



# City of Eustis

P.O. Drawer 68 • Eustis, Florida 32727-0068 • (352) 483-5430

TO: EUSTIS COMMUNITY REDEVELOPMENT AGENCY (CRA)

FROM: TOM CARRINO, CITY MANAGER

DATE: AUGUST 7, 2025

RE: DISCUSSION REGARDING REFINANCING OF COMMUNITY  
REDEVELOPMENT LOAN FOR 3 DOWNTOWN LOTS.

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## **Introduction:**

The City's Community Redevelopment Fund has a balloon payment due on the CRA loan obtained to acquire the 3 downtown lots. The approximate amount of the balloon payment is \$2.4 million, and it is due on September 4, 2025. The City must determine how to refinance this loan. The CRA currently sunsets in 2047 assuming no changes are made at the legislative level before then.

## **Background:**

On September 20, 2020 a loan was issued to the Community Redevelopment Fund by United Southern Bank (USB) in the amount of \$3,000,000. This loan is for the 3 downtown lots. The interest rate on the existing loan is 2.875%. The loan was issued for 5 years, with a balloon payment due at the end of 5 years. The current payment for principal and interest is \$16,512 per month. The loan is collateralized with cash which allows the City to sell the property at any time if it is so desired.

This City has two general options regarding financing the loan:

### **Bank Financing**

- Interest rates are significantly less favorable than they were five years ago.
- Quotes for refinancing from two banks range from 3.7% - 5.4%.
- Potential pre-payment penalty
- Potential closing costs

### **Internal General Fund Financing**

- Flexible terms and refinancing ability
- Favorable interest rate
- No prepayment fees or closing costs
- Variety of structure, length, terms, etc.

Internal General Fund financing would allow the City to have much more flexibility in loan terms and structure. No collateral would be required, and the City could sell the property at any time, if so desired.

Several loan structure options are presented using the lowest current bank rates compared to the current loan rate of 2.875%.

**Recommended Action:**

Staff recommend moving forward with internal General Fund financing. Staff recommend a 15-year simple interest loan with an interest rate of 2.875%. The current monthly payment is \$16,512. Using the recommended loan option, monthly payments would be \$17,320. The CRA would be able to easily meet the annual debt service payments.

**Prepared by:**

Lori Carr, Finance Director

**Reviewed by:**

Mari Leisen, Deputy Finance Director