

Authorization to Refinance Tech Town Loan

Recommendation

The University recommends refinancing the existing loan to TechOne Development, LLC (Tech Town) and providing additional funding of \$1,000,000. See the Term Sheet for details.

Description

The University issued a loan to Tech Town on June 30, 2016 in the amount of \$5,819,992.95 related to the acquisition of real estate. Tech Town has agreed to support the Perinatology Research Branch (PRB) freezers in the amount of \$600,000 and has capital improvement needs of \$400,000. The University plans to refinance the existing loan, with an outstanding balance of \$5,253,663.82 as of 4/1/19, and add \$1,000,000 in new funding. The new loan will have similar features including a 10-year payment period based on a 20-year amortization schedule that will require a final balloon payment upon maturity. The loan will be secured by the mortgaged premises.

TERM SHEET

This Term Sheet summarizes the principal terms of the proposed loan agreement between the borrower and lender.

Borrower: TECHONE DEVELOPMENT, LLC. (Tech Town)

Lender: WAYNE STATE UNIVERSITY

Purpose: Provide additional funding to Tech Town in the amount of \$1,000,000 for various capital improvements and its contribution towards the PRB freezer farms.

Plan: Refinance the existing loan from 2016 to add the additional \$1,000,000.

Original loan terms:

Effective Date:	June 30, 2016
Original Principal Amount:	\$5,819,992.95
Outstanding Principal Amount:	\$5,253,663.82 (as of 4/1/19)
Interest Rate:	3.75%
Payment Period:	10 years
Amortization Basis:	20 years
Monthly Payment:	\$34,506.06
Final Payment Date:	5/31/2026 (Balloon Payment)
Security/Collateral:	Mortgaged Premises

Proposed refinanced loan terms:

Effective Date:	TBD, 2019
Principal Amount:	\$6,253,663.82*
Interest Rate:	3.9%
Payment Period:	10 years
Amortization Basis:	20 years
Monthly Payment:	\$37,567.26*
Final Payment Date:	TBD, 2029 (Balloon Payment)
Security/Collateral:	Mortgaged Premises

* Note that amounts are based on the principal outstanding as of 4/1/19.
Amounts may change once the effective date is known.