



**RCA
CITY OF AUSTIN
RECOMMENDATION FOR COUNCIL ACTION**

**AGENDA ITEM NO.: 7
AGENDA DATE: Thu 03/24/2005
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SUBJECT: Authorize the negotiation and execution of an economic development agreement including a forgivable loan agreement and other documents with 4709 Incorporated d/b/a Midtown Live in an amount not to exceed \$750,000 under the Legendary Music Venue Relocation and Redevelopment Program for the redevelopment of property located at 7408 Cameron Road.

AMOUNT & SOURCE OF FUNDING: Funding is available in the Fiscal Year 2004-2005 Amended Operating Budget of the Downtown Development Fund.

FISCAL NOTE: There is no unanticipated fiscal impact. A fiscal note is not required.

REQUESTING Economic Growth and **DIRECTOR'S**
DEPARTMENT: Redevelopment Services **AUTHORIZATION:** Sue Edwards

FOR MORE INFORMATION CONTACT: Sue Edwards, Director / 974-7820

PRIOR COUNCIL ACTION: N/A

BOARD AND COMMISSION ACTION: N/A

PURCHASING: N/A

MBE / WBE: N/A

This action approves authorizing the negotiation and execution of an economic development agreement including a forgivable loan agreement and other documents with 4709 Incorporated d/b/a Midtown Live in an amount not to exceed \$750,000 under the revised Legendary Music Venue Relocation and Redevelopment Program for the redevelopment of property located at 7408 Cameron Road.

Pursuant to the Legendary Music Venue Relocation and Redevelopment Program Guidelines, 4709 Incorporated d/b/a Midtown Live applied for this loan to redevelop this well-established, legendary music venue that experienced a catastrophic fire that resulted in destruction of the music venue on February 18, 2005.

The Program is created under Chapter 380, Texas Local Government Code to promote local economic development and to stimulate business and commercial activity in the City, including the creation or retention of jobs for low- and moderate-income persons. To ensure that a public purpose is served by the incentives provided under this Program, the Program guidelines require a job creation and retention agreement be executed to require that during the original Loan term the borrower create or retain employment opportunities for low and moderate income persons residing in the City of Austin. The Program guidelines also require the borrower to enter into a music event compliance agreement that provides that a specific number of music events be offered at the music venue to enable local, emerging musicians and event patrons to attend at minimal cost.

This action approves Midtown Live as an applicant for financing under the Program, authorizes the City Manager or the City Manager's designee to negotiate the terms of the financing with Midtown Live, and



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authorizes the City Manager or the City Manager's designee to enter into the transaction with Midtown Live on behalf of the City under the program Guidelines. The general terms and incentives of the loan include: a maximum loan amount not to exceed \$750,000 to be disbursed as costs are incurred, the loan to be secured by a deed of trust as well as any other security the City believes is necessary, zero percent interest rate, annual repayment schedule equal to 5% of the loan amount (\$37,500 for \$750,000 loan) beginning the earlier of (1) twelve months following certificate of occupancy or (2) two years after the loan is entered into, a twenty year loan term, and a provision that if there is no uncured Event of Default, the annual debt service payment is forgiven plus an additional amount of principal outstanding equal to 15% of the original loan amount each year (if there are no defaults the entire obligations of the borrower will be forgiven by the fifth year following completion of construction).