

**APPROVAL OF A REQUEST THAT IVY TECH FOUNDATION, INC. PURCHASE
APPROXIMATELY 2.0263 ACRES OF IMPROVED LAND AT 2540 NORTH CAPITAL
AVENUE FOR LEASE BACK TO THE FALL CREEK ACADEMY**

RESOLUTION NUMBER 2012-48

WHEREAS, the College has an ongoing relationship with the Fall Creek Academy adjacent to the North Meridian Center in Indianapolis including leasing space to the growing Academy and participation in the Fall Creek Academy – Ivy Tech Community College Middle College Program, and

WHEREAS, the Central Indiana Region is drafting a land acquisition plan which includes the Fall Creek Academy property, and

WHEREAS, the Fall Creek Academy has approached the College to purchase the Academy and lease it back to the Academy so that it can use the proceeds to purchase the property from the owner and donations for construction at a different site, and


WHEREAS, the negotiated purchase price is \$4,250,000, the amount of funding the owner has in the acquisition and construction of the Academy, and

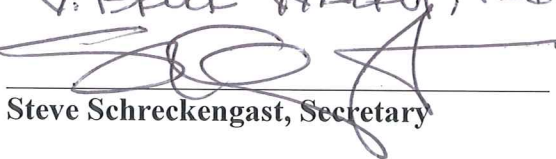
WHEREAS, a purchase agreement and rent payments will be negotiated by the Foundation so that there is a provision for the Academy to buy the building back for the outstanding debt of the Foundation's loan and any costs above the value of the lease payments, and

WHEREAS, the College is requesting that the State Trustees request the Ivy Tech Foundation, or one of its affiliates, purchase said property for lease back to the Fall Creek Academy;

NOW THEREFORE BE IT RESOLVED, that the State Trustees do hereby request that the Ivy Tech Foundation, or one of its affiliates, purchase said property by securing a mortgage backed loan using the property to secure the loan and lease it to the Fall Creek Academy.

**State Trustees
Ivy Tech Community College of Indiana**



Anne K. Shane, Chairman
V. BRUCE WALKUP, VICE CHAIRMAN


Steve Schreckengast, Secretary

Dated June 7, 2012


Chair

Buildings, Grounds, and Capital Committee

Approval of a request that Ivy Tech Foundation, Inc. purchase approximately 2.0263 acres of improved land at 2540 North Capital Avenue for lease back to the Fall Creek Academy June 7, 2012

This item will authorize the College to request that Ivy Tech Foundation, Inc. or one of its affiliates (collectively referred to as “The Foundation” for this item) purchase the Fall Creek Academy and lease it back to the academy until such time that a loan can be paid off.

- The Fall Creek Academy at 2540 North Capital Avenue, contiguous to the North Meridian Center Campus, has been in existence since 2002.
 - Started at Union Station as the 21st Century Charter School,
 - Moved to 2540 North Capital Avenue in 2005, and
 - Changed its name to Fall Creek Academy in 2008.
- The Fall Creek Academy is a K -12 charter school with one of the few Middle College Programs (a partnership with Ivy Tech in Indianapolis) for charter schools. A typical Fall Creek Academy high school senior will graduate with 12 to 21 Ivy Tech credits and the top students with as many as 33 Ivy Tech credits.
- The approximately 2.0263 acre property includes a 32,500 gross square foot educational building constructed in 2005. It contains classrooms, computer labs, offices, faculty work room, common areas, a kitchen, gym, and support spaces.
- The property also includes paved parking.
- The agreed upon purchase price is \$4,250,000, the amount the current owner has invested in the property and building.
- From a College ordered comparable sales appraisal, the appraised value of the real estate is \$2,710,000.
- A replacement cost analysis is being conducted and is expected to be much higher than the comparable sales appraised value.
- The Fall Creek Academy is obtaining its own appraisal.
- The current owner, Greater Education Opportunities Foundation Holdings Indiana, LLC (GEO), the owner of three charter schools in Indiana, has agreed to sell the property to Fall Creek Academy, Inc., and the Fall Creek Academy will sell the property to the Ivy Tech Foundation or its Community Enterprises Properties, LLC.
- In turn the Ivy Tech Foundation will lease the property back to the Fall Creek Academy for an initial period of at least three years with multiple one-year renewal options.
- It is assumed the Foundation will need to obtain a mortgage backed loan using the property and the lease with the Fall Creek Academy as assets.
- The initial rent paid by Fall Creek Academy will need to cover the Foundation’s loan payments with a balloon payment at the end of the lease period to make the Foundation whole.
- At the end of the lease, the Foundation’s note will be paid off by the Fall Creek Academy and the property will be transferred:
 - Back to the Fall Creek Academy if they need the space due to enrollment growth,
 - To the College, or
 - To another, compatible entity.

- The most likely other entity would be the YMCA of Greater Indianapolis.
 - If transferred to the YMCA, the College would have access to nearby day care and fitness and wellness space for its students, faculty, and staff.
- Time is of the essence since this transaction needs to take place prior to June 30, 2012.
 - Due to some issues with other GEO Foundation owned charter schools, the Fall Creek Academy (one of the top performing charter schools in Indiana) needs to separate itself from GEO Foundation.
 - The Fall Creek Academy is doing so with new owners, Fall Creek Academy, LLC, and a new charter.
 - The Fall Creek Academy is due for reauthorization by June 30, 2012. Ball State University will only reauthorize the Fall Creek Academy if it has new ownership and the property is transferred to the Fall Creek Academy or Ivy Tech.
- Ivy Tech's participation in obtaining the property through its Foundation will benefit the College:
 - Ivy Tech already has an important partnership with the Fall Creek Academy by providing some leased space on the North Meridian Center Campus and through the Middle College Program,
 - Fall Creek Academy high school students typically take 12 to 21 credit hours of Ivy Tech courses for which the College is paid tuition and fees by the Academy,
 - The College is developing a more systematic outreach to charter schools throughout the state as one of its enrollment development strategies,
 - Acquisition of the Fall Creek Academy property is in the draft Central Indiana Region Land Acquisition Plan (still under development) for College use or use by a compatible entity,
 - If the Greater Indianapolis YMCA becomes the eventual recipient of the property, this project/process may be the most cost effective way to deliver day care and wellness/fitness opportunities to Ivy Tech students, faculty, and staff, and
 - A number of the Fall Creek Academy board members are major donors to the College or its Foundation.
- A Phase 1 environmental assessment has been completed and "This assessment has not revealed any recognized environmental conditions in association with the subject property."
- As with all requests to Ivy Tech Foundation, Inc., completion of the transaction is subject to Foundation approval and, in this case, negotiation of appropriate lease terms.

Action requested: Approval of Resolution 2012-48 to purchase the land and building at 2540 North Capital Avenue in Indianapolis for lease back to the Fall Creek Academy.

BUILDINGS, GROUNDS, AND CAPITAL COMMITTEE
NEW RESOLUTION
June 7, 2012

NEW RESOLUTION

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