



Legislation Details (With Text)

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Title: Resolution to Amend the Security and the Sequence of Payments for the Two Million Dollar Forgivable Loan Made to Self-Help Ventures Fund for the Purpose of Redevelopment of the Renaissance Shops at Phillips Avenue (Bessemer Shopping Center)

Sponsors:

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Attachments: 1. Self-Help - Renaissance NMTC Financing.pdf, 2. 16-0013 RenaissanceResolution(2).pdf

Date	Ver.	Action By	Action	Result
1/19/2016	1	City Council	adopt	Pass
1/13/2016	1	Community Services Committee	refer	
1/12/2016	1	Community Services Committee	recommend for approval	Pass
1/11/2016	1	General Government Committee	recommend for approval	Pass

Resolution to Amend the Security and the Sequence of Payments for the Two Million Dollar Forgivable Loan Made to Self-Help Ventures Fund for the Purpose of Redevelopment of the Renaissance Shops at Phillips Avenue (Bessemer Shopping Center)

Department: Legal
Council District: 2

Public Hearing: N/A
Advertising Date/By: N/A

Contact 1 and Phone: Tom Carruthers, City Attorney, ext 2320
Contact 2 and Phone: Chris Wilson, Assistant City Manager, ext 2002

PURPOSE: To amend the security and the sequence of payments for the two million dollar forgivable loan made to Self-Help Ventures Fund (Self-Help) for the purpose of redevelopment of the Renaissance Shops at Phillips Avenue. This will permit Self-Help’s wholly owned subsidiary, SHVF Renaissance, LLC, (SHVF) to qualify for New Market Tax Credit financing which will assist in completion of the shopping center and will lower rents for tenants at the shopping center.

BACKGROUND: Self-Help owes the City \$2 million on a forgivable loan which requires successful completion of the Renaissance Shops at Phillips Avenue pursuant to the terms of the loan. SHVF has guaranteed this loan and provided to deed of trust on the property to secure this loan. SHVF has requested that

the City agree to the release of the guaranty and deed of trust provided by SHVF. Self Help and SHVF have secured a commitment from Wells Fargo Bank for an investment of an additional \$2,102,660 through a new market tax credit financing structure pursuant to Section 45D of the Internal Revenue Code, which will allow SHVF to receive total loans and investments in the shopping center, separate from the City of Greensboro loan, of \$6,050,000. Self-Help will provide the City a collateral assignment of its rights as the leverage lender in connection with a leverage loan of \$4,096,340 under a proposed new markets tax credit (NMTC) financing to SHVF for development and construction of the shopping center.

This collateral assignment will provide the City with acceptable substitute collateral for the guaranty and deed of trust. Due to NMTC requirements, the City will be required to forbear from exercising its remedies relating to the leverage loan assignment for seven years to protect the rights of Wells Fargo Bank as the NMTC investor to the credits. Self Help will make the leverage loan to a limited liability company in which Wells Fargo will invest (the "Investment Fund"). The Investment Fund will invest the leverage loan proceeds and the NMTC investment into subsidiary community development funds eligible to provide the NMTC financing. Two NMTC loans will be made to SHVF which will be secured by a first priority deed of trust from SHVF. SHVF will repay these loans to enable the leverage loan by Self-Help to be repaid. These rights will be collaterally assigned to the City and provide the City the eventual right to foreclose on the Renaissance Shops at Phillips Avenue in the event of default of the April 15, 2014 loan.

Self-Help has also requested a change in the sequence of the five \$400,000 payments which make up the \$2 million loan.

BUDGET IMPACT: No additional budget impact will occur as a result of this modification.

RECOMMENDATION / ACTION REQUESTED: Council is asked to authorize the Mayor and City Clerk to release the guaranty and cancel the deed of trust that SHVF granted to secure the \$2,000,000 forgivable loan from the City of Greensboro in exchange for Self Help providing to the City a collateral assignment of its rights as the leverage lender in connection with a leverage loan of \$4,096,340 under a proposed new markets tax credit (NMTC) financing to SHVF for development and construction of the Renaissance Shops at Phillips Avenue and to execute an amended Loan Agreement reflecting the new security and sequence of payments.

COMMITTEE ACTION: This item was referred to Council by the General Government and Community Services Committee.