

FORT HARRISON REUSE AUTHORITY BOARD MINUTES
Monday, March 20, 2017

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

Marci Reddick, President
Russell Brown, Secretary Treasurer
Curtis Bigsbee, Member

FHRA Staff Present

Mr. Freddie Burrus, Executive Director
Ms. Heather Millikan

Public in Attendance

April Pyatt, Ice Miller
Kim Reeves, Browning Investments
Chris Barnett, CDC
Mark Clark, Regions
Will Worley, Porters Books & Bread
Trace Yates, Boston Commons
Jerry Clifford, LLW resident
Carolyn Mattingly, YMCA
Cam Starnes, City of Lawrence
Tom Marten, LLW resident
Bruce Hugon, LLE resident
Alyssa Prazeau, Context

The official public meeting was called to order by Ms. Reddick. First order of business is a Secretary Treasurer's update.

Mr. Brown stated our monthly Profit and Loss report is available at the front. Also, two years ago we authorized a line of credit with BMO Harris Bank that expired at the end of February and the board has chosen not to renew it. He stated he thought we should put it on public record since it was originally approved at a public meeting.

Next item of business is the Executive Director's update. Mr. Burrus stated when the weather breaks they plan to resume construction at David Weekley Homes Phase 2. Four lots have already been sold in that phase. Also, construction work on Otis Avenue should continue when the weather changed.

There was a groundbreaking ceremony scheduled for today for Art To Remember but was cancelled due to the rain.

Ms. Reddick stated that the Otis Avenue extension is supposed to be complete by the end of April and they are really pleased to see the great progress.

The first item of new business was approval of minutes from the February 27, 2017 meeting. Mr. Bigsbee made the motion to approve the minutes and Mr. Brown seconded the motion. The motion passed unanimously.

Ms. Reddick stated there was nothing else new on the agenda to be approved by the board today but we have other development projects in the works.

Mr. Tom Marten with Lawton Loop West asked about lot sales for Weekley Homes on the P&L being zero. Ms. Reddick said those lots just closed this past week. Also Mr. Marten asked about the sales revenue on the line below. Mr. Brown stated that was for Art to Remember.

Mr. Trace Yates of Lawton Loop neighborhood asked about the status of the access road running behind the Merici and Marten buildings. Mr. Brown said the status is unchanged and that was tabled last year. He stated there are no plans at this point because it was contingent on the development of the Maude building and when that offer went away the plans for the access road were shelved on moving forward with that improvement.

Mr. Yates asked if the conversation was a done deal or if it could be resurrected. Ms. Reddick said the board could definitely look at proposals but we don't own or control the Maude building so if the current owner sells to someone or comes up with a new development proposal we could certainly take a look at it. Mr. Yates asked if the building was for sale and Ms. Reddick stated she didn't know.

A gentleman stated that he noticed there was no TIF revenue budgeted. Mr. Brown stated it wasn't budgeted because it is funds from 2016 but wasn't actually received until 2017. He asked what it is earmarked for. Mr. Brown stated it's our revenue source. He stated the majority of our budget is based off of our TIF revenue so it covers debt service, operating expenses, incentives, within the bounds of our authorizing statute.

Mr. Mark Clark stated that the interest expense is half of what was budgeted and asked if there was something tabled. Mr. Brown said that is twice annually and it may just be a timing issue on how it goes into our accounting software versus how it is paid. It's not that we are underpaying our interest obligations.

Mr. Will Worley of Porter Books and Bread asked is there a situation in which the FHRA would invest in the access road as a benefit to the businesses and residents. Ms. Reddick stated that the FHRA tried to. She said we spent a couple hundred thousand dollars on plans and tried to work with property owners where we would need easements or fee interest where we would need just a sliver of property but we were unable to get anywhere with people and we are still open to doing that.

Mr. Brown stated that in reality that is roughly a \$3 million investment so the anticipation was that if we had \$10 - \$12 million of new investment adjacent to that road that would justify the expense of \$3 million. Without that additional investment there is no revenue to pay back that debt. He stated we are spending roughly the same amount to build Otis Avenue as what it would cost for the extension to Lawton Loop. What we anticipate out here is we could see investment in the \$30 - \$50 million dollar range for the investment of \$3 million. With the lower property tax revenue or lower investment that would occur over on Lawton Loop, we needed the

investment of the Maude building and the Maude East project to justify the expense of \$3 million for infrastructure.

Mr. Worley asked if the primary goal of the FHRA is to increase the tax base or to reinvigorate and try to revitalize the community of Fort Harrison. Ms. Reddick said it is both of those and it's a balancing act and you have to look at each project on its own.

Mr. Worley asked if it's possible to do a \$3 million investment on the access road to benefit some smaller business like his own and the residents knowing that the FHRA wouldn't possibly recoup that investment but because the people in that area would benefit significantly from it.

Ms. Reddick said we would have to take a look at it as a board but couldn't commit to anything. Mr. Brown said that they had already made a determination that without further significant investment along there to the tune of \$10 million which we believed was necessary to justify that investment.

Mr. Worley asked what the end goal is and the point in generating all this revenue. Ms. Reddick stated it's to support the developments and infrastructure to foster the development. From the old army base there has been a lot of expense to make it fit to be used again. Every time we do a project we put a shovel in the ground and hit something no one knew was there because there were no zoning regulations that applied to the army base and expense to do business out here is really expensive in getting the sites ready. The goal is to not have a lot of property that is owned by entities that don't pay property taxes because it puts further drain on property owners that pay property taxes. We have property tax caps in Indiana and so the way to make sure you can still pay for public services is to make sure you have entities that pay property taxes.

Mr. Brown said ultimately the goal is to increase the property tax revenue faster because this entity goes away faster and then ultimately those dollars go to all other tax collecting entities like schools, libraries, City of Lawrence and police and fire. So the faster we complete development the faster we repay outstanding debt the FHRA has obligation for and we are done and those monies go to those other tax paying entities.

Ms. Reddick said we are trying to be deliberate about it. There have been potential developments like McDonalds or some other things on Parcel J that we didn't think would be good from a policy stand point for the type of mix of businesses and retail that would be best for the community.

Mr. Marten asked if it would be feasible to think that if the board is presented with some alternative solutions that would benefit smaller businesses over there but hopefully would not approach the \$3 million expenditure expected on a project but may require some assistance from the FHRA board, would they be agreeable to look at those as a betterment to the community.

Ms. Reddick stated as a matter of policy if a group works to develop a proposal for a road or something else we would take a look at it. Mr. Brown stated they look at every request from small to very large amounts. The FHRA's obligation is to make sure the taxpayers who pay property taxes get your reasonable return on your investment and so that is what the board looks at on everything that comes thru. Some of it like participating in the Christmas parade and tree lighting and events that Mayor Jessup started and participating in those builds spirit and sense of place out here but those are not \$3 million investment but \$500 investments. Freddie does not say no to anything. We absolutely would consider all requests that come to the board.

There were no further comments or questions.

Ms. Reddick said they appreciated the dialogue. Mr. Bigsbee made a motion to adjourn the meeting and Mr. Brown seconded the motion and the meeting adjourned.

Minutes Approved:



Marci Reddick, President

Russell Brown , Secretary Treasurer