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April 12, 2021

Via Email to: Andrews, Alan Alan.Andrews@greensboro-nc.gov

Mr. Alan Andrews
Chief Deputy City Attorney
City of Greensboro
Greensboro, NC

Re: **Request for Modification of UDIL Agreement** – Urban Development Investment Loan Agreement dated March 16, 2016 (the “UDILA”) between ZCD II, LLC, a North Carolina limited liability company (“ZCD”) and **City of Greensboro** (“City”) for certain property at 120 W. Lewis Street, Greensboro, Guilford County, North Carolina, as more particularly described in the UDILA (the “**Property**”)

Dear Al:

As you know, we represent ZCD in the above-referenced matter, and this letter is written on ZCD’s behalf. Capitalized terms used in this letter and not defined herein will have the meanings set forth in the UDILA and related documents. This letter presents ZCD’s request for the City to consider a modification of the UDILA.

ZCD has entered into a Purchase and Sale Agreement with Boxcar GSO Holdings, LLC, a North Carolina limited liability company (“**Boxcar**”) to sell the Property to Boxcar. Boxcar desires to acquire the Property because, among other things, Boxcar is the primary tenant at the Property and has been operating there as a successful business for over five years. Boxcar is obtaining a loan from Fifth-Third Bank, insured by the SBA. Boxcar’s lender requires that the UDILA be subordinated to Boxcar’s loan from its lender. In addition, as we began reviewing the loan with the City, we determined that several of the requirements of ZCD to comply with the UDILA had been met or satisfied in full, and other requirements have been partially met but the performance under the UDILA has been above expectations. This sale of the Property provided the parties the opportunity to review the performance under the UDILA with City Staff. Staff determined that ZCD has already invested over \$2,100,000.00 in the Property and has generated substantial tax revenue (property and sales taxes) for the benefit of the City. Boxcar has agreed to assume and perform the remaining outstanding items as required under the UDILA. Based on the historic performance of the Property, we believe that the requirements under the UDILA will be satisfied in the next 3-5 years. The sale of the Property to Boxcar will, we believe, allow the current business tenant to improve the Property and will provide even more reason for further investment in the Property.

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Accordingly, ZCD requests that the City enter into an "Assignment, Assumption and Modification Agreement" along the terms and in the form substantially similar to that Agreement that we have submitted for your review. That Agreement would do the following:

- (i) establish the outstanding principal amount due as of April, 2021;
- (ii) allow the assignment of the UDILA from ZCD to Boxcar on the condition that Boxcar will assume and agree to perform all of the outstanding items in the UDILA that have not been performed to date;
- (iii) modify the UDILA to eliminate the requirement that the Property be utilized as a "multitenant property" as it is the intent of Boxcar to occupy the entire building (however, the limitation on "nightclub" use would remain in effect); and
- (iv) Provide that the UDILA will be subordinate to Boxcar's loan from its first mortgage lender (SBA insured loan).

We would accordingly request approval by the City of such modifications of the UDILA and relate loan documents, such documents to be subject to approval by the City's Legal Department. In the interest of time, we would appreciate placing this request on the City Council agenda for April 20, 2021. Thank you in advance for your attention to these matters. Please let us know if you have questions.

Sincerely,



Marc L. Isaacson

MLI/ec

Enclosures

cc: ZCD II, LLC (*via Email*)
Boxcar GSO Holdings, LLC (*via Email*)