



MEMORANDUM

P.O. Box 4100 ♦ FRISCO, COLORADO 80443

TO: MAYOR AND TOWN COUNCIL

**FROM: TOM FISHER, TOWN MANAGER
JAMES GORHAM, ECONOMIC DEVELOPMENT MANAGER**

RE: ORDINANCE 25-08: AN ORDINANCE APPROVING AN AMENDED AND RESTATED LOAN AGREEMENT AND AN AMENDED AND RESTATED UNCONDITIONAL GUARANTY IN CONNECTION WITH A TOWN LOAN APPROVED FOR THE DEVELOPMENT OF AN AFFORDABLE HOUSING PROJECT AT 602 GALENA STREET PURSUANT TO THE SECOND AMENDED AND RESTATED DEVELOPMENT AGREEMENT BETWEEN THE TOWN OF FRISCO, THE FRISCO COMMUNITY HOUSING DEVELOPMENT AUTHORITY, THE NHP FOUNDATION, AND NHPF GALENA, LLC, AS AN AMENDMENT AND RESTATEMENT OF THE DEVELOPMENT AGREEMENT BETWEEN THE TOWN OF FRISCO AND THE NHP FOUNDATION, DATED AS OF MAY 23, 2023.

DATE: MAY 13, 2025

Summary:

Following the Town Council's action to adopt a Development Agreement, Ground Lease, and its exhibits between the Town of Frisco ("Town") and NHPF Galena LLC ("NHPF"), the Frisco Community Housing Development Authority ("FCHDA") received a request from NHPF to amend the adopted Unconditional Guaranty during the April 22nd FCHDA board meeting. In addition to the Unconditional Guaranty amendment request, Town staff are also bringing forth an amendment to the adopted Loan Agreement for Town Council consideration. Town staff are currently waiting for comments from NHPF regarding the Assignment and Subordination of Architect Contract and the Assignment and Subordination of Construction Contract.

Background:

The Town of Frisco has been working with the NHP Foundation (NHPF) since early 2023 when staff from NHPF approached Town staff and Council on affordable housing opportunities in Frisco. The mission of NHPF is to "preserve and create sustainable, service-enriched multifamily housing that is affordable to low- and moderate-income families and seniors, and beneficial to their communities." This mission aligns with the Council's strategic plan to support a thriving economy by increasing workforce housing and enhancing community inclusivity by offering a variety of housing types to support year-round residents.

The 602 Galena project has evolved partly due to the ongoing pursuit of the 101 West Main LIHTC housing project. Recognizing the strong need for all housing types and rental rates within Frisco, the Town has focused on ensuring that the two projects provide a range of affordable housing options to the community.

The project is projected to move forward in 2025 with 54 rental units at an income rate of 120% of the Summit County Area Median Income.

Analysis:

- Loan Agreement: Due to the amendment request made by NHPF regarding the Unconditional Guaranty, an Amended and Restated Loan Agreement has been brought forward to Council for consideration. The Amended and Restated Loan Agreement changes state that NHPF is to provide an Amended and Restated Unconditional Guaranty, an Amended and Restated Construction Assignment, and an Amended and Restated Architect Assignment which must be acceptable to the Town, along with an Assignment of Property Management Agreement prior to completion of construction. The Amended and Restated Loan Agreement also dictates an annual maximum loan disbursement schedule of the proceeds from the Town to NHPF. The annual loan disbursement schedule would still be subject to the Town Council's annual appropriation.
- Unconditional Guaranty: Under the previously adopted Unconditional Guaranty, a repayment of \$8,100,000 would be made back to the Town if NHPF were to go into default on the development, or if there were a failure by NHPF to comply with the adopted Loan Agreement. The Amended and Restated Unconditional Guaranty ("Guaranty") agreement, as requested by NHPF, would change the terms from a monetary repayment if the project were to go into default, to a construction completion guaranty. The amended Guaranty states that NHPF will, "Construct the improvements in accordance with the plan & specifications, free and clear of all defects and liens and in compliance with laws... on or before the completion date." The amended Guaranty also notes that NHPF will immediately remove~~al~~ any and all liens that could be incurred on the property during construction. The Town shall have the option to require NHPF to complete construction of the project in the event of a default under the Loan Documents.

Financial Impact:

The Town of Frisco has committed \$8.1 million from the Housing Fund to assist in the construction of the project. This is in addition to the approximate \$1 million that was contributed by the Town for the purchase of the property from the State of Colorado.

Alignment with Strategic Plan:

Town Council has identified in the 2024 Strategic Plan, the goal of "Offering a variety of housing types to support year-round residents" and "Actively supporting the acquisition and retention of a diverse workforce" as a priority under the guiding principle of "Creating an Inclusive Community". Frisco's Housing Helps Program enhances the Inclusive Community priority through ensuring the Town maintains a variety of housing options for its residents.

Staff Recommendation:

Staff requests the Council discuss and approve the amendments as described by Ordinance 25-08

Reviews and Approvals: This report has been reviewed and approved by:

Tom Fisher, Town Manager

Thad Renaud, Town Attorney

Attachments:

- Attachment 1: Ordinance 25-08: Amended and Restated Loan Agreement and Amended and Restated Unconditional Guaranty in Connection with a Town Loan.
- Attachment 2: Amended and Restated Loan Agreement
- Attachment 3: Amended and Restated Unconditional Guaranty