling them land on the south side. As we complete Otis going thru they will be on the north side of Otis.

The next item of business is approval of minutes from the January 4, 2016 meeting. Mr. Brown made the motion to approve the minutes as submitted and Ms. Reddick seconded the motion. The motion unanimously passed.

The next item on the agenda was approval of Resolution 2016-02 which authorized the approval of a lease agreement at Fort Harrison Office Suites for Spot Services, P.C. to lease 1,876 square feet. Mr. Brown stated that this is a requirement under our project agreement with the developer of that site. We have the opportunity to review and approve any first floor retail space. This is the third and final retail space for that development. Counsel has reviewed the document and it is the same form as the IU agreement. Mr. Brown made the motion and Mr. Bigsbee seconded and the motion passed unanimously.

The next item was Resolution 2016-03 authorizing a revised Project Agreement for Lawton Loop Apartments. Ms. Pyatt of Ice Miller stated it's an Agreement for 5731 Lawton Loop East Drive which includes a loan from the FHRA as well as an infrastructure grant for a 36 unit apartment project in the former Maude Building. Mr. Treacy asked for a motion. Ms. Reddick made a motion and Mr. Brown seconded. ~~The motion passed.~~ *PS ED*

A gentleman asked what details are available about the Maude building project. Mr. Brown said the project has been in discussion for approximately two years. The proposal includes reuse of the Maude building and yet to be submitted and approved second building to the east of the Maude building. There will need to be requirements for some variances or rezoning of the property which is not handled by this board. There will also need to be some modifications to the Master Reuse plan which is handled by this board but not on the agenda today. So this is the project agreement the approval we make today is to make a substantially in the form it is today subject to changes deemed appropriate by the officers of this board. There are still a few things that are still in progress. This has been part of the elongated negotiations of the design and redesign and relocation of the proposed connector road that Freddie spoke about earlier. There has been some significant engineering that has gone into this. But it hasn't gone thru the zoning process or ARC process yet. This project agreement allows for the due diligence period to start.

Ann Kunz a resident asked who owns the land that needs to be rezoned. Mr. Brown stated the Maude building owns it. She stated when the Maude building was originally sold to Meyer Najem was that land part of that original deal and Ms. Pyatt said yes a portion of it was. Not all but a large portion yes. Five years ago when we looked at maps was that piece of land on there? Mr. Brown said no we have never owned the Maude building in the four years on the board. Mr. Treacy said we wanted to own it and attempted to purchase it but it was sold to someone else before we could even negotiate. She asked who owns the rest of the land. Mr. Brown said the FHRA owns a small sliver where the old white building used to be. Mr. Treacy said our goal is and we've been dealing with multiple land owners over there and it's been a nightmare. We've been trying to make it easier to have ingress and egress and it's been very difficult to deal with it with all the different landowners.

Ms. Kunz stated that her first hearing about the plans, they are talking about over 80 units so we're looking at 100 parking spaces. There are plans for underground parking on that also. Will that be something Lawrence will look at rezoning? Mr. Brown said that will be part of the ARC review process. It would be a use rezoning and if they needed additional variances they would include that at that time. Ms. Pyatt stated that it is historical district so DNR would be included in that and have approval over it.

A gentleman asked if the contingency is over the additional land part of the deal with the Maude building to be renovated as part of the deal. Mr. Treacy said yes and part of that is to do the front and then the back of the building.

A woman stated she had a two part question. She is a homeowner in the area she is extremely concerned about more apartments going in by significantly more expensive homes. Has an impact study been done on how it will affect the neighborhood and is there a reason we are seeking out more apartments when there are more apartments going in at the Fort instead of getting more retail services.

Mr. Brown stated that apartment development has been so successful and the market is driving the need or desire to have additional units. You have a very successful Class A market rate development and operating above occupancy requirements. As far as an impact on surrounding properties values no one has not been commissioned. He said at his private practice there are a significant number of national studies that talk about the proximity of market value multi family to single family residences and that there is no impact on property values. That is a national study that's not a Russell Brown study. The data exists out there that there is no impact. We

have not commissioned to do one because there is no project agreement because we are trying to be good stewards of the taxpayer dollar as well about not expending a significant amount of funds on those types of things without an agreement.

The resident asked if the FHRA has spoken to the Lawton Loop community about this project. Mr. Burrus stated the board has not spoken to them as a whole but one of the board members has. Mr. Treacy stated there have been two board members communicating with them but one is not on the board any longer and the other one is not here today. The resident asked who that was that's been communicating because no one has communicated with her. Ms. Reddick stated that they have a Lawton Loop representative at meetings most months. The resident asked who that is. Ms. Reddick stated that it's the obligation of the people who are there every month to report back to you.

A gentleman stated Boston Commons just found out about it the other day. Ms. Reddick said the board meets the third Monday of every month and everyone is always welcome to attend. Ms. Kunz stated she always attends and she knew that Meyer Najem owned the Maude building and there were frustrations about getting easements and Post Road was high on the list of things to do but she stated she never heard the FHRA talk about another unit back on the property. She said if it was talked about it was talked about in a way that the general public wasn't picking up on.

A gentleman stated he called Harrison Place and they have 10 units available and The Fort apartments have 11 units available. They both have 224 units each which is 440 units total and we are looking at increasing apartments 22% with the additional 100 that would be started this summer. He said nothing against people who live in apartments because he used to live at Harrison Place for many years. Mr. Brown said the apartment industry considers 95-97% occupancy to be ideal occupancy so both of those are at ideal occupancy. The gentleman said there are signs enticing people with discounts and month's rent for free so it's a matter of perception.

Mr. Martin stated the resolution is to approve some type of funding for the project. He asked if it could be disclosed what the sum and terms of the agreement are since we are in the process of trying to actively approve it. Ms. Pyatt stated that the original loan amount is \$1 Million to be paid back in five years. He asked about interest and she stated it is a low interest loan and a guarantee and second mortgage is required. Mr. Brown stated it's similar to what we did for The Fort apartments. Mr. Martin stated we are touting how successful the apartments have been in the area but we feel it is necessary to give a developer a loan for more apartments. Mr. Brown stated that loan was paid back approximately two years in advance of the due date. Mr. Martin asked if it was so successful why the FHRA needs to give a low interest loan to a developer for more apartments and how does it benefit the community. Mr. Brown stated it benefits the community by having an increased assessed valuation and has approximately \$7-10 Million increased valuation. Mr. Martin asked if they can produce those numbers and how they came up with that. Mr. Brown stated that it is based on construction costs and those costs related to increased valuation. Mr. Martin asked if those were general terms or to that specific project. Mr. Brown stated what is in the TIF district as a whole. That's how they determine any and all future revenues from potential projects. Mr. Brown said you asked why we aren't pursuing additional retail opportunities it is because we do not have enough people who live in close enough proximity. A resident stated that was not true. She said all of the restaurants are packed. Why are we concerned about more rooftops and why aren't we offering the rooftops options. Mr. Treacy said they've been trying hard to find some groceries and find some other things and the biggest problem is rooftops.

Mr. Treacy stated our biggest asset is the golf course and state park and they are great assets for the community but they take away from the rooftops and we talk to people and they say we don't have enough rooftops. The resident asked who we've talked to and the board stated everybody. Mr. Burrus stated they have talked to every grocery store in the area and surrounding areas. The resident asked about nice restaurants and additional businesses. Mr. Treacy said we have even hired people to help us with the process. She asked where can they see the information of who has been contacted so they can reach out to them also. Ms. Reddick stated the FHRA has a contract with a commercial real estate broker who held a real estate brokers open house last fall. We had many brokers attend from different real estate companies around the city. One of the biggest criticisms heard is when grocery stores come to look they see the fort and the golf course and there are not enough rooftops here at this point. Ms. Reddick said that's what the people who make the decisions are telling us. A gentleman asked is we've looked at a co-op grocery store. Mr. Burrus said yes we had and Mr. Brown said we started to have those conversations.

Mrs. Martin a resident stated she would like to take a step back and wants to know what other developments have been considered. Mr. Brown said we don't own the property a private developer owns the property. Mrs. Martin said from her perspective what is happening is you have Meyer Najem who is a multi million dollar developer and this project to do 30 apartments is not profitable enough for them. They are trying to make a project work by adding a huge development here because 30 apartments are not profitable enough for them. So has anyone proposed to them selling the building? Mr. Treacy started it's not our job to determine who owns what buildings. She said but you gave them \$1 Million to make this happen. Can everybody take a step back and take look at this and see if it makes sense for this developer. If not they will find someone to buy this building and do the right thing for this community. She asked how many have talked to real estate agents showing homes on Lawton Loop and how many live in a home that has this many apartments surrounding it. She said she has shown clients houses around here and they are baffled by the amount of apartments in this neighborhood. She is having trouble selling houses without this complex going in. She feels it will impact home property values because they are talking about a historic fort and we need to all stop and see if this makes sense as a community and if not see what the next step is.

A gentleman stated he feels they would like permanent residents like condos which were part of the original plan who pay taxes and care about the community instead of someone who is paying month to month and will be out in a year.

A gentleman who is the President of the Lawton Loop East Homeowner's Association stated and he was in a meeting recently where the Meyer Najem people specifically told them not to discuss this project with anyone. He wanted to go back and talk to his people about it. They have some property and they were told two different stories. One, the Lawton Loop East properties were needed for the complex and then also told it was needed for the road and they are not sure which the case is. His people are concerned and he has been told to keep his mouth shut. He was told there are people on the board who will sit down and talk to us. They need to know which is the case so they can get the residents together so they can hear what the facts are. The Maude people told him that unless the apartment complex is approved they will sell the Maude building because it isn't worth their money to invest in apartments just for the Maude building its self so they said they would vacate, sell it and leave.

A woman asked why we aren't taking them up on that opportunity since we said we wanted to buy it. Mr. Brown stated that offer has not been made to the FHRA. Mrs. Martin stated we are

giving them \$1 Million and we all know that building is not going to cost a million dollars as is. Mr. Brown stated we are loaning them \$1 Million for the purpose of have \$9 Million additional dollars invested there. We are making an investment in the community much like the investment at The Post. The business case we are making as stewards of the Fort Harrison Reuse Authority.

A gentleman stated it all scares him with the lack of transparency about what is going on. There are two presidents from Lawton Loop East here. He served six years after taking over from Virginia Basham. A couple of weeks ago he was sent a secret email not to share it with anyone. It was a diagram of the whole apartment complex and what they are planning on doing and why wouldn't that be public information for all of them to absorb. They have fear of what is coming into the area. He has been in the area for 13 years and has two small grandchildren and I don't want to see more apartments back there. He stated there is a tremendous lack of transparency. They work with the west side to keep the parade ground kept up. They have agreed to give up part of the land for the road. Then all of a sudden there is an apartment going in and none of that was discussed with them. He said the email asked not to share and Mr. Treacy asked him where it came from and he did not say.

He said they do not even have a diagram or proposal to discuss with their spouses or anyone else that lives in the area.

Another gentleman stated that apartments naturally decline as they are sold off by multiple owners over the years. That may be a huge concern 5-6 years from now. From a historical point in the 70's the Pacers lived in the Meadows.

A gentleman asked for the board to make a motion to table this item. Mr. Brown stated that the board is the individuals who make the motions. The gentleman asked to make a couple of other comments. He stated that the board was familiar with the general arguments when the Village of Merici came in but this is different because it's a for profit. He agrees with the comments that it has not been transparent. He said they haven't thought out who will pay for the parade ground maintenance. Now they are giving 100 apartment units the ability to use the parade grounds and it hasn't been thought out or brought to them at all. He says we need to listen to the feedback that's being given.

Ms. Kunz asked what happens if this motion that's being read today is just for the Maude building. Mr. Brown said it's a project agreement with Meyer Najem and there are obligations they have under the due diligence period.

Ms. Pyatt said there are three different phases. The FHRA can terminate at the end of the third phase. The FHRA will review plans, proformas, budgets and everything is preliminary. The FHRA will have the right to terminate upon notice to developer if the FHRA deems the budget, proforma, the project or the plans are not feasible or in the best interest of the city of Lawrence or its inhabitants.

Ms. Kunz asked is this the very first thing that has to happen. Is the city of Lawrence in a process also and are they having a zoning hearing. Mr. Brown stated this sets everything in motion. Ms. Pyatt stated that the developer will have to stand in front of all of you and answer questions.

A woman asked as a community how do they keep abreast of the meetings to keep their voices heard. How will they know what meetings to go to so their voices are heard because she doesn't think they are even now.

Mr. Brown stated if a rezoning meeting occurs it requires notice to adjoining property owners so that's typically 2 parcels or 660 feet. Owners of the condos would get notice. Ms. Pyatt said all HOA's and city counselors would get notice. Mr. Brown said that is set up thru the Metropolitan Development Commission in downtown Indianapolis and that's where the meeting would be held.

Ms. Kunz asked if the FHRA agrees on this motion and talking about the \$1 million and does it give the perception that the community is on board or is it neutral. Mr. Brown said one of our obligations would be that the FHRA support the rezoning petition.

Ms. Reddick asked to withdrawal her motion to approve the project agreement and recommend that we give it further consideration. Mr. Brown seconded. The vote was unanimous. Mr. Brown stated he's been on the board for four years and he has only seen this many people here twice. Usually it's us and some of their neighbors. But lately it has been quiet. We always have an opportunity for questions and answers and often we have things that we are negotiating and can't talk about the negotiations. Sometimes we have to be vague because we are competing with Fishers or Noblesville or other places to get people to stay here or come here. We are a public body. These meetings are always open to the public and we'll do our best to answer questions but sometimes we just can't answer.

A resident asked about the meetings and was told they are the third Monday of each month. She asked if people can't come to meetings when they can see minutes to meetings. Mr. Brown stated they can't be posted until they are approved. The board can talk about putting them up preliminarily and they will talk to counsel about that.

Ms. Kunz asked Mr. Brown if they could be given more clarity on the matters that are being discussed since the board meets in executive meeting before hand. Ms. Reddick asked if it would be helpful if we brought down maps for the meetings. Freddie and Heather will bring down maps for future meetings.

The final item on the agenda is a presentation from Context Design. Alyssa Prazeau of Context Design said they are a landscape architecture design firm and a land use planning firm out of Fortville and the company has been around since 1998. They like being involved in a downtown setting because they like to be involved in the community. Fort Ben is one of their options and just started the dialogue today. They are growing and looking to buy a space in Fort Ben for new offices. They have considered this area and Fishers. Ms. Prazeau did present a portfolio with some concept designs with graphics. They were just ideas of what they see this building becoming. They don't plan to do a lot of additions or modifications but they will need to rehab it to make it usable and safe. They would use half of the building and be owner occupants and rent out the other half of the space. They could stay in Fortville because they like Fortville and they have an option to purchase where they are. The PX building is definitely the biggest financial stretch but they are really interested in this area because they feel the Lawton Loop area is a gem.

Mr. Brown asked how soon they look to relocate. Ms. Prazeau said they would start the design as soon as possible and the timeframe to relocate is spring of next year. Ms. Reddick asked how many employees they have and what the salary range would be. Ms. Prazeau stated they

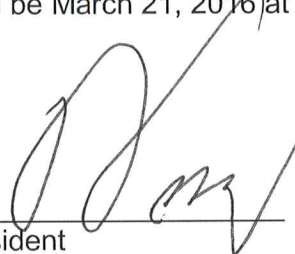

currently have 13 employees of which 12 are professionals and they are growing quickly. Their salary ranges from the \$42,000 to \$70's. The board thanked Ms. Prazeau for her interest.

There were no further questions or comments.

Mr. Treacy asked for a motion to adjourn the meeting. Mr. Brown made the motion and Mr. Bigsbee seconded. The motion passed unanimously and the meeting adjourned at 6:29 p.m.

The next meeting will be March 21, 2016 at 5:30 p.m.

Minutes Approved:



Edward Treacy, President

Russell Brown, Treasurer