BILL NO. R-17-08-16

DECLARATORY RESOLUTION NO. R-_______

A DECLARATORY RESOLUTION designating an "Economic Revitalization Area" under I.C. 6-1.1-12.1 for property commonly known as 202 W. Berry Street, Fort Wayne, Indiana 46802 (Ashberry Eight, LLC)

WHEREAS, Petitioner has duly filed its petition dated July 26, 2017 to have the following described property designated and declared an "Economic Revitalization Area" under Sections 153.13-153.24 of the Municipal Code of the City of Fort Wayne, Indiana, and I.C. 6-1.1-12.1, to wit:

Attached hereto as "Exhibit A" as if a part herein;

and

WHEREAS, the total estimated project cost is $25,000,000; and

WHEREAS, it appears the said petition should be processed to final determination in accordance with the provisions of said Division 6.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMON COUNCIL OF THE CITY OF FORT WAYNE, INDIANA:

SECTION 1. That, subject to the requirements of Section 6, below, the property hereinabove described is hereby designated and declared an "Economic Revitalization Area" under I.C. 6-1.1-12.1. Said designation shall begin upon the effective date of the Confirming Resolution referred to in Section 6 of this Resolution and shall terminate on December 31, 2021, unless otherwise automatically extended in five year increments per I.C. 6-1.1-12.1-9.

SECTION 2. That, upon adoption of the Resolution:

(a) Said Resolution shall be filed with the Allen County Assessor;

(b) Said Resolution shall be referred to the Committee on Finance requesting a recommendation from said committee concerning the advisability of designating the above area an "Economic Revitalization Area";

(c) Common Council shall publish notice in accordance with I.C. 6-1.1-12.1-2.5 and I.C. 5-3-1 of the adoption and substance of this resolution and setting this designation as an "Economic Revitalization Area" for public hearing.

SECTION 3. That, said designation of the hereinabove described property as an "Economic Revitalization Area" shall apply to a deduction of the assessed value of real estate.

SECTION 4. That, the estimate of the number of individuals that will be employed or whose employment will be retained and the estimate of the annual salaries of those individuals and the estimate of the value of redevelopment or rehabilitation, all contained in Petitioner's Statement of Benefits, are reasonable and are benefits that can be reasonably expected to result from the proposed described redevelopment or rehabilitation.

SECTION 5. That, the current year approximate tax rates for taxing units within the City would be:

(a) If the proposed development does not occur, the approximate current year tax rates for this site would be $3.5721/$100.

(b) If the proposed development does occur and no deduction is granted, the approximate current year tax rate for the site would be $3.5721/$100 (the change would be negligible).

(c) If the proposed development occurs and a deduction percentage of fifty percent (50%) is assumed, the approximate current year tax rate for the site would be $3.5721/$100 (the change would be negligible).

SECTION 6. That, this Resolution shall be subject to being confirmed, modified and confirmed, or rescinded after public hearing and receipt by Common Council of the above described recommendations and resolution, if applicable.

SECTION 7. That, pursuant to I.C. 6-1.1-12.1, it is hereby determined that the deduction from the assessed value of the real property shall be for a period of ten years.

SECTION 8. The deduction schedule from the assessed value of the real property pursuant to I.C. 6-1.1-12.1-17 shall look like this:

Year of Deduction	Percentage
1	100%
2	95%
3	80%
4	65%
5	50%
6	40%
7	30%
8	20%
9	10%
10	5%
11	0%

SECTION 9. That, the benefits described in the Petitioner's Statement of Benefits can be reasonably expected to result from the project and are sufficient to justify the applicable deductions.

SECTION 10. That, the taxpayer is non-delinquent on any and all property tax due to jurisdictions within Allen County, Indiana.

SECTION 11. That, pursuant to I.C. 6-1.1-12.1-12 et al, any property owner that has received a deduction under section 3 or 4.5 of this chapter may be required to repay the deduction amount as determined by the county auditor in accordance with section 12 of said chapter if the property owner ceases operations at the facility for which the deduction was granted and if the Common Council finds that the property owner obtained the deduction by intentionally providing false information concerning the property owner's plans to continue operation at the facility.

SECTION 12. That, this Resolution shall be in full force and effect from and after its passage and any and all necessary approval by the Mayor.

____

Member of Council

APPROVED AS TO FORM AND LEGALITY

____

Carol Helton, City Attorney

CITY OF FT WAYNE

03/2013

JUL 26 2017

C

COMMUNITY DEVL.

ECONOMIC REVITALIZATION AREA APPLICATION
CITY OF FORT WAYNE, INDIANA

APPLICATION IS FOR: (Check appropriate box(es))

- [x] **Real Estate Improvements**
- [ ] **Personal Property Improvements**
- [ ] **Vacant Commercial or Industrial Building**

Total cost of real estate improvements:	$ 25,000,000
Total cost of manufacturing equipment improvements:	$ 0
Total cost of research and development equipment improvements:	$ 0
Total cost of logistical distribution equipment improvements:	$ 0
Total cost of information technology equipment improvements:	$ 0
TOTAL OF ABOVE IMPROVEMENTS:	$ 25,000,000

GENERAL INFORMATION

Real property taxpayer's name: Ashberry Eight, LLC

Personal property taxpayer's name: Ashberry Eight, LLC

Telephone number: 260-424-8448

Address listed on tax bill: 202 W Berry Street, Suite 800, Fort Wayne, IN 46802

Name of company to be designated, if applicable: Ashberry Eight LLC

Year company was established: 2016

Address of property to be designated: 202 W Berry Street, Fort Wayne, IN 46802

Real estate property identification number: 02-12-02-414-009.000-074

Contact person name: Brad Sturges

Contact person telephone number: (260) 424-8448 Contact person Email: brad.sturges@sturgesfw.com

Contact person address: 202 W Berry St, Suite 800, Fort Wayne, IN 46802

List company officer and/or principal operating personnel

NAME	TITLE	ADDRESS	PHONE NUMBER
Brad Sturges	Principal	202 W Berry Street, Suite 800, Fort Wayne, IN	(260) 424-8448
Barry Sturges	Principal	202 W Berry Street, Suite 800, Fort Wayne, IN	(260) 424-8448
Tony Brita	Manager	7609 W Jefferson Blvd, Suite 200, Fort Wayne	(260) 341-0365
Tim Ash	Principal	888 S Harrison Street, Suite 900, Fort Wayne, I	(260) 478-0604

List all persons or firms having ownership interest in the applicant business and the percentage each holds:

NAME	PERCENTAGE
Ash Realty Group	80%
Sturges Development Group	20%

☐ Yes ☑ No Are any elected officials shareholders or holders of any debt obligation of the applicant or operating business? If yes, who? (name/title) ____________________

☑ Yes ☐ No Is the property for which you are requesting ERA designation totally within the corporate limits of the City of Fort Wayne?

☑ Yes ☐ No Do you plan to request state or local assistance to finance public improvements?

☑ Yes ☐ No Is the property for which you are requesting ERA designation located in an Economic Development Target Area (EDTA)? (see attached map for current areas)

☑ Yes ☐ No Does the company's business include a retail component? If yes, answer the following questions:

What percentage of floor space will be utilized for retail activities? 11%

What percentage of sales is made to the ultimate customer? ____________________

What percentage of sales will be from service calls? ____________________

What is the percentage of clients/customers served that are located outside of Allen County? 50%

What is the company's primary North American Industrial Classification Code (NAICs)? ____________________

Describe the nature of the company's business, product, and/or service:

Ashberry Eight LLC is single purpose entity for acquisition, development, and investment in the Metro building and surrounding parcels.

Dollar amount of annual sales for the last three years:

Year	Annual Sales

List the company's three largest customers, their locations and amount of annual gross sales:

Customer Name	City/State	Annual Gross Sales

List the company's three largest material suppliers, their locations and amount of annual purchases:

Supplier Name	City/State	Annual Gross Purchases

List the company's top three competitors:

Competitor Name	City/State

Describe the product or service to be produced or offered at the project site:

The project is proposed to offer three components: 1) Retail - the first floor shall have space for a bank branch w/ drive thru, and two retail / restaurant suites with direct access and patio seating; 2) Office - floors 2 - 6 will be occupied by professional offices with updated, modern, Class A workspace; 3) Residential - the 7th and 8th floors will have 4-6 luxury condominiums on each floor that will be for sale.

In order to be considered an Economic Revitalization Area (ERA), the area must be within the corporate limits of the City of Fort Wayne and must have become undesirable for, or impossible of, normal development and occupancy because of a lack of development, cessation of growth, deterioration of improvements or character of occupancy, age, obsolescence, substandard buildings, or other factors which have impaired values or prevent a normal development of property or use of property. It also includes any area where a facility or group of facilities that are technologically, economically, or energy obsolete is located and where the obsolescence may lead to a decline in employment and tax revenues.

How does the property for which you are requesting designation meet the above definition of an ERA?

The property, commonly known as the Metro Building, is over 42 years old. The property is in need of capital and aesthetic improvements and is an ideal property to convert from old, Class B office space to a mixed-use property with retail, Class A office, and residential components. The property is located on the "Harrison Corridor", which has been identified in the City's "Downtown Blueprint" as a key target area for new development and redevelopment. As part of the City's "Downtown Blueprint" this project meets 4 of the major goals: 1) create mixed-use development along the Harrison Corridor, 2) encourages investment in new and existing downtown buildings, 3) improves parking management and availability (Phase II addresses this), 4) increases housing opportunities in downtown.

This project will dramatically increased the assessed value by 10 times the current assessment and will likely spur additional investment (Phase II) on the adjacent parcels as well as other downtown buildings. This project will attract professional firms to locate downtown and further increase the workforce, retail spending, and demand for downtown living.

REAL PROPERTY INFORMATION

Complete this section of the application if you are requesting a deduction from assessed value for real property improvements.

Describe any structure(s) that is/are currently on the property:

The property is an 8-story office building (plus Lower Level) totaling approximately 130,000 square feet situated on .52 acres on the NW corner of Berry Street and Harrison.

Parcel I: Lot Number 518 in Hanna's Addition to the City of Fort Wayne, according to the plat thereof, as recorded in Deed Record

Describe the condition of the structure(s) listed above:

The property has been neglected for several years of critical capital needs and has obsolete office space, most of which has been demolished. The mechanical, electrical, and fire suppression systems are in need of upgrades as well as elevators and exterior windows. The exterior and streetscape are in need of updates as well.

Describe the improvements to be made to the property to be designated for tax phase-in purposes:

The entire building will receive a complete overhaul. The mechanical systems, electrical, roof, elevators, restrooms, and lobby areas are all being updated. The interior offices on each floor are being demolished and will be re-fit to new modern office space. The top 2 floors (7&8) will be converted to luxury condominiums. The lower level will serve as Tenant space for Verizon and Nexus Technology Partners, as well as amenity space for the building occupants. The exterior will be updated with a metal panel system,

Projected construction start (month/year): 03/2017

Projected construction completion (month/year): 06/2018

☐ Yes ☑ No Will construction result in Leadership in Energy and Environmental Design (LEED) certification by the U.S. Green Building Council?

☐ Yes ☑ No Will construction use techniques to minimize impact on combined sewer overflows? (i.e. rain gardens, bio swales, etc.)

PERSONAL PROPERTY INFORMATION

Complete this section of the application if you are requesting a deduction from assessed value of new manufacturing, research and development, logistical distribution or information technology equipment.

List below the equipment for which you are seeking an economic revitalization area designation.

Manufacturing equipment must be used in the direct production, manufacture, fabrication, assembly, extraction, mining, processing, refining, or finishing of other tangible personal property at the site to be designated. Research and development equipment consists of laboratory equipment, research and development equipment, computers and computer software, telecommunications equipment or testing equipment used in research and development activities devoted directly and exclusively to experimental or laboratory research and development for new products, new uses of existing products, or improving or testing existing products at the site to be designated. Logistical distribution equipment consists of racking equipment, scanning or coding equipment, separators, conveyors, fork lifts or lifting equipment, transitional moving equipment, packaging equipment, sorting and picking equipment, software for technology used in logistical distribution, is used for the storage or distribution of goods, services, or information. Information technology equipment consists of equipment, including software used in the fields of information processing, office automation, telecommunication facilities and networks, informatics, network administration, software development and fiber optics: (use additional sheets, if necessary)

☐ Yes ☐ No Has the above equipment for which you are seeking a designation, ever before been used for any purpose in Indiana? If yes, was the equipment acquired at an arms length transaction from an entity not affiliated with the applicant? ☐ Yes ☐ No

☐ Yes ☐ No Will the equipment be leased?

Date first piece of equipment will be purchased (month/year): ______________________

Date last piece of equipment will be installed (month/year): ______________________

Please provide the depreciation schedule term for equipment under consideration for personal property tax phase-in:

ELIGIBLE VACANT BUILDING INFORMATION

Complete this section of the application if you are requesting a deduction from the current assessed value of a vacant building

☐ Yes ☐ No Has the building for which you are seeking designation for tax phase-in been unoccupied for at least one year? Please provide evidence of occupation. (i.e. certificate of occupancy, paid utility receipts, executed lease agreements)

Describe any structure(s) that is/are currently on the property:

Describe the condition of the structure(s) listed above: ______________________________

Projected occupancy date (month/year): ______________________________

Describe the efforts of the owner or previous owner in regards to selling, leasing or renting the eligible vacant building during the period the eligible vacant building was unoccupied including how much the building was offered for sale, lease, or rent by the owner or a previous owner during the period the eligible vacant building was unoccupied.

PUBLIC BENEFIT INFORMATION

EMPLOYMENT INFORMATION FOR FACILITY TO BE DESIGNATED

ESTIMATE OF EMPLOYEES AND PAYROLL FOR FORT WAYNE
FACILITY REQUESTING ECONOMIC REVITALIZATION AREA DESIGNATION

Please be specific on job descriptions. When listing the occupation codes, please avoid using the "Major Occupational Groupings" (i.e. 11-000, 13-000, 15-000, etc.) which are more general in nature. Instead, use specific occupation codes (i.e. 11-1021, 13-1081, 15-2041 etc) for each created and retained job. To fill out information on occupation and occupation code, use data available through Occupation Employment Statistics for Fort Wayne **http:www.bls.gov/oes/current/oes_23060.htm**

Any information concerning the cost of the property and specific salaries paid to individual employees is confidential per Indiana Code (I.C. 6-1.1-12.1-5.1)

Current Full-Time Employment

Occupation	Occupation Code	Number of Jobs	Total Payroll

Retained Full-Time Employment

Occupation	Occupation Code	Number of Jobs	Total Payroll

Additional Full-Time Employment

Occupation	Occupation Code	Number of Jobs	Total Payroll

PUBLIC BENEFIT INFORMATION

Current Part-Time or Temporary Jobs

Occupation	Occupation Code	Number of Jobs	Total Payroll

Retained Part-Time or Temporary Jobs

Occupation	Occupation Code	Number of Jobs	Total Payroll

Additional Part-Time or Temporary Jobs

Occupation	Occupation Code	Number of Jobs	Total Payroll

Check the boxes below if the existing jobs and the jobs to be created will provide the listed benefits:

☐ Pension Plan ☐ Major Medical Plan ☐ Disability Insurance
☐ Tuition Reimbursement ☐ Life Insurance ☐ Dental Insurance

List any benefits not mentioned above:

When will you reach the levels of employment shown above? (month/year): ______________________

REQUIRED ATTACHMENTS

The following must be attached to the application.

1. **Statement of Benefits Form(s) (first page/front side completed)**

2. **Full legal description of property and a plat map identifying the property boundaries. (Property tax bill legal descriptions are not sufficient.) Should be marked as Exhibit A.**

3. **Check for non-refundable application fee made payable to the City of Fort Wayne.**

ERA filing fee (either real or personal property improvements)	.1% of total project cost not to exceed $500
ERA filing fee (both real and personal property improvements)	.1% of total project cost not to exceed $750
ERA filing fee (vacant commercial or industrial building)	$500
ERA filing fee in an EDTA	$100
Amendment to extend designation period	$300
Waiver of non compliance with ERA filing	$500 + ERA filing fee

4. **Owner's Certificate (if applicant is not the owner of property to be designated) Should be marked as Exhibit B if applicable.**

CERTIFICATION

I, as the legal taxpayer and/or owner, hereby certify that all information and representations made on this application and its attached exhibits are true and complete and that no Improvement Location Permit or Structural Permit has been filed for construction of improvements, the occupation of the vacant building has not taken place and no manufacturing, research and development, logistical distribution or information technology equipment which is a part of this application been purchased and installed as of the date of filing of this application. I also certify that the taxpayer is not delinquent on any and all property tax due to taxing jurisdictions within Allen County, Indiana. I understand that any incorrect information on this application may result in a rescission of any tax phase-ins which I may receive.

I understand that I must file a correctly completed Compliance with Statement of Benefits Form (CF-1/Real Property for real property improvements, CF-1/PP for personal property improvements, and CF-1/VBD for vacant building deduction) and the Public Benefit Annual Update with the City of Fort Wayne Community Development Division in each year in which I receive a deduction. Further the CF-1/PP form must be filed with the county assessor and the CF-1/Real Property and CF-1/VBD must be filed with the county auditor. Failure to file the CF-1 form with these agencies may result in a rescission of any tax phase-in occurring as a result of this application.

Signature of Taxpayer/Owner

Brad Sturges, Developer

Printed Name and Title of Applicant

07/26/2017

Date

STATEMENT OF BENEFITS
REAL ESTATE IMPROVEMENTS

State Form 51767 (R6 / 10-14)

Prescribed by the Department of Local Government Finance

CITY OF FT WAYNE

JUL 27 2017

COMMUNITY DEVL

20 17 PAY 20 18
FORM SB-1 / Real Property
PRIVACY NOTICE
Any information concerning the cost of the property and specific salaries paid to individual employees by the property owner is confidential per IC 6-1.1-12.1-5.1.

This statement is being completed for real property that qualifies under the following Indiana Code (*check one box*):

☑ Redevelopment or rehabilitation of real estate improvements (IC 6-1.1-12.1-4)

☐ Residentially distressed area (IC 6-1.1-12.1-4.1)

INSTRUCTIONS:

1. *This statement must be submitted to the body designating the Economic Revitalization Area prior to the public hearing if the designating body requires information from the applicant in making its decision about whether to designate an Economic Revitalization Area. Otherwise, this statement must be submitted to the designating body BEFORE the redevelopment or rehabilitation of real property for which the person wishes to claim a deduction.*
2. *The statement of benefits form must be submitted to the designating body and the area designated an economic revitalization area before the initiation of the redevelopment or rehabilitation for which the person desires to claim a deduction.*
3. *To obtain a deduction, a Form 322/RE must be filed with the County Auditor before May 10 in the year in which the addition to assessed valuation is made or not later than thirty (30) days after the assessment notice is mailed to the property owner if it was mailed after April 10. A property owner who failed to file a deduction application within the prescribed deadline may file an application between March 1 and May 10 of a subsequent year.*
4. *A property owner who files for the deduction must provide the County Auditor and designating body with a Form CF-1/Real Property. The Form CF-1/Real Property should be attached to the Form 322/RE when the deduction is first claimed and then updated annually for each year the deduction is applicable. IC 6-1.1-12.1-5.1(b)*
5. *For a Form SB-1/Real Property that is approved after June 30, 2013, the designating body is required to establish an abatement schedule for each deduction allowed. For a Form SB-1/Real Property that is approved prior to July 1, 2013, the abatement schedule approved by the designating body remains in effect. IC 6-1.1-12.1-17*

SECTION 1 — TAXPAYER INFORMATION

Name of taxpayer		
Ashberry Eight LLC		
Address of taxpayer *(number and street, city, state, and ZIP code)*		
202 W Berry Street, Suite 800, Fort Wayne		
Name of contact person	**Telephone number**	**E-mail address**
Brad Sturges	(260) 424-8448	brad.sturges@sturgesfw.com

SECTION 2 — LOCATION AND DESCRIPTION OF PROPOSED PROJECT

Name of designating body		Resolution number
Fort Wayne Common Council		
Location of property	**County**	**DLGF taxing district number**
202 W Berry Street, Fort Wayne, IN 46802	Allen	74
Description of real property improvements, redevelopment, or rehabilitation *(use additional sheets if necessary)*		**Estimated start date** *(month, day, year)*
Redevelopment of the entire 8-story(plus lower level) office building to a mixed-use, retail/restaurant, office, and residential building. A complete overhaul of building systems, exterior aestetics, and interior space to update the property to a modern, first class mixed-use tower. See ERA application for more detail.		03/2017
		Estimated completion date *(month, day, year)*
		06/2018

SECTION 3 — ESTIMATE OF EMPLOYEES AND SALARIES AS RESULT OF PROPOSED PROJECT

Current number	Salaries	Number retained	Salaries	Number additional	Salaries

SECTION 4 — ESTIMATED TOTAL COST AND VALUE OF PROPOSED PROJECT

	REAL ESTATE IMPROVEMENTS	
	COST	ASSESSED VALUE
Current values	4,000,000.00	2,160,000.00
Plus estimated values of proposed project	21,000,000.00	
Less values of any property being replaced	0.00	
Net estimated values upon completion of project	25,000,000.00	

SECTION 5 — WASTE CONVERTED AND OTHER BENEFITS PROMISED BY THE TAXPAYER

Estimated solid waste converted (*pounds*) ____________________

Estimated hazardous waste converted (*pounds*) ____________________

Other benefits

SECTION 6 — TAXPAYER CERTIFICATION

I hereby certify that the representations in this statement are true.

Signature of authorized representative	Date signed *(month, day, year)*
	07/26/2017
Printed name of authorized representative	**Title**
Brad Sturges	Developer

FOR USE OF THE DESIGNATING BODY

We find that the applicant meets the general standards in the resolution adopted or to be adopted by this body. Said resolution, passed or to be passed under IC 6-1.1-12.1, provides for the following limitations:

A. The designated area has been limited to a period of time not to exceed — calendar years* *(see below)*. The date this designation expires is December 31, 2021.

B. The type of deduction that is allowed in the designated area is limited to:
1. Redevelopment or rehabilitation of real estate improvements ☒ Yes ☐ No
2. Residentially distressed areas ☐ Yes ☐ No

C. The amount of the deduction applicable is limited to $ Unlimited.

D. Other limitations or conditions *(specify)* N/A

E. Number of years allowed: ☐ Year 1 ☐ Year 2 ☐ Year 3 ☐ Year 4 ☐ Year 5 (* see below) ☐ Year 6 ☐ Year 7 ☐ Year 8 ☐ Year 9 ☒ Year 10

F. For a statement of benefits approved after June 30, 2013, did this designating body adopt an abatement schedule per IC 6-1.1-12.1-17?
☒ Yes ☐ No
If yes, attach a copy of the abatement schedule to this form.
If no, the designating body is required to establish an abatement schedule before the deduction can be determined.

We have also reviewed the information contained in the statement of benefits and find that the estimates and expectations are reasonable and have determined that the totality of benefits is sufficient to justify the deduction described above.

Approved *(signature and title of authorized member of designating body)*	Telephone number ( )	Date signed *(month, day, year)*
Printed name of authorized member of designating body	Name of designating body	
Attested by *(signature and title of attester)*	Printed name of attester	

* If the designating body limits the time period during which an area is an economic revitalization area, that limitation does not limit the length of time a taxpayer is entitled to receive a deduction to a number of years that is less than the number of years designated under IC 6-1.1-12.1-17.

A. For residentially distressed areas where the Form SB-1/Real Property was approved prior to July 1, 2013, the deductions established in IC 6-1.1-12.1-4.1 remain in effect. The deduction period may not exceed five (5) years. For a Form SB-1/Real Property that is approved after June 30, 2013, the designating body is required to establish an abatement schedule for each deduction allowed. The deduction period may not exceed ten (10) years. (See IC 6-1.1-12.1-17 below.)

B. For the redevelopment or rehabilitation of real property where the Form SB-1/Real Property was approved prior to July 1, 2013, the abatement schedule approved by the designating body remains in effect. For a Form SB-1/Real Property that is approved after June 30, 2013, the designating body is required to establish an abatement schedule for each deduction allowed. (See IC 6-1.1-12.1-17 below.)

IC 6-1.1-12.1-17
Abatement schedules
Sec. 17. (a) A designating body may provide to a business that is established in or relocated to a revitalization area and that receives a deduction under section 4 or 4.5 of this chapter an abatement schedule based on the following factors:
(1) The total amount of the taxpayer's investment in real and personal property.
(2) The number of new full-time equivalent jobs created.
(3) The average wage of the new employees compared to the state minimum wage.
(4) The infrastructure requirements for the taxpayer's investment.

(b) This subsection applies to a statement of benefits approved after June 30, 2013. A designating body shall establish an abatement schedule for each deduction allowed under this chapter. An abatement schedule must specify the percentage amount of the deduction for each year of the deduction. An abatement schedule may not exceed ten (10) years.

(c) An abatement schedule approved for a particular taxpayer before July 1, 2013, remains in effect until the abatement schedule expires under the terms of the resolution approving the taxpayer's statement of benefits.

EXHIBIT A

Parcell:
Lot Number 518 in Hanna's Addition to the City of Fort Wayne, according to the plat thereof, as recorded in Deed Record C, pages 525-526, in the Office of the Recorder of Allen County, Indiana.

PARCEL II:
Lot Number 519 in Hanna's Addition to the City of Fort Wayne, according to the plat thereof, as recorded in Deed Record C, pages 525-526, in the Office of the Recorder of Allen County, Indiana.

PARCEL III:
Lot Number 520 In Hanna's Addition to the City of Fort Wayne, according to the plat thereof, as recorded In Deed Record C, pages 525-526, In the Office of the Recorder of Allen County, Indiana.

NOTICE OF PUBLIC HEARING
FORT WAYNE COMMON COUNCIL
(RESOLUTION NO.)

ON AUGUST 22, 2017 AT 5:30 P.M., IN THE CONFERENCE ROOM 030, CITIZENS SQUARE, FORT WAYNE, INDIANA, A PUBLIC HEARING WILL BE HELD ON THE MATTER OF A WAIVER OF NONCOMPLIANCE WITH THE PROCEDURAL REQUIREMENTS OF I.C. 6-1.1-12.1, RELATING TO THE ECONOMIC REVITALIZATION AREA DESIGNATION OF PROPERTY COMMONLY KNOWN AT:

202 W. BERRY STREET FOR ASHBERRY EIGHT, LLC FORT WAYNE, INDIANA 46802

THE PUBLIC HEARING ON THE WAIVER WILL BE HELD PURSUANT TO I.C. 6-1.1-12.1-9.5 AND I.C. 6-1.1-12.1-11.3.

ALL INTERESTED PERSONS ARE INVITED TO ATTEND AND BE HEARD AT THE PUBLIC HEARING.

"REASONABLE ACCOMMODATIONS" FOR PERSONS WITH A KNOWN DISABLING CONDITION WILL BE CONSIDERED IN ACCORDANCE WITH STATE AND FEDERAL LAW. ANY PERSON NEEDING A "REASONABLE ACCOMMODATION" SHOULD NOTIFY THE CITY OF FORT WAYNE PUBLIC INFORMATION OFFICE (260) 427-1120 AT LEAST (72) HOURS PRIOR TO THE PUBLIC HEARING.

STURGES DEVELOPMENT

July 26, 2017

City Council Members
Citizens Square
200 E. Berry Street, Suite 120
Fort Wayne, IN 46802

RE: ASHBERRY EIGHT LLC - Waiver for Tax Phase-In application

Dear Council Members,

As a representative for Ashberry Eight, LLC ("Ashberry"), I am providing this letter to introduce our transformational mixed-use project on the corner of Berry and Harrison Streets in downtown as a supplement to our tax phase-in application and request. The first phase of our project includes the major renovation and conversion of the dilapidated 8-story building, commonly known as the "Metro Building," from an outdated office building to a new mixed-use, retail, office, and residential building. More information is accompanying this letter and will be presented prior to the introduction of the request.

We are requesting a tax phase-in, as the sole local incentive, to match our State-provided Community Revitalization Enhancement District tax credits ("CReED") in the amount of $3.4 Million (for phase I of the project). In order to reach that amount we request that the taxes on the increment over the existing tax assessment would phase-in after the maximum benefit of $3.4 Million was reached or 10 years has passed, whichever is sooner. In addition to the request for a tax phase-in we are requesting the approval of a waiver (as permitted under Indiana law) due to the fact that certain portions of our project have commenced. We realize this request requires some additional analysis, and thus, greatly appreciate you taking the time to understand the dynamics that led us to need the waiver.

As you all are acutely aware, complex development projects like this (now estimated at $25 Million for phase I) are difficult to put together and take many turns before they are completed. Ashberry had a brief window of opportunity to acquire the Metro Building (and several surrounding lots) and it acted deciding to move forward with the intent to transform the deteriorating property. We had numerous discussions with the City on how to best make this project viable; the result of those discussions originally involved using Tax Increment Financing ("TIF") funds to support the redevelopment of the Metro Building and the construction of a new 400 space parking garage as phase II (phase II would bring the entire project budget over $45 million). Additionally, the scope of the project changed temporarily and was in flux as the Metro Building was being considered as an option for a large office user that would not require the first-class upgrades that are currently planned. In the end, Ashberry felt the best plan for the Metro Building was a first-class, mixed-use renovation and to utilize the remaining surface lots to construct a new facility (Phase II) with more parking, retail, office, and entertainment/amenity space.

At that point, Ashberry engaged Sturges Development Group LLC to move the project in that direction. During our initial engagement we focused on obtaining Co CREeD as a necessary component to both phases of our project and an award was made in June 2017. As part of the CReED award the IEDC requires a "local match" of incentives in some form. We also determined, that upon full financial analysis, that the significant increase in property taxes (due to over $25 Million investment, for phase I, on a property currently assessed at $2.16 Million) would make the investment unsustainable and impossible to finance.

Earlier this year a decision was made, based on the plan to use TIF, to commence the much needed infrastructure portions of the project. This work includes complete demolition of the interior improvements, new efficient mechanical systems, updated lobbies, elevator system upgrades, and exterior windows. The costs for this portion of the project is less than 40% of the planned improvements for phase I and less than 20% of the planned improvements for both phase I & II. While we understand these actions now facilitate the need for a waiver in order to obtain a property tax phase-in, they were predicated on the understanding that TIF was to provide the necessary CREeD match for the project.

But for the approval of the waiver and property tax phase-in, the project will not able to proceed and we will be forced to reduce the scope of our project dramatically, halt the design and marketing of Phase II, and revert the Metro building plans to a Class B office building. This option would be counter-productive for both the City of Fort Wayne and the developer. Alternatively, the approval of this waiver and tax phase-in creates an attractive, modern property in the middle of the Harrison corridor, continues the momentum of projects getting done in downtown, and encourages other property owners to invest in downtown properties, and "raises the tide" of assessed value and property taxes. Finally, the approval of the waiver and tax phase-in will result in greater property tax revenue for the City generated from the property. Currently the property pays approximately <u>$68,000</u> per year in property taxes, whereas the taxes will increase to over **<u>$500,000 per year</u>** for phase I and an additional **<u>$350,000 per year</u>** with phase II. This will result in significant long term value to the City of Fort Wayne without having to invest any of its dollars or taking any risk, creating a win-win for the City and the developer.

Sincerely,

Brad Sturges

Brad Sturges
President, Sturges Development Group
Partner, Ashberry Eight LLC

Admn. Appr.____________

DIGEST SHEET

TITLE OF ORDINANCE: **Declaratory Resolution**

DEPARTMENT REQUESTING ORDINANCE: **Community Development Division**

SYNOPSIS OF ORDINANCE: **Ashberry Eight LLC is requesting the designation of an Economic Revitalization Area for eligible real estate improvements in the amount of $25,000,000. Ashberry Eight LLC will develop retail, office and residential space.**

EFFECT OF PASSAGE: **Investment of $25,000,000.**

EFFECT OF NON-PASSAGE: **Potential loss of investment.**

MONEY INVOLVED (DIRECT COSTS, EXPENDITURES, SAVINGS): **No expenditures of public funds required.**

ASSIGNED TO COMMITTEE (PRESIDENT): **Geoff Paddock and Jason Arp**

MEMORANDUM

TO: City Council

FROM: Carman Young, Economic Development Specialist

DATE: August 3, 2017

RE: Request for designation by Ashberry Eight, LLC as an ERA for real estate improvements.

BACKGROUND

PROJECT ADDRESS:	**202 W. Berry Street**	PROJECT LOCATED WITHIN:	**Economic Development Target Area**
PROJECT COST:	**$25,000,000**	COUNCILMANIC DISTRICT:	**5**

COMPANY PRODUCT OR SERVICE:	**Ashberry Eight, LLC exists for the acquisition, development, and investment in the Metro building and surrounding parcels.**
PROJECT DESCRIPTION:	**Ashberry Eight, LLC will develop retail, office and residential space.**

CREATED		RETAINED	
JOBS CREATED (FULL-TIME):	**0**	JOBS RETAINED (FULL-TIME):	**0**
JOBS CREATED (PART-TIME):	**0**	JOBS RETAINED (PART-TIME):	**0**
TOTAL NEW PAYROLL:	**0**	TOTAL RETAINED PAYROLL:	**0**
AVERAGE SALARY (FULL-TIME NEW):	**0**	AVERAGE SALARY (FULL-TIME RETAINED):	**0**

COMMUNITY BENEFIT REVIEW

Yes ☐ **No** ☐ **N/A** ☒

Project will encourage vacant or under-utilized land appropriate for commercial or industrial use?

Yes ☒ **No** ☐ **N/A** ☐

Real estate to be designated is consistent with land use policies of the City of Fort Wayne?
Explain: Property to be designated is zoned DC, Downtown Core. Use of property is consistent with the land use policies of the City of Fort Wayne.

Yes ☒ **No** ☐ **N/A** ☐

Project encourages the improvement or replacement of a deteriorated or obsolete structure?
Explain: Building will receive a complete overhaul of mechanical and electrical systems. Roof, elevator, restrooms and lobby areas will be improved. Retail, office and residential spaces will be developed.

Yes ☐ **No** ☐ **N/A** ☒

Project encourages the improvement or replacement of obsolete manufacturing and/or research and development and/or information technology and/or logistical distribution equipment?

Yes ☐ No ☐ N/A ☒	Project will result in significant conversion of solid waste or hazardous waste into energy or other useful products?
Yes ☐ No ☐ N/A ☒	Project encourages preservation of a historically or architecturally significant structure?
Yes ☐ No ☒ N/A ☐	Construction will result in Leadership in Energy and Environmental Design (LEED) certification by the U.S. Green Building Council?
Yes ☐ No ☒ N/A ☐	Construction will use techniques to minimize impact on combined sewer overflows? (i.e. rain gardens, bio swales, etc.)
Yes ☐ No ☒ N/A ☐	ERA designation induces employment opportunities for Fort Wayne area residents?
Yes ☒ No ☐ N/A ☐	Taxpayer is NOT delinquent on any or all property tax due to any taxing jurisdiction within Allen County.

POLICY

Per the policy of the City of Fort Wayne, the following guidelines apply to this project:

1. The period of deduction for real property is ten years.

Under Fort Wayne Common Council's tax abatement policies and procedures, Ashberry Eight, LLC is eligible for a ten year deduction on real estate improvements as the project is located in an Economic Development Target Area. Attached is a spreadsheet that shows how the application scored under the review system. Also attached is a calculation of property taxes saved/paid with the deduction.

COMMENTS

Signed and Reviewed: Carmen Y

Economic Development Specialist

FORT WAYNE COMMUNITY DEVELOPMENT DIVISION
TAX ABATEMENT - ESTIMATE OF SAVINGS
*New tax abatement percentages have been changed to reflect change in state law

Ashberry Eight, LLC.

REAL PROPERTY TAX ABATEMENT - 10 yr Schedule

Year	Cash Value	True Tax Value	Assessed Value	Tax Abatement %	Tax Paid %	Deduction	Taxable AV	Tax Rate	Tax Paid	Tax Saved
1	$25,000,000	$25,000,000	$25,000,000	100%	0%	$25,000,000	$0	0.035721	$0	$893,025
2	$25,000,000	$25,000,000	$25,000,000	95%	5%	$23,750,000	$1,250,000	0.035721	$44,651	$848,374
3	$25,000,000	$25,000,000	$25,000,000	80%	10%	$20,000,000	$2,500,000	0.035721	$89,303	$714,420
4	$25,000,000	$25,000,000	$25,000,000	65%	20%	$16,250,000	$5,000,000	0.035721	$178,605	$580,466
5	$25,000,000	$25,000,000	$25,000,000	50%	30%	$12,500,000	$7,500,000	0.035721	$267,908	$446,513
6	$25,000,000	$25,000,000	$25,000,000	40%	40%	$10,000,000	$10,000,000	0.035721	$357,210	$357,210
7	$25,000,000	$25,000,000	$25,000,000	30%	50%	$7,500,000	$12,500,000	0.035721	$446,513	$267,908
8	$25,000,000	$25,000,000	$25,000,000	20%	65%	$5,000,000	$16,250,000	0.035721	$580,466	$178,605
9	$25,000,000	$25,000,000	$25,000,000	10%	80%	$2,500,000	$20,000,000	0.035721	$714,420	$89,303
10	$25,000,000	$25,000,000	$25,000,000	5%	95%	$1,250,000	$23,750,000	0.035721	$848,374	$44,651
11	$25,000,000	$25,000,000	$25,000,000	0%	100%	$0	$25,000,000	0.035721	$893,025	$0

TOTAL TAX SAVED REAL PROPERTY (10 yrs on 10 yr deduction **$4,420,474**
TOTAL TAX PAID REAL PROPERTY (10 yrs on 10 yr deduction **$4,420,474**

NOTE: Above calculations assume a constant tax rate over the abatement period. Time value of money is not considered.

Real Property Abatements

Tax Abatement Review System

Ashberry Eight, LLC		Points Possible	Points Awarded
INVESTMENT (30 points possible)			
Total new investment in real property (new structures and/or rehabilitation)			
Over $1,000,000	$25,000,000	10	10
$500,000 to $999,999		8	
$100,000 to $499,999		6	
Under $100,000		4	
Investment per employee (both jobs created and retained)			
$35,000 or more		10	
$18,500 to $34,999		8	
$6,250 to $18,499		6	
$1,250 to $6,249		4	
less than $1,250		2	
Estimated local income taxes generated from jobs retained			
$80,000 or more		5	
$30,000 to $79,999		4	
$10,000 to $29,999		3	
$5,000 to $9,999		2	
less than $5,000		1	
Estimated local income taxes generated from jobs created (Double points for start-up)			
$30,000 or more		5	
$10,000 to $29,999		4	
$5,000 to $9,999		3	
$3,000 to $4,999		2	
less than $3,000		1	
ECONOMIC BASE (20 points possible)			
Location Quotient in designated Occupation Code (use majority Occupation Code of all created and retained jobs)			
Greater than 1.0		5	
Estimated Percent of Business done outside Allen County			
Greater than 75%		15	
50% to 74%	50%	10	10
25% to 49%		5	
JOBS (20 points possible)			
Total number of permanent jobs retained			
Over 250		10	
100 to 249		8	
50 to 99		6	
25 to 49		4	
10 to 24		2	
1 to 9		1	
Total number of permanent jobs created (Double for start-up)			
Over 100		10	
50-99		8	
25-49		6	
10-24		4	
1 to 9		2	
WAGES (20 points possible)			
Median salary of the jobs created and/or retained			
Over $45,000		20	
$40,000 to $44,999		16	
$35,000 to $39,999		12	
$30,000 to 34,999		8	
$25,000 to $29,999		4	
under $25,000		0	

BENEFITS (10 points possible)

Major Medical Plan	7
Pension, Tuition Reimbursement, Life Insurance, Dental Insurance, Disability Insurance,	3

SUSTAINABILITY

Construction uses green building techniques (ie LEED Certification)	5
Construction uses techniques to minimize impact on Combined Sewer Overflows (CSOs)	5

Total 20

Length of Abatement
20 to 39 points - 3 year abatement
40 to 59 points - 5 year abatement
60 to 69 points - 7 year abatement
70 to 100 points - 10 year abatement

Three year phase-in

Project in EDTA- 10 year phase-in.

*** If Average annual salary of the full-time jobs created by listed occupation is 10% or greater than the average salary for Allen County using current occupational employment statistics, then the applicant is eligible for an alternate deduction schedule.**

Real Property Deduction Schedules	Alternative Deduction Real Property Schedules
10 year	**10 Year**
Year 1: 100%	Year 1: 100%
Year 2: 95%	Year 2: 100%
Year 3: 80%	Year 3: 100%
Year 4: 65%	Year 4: 100%
Year 5: 50%	Year 5: 100%
Year 6: 40%	Year 6: 90%
Year 7: 30%	Year 7: 80%
Year 8: 20%	Year 8: 65%
Year 9: 10%	Year 9: 50%
Year 10: 5%	Year 10: 40%
Year 11: 0%	
7 year	**7 Year**
Year 1: 100%	Year 1: 100%
Year 2: 85%	Year 2: 100%
Year 3: 71%	Year 3: 100%
Year 4: 57%	Year 4: 100%
Year 5: 43%	Year 5: 100%
Year 6: 29%	Year 6: 71%
Year 7: 14%	Year 7: 43%
Year 8: 0%	
5 year	
Year 1: 100%	
Year 2: 80%	
Year 3: 60%	
Year 4: 40%	
Year 5: 20%	
Year 6: 0%	
3 year	
Year 1: 100%	
Year 2: 66%	
Year 3: 33%	
Year 4: 0%	