



COMMUNITY DEVELOPMENT REDEVELOPMENT

Thomas C. Henry, Mayor

City of Fort Wayne
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September 15, 2020

Dear City Council Members:

I am sending this letter in response to the August 5, 2020 letter from a majority of the Council members regarding the termination of the Electric Works Economic Development Agreement. The questions that were asked in the letter are documented below along with my responses.

1. What is plan moving forward?

Response: The City of Fort Wayne Department of Redevelopment and Mayor Henry's Administration ("City") remain committed to the redevelopment of the former GE campus and will pursue a plan for redevelopment of the site to the extent feasible in light of the fact that the land is owned by RTM. The City representatives at the September 8, 2020 City Council meeting made this clear. In terminating the prior Economic Development Agreement the Redevelopment Commission invited the prior developer to submit new alternatives to sustain the redevelopment of the site.

2. Will the City still be working with RTM (the Developer) in any capacity on the Electric Works Campus, or are we moving on completely?

Response: The City has consistently indicated that RTM can play a role in the redevelopment of the GE campus after the termination of the prior Economic Development Agreement. Moving forward will require a new Economic Development Agreement with changes that can make the project feasible and more affordable such as: the phasing of the redevelopment to reduce risk and prove the developers concept; the introduction of a new lead partner with the experience and financial resources to engender confidence and successfully implement the project, and the re-introduction of a housing component into a revised redevelopment plan to remain consistent with previous representations.

3. Does the fact that the City does not own the land factor into this decision making process?

Response: The Developer does own the land and this limits the extent to which the City can control the future of the former GE campus.

4. Developer has a publicly recorded loan. Can you share the details of that loan?

Response: We understand that the first mortgage holder on the existing GE campus is a firm called Octagon Credit Partners LLC ("Octagon"). We understand that the face amount of the mortgage is \$61,000,000 but the balance is much less. We also understand that Octagon has called the note but granted RTM an extension through the end of October to pay off the mortgage. It is also our understanding that other developers have contacted Octagon about purchasing the mortgage. We have no further information

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regarding this loan other than the suggestion by the Developer that this loan would be converted to equity to satisfy the Developer's equity requirements. The details of this supposed conversion were not disclosed by the developer.

5. Since fear of default was listed as one of the reasons the city was terminating the agreement, under what circumstances do you expect them to default on that or other loans?

Response: The City has no additional information regarding the Octagon loan or any other loans maintained by the Developer.

6. Is obtaining the property a priority?

Response: Implementing the process that we have used in most every other project is the priority. That is, the Department of Redevelopment being an integral part of selecting a developer/development team and reviewing and examining a proposed project for this site is necessary and essential in order to enter into a new development agreement. This is especially true were such a large public investment and partnership is proposed.

7. What will the city, through Redevelopment, be doing to insure future development more in line with City priorities?

Response: Implementing the process that we have used in most every other project is the priority. That is, the City being an integral part of selecting a developer/development team and reviewing and examining a proposed project for this site is necessary and essential in order to enter into a new development agreement.

8. At what point will you be looking for new developers?

Response: The City is committed to the redevelopment of the GE Campus. We want to hear, and have heard, from development parties and partnerships who are interested in redeveloping the GE Campus. We have offered to the Developer the opportunity to participate in an RFP process in partnership with a community partner such as GFW to search for and identify a developer partner with the experience and resources to bring the project to fruition.

9. What assurances will be provided to Council that the next deal will be less costly to the taxpayer?

Response: A new re-engineered economic development agreement will be based on the project and the project gaps and needs. A new economic development agreement will also include measures, like all of our economic development agreements, that reduce the community's risk and exposure and protects the community's interests while inducing investment in our community and showing the City as a trusted partner in economic development as has been the case from Parkview Field to the Ash Skyline building to the new Boutique Hotel. Inducing quality development while protecting the public interest remains our highest priority.

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10. Have you formally asked the Assessor to re-assess the property?

Response: Meetings were held with the Assessor over the last 18 months to describe the scope of the project and the progression of improvements/construction. The Assessor established measures in which to evaluate the assessed value of the property. We have not made any additional requests to reevaluate the assessed value.

11. How much is owed by RTM and what is the plan for recouping those public dollars?

Response: We understand that the Developer may owe delinquent utility bills at this point but we have no further information regarding whether the Developer owes additional repayment on public dollars at this time.

12. Will the City be able to salvage any of the state and federal credits awarded to the project? What does our outlook on those programs look like moving forward?

Response: The state and federal tax credits committed to the project could be retained if the Developer were to engage in a process to re-engineer an economic development agreement that is acceptable to the City. If not, a new development team will have the ability to seek out and obtain these credits for a redesigned and retooled redevelopment plan for the GE campus.

I hope the information contained within this letter along with Tim Haffner, Christopher Guerin and my presentation and responses to your questions at last week's Council meeting provides the information you are seeking regarding the Electric Works termination. The Mayor and Redevelopment continue to offer each of you the opportunity to meet with us to review all of the information we have in hand regarding the Electric Works project – this is an open invitation.

Respectfully,



Nancy Townsend
Redevelopment Director

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