

**Columbus Light and Water Department
Special Emergency Meeting of Commissioners
Re: Loan to the City
November 25, 2015**

INTRODUCTION AND BRIEF SUMMARY

The City of Columbus seeks to borrow and secure \$650,000.00 from the Columbus Light & Water Department. During the remainder of this presentation The City of Columbus is hereinafter referred to as "City" and the Columbus Light & Water Department is hereinafter referred to as "CL&W".

The money will be loaned by CL&W to the City as of the date of an agreement. The period of repayment will be 5 years with an interest rate in the amount CL&W's money is normally invested.

LOAN SPECIFICS

The total amount of principal will be \$650,000.00. Repayment will be principal in increments of the following:

YEAR 1:	\$100,000.00, and,
YEAR 2:	\$100,000.00, and,
YEAR 3:	\$150,000.00, and,
YEAR 4:	\$150,000.00 and,
YEAR 5:	\$150,000.00

The above listed principal payments do not include interest payments. The payments shall include the principal plus the prevailing interest rate on CL&W's money normally invested. The payments shall be due on the anniversary date of the loan.

The loan shall be secured by an Agreement, Promissory Note and the in lieu taxes paid by CL&W to the City annually. These in lieu taxes are represented by payments made by the CL&W to the City in the amount of \$166,000.00 per month for a total of \$2,000,000.00 per year. The Promissory Note protects CL&W by allowing these above stated payments for in lieu taxes to be withheld by the CL&W upon delinquency or breach of the Agreement/Promissory Note.

The only protection for CL&W would be withholding the in lieu taxes from the City; same is included in the Agreement and Promissory Note mentioned above. There is no real estate or collateral (Deed of Trust) as CL&W does not have the legal capacity to own an interest in real estate. The protection afforded CL&W appears to be as much as can be expected in such a situation.

LOAN PURPOSE

The monies loaned to the City by the CL&W pursuant to this agreement shall be used to purchase the Gilmer Inn for \$425,000.00 and Jerry Lavender's Sporting Goods formerly known as "Brumley's Sporting Goods" for \$225,000.00. The purchase of the Gilmer Inn is scheduled for December 1, 2015 and the purchase of the Sporting Goods store within 30 days, thereafter.

The monies loaned pursuant to this agreement shall be expended by the City within the first 30 days of the loan. The projects should be completed within 6 months of the date the monies are paid by CL&W to the City. Scope of Work.

SCOPE OF WORK UNDER THE LOAN PROCEEDS

Primary Work and Goals: The City in conjunction with the Convention and Visitors Bureau will eliminate all the buildings from the Varsity Theater due east to the intersection of Main Street and Third Street North. The elimination of the Gilmer Inn will allow a project or enterprise to be built thereon. The City is actively seeking enterprises or projects to be built on the above mentioned property in an effort to have a revenue generating, tax-paying private entity or individual on the property. At this time, there will be no parking lot built upon the area of the Gilmer Inn purchase. The City will demolish the Gilmer Inn with their own general funds or from Redevelopment Grants available to the City.

Ancillary Work: The Columbus Convention and Visitors Bureau will purchase the Barber Shop utilized by Zack Musselwhite and owned by Frank Loftis at the corner of the block above mentioned. The old Elks Lodge will be purchased by the Convention and Visitors Bureau and will be developed into a children's museum. The area of the Barber Shop and the area of the old Sporting Goods store, will probably be utilized for parking. The monies to be expended by the City would be \$650,000.00 (Gilmer Inn property \$425,000.00, Sporting Goods property \$225,000.00; CVB \$150,000.00 Barber Shop property and \$300,000.00 old Elks Lodge).

(Prepared by Jeff Smith after consultation with Mayor Robert Smith and Executive Director of CVB, Nancy Carpenter.)