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To: [Finance Committee](#)
Subject: Oppose Agenda Item 7; Legistar 88734
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Sun. June 22, 2025

Finance Committee members,

Please oppose Agenda Item 7, Legistar 88734, approving a remediation loan to Lincoln Avenue Capital.

Neither the three loan agreements nor language in the three agreement and note files require an estimate of collateral available in case the developer defaults on the loan. An independent real estate appraiser should perform this routine due diligence task.

For what it's worth, Lincoln Avenue Capital promises to guarantee loan payments, "[3. b.] Borrower shall have caused Lincoln Avenue Capital Management, LLC (the "Guarantor") to have executed a guaranty to the City (the "Guaranty") guaranteeing Loan payments and the Guarantor Interest Payment Portion." p. 2 of agreements and note files. A promise to pay is no substitute for a claim on adequate collateral.

The remediation loan to the developer is a non-recourse loan. The Agreement and Note files say,

"16. Standstill During Compliance Period for Tax Credits; Application of Insurance Proceeds.

"Notwithstanding anything to the contrary set forth in the Note or this Loan Agreement, until the latest of (i) such time as Investor Member (or an affiliate of Investor Member) is no longer the Investor Member of the Borrower, (ii) until the end of the Compliance Period (as defined in Section 42 of the Internal Revenue Code of 1986, as amended), and (iii) the payoff of the permanent Senior Loan (as defined in the Note), the City's rights and remedies under this Loan Agreement shall be limited as follows:

(i) this Loan shall be non-recourse to Borrower and its Investor Member, in that neither Borrower nor its Investor Member shall have corporate liability under the Loan Documents for the repayment of the Loan or for the performance of any other obligation of Borrower thereunder, and the City's only recourse for the satisfaction of the Loan and the performance of such obligations shall be the City's exercise of its rights and remedies with respect to the Property or under the Guaranty." pp. 13 - 14 of agreement and note files

29 pages of legalize like this text without an executive summary in plain English is the City's way

of saying, "None of your business".

The repayment schedule combining all three loans shows that annual loan payments by the developer start low, at \$20,000, and increase steadily to \$105,000 in 2035. This schedule increases the risk to the City if the developer defaults on the loan because payment of the largest fraction of the money owed is pushed far into the future. From 2036 to 2045, the developers annual payment is \$97,955.84, which includes interest on the remaining principal. The totals are 1,356,300.00 Principal

208,258.39 Interest, which is capped at 17% but could be less

1,564,558.39 Maximum Payment

See Repayment Schedule.pdf

In all three loan agreement files, exhibits E.US EPA Revolving Loan Fund (RLF) Terms and Conditions and F.General Obligation Pledge Documentation are left blank. In all three loan agreement and note files, EXHIBIT A Legal Description of Property, EXHIBIT B Project Budget, and EXHIBIT C Federal Terms and Conditions are left blank. The public is left in the dark.

Don Lindsay