

**TOWN OF PRESCOTT VALLEY
REQUEST FOR COUNCIL ACTION
Date: August 18, 2016**

SUBJECT: Approval Collateral Assignment of Development Agreement - Crossroads Refinancing

SUBMITTING DEPARTMENT: Legal Department

PREPARED BY: Ivan Legler, Town Attorney

AGENDA LOCATION: Comments/Communications , Consent , Work/Study ,
New Business , Public Hearing , Second Reading

ATTACHMENTS: a) Collateral Assignment of Development Agreement (including Consent to Assignment)

SUMMARY/BACKGROUND: The Town of Prescott Valley entered into a Development Agreement with Yavapai Hills, Inc. on July 8, 1999, to provide certain incentives for development of a 463 acre parcel located north and south of SR 69 at the west entrance of the community. A first amendment to the Development Agreement was approved on July 31, 2003. Yavapai Hills, Inc. subsequently conveyed the entire parcel to its sister company Yavapai Hills Commercial, Inc. by a quit claim deed dated July 23, 2004, and assigned its interest in the amended Development Agreement as well. The Town and Yavapai Hills Commercial, Inc. then entered into a second amendment to the Development Agreement on August 11, 2005, for purposes of developing the Crossroads commercial project. As land and financing arrangements were made with businesses that would locate in the Crossroads, the Town consented to partial assignments of the Yavapai Hills Commercial, Inc. interests in the amended Development Agreement. In January 2012, Yavapai Hills Commercial, Inc. withdrew from the Crossroads project and conveyed all of its interests to YK Commercial Realty, LLC. At that time, the Town Council consented to (a) a “catch all” assignment of the amended Development Agreement to YK Commercial Realty, LLC, (b) another partial assignment of the amended Development Agreement to another Kitchell entity (PVL, LLC), and (c) another collateral assignment between YK Commercial Realty, LLC and Bank of America, N.A.

Bank of America, N.A. and YK Commercial Realty, LLC have now entered into a new loan agreement for the purpose of refinancing certain existing indebtedness of YK Commercial Realty, LLC to the Bank, and constructing certain improvements on portions of the Crossroads Development. As a result, the Town is once again being asked to approve (in favor of the Bank) a lien on and security interest in all of the right, title and interest of YK Commercial Realty, LLC, in and to the obligations of the Town under the Amended and Restated Development Agreement (including all economic incentives and benefits). The Development Agreement requires the Town to reasonably approve such assignments for financing purposes.

OPTIONS ANALYSIS: The Town Council may approve the requested Consent to Collateral Assignment of Development Agreement, OR decline to approve the requested Consent.

ACTION OPTION: A) Motion to approve Consent to Collateral Assignment of Development Agreement (YK Commercial Realty, LLC). **VOTE.**

RECOMMENDATION: Town staff recommends approval of the requested Consent to Collateral Assignment of Development Agreement.

FISCAL ANALYSIS: Crossroads is an important economic development project for the Town which provides transaction privilege tax revenues to the Town and goods and services and employment opportunities to local residents. This appears to be a reasonable request for approval of a Collateral Assignment which will assist the entity developing Crossroads to refinance its debt and fund certain improvements for additional development.

REVIEWED BY:

Management Services Director _____

Town Clerk _____

Town Attorney _____

Town Manager _____

COUNCIL ACTION:

Approved Denied Tabled/Deferred Assigned to _____