



REQUEST FOR CITY COUNCIL ACTION

MEETING DATE:

August 7, 2019

DEPARTMENT:

City Administration

DIVISION:

Economic Development

- ☒ Motion
- ☐ Resolution
- ☐ Ordinance - Introduction
- ☐ Ordinance - Adoption
- ☐ Public Hearing

TITLE:

Greater Yuma Port Authority (GYPA) Guarantor Letter

SUMMARY RECOMMENDATION:

Authorize the City Administrator to provide a Guarantor letter confirming the City of Yuma will act as Guarantor, on a pro-rata share basis, along with the City of San Luis, Yuma County and the Cocopah Indian Nation, for a Greater Yuma Port Authority refinance loan. (Admin/Economic Development)
(Jay Simonton)

REPORT:

The Greater Yuma Port Authority (GYPA) is an intergovernmental agency created for the sole purpose of promoting and developing the new port district and to ensure the economic wellness of the Yuma County region. The members of the GYPA include the City of Yuma, the City of San Luis, Yuma County, and the Cocopah Indian Nation. Each member has two (2) board members, with one board member being from the elected body.

Pursuant to its mission, GYPA acquired and is developing properties along the border (within the San Luis city limits) known as the Gary Magrino Industrial Park. The outstanding financial obligation on these properties is approximately \$1.7 million with approximately 129 acres remaining. GYPA recently sold and escrowed ten (10) of the remaining acres in two (2) separate transactions, leaving 119 acres available for future development and sale.

It is GYPA's intention to allocate approximately \$300,000 from the sale of the two properties towards the outstanding financial obligation, leaving a principal amount of \$1.4 million. GYPA seeks to obtain refinancing for the remaining \$1.4 million.

GYPA's current terms on the outstanding principal balance are not as favorable and GYPA has been making interest-only payments every month and paying down the principal after sales of properties. The new lending institution, 1st Bank Yuma, is offering prime rate for the refinance. This lower interest rate allows GYPA's monthly payment to remain identical to its current interest-only payment. However, under the new favorable loan terms, GYPA's payment will pay both principal and interest, not just an interest-only payment.

The favorable refinancing terms are only available to credit-worthy non-profits backed by governmental members. To obtain the refinancing under the favorable terms, the lending institution requires each member of GYPA to provide a Guarantor letter confirming it will act as Guarantor on the new obligation, on a pro-rata share (25% each) basis. The new refinance loan will remain collateralized against GYPA's remaining property, much of it already subdivided with extended infrastructure and utility services. As such, the value of GYPA's remaining property should exceed the \$1.4 million it is seeking to refinance at a 60% loan to value ratio.

The lending institution requires the written commitments be received from each of the governmental institutions/Tribal Nation prior to completing the refinance. Yuma County has tendered its commitment letter to the lending institution and GYPA. The City of San Luis and the Cocopah Indian Nation's commitment letters are pending and expected this month.

Approving this motion authorizes and directs the City Administrator to provide a Guarantor letter from the City of Yuma confirming the City of Yuma will act as Guarantor for GYPA on the new obligation, on a pro-rata share basis.

FISCAL REQUIREMENTS	CITY FUNDS:	\$0.00	BUDGETED:	\$0.00
	STATE FUNDS:	\$0.00	AVAILABLE TO TRANSFER:	\$0.00
	FEDERAL FUNDS:	\$0.00	IN CONTINGENCY:	\$0.00
	OTHER SOURCES:	\$0.00 \$0.00 \$0.00	FUNDING FOR THIS ITEM IS FOUND IN THE FOLLOWING ACCOUNT / FUND / CIP:	
	TOTAL:	\$0.00		
	FISCAL IMPACT STATEMENT:			
ADDITIONAL INFORMATION	SUPPORTING INFORMATION NOT ATTACHED TO THE CITY COUNCIL ACTION FORM THAT IS ON FILE IN THE OFFICE OF THE CITY CLERK:			
	1. 2. 3. 4. 5. IF CITY COUNCIL ACTION INCLUDES A CONTRACT, LEASE OR AGREEMENT, WHO WILL BE RESPONSIBLE FOR ROUTING THE DOCUMENT FOR SIGNATURE AFTER CITY COUNCIL APPROVAL? <input checked="" type="radio"/> Department <input type="radio"/> City Clerk's Office <input type="checkbox"/> Document to be recorded <input type="checkbox"/> Document to be codified			
SIGNATURES	CITY ADMINISTRATOR:		DATE:	
	John D. Simonton		7/31/2019	
	REVIEWED BY CITY ATTORNEY:		DATE:	
	Richard W. Files		7/30/2019	
RECOMMENDED BY (DEPT/DIV HEAD):		DATE:		
WRITTEN/SUBMITTED BY:		DATE:		