

**RESOLUTION AUTHORIZING AN INCREASE IN THE PRIMARY LENDER'S DEED OF TRUST ON ITS LOAN TO FRONT STREET CAPITAL FOR THE CONSTRUCTION OF A SPECULATIVE INDUSTRIAL BUILDING AT UNION CROSS INDUSTRIAL CENTER**

**WHEREAS**, in December 2022, City Council unanimously approved a \$2.5 million loan to assist Front Street Capital (FSC) with the construction of a 144,000 square foot speculative building at the Union Cross Industrial Center; and

**WHEREAS**, at the time the City's loan supplemented a capital stack that included a primary mortgage of \$8.5 million and equity of \$4.7 million; and

**WHEREAS**, the building has been fully leased with the tenant scheduled to begin production by the end of 2024; and

**WHEREAS**, costs to deliver the customized space were higher than anticipated, prompting FSC to request an additional \$1.85 million from its primary lender, thus increasing the first deed of trust from the primary lender to \$10,404,500; and

**WHEREAS**, the primary lender requires the City, as second lien holder, to approve of the increase.

**NOW, THEREFORE, BE IT RESOLVED** by the Mayor and City Council of the City of Winston-Salem that, after a duly advertised public hearing pursuant to N.C.G.S. 158-7.1, the City hereby authorizes FSC to increase the loan amount and deed of trust from its primary lender by up to \$1.85 million, for a total of \$10,404,500.

**BE IT FURTHER RESOLVED**, approval does not increase the City's loan amount of \$2.5 million to FSC for construction of the spec building.