

ECONOMIC DEVELOPMENT COMMITTEE

DATE: March 19, 2008

CALLED TO ORDER: 5:30 p.m.

ADJOURNED: 6:21 p.m.

ATTENDANCE

ATTENDING MEMBERS

Jeff Cardwell, Chair
Jose Evans
Robert Lutz
Brian Mahern
Barbara Malone
Mary Moriarty Adams
Kent Smith

ABSENT MEMBERS

AGENDA

PROPOSAL NO. 14, 2008 - nominates Terry Dilk for appointment to the Beech Grove Economic Development Commission
"Do Pass" Vote: 6-0

PROPOSAL NO. 83, 2008 - appoints Jeffrey Congdon to the Ft. Benjamin Harrison Reuse Authority
"Do Pass" Vote: 7-0

PROPOSAL NO. 84, 2008 - appoints Randall Faulkner to the Indianapolis City Market Corporation Board
"Do Pass" Vote: 7-0

PROPOSAL NO. 85, 2008 - appoints Bradley Battin to the Indianapolis City Market Corporation Board
"Postponed until April 23, 2008" Vote: 5-0

PROPOSAL NO. 86, 2008 - nominates David Oeth to the Speedway Economic Development Commission
"Postponed until April 23, 2008" Vote: 5-0

PROPOSAL NO. 113, 2008 - appoints Jonathan Cahill to the Indianapolis City Market Corporation Board
"Postponed until April 23, 2008" Vote: 5-0

PROPOSAL NO. 114, 2008 - appoints Janet Amos to the Indianapolis City Market Corporation Board
"Do Pass"

Vote: 6-0

PROPOSAL NO. 115, 2008 - appoints Wayne Schmidt to the Indianapolis City Market Corporation Board
"Do Pass"

Vote: 7-0

PROPOSAL NO. 118, 2008 - a special resolution reapproving substantially final bond documents for GMF Mann Village, LLC in an amount not to exceed \$14,500,000 for the purpose of financing the acquisition and rehabilitation of the project formerly known as Mann Village Road (Global Ministries Fellowship ("GMF") Mann Village Project) (District 22)
"Do Pass"

Vote: 7-0

PROPOSAL NO. 119, 2008 - a final resolution for Foundation for Affordable Rental Housing, Inc. in an amount not to exceed \$30,000,000 for the purpose of refinancing of the cost of the acquisition, construction and equipping of three multifamily housing facilities consisting of: (1) a 324-unit apartment complex known as Capital Place Apartments (4100 Continental Court); (2) a 212-unit apartment complex known as Covington Square Apartments (115 South High School Road); and (3) a 321-unit apartment complex known as The Woods at Oak Crossing (3120 Nobscot Drive), together with functionally related and subordinate facilities such as recreational facilities and parking areas (Districts 23, 13, 8)
"Do Pass"

Vote: 7-0

ECONOMIC DEVELOPMENT COMMITTEE

The Economic Development Committee of the City-County Council met on Wednesday, March 19, 2008. Chair Jeff Cardwell called the meeting to order at 5:30 p.m. with the following members present: Jose Evans, Robert Lutz, Brian Mahern, and Kent Smith. Barbara Malone and Mary Moriarty Adams arrived shortly thereafter.

Chair Cardwell asked for consent to move Proposal No. 114, 2008 to the top of the agenda. Consent was given.

Chair Cardwell asked for a motion to "Postpone" Proposal Nos. 85-86, 2008 and Proposal No. 113, 2008 until April 23, 2008. Councillor Lutz moved, seconded by Councillor Mahern, to "Postpone" Proposal Nos. 85-86, 2008 and Proposal No. 113, 2008 until April 23, 2008. The motion carried by a vote of 5-0.

[Clerk's Note: Councillor Moriarty Adams arrived at 5:32 p.m.]

PROPOSAL NO. 114, 2008 - appoints Janet Amos to the Indianapolis City Market Corporation Board

Ms. Amos stated that she has over 10 years experience in non-profit and political fundraising. She stated that she has worked for numerous state and local candidates, as well as a federal candidate.

Councillor Smith moved, seconded by Councillor Lutz, to send Proposal No. 114, 2008 to the full Council with a "Do Pass" recommendation. The motion carried by a vote of 6-0.

PROPOSAL NO. 14, 2008 - nominates Terry Dilk for appointment to the Beech Grove Economic Development Commission

Mr. Dilk stated that he resides in Beech Grove and serves on the redevelopment commission and is also a charter member of that commission. He said that he has worked on numerous projects, including the new Emerson Avenue gateway, re-doing Main Street, and sprucing up the Greenways.

Chair Cardwell thanked Mr. Dilk for his service to the community. He said that the Emerson Avenue project is a great asset to the community in Beech Grove, and the return on the investment is going to be great.

Councillor Lutz asked how Mr. Dilk's attendance is on the redevelopment commission. Mr. Dilk stated that he has only missed one meeting in the last four years.

Councillor Moriarty Adams moved, seconded by Councillor Lutz, to send Proposal No. 14, 2008 to the full Council with a "Do Pass" recommendation. The motion carried by a vote of 6-0.

[Clerk's Note: Councillor Malone arrived at 5:35 p.m.]

PROPOSAL NO. 83, 2008 - appoints Jeffrey Congdon to the Ft. Benjamin Harrison Reuse Authority

Mr. Congdon stated that he has been a resident of Lawrence for about nine years and is the treasurer of the Lawrence Community Development Corporation. He said that he has an interest in what goes on in Lawrence and at Ft. Benjamin Harrison and he feels that in the last couple of years a lot of good things have happened in the community. He stated that he would like to help to finish revitalizing the neighborhood.

Councillor Lutz asked if Mr. Congdon is currently serving on this committee and will his job allow him to attend the meetings. Mr. Congdon stated that he is not currently serving on the board, and his job will allow him to attend meetings on a regular basis.

Councillor Moriarty Adams moved, seconded by Councillor Smith, to send Proposal No. 83, 2008 to the full Council with a "Do Pass" recommendation. The motion carried by a vote of 7-0.

PROPOSAL NO. 84, 2008 - appoints Randall Faulkner to the Indianapolis City Market Corporation Board

Mr. Faulkner stated that he has been self-employed since he was 18 years old. He said that he has owned a construction company for the past 25 years and is doing well. Mr. Faulkner stated that he looks forward to using his business background to help the city revitalize the City Market.

Chair Cardwell stated that he has known Mr. Faulkner for a number of years, and his business experience will be a great value to those at the City Market. Chair Cardwell thanked Mr. Faulkner for all that he does for the community.

Councillor Moriarty Adams complemented Mr. Faulkner on his references, stating that she is familiar with several of them and she wishes him well with his appointment.

Councillor Lutz asked if Mr. Faulkner will be able to attend meetings on a regular basis. Mr. Faulkner answered in the affirmative, stating that he will give one hundred percent to the board.

Councillor Moriarty Adams moved, seconded by Councillor Smith, to send Proposal No. 84, 2008 to the full Council with a "Do Pass" recommendation. The motion carried by a vote of 7-0.

PROPOSAL NO. 115, 2008 - appoints Wayne Schmidt to the Indianapolis City Market Corporation Board

Mr. Schmidt stated that he founded Schmidt and Associates Architects about 32 years ago. He said that the business is located in the downtown area. He currently serves as president of the Parks Foundation Board. Mr. Schmidt stated that Indianapolis is a great city and if he can contribute anything towards its growth and prosperity, this is something that he would like to do. He said that his job does allow him to attend meetings of the board.

Councillor Malone asked if Mr. Schmidt has done any past work regarding the City Market and how his experience in architecture will fit in with the board. Mr. Schmidt stated that his business experience, running a successful firm, will help him contribute. He also said that on an architectural side, the City Market is one of the greatest monuments downtown and perhaps he can provide some insight.

Councillor Smith moved, seconded by Councillor Moriarty Adams, to send Proposal No. 115, 2008 to the full Council with a "Do Pass" recommendation. The motion carried by a vote of 7-0.

PROPOSAL NO. 118, 2008 - a special resolution reapproving substantially final bond documents for GMF Mann Village, LLC in an amount not to exceed \$14,500,000 for the purpose of financing the acquisition and rehabilitation of the project formerly known as Mann Village Road (Global Ministries Fellowship ("GMF") Mann Village Project) (District 22)

Rod Morgan, Attorney with Bingham McHale and bond counsel for the Economic Development Commission, stated that this project has been previously approved by the Council. This project was to close in December 2007, but due to the interest rate climate; the buyer had to walk away from the transaction. He said that the developer was committed to the project and found two new buyers. The documents had to be changed to accommodate the new financing. Mr. Morgan stated that the new financing allows for lower interest rates, so there will be more funds available for renovations and rehabilitation. He said that GMF Ministries is a 501 (c) 3 organization, and their purpose is to provide affordable housing for senior citizens. Mr. Morgan stated that this proposal is in Councillor Cockrum's district and he has been in favor of this project since the beginning. He said that because of their 501 (c) 3 status, GMF does not have to pay the taxes on the property, but they have agreed to enter into a Payment In Lieu of Taxes (PILOT) agreement in the amount of \$100,000 per year, rather than taking it completely off the tax rolls. Mr. Morgan stated that these bonds will not be an obligation to the City. He said that there will be no tax revenues to repay these bonds and it comes strictly from the revenues that are generated from the project. Mr. Morgan stated that if the Council votes in favor of this proposal, the developer must close the transaction by March 31, 2008. He said that if this does not happen by this date, the old bonds will

come due, and the old buyers are not able to pay for it. Fannie Mae credit will lapse, as well, and the developer will have a difficult time getting this is project restructured.

Tyler Klosnick, Bond Counsel for Ice Miller, stated that the Fannie Mae enhancement and the bonds coming due apply to the FARH project that is coming up next.

Councillor Mahern asked in terms of the volume cap plan, does this not count against the amount of bonding that can be done. Mr. Klosnick answered in the affirmative.

Councillor Malone asked if the senior citizens have to meet certain income requirements. Mr. Morgan answered in the affirmative. Councillor Malone asked if that includes disabled senior citizens, as well. Mr. Morgan answered in the affirmative.

Councillor Moriarty Adams asked if these apartments are for senior citizens. Mr. Morgan stated that the goal is to make this a senior project. Mr. Klosnick stated that the structure of the ranch style homes makes it a good senior living situation. He said that the apartments are not filled with all senior citizens at this moment but he hopes that will be phased in. Councillor Moriarty Adams asked who occupies those apartments now, and if there is an age limit for seniors. Mr. Klosnick stated that the apartments consist of low-to-moderate-income individuals, with no senior requirements. Councillor Moriarty Adams asked if the property will become all seniors over time. Mr. Morgan answered in the affirmative. Chair Cardwell asked what the age limit is. Mr. Morgan stated that the age for seniors is 55 and above.

Councillor Malone asked how they will be able to limit the housing to just seniors and not others who meet the eligibility requirements. Mr. Morgan stated that there is no discrimination, and it is geared and marketed towards seniors, but there is nothing to prohibit anyone from applying.

Councillor Smith stated that there have been many communities that were marketed toward a specific group. He said that if this is for seniors, it needs to be more iron clad. Mr. Morgan stated that this is what this ministry is all about. Their focus is about providing housing for seniors.

Councillor Smith moved, seconded by Councillor Moriarty Adams, to send Proposal No. 118, 2008 to the full Council with a "Do Pass" recommendation. The motion carried by a vote of 7-0.

PROPOSAL NO. 119, 2008 - a final resolution for Foundation for Affordable Rental Housing, Inc. in an amount not to exceed \$30,000,000 for the purpose of refinancing of the cost of the acquisition, construction and equipping of three multifamily housing facilities consisting of: (1) a 324-unit apartment complex known as Capital Place Apartments (4100 Continental Court); (2) a 212-unit apartment complex known as Covington Square Apartments (115 South High School Road); and (3) a 321-unit apartment complex known as The Woods at Oak Crossing (3120 Nobscot Drive),

together with functionally related and subordinate facilities such as recreational facilities and parking areas (Districts 23, 13, 8)

Mr. Morgan stated that this proposal was heard at the Economic Development Commission, where there was a public hearing and no one came to speak either for or against. The commission recommends approval of this resolution. Mr. Morgan stated that there is an understanding by the developer and there was discussion at the commission meeting concerning the tax status of these bonds. There is no obligation to the city and there will be no tax revenues utilized to repay the bonds. Even though the developer is a 501 (c) 3 organization, the properties will remain on the tax rolls. He said that with the 501 (c) 3 status, there is no volume cap. Mr. Morgan stated that the three projects were visited by the city, and there was a unanimous recommendation for all three projects. He said that because of the old financing, Fannie Mae guarantee and closing not completed by March 31, 2008, there will be about 800 units of housing not refinanced and they do not know what the result will be.

Mr. Klosnick stated that the allocation amount was not to exceed \$30 million dollars. He said that the Capital Place project will receive \$10.4 million, Covington Square will receive \$7.65 million and the Woods at Oak Crossing will receive \$11.95 million.

Councillor Mahern asked if there was work already done related to these bonds and if there is any work outstanding. Mr. Klosnick stated that there was a conventional loan, and roughly \$1 million dollars was spent on improvements on each project. That work is complete.

Councillor Moriarty Adams asked how much the rent at these apartments is. Mr. Klosnick stated that he does not have that information and will provide that information to the committee. He said that \$600 per month is pretty standard.

Councillor Malone asked who Mr. Klosnick represents. He stated that, in this transaction, he is representing the underwriter J.P. Morgan.

Councillor Lutz asked what the \$7.65 million used for Covington Square will go toward. Mr. Klosnick stated that the majority of the funds will be used to take out the prior conventional loan and refinance to a lower interest rate, hopefully for savings and further improvements. Councillor Lutz asked what the balance of the present mortgage is. Mr. Klosnick stated that it is around \$7.65 million.

Councillor Lutz stated that normally these proposals will come to the committee with an inducement resolution and these just appeared on the agenda. He asked for explanations as to why they are here this way and where they are going from here. Mr. Morgan stated that IC 36-7-11.9 and 36-7-12 requires them to go through the Economic Development Commission, Economic Development Committee and the full Council once, unless there is a requirement for the developer to receive an inducement and volume cap from the city for taxes and bond financing. He said that in order for them to

apply for bond financing, they must receive an inducement from the issuer (city). Mr. Morgan stated that those projects come through generally for the inducement, go through the process, come back through once they finalize their projects for final resolution, and then final action is taken by the City-County Council. He said that this project is one where there is no requirement to receive volume cap, because the borrower is a 501 (c) 3 organization, and that allows them to come through for a final resolution initially. Mr. Klosncik stated that once an inducement occurs from a government actor, it allows the developer to go back 60 days from that point in time to reimburse itself from the expenditures that were occurring prior to that date.

Councillor Mahern stated that in this particular case there is no inducement up front to cover any losses, but instead a refinance. Clearly, there are going to be some savings. He asked if that in fact will be the case, where a percentage will go back into the project. Mr. Morgan answered in the affirmative, stating that the underwriter could discuss that in minimal detail, but he does not represent the underwriter so can not speak to that. Councillor Mahern asked whether or not it is unheard of to see a commitment. Mr. Morgan answered in the negative.

Councillor Lutz asked if these apartments will close if this proposal is not approved. Mr. Morgan stated that he does not know what the result will be. There will not be any refinancing, lower interest costs and any other benefits with doing this transaction. He said that the current owners will be saddled with this, and the new buyers will walk away.

Councillor Moriarty Adams moved, seconded by Councillor Lutz, to send Proposal No. 119, 2008 to the full Council with a "Do Pass" recommendation. The motion carried by a vote of 7-0.

There being no further business, and upon motion duly made, the meeting adjourned at 6:21 p.m.

Respectfully Submitted,

JC/lw

Jeff Cardwell, Chair