

**CITY OF EL PASO, TEXAS  
AGENDA ITEM  
DEPARTMENT HEAD'S SUMMARY FORM**

**DEPARTMENT:** Community and Human Development

**AGENDA DATE:** August 17, 2010

**CONTACT PERSON NAME AND PHONE NUMBER:** Bill Lilly 541-4643

**DISTRICT(S) AFFECTED:** District 8

**SUBJECT:**

Discussion and action on a Resolution of approve the Empowerment Zone Revolving Loan Fund Small Business application and loan funding to Perspectiva Group, INC. and 211 Florence, LP, in the amount of \$350,000 for purchase of equipment, property rehabilitation and improvements and moving expenses. Also authorize the City Manager to execute any and all loan related documents by and among the City of El Paso, Perspectiva Group, Inc. and 211 Florence, LP, and loan guarantor(s), required to meet loan program requirements and loan disbursement, with exception an to the loan to value analysis and loan securitization requirement upon approval by the City Attorney's Office.

**BACKGROUND / DISCUSSION:**

On June 29, 2010 the City Council approved a the Empowerment Zone Revolving Loan Fund Small Business application to provide funding to Perspectiva Group, INC. and 211 Florence, LP, in the amount of \$550,000 for working capital, acquisition of machinery, equipment, property rehabilitation and debt refinancing. Staff previously requested the \$550,000 approval to allow refinancing of an existing 2<sup>nd</sup> lien on the property in the amount of \$250,000. That would have allowed the City of El Paso to be in a 2<sup>nd</sup> lien position. However, the activities for which the existing 2<sup>nd</sup> lien financed did not obtain an Environmental Review clearance under Title 24 of the Code of Federal Regulations Part 50, therefore would not be considered and eligible or reimbursable expenditure.

Further, the underwriting guidelines of the Empowerment Zone Revolving Loan Fund Small Business Loan program provides that the loan to value analysis for securitization purposes be no less than 80% when real estate is used for collateral. The most recent appraisal for the property was \$4.2M thus required no more than \$3,360,000 in total debt on the property. The debt with a City an Empowerment Zone Revolving Loan Fund Small Business loan of \$350,000 would cause the debt to value ratio to exceed program requirements by 3%, therefore an exception is recommended. Lastly, the Empowerment Zone Revolving Loan Fund Small Business Loan Program guidelines requires that the City of El Paso be in no less than a 2<sup>nd</sup> lien position. Staff is recommending an exception to allow a 3<sup>rd</sup> lien position.

**PRIOR COUNCIL ACTION:**

On June 29, 2010 the City Council approved a the Empowerment Zone Revolving Loan Fund Small Business application to provide funding to Perspectiva Group, INC. and 211 Florence, LP, in the amount of \$550,000

**AMOUNT AND SOURCE OF FUNDING:**

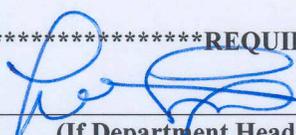
\$350,000 Empowerment Zone Revolving Loan Fund

**BOARD / COMMISSION ACTION:**

Enter appropriate comments or N/A

\*\*\*\*\*REQUIRED AUTHORIZATION\*\*\*\*\*

**DEPARTMENT HEAD:**



(If Department Head Summary Form is initiated by Purchasing, client department should sign also)

*Information copy to appropriate Deputy City Manager*

**RESOLUTION**

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EL PASO:**

That City Council's approval by resolution dated June 29, 2010 of Empowerment Zone Revolving Loan Fund Small business Loan application and loan amount to Perspectiva Group, Inc. and 211 Florence, LP, as co-borrowers, be reduced to \$350,000.00 with loan proceeds to be limited to use for equipment acquisition, property rehabilitation and improvements and moving expenses, and among other collateral, to be secured by a third lien against the property located at 211 Florence, El Paso, Texas, as an exception to the program's loan-to-value analysis and loan securitization requirements, as recommended by the Director of Economic Development.

Approved this \_\_\_\_ day of \_\_\_\_\_ 2010

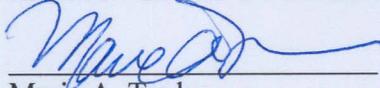
**THE CITY OF EL PASO**

\_\_\_\_\_  
John F. Cook,  
Mayor

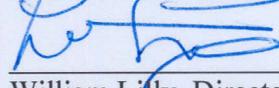
**ATTEST:**

\_\_\_\_\_  
Richarda Duffy Momsen  
City Clerk

**APPROVED AS TO FORM:**

  
\_\_\_\_\_  
Marie A. Taylor  
Assistant City Attorney

**APPROVED AS TO CONTENT:**

  
\_\_\_\_\_  
William Lilly, Director  
Comm. and Human Development