



Legislation Details

**File #:** 0247-20      **Version:** A      **Name:** Subject: (Direct Referral) Communication sponsored by Mayor Mason requesting approve a \$2,400,000 Loan from the Board of Commissioners of Public lands (BCPL), which shall represent a General Obligation (G.O.) Debt to the City of Racine, which proceeds sha

**Type:** Communication      **Status:** Passed

**File created:** 5/1/2020      **In control:** Finance and Personnel Committee

**On agenda:**      **Final action:** 5/5/2020

**Title:** Subject: (Direct Referral) Communication sponsored by Mayor Mason requesting approve a \$2,400,000 Loan from the Board of Commissioners of Public lands (BCPL), which shall represent a General Obligation (G.O.) Debt to the City of Racine, which proceeds shall, in turn, be lent to Cardinal Capital Management (Ajax Project), for a term of twenty-four (24) months; with Interest-only for the duration of the term; no pre-payment penalty; and, an interest rate to the City of 2.50% per annum. Cardinal will, in turn, be obligated to repay the City at an interest rate equal to 3.00% per annum with a second-position lien on the project subordinate only to the first mortgage, and a full corporate guarantee from Cardinal Capital.

Recommendation of Mayor Mason: To approve the request for a \$2,400,000 Loan from the Board of Commissioners of Public lands (BCPL), which shall represent a General Obligation (G.O.) Debt to the City of Racine, which proceeds shall, in turn, be lent to Cardinal Capital Management (Ajax Project), for a term of twenty-four (24) months; with Interest-only for the duration of the term; no pre-payment penalty; and, an interest rate to the City of 2.50% per annum. Cardinal will, in turn, be obligated to repay the City at an interest rate equal to 3.00% per annum with a second-position lien on the project subordinate only to the first mortgage, and a full corporate guarantee from Cardinal Capital.

Fiscal Note: The City will incur a 24-month Debt obligation for \$2.4million, which Cardinal capital will agree to fully repay. The City will pay \$5,000 per-month in interest on this obligation, while, in turn, Cardinal will repay the City at \$6,000 per-month, resulting in the City achieving positive revenue of \$1,000 per-month. There are no fees involved in applying for and receiving the BCPL Loan.

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. City of Racine ABM - Ajax BCPL, 2. #0247-20 Resolution

Date	Ver.	Action By	Action	Result
5/5/2020	A	Common Council	Approved	Pass