



MCA Tech Park, Inc.

Cardwell Collaborative Subordinated Lien Release

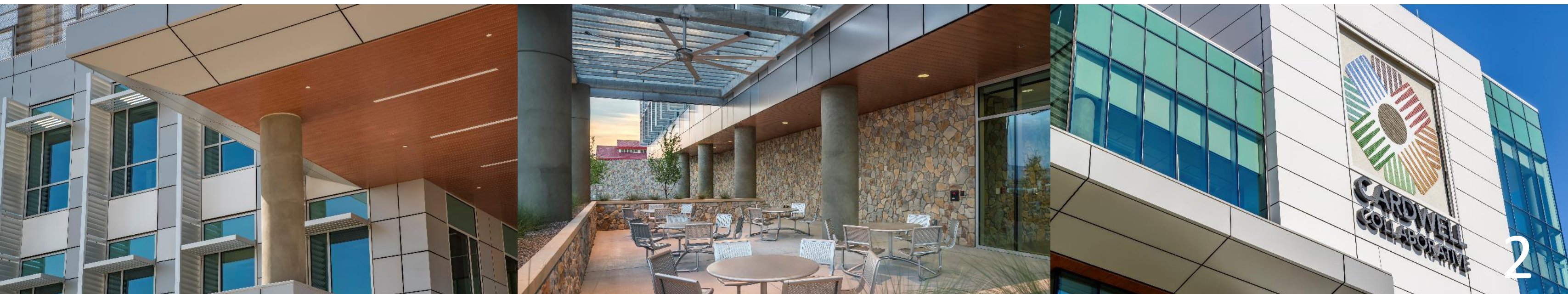
City Council Meeting
August 29, 2023

Item 23

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Description of Property

- The Cardwell Collaborative Building is a 60,000 square foot, biomedical research and technology commercialization building developed in 2016 and was a required building component project stipulated in the City grant agreement (Project E).
- The three-story building features 20,000 square feet of biomedical incubator space (wet and dry laboratories, lab support, private offices, open offices, and collaboration spaces) in a building that brings private start-up companies and MCA personnel together under one roof to collaborate.
- The building has the Leadership in Energy and Environmental Design (LEED) Silver certification.
- The building is located in Central El Paso at the Medical Center of the Americas (MCA) campus, a 140-acre inner-city academic medical center. The MCA campus is a revitalization project led by the City of El Paso and MCA.
- For 2022, employment within the Cardwell totaled 138 full time jobs having an annual payroll totaling approximately \$9.1 million with an average annual wage of \$65,604



Tenants

Total occupancy is 98% with principal tenants in the Cardwell Collaborative, comprising over 90% occupancy.

	<u>Tenant</u>	<u>Location</u>	<u>Rentable Sq Ft %</u>
	MCA Offices	3 rd floor	4%
	MCA Innovation Center	3 rd floor	11%
	TTUHSC at El Paso	2 nd floor	39%
	UT School of Public Health Offices	1 st floor + 3 rd floor	21%
	UT School of Public Health Lab	3 rd floor dry lab	2%
	Exova Offices	3 rd floor	2%
	Exova Lab	3 rd floor wet lab	12%
	Infinite Elements Offices	3 rd floor	1%
	Infinite Elements Lab	3 rd floor dry lab	2%
PJ Rex Tech	PJ Rex Tech Lab	3 rd floor dry labs	<u>4%</u>

Subordinated Lien Release

- The existing debt structure for the Cardwell Collaborative totaling approximately \$20.5 million consists of principally 2 loans: \$9.3 million term loan with Citizens Bank and \$11.2 million in qualified loans eligible to receive the benefits of the federal new markets tax credit program (NMTC) under Section 45 D of the federal tax code used to finance the development and construction of MCA's Cardwell Collaborative as required by the Grant Agreement.
- The NMTC loans are comprised of Series A Notes and Series B Notes and are subject to a seven-year compliance period prohibiting prepayment beginning in August 2016.
- At the end of the NMTC compliance period in August 2023, the Series A Notes totaling approximately \$7.7 million mature and require refinancing while the Series B Notes totaling approximately \$3.5 million are extinguished pursuant to the NMTC exit process.
- WestStar Bank has agreed to refinance the \$7.7 million maturing Series A Notes as well as the \$9.3 million term loan totaling approximately \$17.1 million.
- The WestStar Bank loan will be secured a first lien deed of trust on the property and the guaranty of MCAmericas Holdings, Inc.
- The original series of loans were secured by a first and second lien deed of trust as well as the City's amendment to the MCA Impact Fund grant agreement which specified that the City would redirect Impact Funds to continue to pay Citizens Bank and the NMTC loans in the event of MCA default under either the Grant Agreement or the loans by exercising its rights under a subordinated lien agreement.
- WestStar Bank is relying on the strength of the MCA credit and will not be requiring any prior credit enhancements under the Grant Agreement Amendment. Therefore, it is requesting a release of liens on the Subordinated Lien Agreement dated February 3, 2015, as amended on July 26, 2016.