



REQUEST FOR CITY COUNCIL ACTION

MEETING DATE:

May 6, 2020

DEPARTMENT:

City Administration

DIVISION:

Economic Development

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

TITLE:

Guarantor Letter and Related Documents: Greater Yuma Port Authority (GYPA) Loan Refinancing

SUMMARY RECOMMENDATION:

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

REPORT:

In August 2019, the City Council approved a guarantee letter for the purpose of refinancing the loan on property held by the Greater Yuma Port Authority (GYPA). The terms of the guarantee have changed since August 2019. A new authorization from City Council is requested through this motion.

GYPA is an intergovernmental agency created for the sole purpose of promoting and developing the new port district and to ensure the economic well-being 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 board members, with one board member being from the elected body.

GYPA, through a loan, 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 the loan is slightly more than \$1 million.

GYPA's current terms on the existing loan are not considered competitive under current market conditions and a new lending institution, 1st Bank Yuma, is offering better terms to refinance the existing loan. These better terms provide for a lower interest rate, which allows GYPA's monthly payment to remain identical to its current interest-only payment. Under the more favorable loan terms (4% interest), GYPA's payment will pay both principal and interest, not just an interest-only payment as currently structured.

The favorable refinancing terms are only available to credit-worthy non-profits backed by governmental members. To obtain the refinancing, the lending institution requires each member of GYPA to provide a Guarantor letter and other related documents confirming it will act as Guarantor on the new obligation, on a pro-rata share (33.333% each between Yuma County, the City of San Luis, and the City of Yuma) basis. The new refinanced loan will remain collateralized against GYPA's remaining property, approximately 100 acres, some of which is already subdivided with extended infrastructure and utility services. As such, the value of GYPA's remaining property should exceed the 60% loan to value ratio required by the lender.

The lending institution requires the written guarantor commitments be received from each of the governmental institutions prior to completing the refinance. Yuma County and the City of San Luis are expected to tender commitment letters to the lending institution and GYPA under the new proposed loan terms.

Approving this motion authorizes and directs the City Administrator to provide a Guarantor letter and other related documents confirming the City of Yuma will act as Guarantor for GYPA on the new loan obligation, on a pro-rata share basis. The City Council previously authorized this guarantee.

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:	
	Philip Rodriguez		4/28/2020	
	REVIEWED BY CITY ATTORNEY:		DATE:	
	Richard W. Files		4/28/2020	
RECOMMENDED BY (DEPT/DIV HEAD):		DATE:		
WRITTEN/SUBMITTED BY:		DATE:		