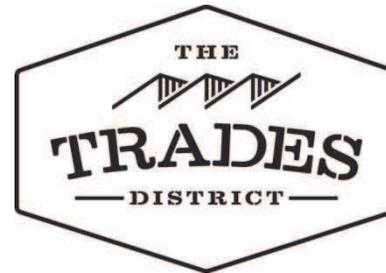


CBRE Recommendation on Trades District Proposals



November 2015

CBRE is the Largest & Most Experienced Commercial Real Estate Advisory Company in Indiana And USA

CBRE'S SCALE in IN 3 Offices Servicing Indiana (Indianapolis, Ft. Wayne & Louisville)



Gordon Hendry



Midwest Leader of Public Institutions team

Current clients include cities of Ann Arbor, MI; Urbana-Champaign, IL; Butler University

Former Director of ED for Mayor Peterson of Indianapolis and CEO of The Indy Partnership

Born & raised in Bloomington, Indiana

Michael McShea



Co-national Leader of Public Institutions team

Current clients include over 7 States including Maryland, Florida and Texas, and cities of Miami and Ft. Lauderdale, FL; and Austin and Dallas, TX

Overview of Process To Date

- RFP developed by CBRE consistent with vision of Master Plan and approved by RDC
- RFP issued in October, 2014
- Pre-proposal meeting November, 2014
- Developer proposals submitted December, 2014
- City reviewed proposals and interviewed teams
- City determined that Flaherty & Collins/ RCV proposal was best to pursue
- Negotiations began in early 2015, continued through September
- LOI presented to RDC in September
- Formal Legal Notice of Offering resulted in additional proposal from CTP Partners

RFP In Context of Master Plan

- When issued RFP last year, CBRE told City and RDC that responses could be consistent with Master Plan but may have variations.
- Master Plan is conceptual - not set in stone - and developers in proposals would confirm what is feasible in the market.



From Executive Summary of RFP:

- “The City intends to leverage the redevelopment of the property to further its goals to create an innovation district in the downtown, to spur the continued growth of its fast-emerging high-tech sector, and to sustainably integrate this once industrial area into the fabric of its vibrant live/work/play downtown. Therefore, uses and activities that strongly align with vision and concepts advanced in the City’s Certified Tech Park Master Plan...are sought through this RFP”
- “The Master Plan envisions and encourages the following uses and activities for this Property: “High technology, research and development...Mixed office/retail and residential where the residential units...meet a professional/workforce housing demand.”

Flaherty & Collins/Rough Cut Ventures, LLC



hnr/vino

THE MILL
CO-WORKING AND EVENT SPACE



Side by Side Comparison of Key Features

	Flaherty & Collins/RCV	CTP Partners
Residential Units	213	245 (10 affordable)
New Office Sq. Ft.	19,500	32,000
Mill and Kiln Renovation Sq. Ft. for tech office, co-work and event space	29,201	29,201
Retail Sq. Ft.	4,100	5,000
Parking	292 above ground, wrapped garage	282 above-ground, wrapped garage; 14 surface; 102 street metered
Park	Yes (between Mill/Kiln and new construction)	Yes (corner of 11 th and Rogers)
Total Project Cost	Approximately \$40 million	Approx. \$42 million
City Support (not including land cost of \$3.0 million to be contributed to project and other possible infrastructure)	\$0 (City may add additional parking to garage among other things)	At least \$5 million not including Madison St. (If no street meter parking, reduce by \$450,000)
Tax revenues (Depends upon AV and tax rates upon project completion)	CBRE estimates at \$500,000 - \$750,000. Developer commits to guarantee of minimum of \$500,000 for 10 years.	CBRE estimates at \$500,000 - \$750,000 (not including proposed street meter parking)

- Important for RDC to move forward with one of the two proposals
- Why?
 - ✓ Add Close to 50,000 SF of New Tech Office Space in Downtown
 - ✓ Tech Hub Brought to Downtown, including incubator, co-work, small office and event space via renovation of historic properties
 - ✓ New Parking Structure to Support Trades District - built, owned & operated by developer, not City
 - ✓ Market Rate and Professional Workforce, Non-Student Housing
 - ✓ Green Construction
 - ✓ Property Taxes of at least \$500,000 Per Year And Potentially More
 - ✓ Downside Risk of Delay

- Risks of delay:
 - Potentially losing companies (including Envisage) and talent, and overall harm to Bloomington's tech community/economy
 - Uncertain capital markets (interest rates/financing climate), economic and political climate and rising costs of labor, materials, etc. Development environment could change materially.
 - Loss of significant property tax revenues
 - Drag on development of other 6 acres

Challenge of Adding New Downtown Office Space

- Reality of Bloomington office market (especially for tech):
 - New office building construction unlikely in next 5-10 years without substantial City subsidy due to market rents and existing vacancies. Especially true for multi-story buildings with underground or structured parking.
 - Mixed-use path, as currently proposed, is best way to add new construction office space to Bloomington.
 - Proposals will add 50,000+ SF of new tech-oriented office space to Bloomington's downtown. Does not include 20,000 SF from Showers Administration Building expected by end of 2016.

- **Based on proposals before the RDC, CBRE recommends the RDC approve the Flaherty & Collins/ Rough Cut Ventures proposal**
 - ✓ CTP Partners proposal would require at least \$5 million additional taxpayer funds
 - ✓ F&C is experienced, respected national developer based in Indiana
 - ✓ Retain and grow local tech HQs – Envisage and ConsulTech
 - ✓ Local tech leaders part of team and co-developing tech space

Other Indiana cities are supporting tech hubs

- Launch Fishers
- Indianapolis' \$75M for 16 Tech
- City of Lawrence's Ft. Benjamin Harrison Reuse Authority
- Indianapolis DeveloperTown and SpeakEasy

Indiana tech success story

- Indianapolis-based ExactTarget started in early 2000s, acquired by Salesforce in 2013 for \$2.5 billion and over 1,000 employees in downtown Indy. Currently occupies over 200,000 sq. ft. of office space.
- Sale created tech millionaires who are starting & investing in new co's and creating jobs
- National credibility as tech hub increases dramatically

Will next ExactTarget come from Bloomington?

Recommended Next Steps for RDC

- Selection of preferred developer by RDC
- Negotiation of project agreement by City staff and corporation counsel
- Approval of project agreement by RDC
- Project agreement execution
- Plan commission approval
- Closing on property per project agreement