



RESOLUTION

AUTHORIZING THE SUBMISSION OF AN APPLICATION TO THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT SECTION 108 LOAN GUARANTEE PROGRAM AND REQUESTING A REVISION TO THE BROWNFIELDS ECONOMIC DEVELOPMENT INITIATIVE GRANT FOR COTTON MILL SQUARE, LLC

CITY OF NASHUA

In the Year Two Thousand and Eleven

WHEREAS, the City of Nashua was awarded a \$2.0 million Brownfields Economic Development Initiative (“BEDI”) Grant and a \$2.85 million Section 108 Loan Guarantee from the U. S. Department of Housing and Urban Development (“HUD”) in 2008 for the cleanup and redevelopment of the Nashua Millyard Boilerhouse;

WHEREAS, the cleanup and redevelopment of the Nashua Millyard Boilerhouse is no longer an eligible project for the BEDI grant program;

WHEREAS, Cotton Mill Square, LLC will redevelop the cotton storage building at 30 / 36 Front Street (Parcel 78-87) into affordable housing and commercial space and has requested a \$3.0 million Section 108 Loan and a \$2.0 million BEDI Grant to fund the project;

WHEREAS, the redevelopment by Cotton Mill Square, LLC is consistent with the goals of the Community Development Block Grant (“CDBG”) Entitlement, Section 108 Loan Guarantee and BEDI Grant programs;

WHEREAS, the City of Nashua, as a CDBG entitlement community, is allowed to borrow HUD Section 108 Loan Guarantee funds and recipients of BEDI Grants are required to borrow HUD Section 108 Loan Guarantee funds;

WHEREAS, the City of Nashua may borrow up to five times its annual CDBG allocation through the HUD Section 108 Loan Guarantee program;

WHEREAS, the City of Nashua Consolidated Plan, adopted by the City on June 8, 2010 and accepted by HUD, includes community development and housing needs and Brownfields redevelopment opportunities; and

WHEREAS, the City of Nashua will re-lend the HUD Section 108 loan and award the BEDI Grant funds to Cotton Mill Square, LLC for site remediation, infrastructure, the development of affordable housing and the creation of jobs at the project.

NOW THEREFORE BE IT RESOLVED by the Board of Aldermen of the City of Nashua that the Mayor is authorized to submit an application to HUD in the City of Nashua's name for \$3.0 million in HUD Section 108 Loan Guarantee funds and to request a revision of its BEDI Grant for \$2.0 million; to act on behalf of the applicant City of Nashua in regard to the application; and to provide such additional information as may be required.

LEGISLATIVE YEAR 2011

RESOLUTION: R-11-91

PURPOSE: Authorizing the submission of an application to the U.S. Department of Housing and Urban Development Section 108 Loan Guarantee Program and requesting a revision to the Brownfields Economic Development Initiative Grant for Cotton Mill Square, LLC

SPONSOR(S): Alderman Diane Sheehan
Alderman-at-Large Ben Clemons

**COMMITTEE
ASSIGNMENT:**

FISCAL NOTE: Possible repayment of loan funds with interest.

ANALYSIS

This resolution authorizes the city to request a revision of its \$2.0 million dollar Brownfields Economic Development Initiative grant from the Nashua Millyard Boilerhouse project to the redevelopment of the cotton storage building at 30 / 36 Front Street (Lot 78-87) by Cotton Mill Square, LLC into affordable housing and commercial space. It also authorizes the city to apply for \$3.0 million under the HUD Section 108 Loan Guarantee Program for the same project. The Section 108 Loan Guarantee Program is a source of financing for economic development, housing and public facilities rehabilitation, construction or installation for the benefit of low- to moderate-income persons, or to aid in the prevention of slums. The city will re-loan the Section 108 loan to Cotton Mill Square, LLC for the redevelopment of the cotton storage building at 30 / 36 Front Street (Lot 78-87). The Section 108 proceeds must be used to support the same project funded by a BEDI grant.

Approved as to form:

Office of Corporation Counsel

By: Dowling Clarke

Date: February 1, 2011



RESOLUTION

AUTHORIZING THE SUBMISSION OF AN APPLICATION TO THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT SECTION 108 LOAN GUARANTEE PROGRAM FOR COTTON MILL SQUARE, LLC

CITY OF NASHUA

In the Year Two Thousand and Eleven

WHEREAS, Cotton Mill Square, LLC will redevelop the cotton storage building at 30 / 36 Front Street (Parcel 78-87) into affordable housing and commercial space and has requested a \$2.5 million Section 108 Loan;

WHEREAS, the redevelopment by Cotton Mill Square, LLC is consistent with the goals of the Community Development Block Grant ("CDBG") Entitlement and Section 108 Loan Guarantee;

WHEREAS, the City of Nashua, as a CDBG entitlement community, is allowed to borrow HUD Section 108 Loan Guarantee funds;

WHEREAS, the City of Nashua may borrow up to five times its annual CDBG allocation through the HUD Section 108 Loan Guarantee program;

WHEREAS, the City of Nashua Consolidated Plan, adopted by the City on June 8, 2010 and accepted by HUD, includes community development and housing needs; and

WHEREAS, the City of Nashua will re-lend the HUD Section 108 loan to Cotton Mill Square, LLC for site remediation, infrastructure, the development of affordable housing and the creation of jobs at the project.

NOW THEREFORE BE IT RESOLVED by the Board of Aldermen of the City of Nashua that the Mayor is authorized to submit an application to HUD in the City of Nashua's name for \$2.5 million in HUD Section 108 Loan Guarantee funds; to act on behalf of the applicant City of Nashua in regard to the application; and to provide such additional information as may be required.

AND THEREFORE BE IT FURTHER RESOLVED by the Board of Aldermen of the City of Nashua that the Section 108 Loan to Cotton Mill Square, LLC, is subject to the following financing requirements:

RESOLUTION

R-11-91, Amended

1. Evidencing the availability or commitment of all sources of funds on terms acceptable to the City and compatible with a feasible project;
2. Providing a contract from a qualified building contractor, evidencing the adequacy of the construction costs;
3. If projected development costs have changed, a revised development budget acceptable to the City;
4. Provision of an appraisal from a qualified appraiser acceptable to the City indicating an opinion of value for a loan to value of no less than 80% for the total of Section 108 and other permanent debt with higher priority;
5. Sufficient collateral—including a secured position the real estate as well as a mutually agreeable guarantee of any exposure or liability that the City may have with respect to payments on the remaining balance of the Section 108 Loan in the unlikely event of default;
6. Identification of a qualified management agent acceptable to the city; and
7. Provision of an operating pro forma acceptable to the city demonstrating debt service coverage for Section 108 and other permanent debt with higher priority, of at least 1.15.

RESOLUTION R-11-92
Relative to the use of U. S.
Department of Housing and
Urban Development FY2011
Home Investment Partnership
Program Funds by Cotton Mill
Square, LLC

IN THE BOARD OF ALDERMEN

1ST READING FEBRUARY 8, 2011

Referred to:

HUMAN AFFAIRS COMMITTEE

2nd Reading MARCH 3, 2011

3rd Reading _____

4th Reading _____

Other Action _____

Passed MARCH 3, 2011

Indefinitely Postponed _____

Defeated _____

Attest: *Paul Bergeron*
City Clerk

Bill McLean
President

Approved *Joselyn Hogan*
Mayor's Signature

3-4-11
Date

Endorsed by

[Signature] SHEEHAN
CLEMONS

Vetoed: _____

Veto Sustained: _____

Veto Overridden: _____

Attest: _____
City Clerk

President