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## Abatement may give Indy stake in AmeriPlex development

### Preliminary deal gives abatement in return for piece of development

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The city of Indianapolis is drawing up plans to become a partner in what's envisioned as one of the largest warehouse and distribution center complexes in Central Indiana in exchange for granting the developer a 10-year tax abatement.

Mayor Greg Ballard, who announced the preliminary deal with Holladay Properties, said the city was willing to give up a portion of tax revenues for a time to help draw tenants to the 205-acre site near Indianapolis International Airport.

If all goes as planned, Holladay will have built nine buildings totaling about 3 million square feet at its AmeriPlex development over the next five years. Indianapolis will receive a 1 percent ownership stake in the project.

The amount of the tax breaks Holladay will receive won't be known until the value of the buildings is determined, which will depend on tenant needs. Abatements are phased out over a period of years; they are typically used as incentives for expansion or recruitment of new development that brings in extra tax revenue for a city.

In other such deals, the amount abated depends on the size of the investment and jobs created. For example, a development group received an \$8.3 million abatement in 2004 to build the Conrad hotel Downtown and generate 240 jobs.

Nick Weber, deputy mayor for economic development, said the city has lost job-creation opportunities because it does not have the readily available incentive packages that competing counties offer.

For example, Amazon.com opened a distribution center in the Anson center in Boone County last summer, and Medco is building a \$150 million facility there for its mail-order pharmacy later this year.

"Competing counties have things in place that allow for immediate abatements," Weber said. "We have lots of process (in Indianapolis). We've lost deals because we didn't have this tax infrastructure in place."

Chris Wilkes, a Holladay vice president in charge of the AmeriPlex development, said the city's ownership interest represents a new way of thinking about tax abatements.

The city's stake will not cost taxpayers any money beyond some of the tax revenues created by the new business activity, he said.

Unless the development is sold sooner, the developer will buy out the city at the end of the 10-year period, paying it 1 percent of whatever the market value of the complex might be at that point.

The city, officials said, will not be liable if the project collapses.

Wilkes said Holladay, in return, gets certainty in the incentive package it can offer tenants. In the past, he said that certainty gave surrounding counties an advantage over the city.

"When a company decides it needs half a million square feet and picks Central Indiana, they often want to execute a deal in the next quarter, not the next year," Wilkes said. "Speed to market is critical."

Initially, the buildings will be built to suit a company's needs. Later, others might be built on speculation, meaning before a tenant is found, Wilkes said. He expressed confidence in the development's potential, despite the flagging economy.

Ballard also announced Wednesday that he plans a trip to the Sao Paolo area of Brazil this summer as part of his push to encourage more environmentally friendly projects. The Holladay project is envisioned as a "green" undertaking.

The trip to South America would be Ballard's second abroad since becoming mayor.

His trip last year to China and Japan drew questions about whether it was a good use of a taxpayer-funded grant, but Ballard returned with an agreement from a Chinese auto parts maker to build a distribution center in Indianapolis this year.

## Additional Facts

### ABOUT HOLLADAY PROPERTIES

» **What:** Privately held land development company, design/build firm and a fully integrated real estate company with more than 250 employees and offices in six major metropolitan areas, including Indianapolis.

» **Headquarters:** South Bend.

» **Founded:** 1952.

» **President and chief executive:** John Phair.

» **Projects and services:** Company has projects ranging from \$750,000 to more than \$75 million in more than 15 states, with a total project valuation of more than \$2 billion. Projects include mixed-use, retail, hospitality, commercial and medical. It also provides property and facilities management, construction, site-selection and consulting services.

» **Local properties:** Includes AmeriPlex-Indianapolis, Purdue Research Park at AmeriPlex-Indianapolis and Seventy West, a retail project off I-70.

Source: Company Web site

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