



Legislation Details (With Text)

File #: EDA Res. 2019-007 **Version:** 1 **Name:**

Type: EDA Resolution **Status:** Passed

File created: 10/14/2019 **In control:** Economic Development Authority

On agenda: 10/24/2019 **Final action:** 10/24/2019

Title: EDA Resolution Approving \$250,000 EDA Revolving Loan to Rebound Stencil Development, LLC

Sponsors:

Indexes:

Code sections:

Attachments: 1. 1 - EDA Resolution 2019-007, 2. 2 - Loan Agreement 5th Street Lofts, 3. 3 - Mortgage Deed 5th Street Lofts

Date	Ver.	Action By	Action	Result
10/24/2019	1	Economic Development Authority	approve	Pass

DATE: October 24, 2019

TO: Members of the Economic Development Authority

FROM: Nate Carlson, Economic Development Coordinator
Mitzi Baker, Community Development Director

EDA Resolution Approving \$250,000 EDA Revolving Loan to Rebound Stencil Development, LLC

SUMMARY AND ACTION REQUESTED:

The EDA Board shall make a motion to approve Resolution 2019-007 providing a \$250,000 EDA Revolving Loan to Rebound Stencil Development, LLC.

BACKGROUND:

Rebound Real Estate is requesting TIF assistance, EDA-land contribution and an EDA Loan. An EDA loan is requested to assist with site preparation in order to reduce upfront costs for the developer to prepare the site for construction.

The EDA Loan Review Committee met on August 14, 2019, to review the subsidy application. Following the discussion, Committee members recommend the TIF request proceed to the Council for approval and that the EDA consider contributing the 510 Washington Street property to the project. However, the Committee did express concerns regarding the loan request from the developer. The Committee directed staff to communicate those concerns and negotiate terms of the loan that would limit the EDA's risks.

The EDA Board shall review the following terms for the Rebound Real Estate, LLC request:

- EDA Loan Request: \$250,000 Revolving Loan
 - o Loan Terms Proposed: 15 years

- Loan Amortization Proposed: 25 years
- Loan Interest Rate proposed: Wall Street Journal Prime Rate at closing
- Interest-only payments: First 2 years
- Collateral Offered: 2nd Lien Position on Mortgage
- Potential Monthly Interest-Only Payments of \$208 (*1% starting Yr. 0 through Yr. 2*)
- Potential Monthly P&I Payments of \$1,390 (*4.5% starting after Yr. 2*)
- Closing contingent upon Council TIF approval

The EDA Board reviewed this request at the August 22 EDA Board meeting and made a motion to authorize staff to draft documents for the \$250,000 EDA Loan. The Loan Agreement and Mortgage documents are attached to this report for Board review.

OPTIONS:

- Make a motion to approve EDA Resolution 2019-007
- Take no action.

RECOMMENDATION:

Staff recommends the EDA approve Resolution 2019-007.