

**A RESOLUTION AMENDING BILL NO. R-22-01-22, APPROVING
THE DISTRIBUTION OF FUNDS FROM THE CITY OF FORT WAYNE
COMMUNITY LEGACY FUND.**

Whereas, the City of Fort Wayne has created the City of Fort Wayne Community Legacy Fund to invest in projects that will have a collective impact that leads to transformational change within the community, and;

Whereas, the City of Fort Wayne through the Legacy process has received unprecedented public input from across the community and has worked with citizens, business leaders and elected officials to develop implementation priorities, and;

Whereas, the City of Fort Wayne seeks to advance transformational projects for our community with a focus on economic development, downtown and riverfront development, and youth development/prep sports, and;

Whereas, each Legacy project provides our community with an opportunity to make our City stronger and better positioned for growth, and;

Whereas, by working together, we will leave a lasting Legacy for future generations;

Whereas, the City of Fort Wayne Common Council authorized the Board of Trustees of the City of Fort Wayne Community Legacy Trust Funds to distribute funds up to the amount of Five Million Two Hundred Thousand Dollars (\$5,200,000) to the Roosevelt Land Development Group, LLC, pursuant to a Loan Commitment Letter dated January 13, 2022, as described in Resolution R-22-01-22, and;

Whereas, inflationary pressures require that the terms of the Loan Commitment Letter previously approved be amended to allow for the construction of the Project, and;

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

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2 **SECTION 1.** The City of Fort Wayne Common Council hereby reaffirms the
3 authorization to the Board of Trustees of the City of Fort Wayne Community Legacy
4 Trust Funds to distribute to the following project:

5 **Roosevelt Reserves**

6 Funds up to the amount of \$5,200,000 will be provided to the project sponsor, from the
7 City of Fort Wayne Community Legacy Fund, pursuant to the revised and updated Loan
8 Commitment Letter dated December 12, 2022 (in substantially the form attached hereto)
9 between Roosevelt Land Development Group, LLC and the City of Fort Wayne,
10 including a loan of Two Million Five Hundred Fifty Thousand Dollars (\$2,550,000) for
11 Phase 1, One Million One Hundred Fifty Thousand Dollars (\$1,150,000) for Phase 2,
12 and One Million Five Hundred Thousand Dollars (\$1,500,000) for Phase 3.

13 **SECTION 2.** This Resolution shall be in full force and effect from and after its
14 passage and any and all necessary approvals by the Mayor.

15 _____
16 Council Member

17
18 APPROVED AS TO FORM AND LEGALITY

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20 _____
21 Malak Heiny, City Attorney
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December 6, 2022

VIA OVERNIGHT MAIL AND EMAIL

Roosevelt Land Development Group, LLC
Attention: Jerry Starks
3472 Stellhorn Road
Fort Wayne, IN 46815

RE: Roosevelt Reserves

Dear Jerry:

On behalf of the City of Fort Wayne, acting by and through the Fort Wayne Community Legacy Fund (the "City"), we are pleased to inform you that Roosevelt Reserve, LLC's request for financial support with respect to the Roosevelt Reserves project (as described herein) has been conditionally approved, subject to the following terms and conditions:

Borrower: Roosevelt Land Development Group, LLC, an Indiana limited liability company (the "Developer").

Project Description: Roosevelt Reserves (the "Project") is planned as a 131-lot single-family residential subdivision located near the northeast corner of Tillman and Hessen Cassel Roads in the southeast quadrant of Fort Wayne. The Project will improve 126 acres of land currently used for agricultural purposes with new roadways connecting to streets in the adjoining older Casselwood Terrace neighborhood to create a community atmosphere. To support the new neighborhood, 10 acres with frontage along Tillman Road will be reserved for future commercial development. Targeted uses for this parcel are either retail or light commercial, including a possible charter school.

Lots in the neighborhood will range from approximately 8,700 to 21,000 square feet, typically with 60 feet of road frontage. Roads within the subdivision will be constructed of asphalt with concrete curbs and storm sewers draining to on-site retention ponds. The subdivision will have underground electric, natural gas, water, and sanitary sewer. Builders will be responsible for utility hookups and construction of sidewalks.

The subdivision will be comprised of three phases built over a total timeline of 8 years. A preliminary plat of the subdivision is attached hereto as Exhibit A (the "Preliminary Plat"). The phases including the following lots:

Phase I: 49 lots

Phase II: 30 lots

Phase III: 52 lots

The Loan will be restricted to fund public improvements serving the Project, including installation of storm sewer, sanitary sewer, water line, streets, and other improvements which, following completion and acceptance by the City, will be owned by the City, and will become a part of the City's infrastructure systems (collectively, the "Public Improvements").

Amount of Loan:

The City will make a loan of Fort Wayne Community Legacy Fund funds in an aggregate amount not to exceed \$5,200,000 (the "Loan"), to be available to the Developer as follows:

- \$2,550,000 for Phase I, to be deposited at Loan closing into a restricted account at Centier Bank and to be disbursed for construction expenses for Public Improvements as described below, subject to receipt by the City of irrevocable financing commitments for Phase I delivered not less than ten (10) days prior to closing and satisfactory evidence that the Developer has pre-sold a minimum of 2/3 of the lots in Phase 1 of the Project;
- \$1,150,000 for Phase II, to be disbursed subject to proof of financing for Phase II, an absorption rate (as defined below) of not less than 50% of lots in Phase I, receipt by the City of irrevocable financing commitments for Phase II delivered not less than ten (10) days prior to closing, and other commercially reasonable terms and conditions; and
- \$1,500,000 for Phase III, to be disbursed subject to proof of financing for Phase III, an absorption rate of not less than 50% of lots in Phase II and 67% of lots in Phase I, receipt by the City of irrevocable financing commitments for Phase III delivered not less than ten (10) days prior to closing, and other commercially reasonable terms and conditions.

For purposes hereof, "absorption rate", for a particular Phase, shall be defined as the number of housing starts in such Phase divided by the number of platted lots in such Phase.

Use of Loan Funds:

The proceeds of the Loan shall be used by Developer solely to fund the direct construction costs of the Public Improvements component of the Project, in its respective phases as described above. In the event the Loan funds are insufficient to pay the entire costs of the Public Improvements, any excess costs shall be paid by the Developer.

Legacy Fund Terms:

Loan funds provided to the Developer are public funds sourced from the Fort Wayne Community Legacy Fund ("Fund") with the approval of the Common Council of the City of Fort Wayne ("Council"), and as such, the Loan is expressly conditioned on Fund and Council approval. The Loan may be subject to such additional terms and conditions as the Fund and/or the Council require in connection with their respective approvals of the Loan.

Capital Access Fees:	Developer shall pay the City a capital access fee in the amount of \$500 per lot for each lot that is sold by Developer for a gross sales price of \$30,000 or more (each a "Capital Access Fee").
Repayment of Loan:	Provided that the Developer completes the Project in accordance with the terms of the development agreement, and otherwise meets its obligations to the City, the City of Fort Wayne, Department of Redevelopment ("Redevelopment") shall perform the Developer's obligation to make principal payments on the Loan. Payments by Redevelopment shall be made solely from and to the extent available of certain tax increment revenues generated in the economic development area which includes the Real Estate ("TIF"). The Developer's obligations to pay the City the Capital Access Fees and to repay Loan principal in excess of available TIF, will not be paid by Redevelopment or by TIF funds. In the event of the Developer's default under the Loan, Redevelopment shall continue to apply available TIF to the outstanding balance of the Loan to the extent advanced.
Collateral:	The Loan shall be made on an unsecured basis and no guaranties shall be required.
Project Covenants:	The Project real estate ("Real Estate") shall be encumbered by a declaration of covenants and restrictions containing terms and conditions satisfactory to the City, including, without limitation, that all lots of the Real Estate are to be used solely for market rate, single-family housing. Other covenants are generally anticipated to include the following, as set forth in the Developer's application to the City: • Minimum home size: ○ 1-story: 1,400 square feet ○ 2-story: 1,700 square feet • Natural materials on a minimum of 20% of the façade on the front of each home. Material departures from the foregoing covenants must be approved in writing by the City.
Fees:	Developer shall pay all of the City's costs and expenses incurred in connection with the preparation of the Loan Documents, as defined herein, including, without limitation, the City's attorney's fees not in excess of \$25,000.
Commitment Deadline:	The City's commitment to provide the Loan, as set forth herein, shall expire if financing for Section I of the Project (as identified on the Preliminary Plat) has not closed by May 31, 2023 (the "Expiration Date"), unless extended by the City.

Other Conditions:

1. The City and the Developer shall enter into final, definitive agreements prepared by the City's legal counsel which shall contain the terms and conditions under which the City shall provide the Loan for the Project (the "Loan Documents"), including, without limitation, terms regarding the maturity, repayment, and default interest rate applicable to the Loan. The parties shall also enter into an Economic Development Agreement, approved by all necessary governmental authorities, supported by a pledge of TIF.
2. The Loan will be advanced into a restricted construction account held at Centier Bank. Disbursements of the loan for costs of the Public Improvements are anticipated to occur under the terms of a Construction Monitoring and Disbursement Agreement by and among the City, the Developer, Centier Bank, and any other Project funders. Prior to each disbursement of Loan funds, the Developer shall submit a request for disbursement, executed by the Developer, containing such information, and supported by such evidence as is required under the Construction Monitoring and Disbursement Agreement. The City shall have all customary review, approval, and inspection rights in connection with each request for disbursement.
3. The Developer shall provide the City with a proposed budget for the development and construction of the Project in sufficient detail and specificity to enable the City to determine if said budget is sufficient to permit the Developer to develop, construct, and operate the Project. The Developer's preliminary estimate of the total cost to develop and construct the Project is \$9,200,642.
4. The Developer shall provide the City with a reasonably detailed construction schedule for the Project.
5. The Developer shall provide the City with due diligence materials with respect to the Real Estate (e.g., environmental reports, surveys, title commitments, etc.) as the same become available and are delivered to other Project funders.
6. The Development Closing for the Project shall have been completed to the satisfaction of the City. For purposes of this paragraph, "Development Closing" shall mean the date on which (a) all sources of financing required by the Developer (other than the Loan) are irrevocably committed to Section I of the Project; (b) the Real Estate is deeded to the Developer; (c) the City has secured all necessary approvals to make the Loan from the Fund, and (d) all other conditions precedent have been satisfied or waived by the appropriate parties.
7. The Developer shall provide the City with copies of all of its organizational documents and such documentation requested by the City to properly establish the Developer's unrestricted

authority and ability to affect the transactions associated with the development, construction, and operation of the Project.

8. The Developer shall provide such other documents, materials, and information as the City shall reasonably request from time to time.

Miscellaneous:

1. The City's conditional commitment of the Loan is subject to modification or withdrawal, at the election of the City, if the Project's scope of work, funding source(s), or timeline is amended in any material way, or if information is subsequently made available to the City which, in the City's opinion, raises a material issue relating to the Developer's ability to develop, construct, or operate the Project.
2. Failure to adhere to the conditions above, any applicable governmental regulations, including Loan conditions required by the Fund or Council, or any other requirements set out by the City could also jeopardize the City's extension of the Loan.
3. This conditional commitment letter shall be governed under the laws of the State of Indiana.
4. This conditional commitment letter supersedes all prior agreements, negotiations, and discussions between the parties relative to the subject matter hereof and is a full integration of the agreement and understanding of the parties with respect to the City's Loan for the Project.

[Remainder of page intentionally left blank; signature page follows.]

Please indicate your acceptance of the above terms and conditions by signing below. Return the original of this letter and keep a copy for your records. If acceptance has not been received by the City by January 19, 2023, this commitment will expire and be null and void.

Respectfully,

Sharon Feasel, Development Finance Administrator
Community Development Division, City of Fort Wayne

Jonathan Leist, Executive Director
Fort Wayne Redevelopment Commission

Agreed and accepted with the intent to be legally bound:

ROOSEVELT LAND DEVELOPMENT GROUP, LLC,
an Indiana limited liability company

Jerry Starks, Sole Member

DIGEST SHEET

TITLE OF RESOLUTION. A Resolution amending Bill No. R-22-01-22, approving the distribution of funds from the City of Fort Wayne Community Legacy Fund.

DEPARTMENT REQUESTING RESOLUTION. Redevelopment Commission.

SYNOPSIS OF RESOLUTION. Approves a restructuring of the Legacy Loan Commitment letter terms previously approved by the Common Council in February.

EFFECT OF PASSAGE. Passage of the resolution would allow for a restructuring of the Legacy Loan Commitment between the City of Fort Wayne and Roosevelt Land Development Group, LLC. The restructuring would reduce the total number of development lots in the Roosevelt Reserves subdivision that would receive Legacy Loan funding for public infrastructure construction down to 131 lots, split into three phases of loan awards. The maximum loan amount would remain at \$5,200,000 over the course of all three phases.

EFFECT OF NON-PASSAGE. Due to inflationary pressures on labor, materials, and interest rates since the timing of the initial approval in February, non-passage of the resolution would make it unlikely that the developer would move forward with the residential development at this time.

MONEY INVOLVED (DIRECT COSTS, EXPENDITURES, SAVINGS). The total maximum Legacy Loan amount of \$5,200,000 is the same amount as approved in Bill No. R-22-01-22, no additional funds are being requested.

ASSIGNED TO COMMITTEE (PRESIDENT). _____



COMMUNITY DEVELOPMENT REDEVELOPMENT

Thomas C. Henry, Mayor

City of Fort Wayne
Community Development
200 East Berry Street, Suite 320
Fort Wayne, IN 46802
260-427-2150 fwcommunitydevelopment.org

December 8, 2022

MEMO

To: City of Fort Wayne Common Council

From: Jonathan Leist, Redevelopment Director, 427-1323

Re: Amending Resolution R-22-01-22, Approving the distribution of funds from the City of Fort Wayne Community Legacy Fund

The Department of Redevelopment hereby requests that the Common Council consider and approve this amendment to the terms of the Legacy Loan Agreement for the Roosevelt Reserves single family residential development near the intersection of Hessen Cassel and Tillman Roads in southeast Fort Wayne.

Roosevelt Reserves was approved for a Legacy Loan in February of this year, however, inflationary pressures on the cost of labor, material, and interest rates have necessitated a restructuring of the loan terms. As proposed here, the total Legacy Loan award amount has not changed at a maximum award of \$5,200,000, to be repaid to the Legacy Fund through the collection of Residential TIF in the development and would still be spread into three phases, with the release of the second and third tranche of funding being conditioned upon the developer meeting established metrics for lot sales and new home construction starts in the previous phases.

If approved, this amendment would provide the financial assistance for the construction of infrastructure needed to make this project feasible and will attract private investment to an underinvested area of the city and help build a legacy of wealth generation through home ownership.

Vibrant. Prosperous. Growing.

