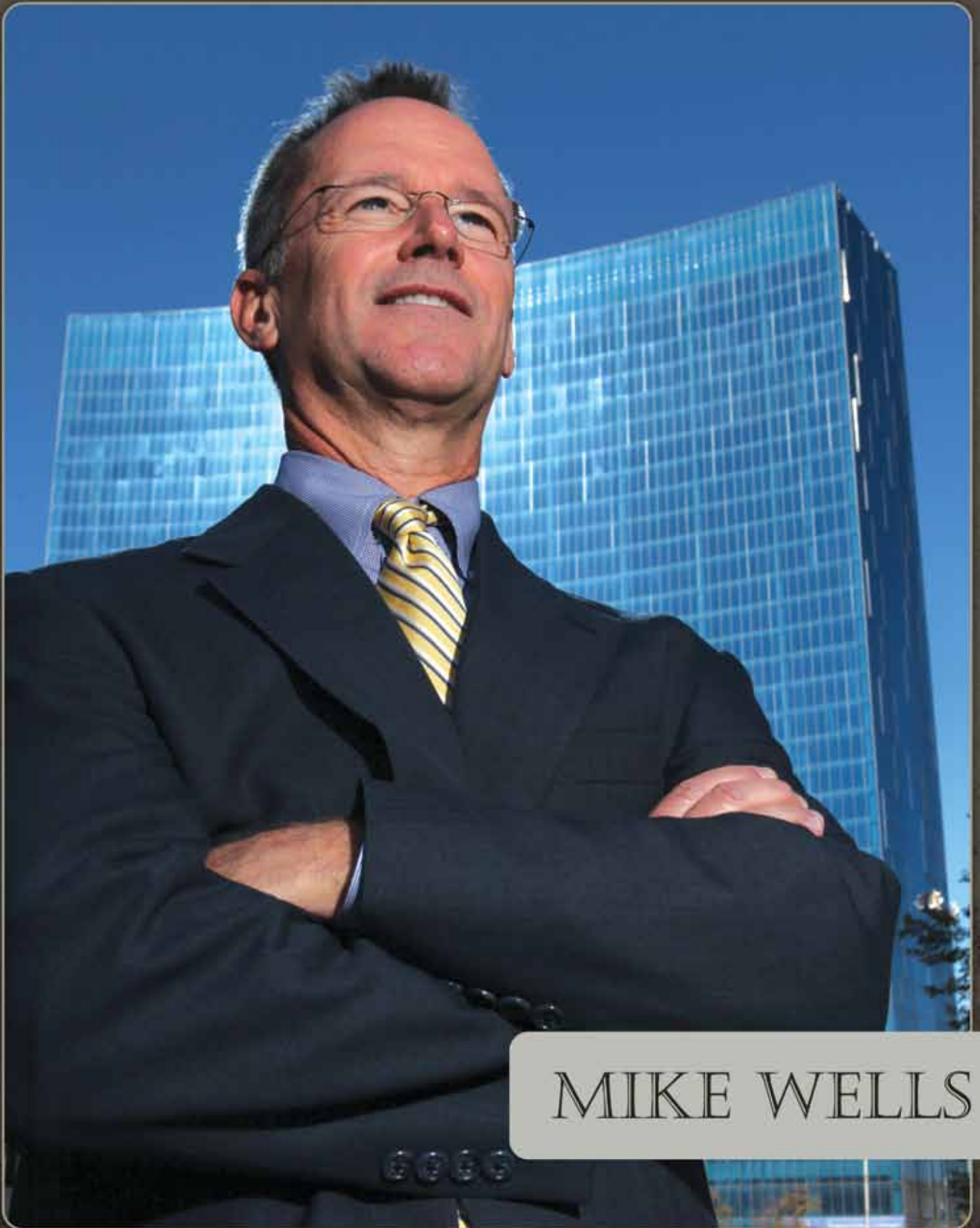


BUSINESS LEADER *of the* YEAR



MIKE WELLS

By Tom Schuman

The largest JW Marriott hotel in the world already presents a striking presence in the Indianapolis skyline despite being several months away from its February opening. For one of the men helping make it possible, the big, blue structure is just the latest in a long line of successful ventures.

Mike Wells, president of Carmel-based REI Real Estate Services, studied engineering at Purdue University on his way to earning a law degree from Indiana University. As an attorney, he focused on real estate and tax-exempt financing before entering the commercial side of the business as a developer for Browning Investments in 1988.

Six years later, REI was formed – and the rest is history. Well, not exactly. While Wells admits – “I liked to be the real estate developer and do my own thing” – he had to learn to run a company, adapt to changing business conditions and take advantage of new opportunities. Ask those around him how he has been able to accomplish that, and the story begins to unfold.

Bruce White was a fraternity brother with Wells at Purdue. More than 20 years later, the two would become business partners on hotel development projects. White is chairman and CEO of White Lodging, a leading independent hospitality organization that calls Merrillville home.

“Mike was recognized at Purdue in most every way for excellence and academics. He just commanded the respect of everybody,” White recalls. “He always had a really strong bias toward getting things done. He wanted to make an impact. Mike’s always been a tough guy, but he’s always been a very fair guy.”

Tom Reilly Jr., former head of Indianapolis chemical company Reilly Industries and involved in numerous other business ventures in a highly successful career, invited Wells to oversee and build on Reilly’s real estate holdings. That formed the beginnings of REI.

“Mike has a very rational and logical mind and you couple that with the ability to work with just about anybody,” Reilly attests. “You can sit across the table during different negotiations and have contrary interests, but the person across the table always respects him. He (Wells) may be an opponent today, but that person might want to come back and work with Mike later on a different project.”

Or take Mike Crowther, president and CEO of the Indianapolis Zoo since 2002. Wells has been a long-time member of that board (among many others). Crowther says Wells brings invaluable business techniques to that role.

“Mike makes statements sometimes to test them before the group. He puts the ball in play. He is very good at jump starting the conversation, then allows other people to kick it around and see where it goes,” Crowther contends. “While he has ideas and concepts he holds strongly, you never see Mike enforce his will on people. He initiated ideas on conservation (at the zoo) and allowed others to develop rational, logical and sensible ways to implement them.”

REI projects include the Emmis Communications headquarters and the office tower at 300 N. Meridian St. in downtown Indianapolis.

Building a company

The business Wells assumed in 1994 consisted of interior construction, property management, and some leasing and development. He describes the evolution, that included “building up” (no pun intended) a construction company over a period of years before recently selling it to the president of that entity.

“We initially managed a lot of the Reilly portfolio buildings. As we started doing our own developments or doing developments for others, we began to build up facilities management services,” Wells offers. Among the many projects:

- Development, and later management, of the 550,000-square-foot Anthem operations center in downtown Indianapolis
- Similar roles at the Emmis Communications world headquarters on Monument Circle.



REI still manages that facility today

- Additional management work for organizations and buildings as diverse as the NCAA headquarters, Indiana State Police Forensic Lab and Carmel's Midwest ISO, a crucial distribution hub for electric power

Multi-tenant office buildings were another early core. A number of Carmel facilities, including the company's home, and 300 N. Meridian in downtown Indianapolis are among the current holdings. Hotels later become part of the business mix.

Wells describes the real estate business as cyclical in nature.

"We'll go through a period of time when there is a lot of development activity, and so our development fees help make us profitable; other times there aren't development opportunities and your asset management and your property management fees are helpful to keep your operation running well," he explains.

"On top of that, we typically have been a company that not only develops a lot of real estate from the ground up, we typically have held on to it as owners so it's nice to be in a position where you're getting distributions from these partnerships as the projects get up and running and mature."

Not all developers operate that way and there is no one method that is always correct. Merchant developers is a term for those who develop, sell and move on. Although not the traditional REI strategy, times have changed and so has the philosophy.

According to Wells, "Your value added is really the ability to identify the right real estate with the right project on it, build it correctly, get it up and running and then sell it to REITs (real estate investment trusts). REITs are simply in the business of owning. So we've gone from a model of owning most of our stuff with a long-term horizon, to now we've changed our model slightly. We won't do any real estate project we wouldn't be happy to own, but by the same token if a REIT offers us a good return, we'll take that and go back and do the same thing again."

Standing apart

The REI web site notes: "What we do may not be unusual. How we do it is another story." What does that mean to Wells?

"One of the things that I think differentiates us, to some extent, is we're very much a community-based real estate developer. We know people in this community; we all live and work here; we're big believers that it's a round track – that what you do today could affect you 20 years from now. You not only need



Mike Wells and the REI team move quickly, adapt to changing markets and always bring projects in on time and on budget.

to always do what you say you are going to do, but make sure you offer good value and that you're always true to your word.

"Real estate developers have gotten a somewhat bad reputation sometimes for not being that way. We think that's a big deal for us," Wells continues. "We believe in giving back to the community, being involved in the community and that's really helped us grow with the community."

"One of the things we do say that we think really makes sense, especially when we manage real estate for other owners, is that 'we know real estate because we own real estate.' We understand what it's like to be an owner. We're not just a service provider, but we're one that has a unique perspective because we own so much real estate. We understand how our actions as a manager could affect the returns on their real estate."

Reilly says embracing the community and being flexible are invaluable.

"It's the intuitive sense of how a community works and the politics of a community," he shares. "One of Mike's specialties is the development of downtown properties. That comes from years of being involved in the community, being involved in politics. But it's not just who he knew in Indianapolis, because he's transferred it to other communities."

Regarding diversification in both types of products and geography, Reilly states, "I believe in this business,

or any business like it, that ability to adapt to changing times separates those who prevail from those who go away."



Never hesitant to offer his insights, Wells also excels at listening and evaluating.

Personal growth

In the early years of REI, Wells focused on "divesting some of the assets that didn't make sense long term and reinvesting in those (that did)." As the company began to develop more of its own projects, he knew that changes were needed in how the organization was run.

Wells was at a conference in Baltimore and found himself in a session on leadership. He was impressed by what he heard

and ended up hiring the facilitator to work on team building and leadership development with REI. The initial results were a bit sobering, but set the stage for the company to further evolve.

“He came and interviewed the top 10 people in my office and said, ‘I’ve got good news and bad news. I’ve identified the problem, that’s the good news; the bad news is the problem is you.’ He said, ‘Mike, you’re so focused on making things happen; you’ve got to build your team; you can’t do it all yourself.’ ”

Wells’ acknowledgement and reaction: “I operated quite a bit as a troubleshooter. I’m a lawyer by training, so I’m a problem solver. Through that process, I began to organize in a more businesslike fashion as opposed to most real estate developers that are transaction oriented. We spent a lot of time working on that. We have a lot of really solid people who work for the company and have been here a long time. People get along, and we all have a common focus.”

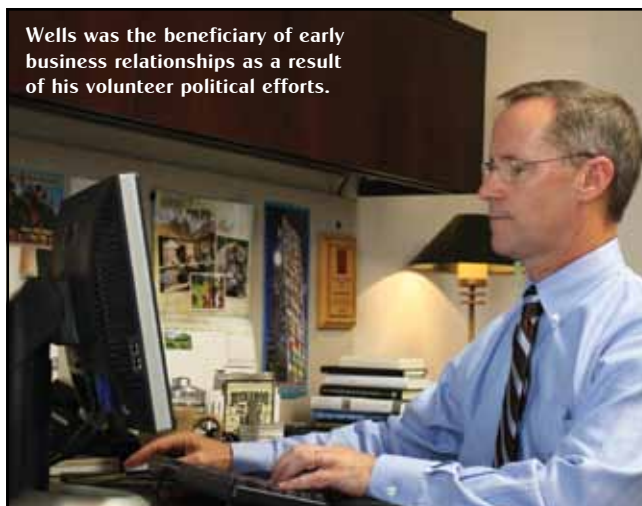
A place to stay

REI entered the hotel world when Indianapolis was hoping to attract the 2000 Republican national convention. A major headquarters hotel was needed. Wells was an advisor to Mayor Stephen Goldsmith, and had even explored with White Lodging the potential at that time of building on what is now the JW Marriott site. There was no deal in place and a deadline nearing when Goldsmith called, emphasizing the hotel need.

Wells, who had previous experience in helping with Circle Centre Mall, Victory Field and other major projects, recalls looking at a photo of the baseball stadium and seeing a parking lot in the distance across the street from the Indiana Convention Center. Due in part to the time constraints, he recommended that site, recruited other partners (including his old friend Bruce White) and 350 W. Maryland Street became the downtown Indianapolis Marriott. The city lost out on the convention to Philadelphia, but did add an important piece to the city’s visitor attraction toolkit.

“We’ve had a lot of positive things happen with the convention business in Indianapolis, but the Marriott kind of took it to the next level,” Wells notes. The development certainly wasn’t planned and Wells admits, “Actually that (turned out to be) one of my better real estate deals and my intuition had told me I really shouldn’t do it. It just goes to show you can’t always trust your intuition.”

Adding to the irony is the fact that another college and fraternity friend brought the Kentucky governor at the time (who was trying to attract the National Governors Association to Louisville) to view the still-being-constructed



Wells was the beneficiary of early business relationships as a result of his volunteer political efforts.

Marriott. The governor toured the hotel and asked Wells, “What’s it going to take for me to get one of these.”

REI developed a similar facility in Louisville. Most of its now two dozen hotel facilities, however, are not the convention-type, but select-serve hotels where there is a strong business base. Popular locations for the company have been Phoenix, Salt Lake City and Austin, Texas.

In analyzing hotel projects in general, Wells says, “They’re very complex. The thing we always say in the hotel businesses is that when you’re building a 1,000-room hotel and you have a mistake in your room, you make it 1,000 times. They’re so complicated in terms of scheduling and sequencing. There are lots of examples of hotels around the country that have not been delivered on time.

“We’ve always met our opening date, and it’s been a major point for us when we compete with others for hotel projects in larger cities. Once we tell you when we’re going to have it delivered, we deliver on time and on budget.”

From his side of the business, White also understands the complexities and the need to manage them. He believes the engineer-attorney background serves Wells well.

“Many people can get lost in the many details involved in such a large, complex project. While Mike understands that those details need to be taken care of, he really has the ability to focus on the things that have high impact and we’re really vulnerable on, and makes sure those things get done, which allows all the other things to get done correctly.

“That makes for a very effective project,” White continues.



The groundbreaking for the JW Marriott (from left to right) included former Indianapolis Convention & Visitors Association President Bob Bedell, then Secretary of Commerce Nate Feltman, Bruce White, Indianapolis Mayor Greg Ballard and Wells.



Wells and key members of the JW project team check out the progress during a September tour.

“Mike is really great at assessing risk and vulnerability, so he makes sure that we’re disciplined through the process to avoid any catastrophe that would have a negative impact of any significance on the project.”

Two letters: JW

Just as local leaders were focused on developing a new downtown hotel in the effort to attract the national political convention a decade earlier, there was the strong desire for a signature facility to coincide with the expansion of the Indiana Convention Center. That’s about where the similarities end between the original Marriott and the new JW facility.

Some of the current contributing factors at play: existing hotel/restaurant on site; skybridges to connect to the Convention Center; the nearby White River; and the need for nearly 1,000 parking spaces.

“This particular project was extremely complicated,” Wells confirms. “One of the things we’ve learned in the hotel business is that spending a lot of time upfront to get the drawings just the way you want them pays off in the long run. We designed and redesigned and redesigned and redesigned that hotel a number of times until we got it just the way we wanted it.”

The results, come February 2011: A 34-story, 375-foot-tall glass tower; 1,005 hotel rooms with amenities galore; 145,000 square feet of meeting, banquet and exhibit space,

including a 40,500-square-foot ballroom that is reportedly the largest in the Midwest. Three other adjacent hotels and a T.G.I. Friday’s restaurant on the site opened earlier this year.

Wells provides this analysis of the potential impact: “This is a major game changer. As of the middle of this year (June 30), we booked over \$20 million of hotel business that wouldn’t have come to Indianapolis if it had not been for the JW. A 1,000-room hotel in the industry becomes a headquarters hotel. There are over 1,600 conventions in the U.S. that require a headquarters hotel. Those 1,600 conventions have not considered, until now, Indianapolis as a location.

“The JW will participate in the existing citywides (current conventions, numbering about 35, that require hotel rooms throughout the city),” he continues. “The doubling of the convention center allows that number to go up to 70; and when we don’t have citywides, the JW business plan is to be full with conventions that are simply housed at the JW. What that does is bring a lot of business into town, but takes the pressure off the other hotels – they will still stay pretty well occupied because the JW will be full with groups that otherwise wouldn’t be in our city.”

The financial turmoil of the last few years curtailed a number of business expansions and new projects. It did not impact the JW Marriott, thanks to the financial backing of Dean White (Bruce White’s father), and, in fact, the uncertainty is now helping the new hotel gain some of its business.



The Indianapolis Zoo is among the organizations that have benefited as a result of Wells' volunteer involvement.

"(The JW) wouldn't have happened without Dean White and his dedication to Indiana, no question about it. Mr. White said about this hotel, 'I'm willing to bend, but I'm not willing to break.' And it looks like he's not going to break."

"The hospitality business has been through the worst time since the Depression. That's the bad news. The good news is that ironically a lot of conventions, typically booked many years out, but because of the Great Recession and people cutting back, there was a lot of reluctance to book some conventions, and now they're starting to free back up again, and they have a short booking window, and we're available. We're making lemonade out of lemons to some extent."

Making a difference

Wells calls himself a "professional volunteer" to a certain degree. The YMCA, Indianapolis Zoo, Boy Scouts, Volunteers of America and other organizations have benefited from his fundraising and planning abilities – and dedication to the community.

"Heck, he's just so much fun to be around," says the Indianapolis Zoo's Crowther. "It's not often you find the level of his expertise and experience matched by his level of energy. What people don't know is the incredible level of commitment he has when he stands for something. He sets a great example for others."

It all started when Wells came to Indianapolis for law school and says he probably knew three or four people in the city. He volunteered for various political campaigns and activities, and soon found himself working with the likes of Bill Hudnut, David Frick, Goldsmith, Richard Lugar and others.

"I think it was through my political activities that I began to realize the great needs in the community and the opportunities to serve on different boards," he shares. "I've learned a lot from a lot of good people. I believe if you're in the community, you ought to give back. Those not-for-profits are a great way to do that."

Through his political efforts, Wells also found himself in meeting rooms with various business leaders. In addition to typically trying to raise money, he paid attention and found ideas that he would utilize in his own career.

"Some of my first influences, some of the very first exposures

I got to business people in town, were on political campaigns: Tom Sams, Andy Paine, Mike DeFabis. I watched those guys operate, how they treated people, how they ran their businesses. One of the things I admired about guys like that was you could trust them, you could take their word and you could work on a handshake," Wells reflects.

"Even though I'm a lawyer, I do a lot of business with a handshake. If I can't do a deal with a handshake, I'm not interested in doing the deal. We do a lot of that yet today."

"I got to work with Michael Browning, a tremendous business person, and then Tom Reilly, a mentor of mine. All had a bent toward serving the community. Business is not all about the bottom line; it's pretty important, but it's about giving back to the community, doing your share and taking care of the people who work for you – making sure they've grown in their careers and you provide them opportunities."

Bottom line

Away from work and community involvement, Wells self-describes his Type A personality – camping, hiking, golf and other outdoors/exercise-related activities. Business books, with a particular interest in energy and where our country is headed in that important area, have their spot on his nightstand.

Despite the discipline in his training and his financial approach to so many of his pursuits, Wells does admit when talking about the JW Marriott, "It's really pretty cool. What we've actually been saying around here, we kind of kid ourselves, is that we've just peaked."

But don't count REI out of future successes. The key is moving quickly to take advantage of the next great opportunity.

"I really don't think so," was Wells' reaction when asked if it was possible to look ahead five to 10 years. "My last great plan was we were going to build up all these hotels and each year they would distribute money to us as an owner, and at some point in time we wouldn't have to work very hard and just collect these checks. And then we had the opportunity at the top of the markets to sell most of them and we did, which was a good deal. So that whole plan changed."

"I think that providing good customer service, regardless of what you are doing, is important. So we work hard on determining what our customers want and meeting their needs. Then we check to make sure we're doing that. Building the business on that philosophy and making sure you're really doing that suits you well regardless of what direction you go, whether it's facilities management, development, property management, leasing, whatever we do."

"We're also big on building our relationships with customers in terms of trying to provide more services that they might need. As a lot of companies outsource, we try to figure out ... is there something we can do for them and do more efficiently. In our business, a three-year plan is way out there. It really is. Tax laws change every year, depreciation changes; we have to be pretty flexible."