

Business T

Tuesday, June 9, 1992

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The Dallas Morning News

New managers replace Las Colinas founders

Carpenter family sues majority investors

By Steve Brown

Real Estate Editor of The Dallas Morning News

Institutional investors who hold controlling interest in the Las Colinas development in Irving have hired new managers to replace the project's founders.

In a related matter, the founding Carpenter family has filed suit in federal court against New York-based Teachers Insurance

and Annuity Association and two partnerships of Chicago's JMB Realty Corp., alleging that the institutional investors are undertaking "an oppressive course of management" and seeking disposal of their Las Colinas properties at "cut-rate prices."

Court papers filed by the Carpenter family and real estate sources say that Teachers Insurance and Annuity Association
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New managers replace founders of Las Colinas

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ance may have undertaken the changes because of disappointing sales activity at Las Colinas.

Officials for Las Colinas Inc. and JPI Realtor declined to comment on the lawsuit. Efforts to reach Teachers Insurance representatives were unsuccessful.

Teachers Insurance and JMB announced Monday that they have hired a North Carolina-based commercial builder to take over management and marketing of Las Colinas.

Teachers Insurance and JMB Realty acquired majority interest three years ago in the huge development from Dallas' Carpenter family and stockholders in the now-defunct Southland Financial Corp. The Carpenters also retained a minority ownership position in the properties.

Since the buyout, the Car-

penter family's Las Colinas Inc. and JPI Realty Inc. have continued to represent Las Colinas, managing many of the buildings in the development and marketing raw land for sale.

But Teachers and JMB Realty announced on Monday that Faison-Stone Inc., the Texas division of Charlotte-based Faison Associates, has been appointed to run Las Colinas.

"The owners are excited about the opportunity to add the national expertise and support of Faison-Stone to the leadership team at Las Colinas," Alice Connell, Teachers Insurance managing director, said in the announcement.

In July 1989, two partnerships organized by Teachers Insurance, JMB Realty and the Carpenter family spent \$290 million to purchase the Las Colinas develop-

ment and other real estate assets owned by Southland Financial Corp. The Carpenter family was Southland Financial's largest shareholder.

The majority of that money came from Teachers Insurance, one of the country's biggest pension fund investors in real estate.

Following the purchase, the Carpenter family set up Las Colinas Inc. and JPI Realty to operate Las Colinas for the investment partnership and to do other unrelated real estate developments.

The lawsuit filed by the Carpenter family in Dallas federal court admits that property sales in Las Colinas have "fallen short of projected minimums." But the Carpenters claim that Teachers Insurance has vetoed several potential property sales and taken other action to impact the value

of the Carpenter's investment in the Las Colinas partnerships.

The Carpenters are asking the courts to order Teachers and JMB to buy them out of their ownership in the Las Colinas partnerships for "at least \$26.5 million." If the buyout isn't approved by the court, the Carpenters are asking for unspecified damages.

The suit also claims that the new manager of Las Colinas, Faison-Stone, is a company that "lacks the requisite experience and whose costs are substantially higher than those of other, available competent managers."

Dary Stone, who runs Faison Associates' Dallas division, said he doesn't know what led to the management change at Las Colinas. Mr. Stone said his firm was one of several real estate companies competing for the Las Coli-

nas contract.

"We were asked recently to offer our services, which we were very eager to do," he said. "There are not many opportunities to be associated with projects like Las Colinas. It's really a one-of-a-kind deal."

Faison Associates is one of the Southeast's largest commercial builders, with more than \$2 billion in properties in 10 states.

The North Carolina developer expanded into the Texas market last year through its partnership with Mr. Stone. Faison-Stone currently operates the Spectrum Center office building in Addison and the First City Center building in downtown Austin.

The Las Colinas contract involves management of about 20 commercial buildings and marketing of about 2,000 acres of raw land, he said.



Dary Stone ... "We were asked recently to offer our services, which we were very eager to do."

"The bulk of the assignment is sponsoring the land sales and running the development," Mr. Stone said. "I see this as a long-term assignment — that's both parties' intent."

THURSDAY

July 9, 1992

Irving, Texas

VOLUME 1 NUMBER 31
TWO SECTIONS

New LC management retains key executives

By MILES MOFFEIT

News Editor

Faison-Stone, which formally took over management of Las Colinas this week, announced that it will retain several members of the core executive group that formerly led the development, including David Brune, executive vice president and chief

development officer.

"I think the community will be pleased that quite a few of the people will continue to be involved," said Dary Stone, president of Faison-Stone. "These are really quality people."

Making the transition in addition to Brune will be Charles Cotton, former head of JPI's asset management; and Danny Opitz,

an assistant to Brune, Stone said.

Stone assumes the chief executive officer post, replacing John Carpenter III, son of Las Colinas founder Ben Carpenter. Stone said an employment contract with Phil Baker, executive vice president for Las Colinas Inc., had not yet been "finalized."

The announcement caps weeks of speculation about the fate of top-level executives

following a decision in June by Las Colinas' majority investors to replace Las Colinas Inc. and JPI Realty, both of which were managed by the Carpenters.

The Carpenter family has filed a \$26 million federal lawsuit against Teachers Insurance and Annuity Association of New York and the two partnerships of JMB Realty Corp., saying the groups conspired in "an

oppressive course of management" that resulted in collapsed real estate deals, disposal of properties at "cut-rate prices" and the imposition of a new manager without " requisite experience."

In the suit, the Carpenters request a

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Managers: Las Colinas executives retained through transition

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court-ordered buy-out of their interest in the development.

Despite the ownership dissension, Stone said no significant changes are pending in the operation of Las Colinas' properties. He said the retention of former Las Colinas Inc. executives will help ensure a smooth changeover.

"There's nothing dramatic that I can announce," he said. "We will continue to keep

things going smoothly. We promise to do a first-class job for the community."

Faison-Stone was one of several firms that submitted bids to the Las Colinas ownership. Its responsibilities as manager will be overseeing at least 20 commercial buildings in addition to the marketing of 2,000 acres of undeveloped land.

Stone said there will be some title changes among the top managers who are staying, but said "that is still being sorted out."

"For the most part, functionally, there

"These are really quality people."

—Dary Stone

won't be any difference," Stone said. "They will basically have the same responsibilities they had before."

The new management team plans to change its name to reflect its latest acquisi-

tion. Beginning this week, Faison-Stone-Las Colinas will be the working title for the company.

"We are now Faison-Stone-Las Colinas, but we will still market property under Las Colinas," Stone said.

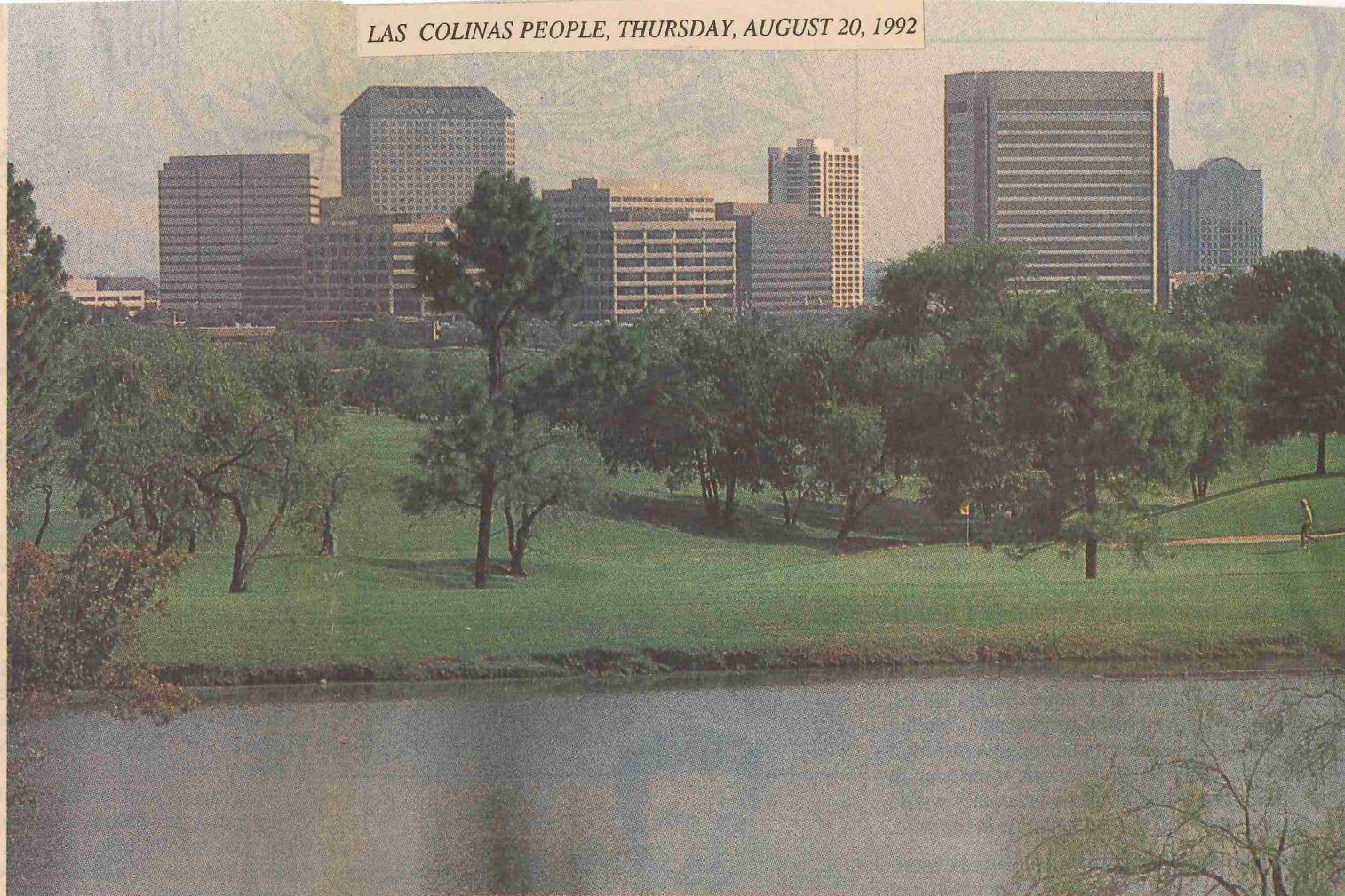
Some additions to management include Will Wynn, who, Stone said, will "have responsibilities in asset management," and Jackie Brown, who will serve in public relations.

Stone said he has met with city leaders over the last few weeks, in part to assure

them of Faison-Stone's commitment to the community.

"I have been starting to meet with city officials. I've spoken with the mayor, city manager and City Council members. There's not any real concerns out there. We're a very stable company, and ownership of the development is also still intact. And, the Carpenters are still involved."

Stone said Faison-Stone Las Colinas plans to move into office space on the 16th floor of the Central Tower in Williams Square after the JPI workforce has vacated the premises.



New developers will take a second look at the Las Colinas landscape.

A new era dawns for Las Colinas; Faison-Stone Inc. plans development

By Lynne Richardson
Special to the Las Colinas People

The new company responsible for the development and management of Las Colinas, Faison-Stone Las Colinas, Inc., is eager to involve the community in the urban center's future.

According to president, Dary Stone, the area is going to be more than just a fancy corporate address and chic residential enclaves.

"We see Las Colinas as a venue for fun, where people will come to eat and

stay to play," says the energetic Texan. Stone, 39, is expecting new development to begin before the end of the year.

Also, plans are afoot to increase awareness of the Mandalay Canal retail area, which ironically suffers by being below street level, while that feature adds to its attractive Venetian ambiance.

"The canal area is a tremendous asset; it has a lot of potential that we intend to realize more," says Stone.

Faison-Stone, Inc., is an outgrowth of Faison Associates of Charlotte,

N.C., a major development/management company with projects in eight states and Washington, D.C.

Locally, the company is responsible for One Spectrum Center, a two-tower, 12-story block located in North Dallas at Beltline and the Tollway.

Stone says Faison-Stone is delighted to be associated with Las Colinas, "the most prestigious urban development in America."

Few master plans are as well thought out, with long-term goals in place, he says, crediting the vision of Ben Carpenter and the cooperation of

consecutive Irving city councils for keeping the development on track.

However, the master plan has allowed for some flexibility where needed.

"For instance," says Stone, "ten years ago, it was a novel concept for major corporations to have campus-style headquarters (like GTE has constructed and Exxon is planning in Las Colinas). If the needs for different kinds of office product hadn't changed, we would have more high rise build-

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ings."

Of course, Las Colinas has more office space that it can fill at present, but Stone is confident that, "within the constraints of a poor real estate market nationally, the area will outperform others in its level of activity."

"The next stage of Las Colinas will see the addition of new amenities," says Stone, "with restaurants, entertainment centers, including movie the-

aters - assets for the entire community to enjoy. Las Colinas has reached a maturation level that will drive these

type of uses."

On the topic of the future development of the urban center, Faison-Stone is determined to solicit the input of the entire community of Irving.

"We don't want to be seen as an enclave within the city," stresses

Stone. "Nor do we want to be just a business address. The success of Las Colinas is important for all of Irving - we are open for business; no barriers to entry; no passwords needed."