

City Council – Action Request Form

Date: March 17, 2025

To: Mayor, Mayor Pro Tempore, and Members of City Council

From: Ken Millett, Economic Development Director
Ben Rowe, Assistant City Manager

Council Action Requested:

Resolution Authorizing Economic Development Assistance Through the Spec Building Revolving Loan Program to Front Street Capital for Construction of a Speculative Building at Union Cross Industrial Center Pursuant to N.C.G.S. 158-7.1

Strategic Focus Area: Economic Vitality and Diversity

Strategic Objective: Develop and Redevelop Commercial/Industrial Park Sites

Strategic Plan Action Item: No

Key Work Item: No



Summary of Information:

Front Street Capital (FSC) is a Winston-Salem based developer of commercial real estate, including industrial, office, healthcare, and mix-use properties throughout the Southeast. Local industrial projects include Union Cross Industrial Center and Park at 74.

FSC is requesting a loan of \$3.5 million through the Spec Building Revolving Loan Program to assist in the construction of a 300,000 square foot speculative industrial building on Lot #5 at Union Cross Industrial Center. The program guidelines attached. The site is located within the 72 acres at Union Cross Road and Axle Drive purchased by FSC from the City in 2022, and the facility would be marketed to companies outside the area seeking to relocate in Winston-Salem.

The City's loan would supplement a capital stack that is anticipated to include a ~\$19 million primary mortgage and ~\$13.5 million of equity. FSC will pursue additional sources to fund infrastructure serving the park. The initial investment is expected to be \$32 million, and construction would begin by the third quarter of 2025. FSC projects further investment of up to \$2.25 million upon securing a tenant. The City loan would be repaid in full upon the occupation of the facility by a tenant and the subsequent selling or refinancing of the facility, but no later than five years from the date of approval.

Committee Action:

Committee	Committee of the Whole 03/17/2025	Action	Approval
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For	Unanimous	Against	
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Remarks:

The City has previously partnered with FSC on three similar projects. In 2017 City Council approved the modification of a previously approved \$2.5 million loan to assist Winston-Salem Business, Inc. and FSC with the construction of a 140,000 square foot spec building, which is currently fully leased in the Union Cross Industrial Center. Although the terms of the loan called for it to be repaid within up to five years, it was paid in full within 16 months.

In 2020 City Council approved a \$2.5 million loan to assist FSC with the construction of a 250,000 square foot spec building in the Park at 74 industrial park. The building initially served as a newly relocated company's temporary home while FSC constructed a design-build 610,000 square foot facility to fit their needs. It is currently fully leased to a new tenant, and the loan was paid in full within 19 months.

In 2023 City Council approved a \$2.5 million loan to assist with the construction of a 144,000 square foot spec building in the Union Cross Industrial Center. The building is fully leased, and the loan was paid in full within 15 months.

If approved by City Council, the attached Resolution authorizes staff to take the necessary steps to execute a loan closing with FSC for up to \$3.5 million through the City's Spec Building Revolving Loan Program.

If approved by the Committee, a public hearing would be held at the City Council meeting on April 7.