

City Council – Action Request Form

Date: May 30, 2017

To: The City Manager

From: Derwick L. Paige, Assistant City Manager

Council Action Requested:

Approve modification to a previously approved economic development loan to Winston-Salem Business, Inc. (WSBI) for construction of a speculative building.

Summary of Information:

In January 2015, the Mayor and City Council approved a \$2,500,000 economic development loan to Winston-Salem Business, Inc. (WSBI) to help construct a speculative building in the Union Cross Business Park (UCBP). The building was projected to be approximately 50,000-60,000 square feet with expansion capability of at least 20,000 additional square feet. Once the building is sold, the City funds would be repaid to the economic development loan fund to be used for future economic development purposes. The loan was being funded using the Dell Repayment Fund and 2014 Economic Development General Obligation Bonds.

As one of the loan conditions, WSBI was required to identify any additional funding that was required to complete the project. While preliminary estimates indicated that sufficient funding was available for the proposed project, a more detailed analysis found that the site had a significant amount of rock that would need to be moved; thus, making the project virtually cost prohibitive. In the meantime, WSBI has been working to identify other development partners to construct additional speculative buildings to continue addressing our current shortage.

A development partner has been identified by WSBI to construct a 140,000 square foot speculative building in the Union Cross Industrial Center (UCIC) with an estimated value of approximately \$6,500,000. This property is located on Temple School Road (Southeast Ward) and approximately three miles from the original location in the UCBP. In order to move forward with construction of this speculative building, WSBI is requesting permission to move the approved location for the previously approved loan to the UCIC. All other terms of the 2015 loan approval would remain unchanged including the City would be in first lien position and loan would be repaid when the building is sold. The attached resolution authorizes this requested modification of the 2015 approval.

Committee Action:

Committee	Finance 6/12/17	Action	Approval
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For	Unanimous	Against	
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Remarks: