

April 24, 2020

Councilman Jason Arp City of Fort Wayne
Councilman Paul Ensley City of Fort Wayne
Commissioner Nathan Hartman FW Redevelopment

Mayor Thomas Henry City of Fort Wayne
Fort Wayne Redevelopment Commissioners
CC: Capital Improvement Board of Allen County
CC: Allen County Commissioners
CC: Fort Wayne City Council

Honorable Mayor Henry et al,

As you know, the developers of the Electric Works project are requesting another extension of the Economic Development Agreement that was initially consummated in the fall of 2018. The four delays to date have had various excuses, such as the federal government shutdown in 2018, but the primary factor is and has been the inability of the developer to secure private financing to marry with the hundreds of millions of dollars of Federal, State and Local cash and subsidies. If the developer was unable to secure financing at the peak of a very long bull market over the past few years, in a period of very low interest rates and lax lending standards, there is no reason to expect that that condition will change now that the economy is facing massive unemployment and dislocation.

At a time when Hoosiers have been unable to return to business as usual, with many Fort Wayne employers shuttered, some permanently, is it really appropriate to continue to hold \$65 million dollars of local funds aside for a project that doesn't appear likely to happen?

Fort Wayne City Council approved \$10 million dollars from the Legacy Fund for the Electric Works project. There has been a precedent for Legacy to be used for emergencies in the past. It is quite likely, given the damage to the economy from the stay-at-home-order that we may in fact have a budgetary emergency this year or next.

The restaurants that pay the food and beverage taxes have been especially hard hit during the last two months. Many will not re-open. It may very well be appropriate to refund these taxes. Returning these funds to struggling businesses will help save the long-term viability of our local businesses and help them to weather this economic storm. In the long term this gives the City of Fort Wayne the best opportunity to retain these businesses and preserve the future of the food and beverage funds. We should be focused on supporting our local businesses and local employees during this unprecedented time by releasing these funds to be utilized immediately to support those who have paid into these funds over the years.

However, food and beverage tax collections will be lower than projected this year. While the total impact will not be known for some time, we must be cautious not to over-commit Capital Improvement Board revenues. We could find that future collections of food and beverages taxes

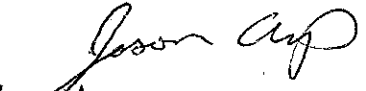
do not cover the financial obligations they have been pledged to, perhaps requiring the Fort Wayne general fund to make whole.

The closing of numerous retail outlets, restaurants and services could cause a noticeable drop in the May property tax revenues to the city, as property owners are likely to experience shortfalls in rent collections. With the massive lay-offs and state-imposed eviction prohibitions, residential rental property tax collections are likely to be delinquent.

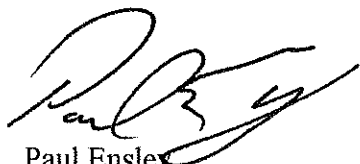
The impact of redevelopment commission bonding or long-term capital leases related to downtown development projects could potentially be a drag on the city's general fund if tax revenues were to drop precipitously in the TIF districts that service those bonds.

The current attempt to revitalize the General Electric campus is not likely to happen. Perhaps a future iteration will be more viable. Given the enormous uncertainties we face, it is best that we prepare the city for the potential for continued economic stress rather than to offer a 5th contract extension.

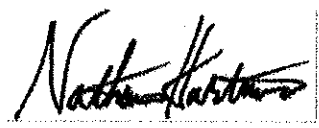
Sincerely,



Jason Arp
City Councilman Fort Wayne



Paul Ensley
City Councilman Fort Wayne



Nathan Hartman
Fort Wayne Redevelopment Commissioner