



MEMORANDUM

Council Agenda
Item No. VII.W.
7/5/2017

The City of OKLAHOMA CITY

TO: Mayor and City Council

FROM: James D. Couch, City Manager

Resolution approving a Brownfields Revolving Loan Agreement between NE CS First National, LP, to assist with environmental clean-up for the First National property located at 120 North Robinson Avenue, not to exceed \$2,500,000; and accepting the Promissory Note, Guaranty Agreements, and Deed of Trust and Security Agreement. Ward 6.

Location 120 North Robinson Avenue

Purpose To approve a Brownfields Revolving Loan Fund (BRLF) Loan Agreement in the initial amount of \$1,000,000 with the ability to increase the loan to an amount not to exceed \$2,500,000 if funding is available.

The loan will be used for environmental clean-up for the property located at 120 North Robinson Avenue. Proposed development at this site includes:

- 278,251 sq. ft. of hotel space to include 149 guest rooms, retail spaces and other amenities, together with corridors and open space.
- 176,408 sq. ft. of apartments to include 210 separate rentable residences and other amenities, together with corridors and open space.
- 550,395 sq. ft. of parking in a garage to include 691 vehicle parking spaces and 550,195 sq. ft. of commercial and retail space, together with corridors and open space.

Environmental remediation is necessary prior to redevelopment. Loan funds can only be used for clean-up activities and will be released on a reimbursement basis.

Background The City applied for and received a \$2,000,000 Brownfields Revolving Loan Fund (BRLF) from the U.S. Environmental Protection Agency (EPA) in September 2008. The City has since received four supplemental funding awards that total \$1,432,833 and has about \$840,789 remaining in the open BRLF. These funds will be combined with Program Income (e.g., principal and interest payments) generated from this RLF and the closed 2009 ARRA RLF grant to fund initial \$1,000,000 of this loan.

In January 2017, EPA issued a Notice of Availability of Supplemental Funds and The City responded by requesting an additional \$1.5 million to support this project. In June 2017, EPA announced The City was selected to receive \$500,000 in supplemental funding. Under the terms of this Agreement, the loan amount may be administratively increased not to exceed \$2,500,000 based upon the receipt of the June 2017 funds, as well as additional RLF grant funds that may become available during the course of this cleanup.

BRLF funds may be loaned to for-profit businesses, or sub granted to eligible non-profit applicants, to support clean-up of environmental hazards that are hindering property redevelopment in Oklahoma City.

NE CS First National, L.P. currently owns the site located at 120 North Robinson Avenue. The site historically has been the center of downtown Oklahoma City. It housed First National Bank for decades and was the premier office space for many businesses. The street level and underground housed retail businesses and restaurants serving the downtown workforce.

The FNC Property has been primarily occupied by banking entities and corporate offices. In 2008 and 2009, under previous ownership, the FNC-East Building underwent a partial renovation and asbestos abatement. Limited office and commercial uses remained on the Property until 2016. The Property has been vacant since August 2016.

The Brownfields Loan Agreement will allow the developer to address identified abatement of accessible asbestos containing material (ACM), encapsulation of inaccessible interior areas and the removal or stabilization of Lead Based Paint (LBP). Asbestos clean-up will be reviewed by the Oklahoma Department of Labor (DOL). The clean-up will start once the loan agreement is approved and the contractor selection process is complete.

The proposed BRLF Loan Agreement requires approval by the City Council and signatures by the Mayor. It is an 80% of actual reimbursement loan for the purpose of Brownfields clean-up. The loan amount is not to exceed \$2,500,000 to be repaid over a period of eight years with interest to be charged at 2% per annum. The supporting documents include the BRLF Guaranty Agreement with Charlie Nicholas, the BRLF Guaranty Agreement with Gary Brooks, the Deed of Trust and Security Agreement, and Promissory Note, which are executed by Gary Brooks, Partner and Charlie, Nicholas, Partner, NE CS First National, LP. The Collateral for this loan is addressed in the Deed of Trust and Security Agreement. It is commercial property located at 420 Southfork Dr., Lewisville, Texas, 75057 and is valued at \$2,100,000.

Estimated Cost Not to exceed \$2,500,000 with an initial amount of \$1,000,000 per the loan agreement. The total cost of environmental remediation is estimated between \$9 million and \$12 million. Any costs incurred in excess of the loan amount will be paid by NE CS First National, LP.

Source of Funds Grants Management – Environment Protection Agency – Planning-BF-96679701 (019-6660-2409503-G95006)
BF-966031-01-0 RLF (PI) (019-6660-2409503-G95002)
BF-96679701 RLF (PI) (019-6660-2409503-G95010)
Program Income EPA RLA ARRA PI (019-6660-2409503-G95012)

Review Planning Department

Recommendation: Resolution be adopted.