

Request for Information (RFI) Response

City of Indianapolis Office of the Mayor

Site Reuse Recommendation

202 North Alabama Street

Indianapolis Old City Hall



"I am, myself, a citizen of no mean city"

Submitted to:

**Paul F. Smith, Real Estate Manager
City of Indianapolis – Real Estate Division
200 East Washington Street, Suite 2301
Indianapolis, IN 46204
PSmith@indy.gov**

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Lazarus Group, LLC & Partners

On July 27, 1909 Governor Thomas Riley Marshall (later to be Vice President) and Indianapolis Mayor Charles A. Bookwalter celebrated the kickoff of a landmark construction project in Indianapolis. At the cornerstone laying ceremonies these two leaders addressed a crowd by proclaiming a motto engraved in the cornerstone: "I am, myself, a citizen of no mean city." The ambitious construction project followed an era where city government and its associated offices were disbursed around the city in multiple locations. Mayor Bookwalter boldly stated, "in all the years to come no citizen... will pass this corner and read that motto without feeling a responsibility for good citizenship in this city of ours."

Unfortunately, the boastful motto borrowed from Paul of Tarsus has been repeatedly overshadowed by the vacant condition of this landmark structure at present, and in the past. Two themes dominate the second fifty years of this building's existence: vacancy, and threat of demolition. An Indianapolis Times article of 12/7/1958 noted even then, merely 50 years after construction, the site "isn't built for a modern office building... we couldn't sell it for salvage – nobody wants these big hunks of stone nowadays." The city received no offers for purchase or reuse two years prior to or after it was vacated by city officials in favor of the City County Building. Eventually, the site was transferred to the state for use as the state museum in 1966. While the building was saved from demolition or salvage, it began to lose its grand stature.... windows were blocked in, Behrens' murals faded and threatened, and ornate woodwork and assets notched or covered with drop ceiling. Demolition was again considered prior to another reuse began as the interim public library while the Central Library was renovated and redeveloped. Again vacancy plagues this amazing, but difficult to reuse property.

I. Strategic Approach

Old City Hall Parcel transferred to the redevelopment entity for nominal consideration, adjacent state owned parcel acquired by the redevelopment entity in a separate LLC. Public use areas will be perpetually retained in portions of Old City Hall building via covenants on the deed.

Because of the municipal nature of the historic city hall, the City should seek an approach that enables the city to retain a limited public use interest in the site for future generations of Indianapolis citizens. Retaining public use rights, does not mean the city would retain financial responsibility for operation and maintenance activities at the site. Instead, the City should support awarding the project to a proposal that would create a shared-use structure for the historic building site. This partnership would delineate retained public use spaces in particular portions of the site including: the rotunda, the former city counsel chambers on the 4th floor southern wing, and the former dormitory room on the northeast section of the 4th floor. The development group selected to develop the entire project would retain authority over use all determinations for all other areas of the historic structure, and access would be governed by the management entity for the building with concerns of tenants in mind. However, general business hours and special access event hours would be observed.

City assistance would be anticipated as the redevelopment partner acquires the adjacent parking lot parcel from the state. The City's assistance would help gain site access for due diligence activities, etc. The redevelopment partner would not anticipate funding assistance to acquire the parking lot parcel to the north of the Old City Hall.

The redevelopment partner would own and control both the Old City Hall parcel and the parking lot parcel to the north, but would do so subject to pre-determined public use considerations as described above.

II. Staff Experience

The team of Lazarus Group, LLC and its finance partner provide a visionary approach rooted in particularly public minded project successes. The distressed property skills, community based redevelopment project experience, and a visionary but practical design experience is combined to be particularly beneficial on the specific reuse detailed in this RFI response.

Chris Harrell and Lazarus Group, LLC bring a mix of five years of private sector consulting experience matched with nearly six years of public sector community economic development project management skills. Harrell has managed multimillion dollar distressed property acquisition strategies, demolition, assessment, remediation and community economic development projects. Harrell has won several real estate and sustainable development awards for projects including the 2008 State of Indiana's Governor's Award for Environmental Excellence in Land use, and a 2007 Sewing the Seeds of Sustainability from the US EPA.

Will Pritchard has extensive experience in project finance for community based projects throughout the City of Indianapolis. Over nearly ten years of real estate project development finance and underwriting with Local Initiatives Support Corporation Pritchard guided and provided underwriting expertise for dozens of private not for profit residential and commercial projects as well as entire corridor rebuilding efforts.

Architecture for Humanity Indianapolis (AfH Indy) was founded in 2008, is a not for profit entity that consists of dedicated professional architects, designers and urban redevelopment professionals. This entity was created to promote collaboration, awareness, and sustainable design principles wherever possible in community development projects in Indianapolis. The designs provided in this submission are a product of the hard work and professional dedication for which this group has quickly become recognized. The Lazarus Group, LLC team and partners are thrilled to have such a unique not profit design team to join the sustainable community based theme of this submission.

If the redevelopment concept proposed herein is favorable to the Office of the Mayor, Lazarus Group LLC, and its partners will bring forth a community minded, designed and benefitting approach that will play perfectly to each team member's strengths. Additional team partners from Indianapolis and nationally will be recruited to ensure that the vision of the project is implemented to uphold the standards imbued in the cornerstone's engraving.

III. Ideas:

There is indeed a reuse option to cease the site's current vacancy, to forestall future threats of vacancy; and do so in an extremely creative and sustainable manner; however, it is not a simple single faceted solution. To ensure long term reuse of the site, multiple reuse options must be combined and layered to the benefit of one another both in the historic structure, and connecting (literally) to redevelopment of the adjacent parking lot.

Indeed, in a September 1977 Indianapolis Star article describing the demolition of the Indianapolis Printing Company immediately north of the Old City Hall building notes that even at that time a 13-story annex to the (then) museum was envisioned. Although a thirteen story development is not envisioned in this proposal, the Lazarus Group, LLC vision includes catering to needs of multiple entities with linked missions under one green roof and physically attached to a new redevelopment project.

The Old City Hall Building -

This landmark structure requires massive amounts of investment to return it to its prior glory. Ironically, one way to find the means to pay for this renovation is directly linked to the best possible outcome that this building's redevelopment can bring – an historic building green rehabilitation showcase... linked to the future.

The Old City Hall building should be the epicenter of both the City government's economic development and sustainability efforts as well as the linked missions of several private not-for-profit entities. The City's Economic Development staff and its Office of Sustainability, if housed together under one green roof in the Old City Hall could help drive the city's 21st century economic development infused with the concepts of sustainability. By co-locating the staff members of the City's Division of Economic Development (ED), the not for profit Indianapolis Economic Development Incorporated (IEDI), and several other groups in this building a free flow of better development ideas promoting both long term economic development opportunities, and doing so with our future generations in mind.

Multiple additional entities should be considered as prime target tenants. As many as possible to pay at or near market rates for leased space in this site:

- Indianapolis Economic Development, Inc.
- City of Indianapolis Division of Economic Development Staff
- City of Indianapolis Office of Sustainability
- Ball State College of Architecture & Planning Indy Office (CAP Indy) and the associated Community Design Center
- Indy Partnership
- The Greater Indianapolis Chamber of Commerce
- Indianapolis Downtown, Inc.
- BioCrossroads
- CICP
- The Indianapolis Neighborhood Resource Center
- Local Initiatives Support Corporation (LISC Indy)
- The Indianapolis Public Improvement Bond Bank
- Indiana Association for Community Economic Development
- Citizens Energy Community Economic Development Staff
- Indy Parks Greenways
- Greenways Foundation, Inc.
- Indianapolis Coalition for Neighborhood Development
- Improving Kids' Environment

As the groups with linked missions above are co-located in the Old City Hall building itself, after a green historic rehabilitation both the city and any participating entities will benefit. The building itself will receive a "daylighting" treatment with all the blocked windows being reopened with new high efficiency windows and glazing with sensitivity to historic window glazing. The fourth floor former City Council Chambers will be renovated and returned to former mahogany paneled glory and converted to a multi-use space for small conferences, public and private receptions, press events, and art film showings on weekends and special occasions. This multi-use space will add a much needed component near the Mass. Ave. arts corridor.

The former fourth floor dormitory could be converted to a building fitness area / shower and changing area to encourage biking to work on the Cultural Trail just outside the vestibule to the east.

A completely retooled HVAC system is required and would be financed and literally shared in conjunction with the new construction building to the east. A geothermal system installed and linked as the new construction next door takes place will drastically shift the cost efficiency of the

The Adjacent Parking Lot to the North -

In meeting the monumental challenge of blending a modern architectural design with the neo-classical design of the Old City Hall, our not for profit community minded design team from Architecture for Humanity Indianapolis Chapter (AfH Indy) has once again proven up to the challenge. The designs attached will guide the viewer at the ability to maintain the view of the northern face of the Old City Hall from Alabama Street and the Cultural Trail as one is traveling one way south, but also includes a terraced green approach to the interplay between historic architecture and new construction. With the anticipated LEED Platinum rating this site would bring, the bicycle friendly courtyard area linked with a crosswalk from the cultural trail, the first floor commercial would thrive. A "Locally Grown" restaurant concept similar to the 732 Social restaurant in Louisville, KY would provide seasonally appropriate, and locally available fare whenever possible. By linking sustainably produced and locally grown meals to the first floor commercial, the sustainable design of the building around the restaurant would shine.

Furthermore, additional lounge area and bourbon bar would add a fine compliment to the new restaurant/bar planned for 3 Mass Ave. and the existing nightlife that has developed along the Mass Ave. arts corridor. The mixed use concept would further follow the highly successful boutique hotel mode perfected by 21C in Louisville, KY linking art gallery space – specifically appealing because of the site's location one block from the Mass Ave. Arts Corridor. Without any hotel options near the Mass Ave. Arts corridor the boutique arts hotel model proves particularly relevant for this location. Lazarus Group, LLC has previously initiated discussions with developers at 21C hotel, and 21C is open to future partnership discussions with the Lazarus Group, LLC team. Additionally, other boutique hotel end users like Kimpton boutique hotels could help drive redevelopment of this site as the main tenant and anchor.

The terraced design opens up the possibility of extensive green roof deck activities, and viewing the landmark property from the new structure. Chief among the design concept plans are the walkway links between the Old City Hall building windows and the new construction mixed use

structure. These structures dominate the space above the courtyard and reinforce the focus on walkability as a key component to the sustainable redevelopment concept of this project.

IV. Value Added Benefits

These value added benefits are consistent throughout the entire plan outlined to retool this repeatedly vacant site. This plan would break the cycle of vacancy in an extraordinary fashion.

V. Financial Structure

Genesis is a complex project involving a vacant, publicly owned historic landmark adjacent to land owned by a different public entity. The building requires renovations and modifications that will be historically sensitive yet provide modern office space amenities. The financing will need to be creative and flexible to preserve the existing building while also financing energy efficient improvements and a contemporary hotel on the adjacent lot.

Since the building is instrumental to the history of the city, the site should remain under the control of the City of Indianapolis. This will ensure that future generations can experience, at a minimum, the common areas within the building. In addition, this will provide the City with control of the project in case future owners confront financial problems.

We recommend the City enter into a long term land lease with Principal. The Principal, or an entity that owns the land and is managed by the Principal, will make annual lease payments to the City according to one of the following plans:

- Annual payments. Principal will make annual payments that will accelerate every five years. This will provide the City with a consistent, long-term revenue stream while also providing Principal with predictable expenses.
- Payments based on income. Principal will make annual payments based on a percentage of the project's net income. This will also provide the City with a long-term revenue stream, however, the City will share the Partner's financial risk and the amount of the annual lease payment could vary from year to year. This structure enables the City and Principal to become closer partners in the project.

Since the adjacent land, owned by the State of Indiana, does not bear the public significance of the historic building, the land will be acquired by the Principal and provide the State with an immediate source of revenue.

The Principal will create and manage an entity to acquire and own the building (not the land) at 202 N. Alabama. The for-profit entity will include the Principal and limited investors and will finance the development. The for-profit entity will utilize a variety of financial resources, including, but not limited to, the following:

- Historic Rehabilitation Tax Credits. This federal program will provide tax credits equal to 20% of the eligible basis of the project. The eligible basis will include most of the construction and soft costs. The sale of these tax credits to an investor will provide a source of small source of equity for the project. The use of the credits will also ensure

the project remains a federally protected historic landmark. Strict standards will apply to design modifications and materials.

- **Conventional financing.** The Principal will utilize conventional construction and permanent financing sources provided by banks and other financial institutions. Local institutions will be targeted to participate. This is an important source of funding as it could finance up to 75% of the project's costs.
- **Energy Efficiency and Conservation Block Grants.** The Principal will utilize these federal grants administered by the City's Office of Sustainability to increase the energy efficiency of the building and create a green roof. The Principal will pursue LEED certification of the building. LEED certification, created and administered by the United States Green Building Council, is the most widely used rating system governing the energy efficiency and environmentally friendly design of buildings.
- **New Markets Tax Credits.** These federal tax credits administered by the Department of Treasury for job-producing commercial projects will be utilized to provide lower cost financing and a source of equity. A local allocatee will provide the tax credits, so the fees and other financing costs associated with the project will remain within the city. The credits can be used in connection with the historic tax credits. This is a widely used program nationally that has funded relatively few projects in Indiana since its inception.
- **National Trust Loan Fund.** The Principal will utilize a bridge loan through the National Trust Loan Fund provided by the National Trust for Historic Preservation. This flexible construction loan will help fill a financing gap and subordinate to conventional financing. The loan will be repaid based on the satisfaction of construction and leasing benchmarks.
- **Neighborhood Brownfield Initiative.** These small grants will fund environmental testing of the building and adjacent site. Potential issues have already been identified by the Principal and there are not expected to be any major environmental remediation costs.

This is a brief description of the applicable funding sources. Details can be provided as necessary. This type of project will include a variety of funding sources, each with different requirements. The Principal will coordinate and manage the all funding sources.

VI. State-Owned Parking Lot

The adjacent parking lot will be acquired by the Principal for development of a nationally-recognized, architectural landmark boutique hotel, preliminarily named The City Hall Hotel. The unique design will complement the historic City Hall while also serving as a destination attracting local residents and tourists. The structure will serve as an inspiration to the design community and city residents and catalyze other similarly innovative projects.

The hotel will be designed by a locally-based team. From the landscaping to the exterior structure to the interior room and common area design, the hotel will utilize the most

innovative materials and building practices. Many rooms will provide panoramic views of nearby downtown Indianapolis while the hotel remains an integral part of the Massachusetts Avenue Cultural District and surrounding neighborhoods. The hotel will incorporate the design of the Cultural Trail across the street. The Trail will offer hotel guests with a short walk into the heart of downtown, Monument Circle.

This boutique hotel will also be LEED certified, utilizing the latest green building practices and materials. The hotel will demonstrate a combination of distinctive design, energy efficiency, and quality within a reasonable budget. Underground parking will provide space for hotel visitors and office occupants in the Old City Hall building. The entire project will set a new standard for creative design and energy efficiency in historic renovation and new construction, all within a relatively modest budget.



