Resolution Approving the First Amendment to the Reimbursement Agreement with SpenAlu LLC

TOEURA Board of Commissioners

Jack Hill, Business Development Specialist

Julian Jacquin, Economic Development Director
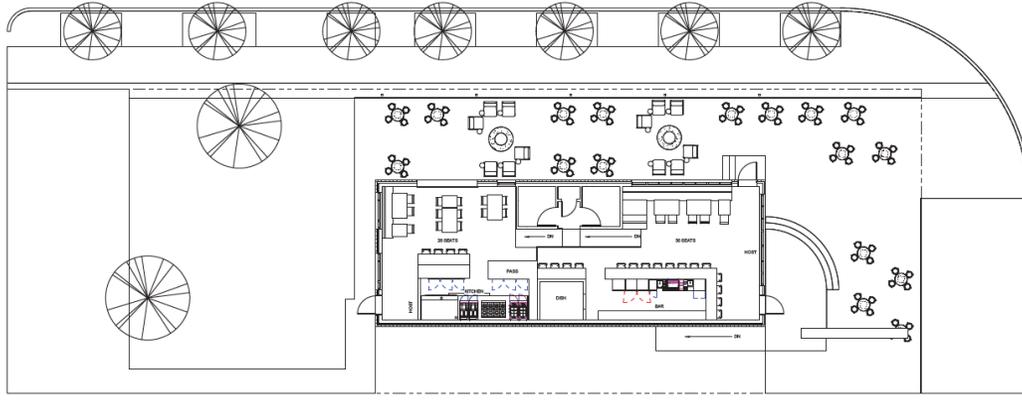
February 24, 2026

# Presentation Overview

- Original Request

- Amendment Request

- Gap Funding Analysis Update

- Recommendation

JOHNNY BECHAMEL'S

Original Request

- The development as proposed required approximately **$375,000** in gap funding to achieve financial feasibility.

- TIF revenue sharing agreement capped at **$566,000 gross sales tax increment** to achieve the project's $375,000 estimated funding gap in 2025.
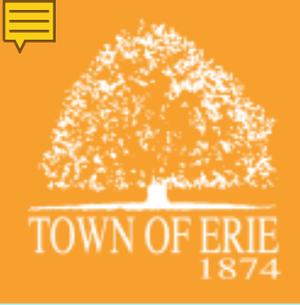
Amendment Comparison

Section	Original Agreement (2025)	First Amendment (2026)
Development Cost	$1,473,238	$1,934,134
Maximum Reimbursement	$566,000	$725,000
Reimbursement Structure	Sales tax increment only	Sales tax increment + $200,000 lump sum payment
Lump Sum Payment	Not included	$200,000 upon issuance of building permits
Sales Tax Cap	$566,000	$525,000 (within total $725,000 cap)
Certificate of Occupancy Deadline	December 31, 2026	December 31, 2027
Construction Milestone Deadline	June 30, 2025	June 30, 2026
Agreement Termination	Upon reimbursement or December 31, 2035	Same, but includes lump sum repayment obligation clause
Repayment Obligation	None	Lump sum repayment if CO not obtained by Dec 31, 2027
Total Termination Conditions	Full reimbursement or Dec 31, 2035	Same, with added repayment clause

Gap Funding Analysis Update

ROI Indicator	Description	Market Target
Return-on-Cost	Net Operating Income at Stabilization before debt service as % of Project Cost	7.25%
Internal Rate of Return (IRR, unleveraged, Pre-Tax Yield)	Annual revenue and asset sale over 10 years as return on development costs.	8.25% to 9.25%
Net Present Value (NPV)	Sum of Present Value Future Cash Flows, discounted at the appropriate Market Rate, less the initial Cash Outlay.	> $0

ROI Indicator	Market Target	GAP Funding Range[2]		
Estimated Gap (Stabilized Year)		$475,000	$500,000	$525,000
Return-on-Cost	7.25%	7.14%	7.31%	7.48%
IRR, Unlevered	8.25% to 9.25%	8.40%	8.69%	8.99%
NPV	> $0	$8,144	$33,144	$58,144

The development as proposed requires approximately **$500,000** in gap funding to achieve financial feasibility based on market benchmarks and current investment metrics.

Gap Funding Analysis Update

Johnny B's Gap Analysis													
URA Project Year	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
Sales Tax TIF Projection	$0	$70,349	$71,756	$73,191	$74,655	$76,148	$77,671	$79,225	$80,809	$82,425	$84,074	$85,755	$87,471
Property Tax TIF Projection	$0	$7,992	$7,992	$8,152	$8,152	$8,315	$8,315	$8,481	$8,481	$8,651	$8,651	$8,824	$8,824

Reimbursement Package Estimates		
Sales Tax Revenue Sharing Period	10 Years	2026 to 2035
Gross Sales Tax Increment Estimate	$686,232	
Discount Rate	5.28%	
NPV Sales Tax Increment	$504,983	
Real Estate Feasibility Gap Funding Required	$500,000	

Forgivable Loan Estimates		
NPV of Property Tax Increment	$73,602	
NPV of Remaining Sale Tax Increment	$131,835	
NPV of Remaining Increment	$205,437	
Business Feasibility Gap Funding Request	$200,000	

Recommendation

Approve Resolution, fully executing the First Amendment to the Reimbursement Agreement with SpenAlu LLC

- Validates $725,000 update funding gap in project financing

- Provides $200,000 upfront Lump Sum Payment upon issuance of building permits to make project feasible

- Reimburses up to $525,000 in gross increment generated by project for period of 10 years to cover the remaining $300,000 funding gap, expiring on Dec. 31, 2035, whichever first occurs:

  - 100% of sales tax increment (est. $70,000/year)

Questions & Discussion

Jack Hill, Business Development Specialist
Julian Jacquin, Economic Development Director