

City of Alexandria, Virginia

Support Agreement with IDA for The Art League HQ Retention

Presentation To City Council

October 24, 2023



Agenda



- Background
- Plan of Finance
- Support Agreement

Background



- Old Town North “Art Catalyst Space”
- Montgomery Center Redevelopment
- Relocation and Retention of The Art League HQ
 - 10-year lease at Slaters Lane

Industrial Development Authority of the City of Alexandria (IDA)



- The City established the IDA by ordinance pursuant to Section 15.2-4903 of the Code of Virginia.
- It is a seven-member board, appointed by City Council, to promote and facilitate economic and commercial development activities in the City.
- IDA as a conduit bond issuer has assisted 90 nonprofit organizations with bond financing, issuing \$1.5 billion in revenue bonds.

Plan of Finance for Tenant Improvements



- Includes \$500,000 loan from Freedom Bank
- IDA receives and manages the Borrowed Funds
- Repaid by The Art League

Indicative Term Sheet



- Amount: \$500,000
- Interest Rate: 10-year Constant Maturity Treasury Rate at Closing + 100bps (5.29% as of September 11, 2023)
- Closing Date: October 2023.
- Loan Maturity: October 2034.
- Maximum Annual Debt Service: ~\$65,000 declining thereafter
 - Interest Due: Semi-annually commencing April 2024.
 - Principal Due: Annually commencing October 2024

Support Agreement



- Non-binding undertaking
 - Parameters
 - Principal amount shall not exceed \$500,000
 - Interest rate shall not exceed 6.5%
 - Final maturity shall be no later than December 2036
- Reimbursement to the City
- Collateral interest

Questions?