Recommendation: Close the public hearing and place the bond ordinance on first reading.

Background: On June 2, 2015, the City Council approved a Letter of Intent (LOI) to issue Industrial Revenue Bonds (IRBs) in an amount not to exceed $3,000,000 for the acquisition and renovation of a set of buildings in the Commerce Arts District, by Commerce Farm Club, now 520Commerce, LLC (520Commerce). The LOI expired June 2, 2016 and was extended by the City Council through December 31, 2016.

520Commerce has completed the project and is now requesting the issuance of IRBs in the amount not to exceed $2,940,800.

Analysis: The project entails the acquisition and conversion of the buildings on Commerce Street between Waterman and Kellogg, in the Commerce Arts District, into apartments and office/studio space. The overall project includes $3,735,000 in total investment, including repairing exterior walls, replacing and adding windows and doors, new plumbing lines, electrical wiring and breaker boxes, roofing, heating, ventilation and air conditioning, kitchens and bathrooms. The bonds are being issued for a sales tax exemption only. No property tax abatement has been requested.

Financial Considerations: The bonds will be privately placed with the developer. 520Commerce agrees to pay all costs of issuing the bonds and agrees to pay the City’s $2,500 annual IRB administrative fee for the term of the bonds.

Legal Considerations: The law firm of Gilmore & Bell P.C. has served as bond counsel in the transaction. The form of bond documents has been approved by the Law Department. 520Commerce has complied with the City’s Standard Letter of Intent Conditions.

Recommendation/Action: It is recommended that the City Council close the public hearing and place on first reading the Bond Ordinance authorizing the execution and delivery of documents for the issuance of Taxable Industrial Revenue Bonds in an amount not to exceed $2,940,800 and authorize the necessary signatures.

Attachment: Bond Ordinance