

ORDINANCE/RESOLUTION REQUEST

Please email requests to the Mayor's Legislative Team
at MileHighOrdinance@DenverGov.org by **3:00pm on Monday**.

****All fields must be completed.****

Incomplete request forms will be returned to sender which may cause a delay in processing.

Date of Request: January 27, 2012

Please mark one: **Bill Request** or **Resolution Request**

1. Has your agency submitted this request in the last 12 months?

Yes **No**

If yes, please explain:

2. Title: *(Include a concise, one sentence description – please include name of company or contractor and contract control number - that clearly indicates the type of request: grant acceptance, contract execution, amendment, municipal code change, supplemental request, etc.)* Newsed Community Development Corp. (GE-2Y004) is requesting an amendment and modification of its existing repayment schedule.

3. Requesting Agency: Office of Economic Development

4. Contact Person: *(With actual knowledge of proposed ordinance/resolution.)*

- **Name:** Rick Snyder
- **Phone:** (720) 913-1631
- **Email:** rick.snyder@denvergov.org

5. Contact Person: *(With actual knowledge of proposed ordinance/resolution who will present the item at Mayor-Council and who will be available for first and second reading, if necessary.)*

- **Name:** Seneca Holmes
- **Phone:** (720) 913-1533
- **Email:** seneca.holmes@denvergov.org

6. General description of proposed ordinance including contract scope of work if applicable

GE-2Y004 is \$1M loan with 3% interest issued January 14, 2001 to Newsed Community Development Corporation for the construction of a property at 901 W. 10th Avenue known as the Villa De Barela. The current loan balance is \$940,162.86. The proposed amendment will modify loan repayments as follows:

- Beginning June 1, 2010 and continuing until May 1, 2012, monthly P&I payments of \$4,216.04 shall be deferred. No interest shall accrue during the deferral period.
- Thirty days prior to June 1, 2012, interest shall begin accruing at 3%.
- Beginning June 1, 2012, monthly P&I payments shall be reduced to \$3,000 from \$4,216.04 and shall be due and payable monthly until and including December 1, 2018.
- The approximate loan balance as of December 1, 2018 will be \$883,364.78.
- On January 1, 2019, monthly P&I payments shall be increased from \$3,000 to \$5,000 and shall be due and payable monthly until and including December 1, 2025.
- The approximate loan balance as of December 1, 2025 will be \$622,169.50.
- On December 1, 2025 the interest rate shall be reduced from 3% to 1.5%
- On January 1, 2026, monthly P&I payments shall be increased from \$5,000 to \$8,000 and shall be due and payable monthly until and including October 1, 2032.

****Please complete the following fields:** *(Incomplete fields may result in a delay in processing. If a field is not applicable, please enter N/A for that field.)*

- a. Contract Control Number:** GE-2Y004
- b. Duration:** January 14, 2004 to January 1, 2032
- c. Location:** 901 W 10th Avenue

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d. Affected Council District: 9

e. Benefits: The amended repayment schedule will allow Newsed to improve its financial condition.

f. Costs: Loss of principal-only payments for two years and an extended amortization period.

7. Is there any controversy surrounding this ordinance? (Groups or individuals who may have concerns about it?) Please explain

None known

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ORDINANCE/RESOLUTION REQUEST

Executive Summary

Purpose: Amend repayment schedule of contract GE-2Y004 to more accurately reflect the financial ability of Newsed Community Development Corporation to repay their loan in full with amortized payments.

Contract Entity: Newsed Community Development Corporation

Contract Control Number: GE-2Y004

Contract Amount: \$1,000,000

Program: Community Development Block Grant

Location: 901 W 10th Ave (Santa Fe Dr.)

Description:

The Office of Economic Development is undertaking a comprehensive loan portfolio workout for Newsed Community Development Corporation and Santa Fe Drive Redevelopment Corporation (SFDR) to comport with those organizations' financial ability to satisfy their debt to the City. The amendment to GE-2Y004 is one of five proposed changes to the Newsed/SFDR portfolio, and the only amendment to a loan over \$500,000 requiring City Council approval.

The amendments to the Newsed/SFDR portfolio will allow those organizations to operate in a financially sustainable manner while paying their obligations to the City. Loan repayment schedules will be amended to allow for feasible amortized payments. With these changes OED expects that these organizations can operate with greater long term financial certainty and without the need for numerous loan modifications.

Descriptions and modifications of the entire Newsed/SFDR portfolio are as follows:

NEWSED

- **Loan No:** 93-06-01 (Council Action)
- **Borrower:** Newsed Community Development Corp.
- **Loan Date:** January 14, 2004
- **Loan Amount:** \$1,000,000
- **Current Loan Balance:** \$940,162.86
- **Rate:** 3%
- **Monthly Payment:** \$4,216.04
- **Collateral:** 4th deed of trust on 1029 Santa Fe Drive
- **Estimated Collateral Value:** \$1,646,800
- **Source of Valuation:** Assessor's Office
- **First Mortgage Holder:** Urban Land Conservancy
- **First Mortgage Balance:** \$300,000
- **ULC Payment Terms:** Interest-only \$2,250 per quarter
- **ULC Interest Rate:** 3%
- **Use of Proceeds:** Construction of 901 W 10th Avenue aka Villa De Barela
- **Proposed Amendment:**
 - **Beginning June 1, 2010 and continuing until May 1, 2012, monthly P&I payments of \$4,216.04 shall be deferred. No interest shall accrue during the deferral period.**
 - **Thirty days prior to June 1, 2012, interest shall begin accruing at 3%.**
 - **Beginning June 1, 2012, monthly P&I payments shall be reduced to \$3,000 from \$4,216.04 and shall be due and payable monthly until and including December 1, 2018.**
 - **The approximate loan balance as of December 1, 2018 will be \$883,364.78.**

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- **On January 1, 2019, monthly P&I payments shall be increased from \$3,000 to \$5,000 and shall be due and payable monthly until and including December 1, 2025.**
- **The approximate loan balance as of December 1, 2025 will be \$622,169.50.**
- **On December 1, 2025 the interest rate shall be reduced from 3% to 1.5%**
- **On January 1, 2026, monthly P&I payments shall be increased from \$5,000 to \$8,000 and shall be due and payable monthly until and including October 1, 2032.**
- Past Amendments
 - Amendment No. 1: Dated January 3, 2006. Beginning May 1, 2005, monthly payments shall be deferred until April 1, 2006. On May 1, 2006, monthly payments shall resume.
 - Amendment No. 2: Dated February 10, 2009. Monthly payments shall be deferred from December 1, 2008 until May 1, 2010. Monthly payments shall resume June 1, 2010.

- **Loan No:** 93-04-01
- Borrower: Newsed Community Development Corp.
- Loan Date: September 2, 1993
- Loan Amount: \$405,000
- Current Loan Balance: \$196,870.00
- Rate: 0%
- Monthly Payment or Payment Terms: All principal and interest due on April 1, 1995
- Collateral: 2nd deed of trust on 1029 Santa Fe Drive
- Estimated Collateral Value: \$1,646,800
- Source of Valuation: Assessor's Office
- First Mortgage Holder: Urban Land Conservancy
- ULC Loan Balance: \$300,000
- ULC Payment Terms: Interest-only \$2,250 per quarter
- ULC Interest Rate: 3%
- Use of Proceeds: Purchase 1029 Santa Fe Drive

- **Proposed Amendment:**
 - **Two-year deferral of loan payments beginning June 1, 2010 and continuing until May 1, 2012. Beginning June 1, 2012, monthly principal-only payments shall be reduced to \$900 from \$1,500 and shall be due and payable monthly until loan maturity, August 1, 2030. Balance at maturity will be zero.**
- Past Amendments:
 - Amendment No. 1: Dated July 31, 1995. Monthly payments of \$750 to commence May 1, 1995 and will continue until maturity on May 1, 1996
 - Amendment No. 2: Dated June 26, 1996. Monthly payments of \$750 shall continue until April 1, 1998. Starting May 1, 1998, monthly payments shall be increased to \$1,100 and paid monthly until April 1, 2001. Loan shall mature May 1, 2001.
 - Amendment No 3: Dated July 12, 2001. Beginning May 1, 2001, monthly principal-only payments of \$1,500 shall be paid until maturity on May 1, 2004
 - Amendment No. 4: Dated January 7, 2004. Prior encumbrances increased to \$1,728,000. Maturity date extended from May 1, 2004 until April 1, 2009
 - Amendment No. 5: Dated August 11, 2009. Monthly principal-only payments of \$1,500 shall be deferred beginning April 1, 2009 until May 1, 2010. On June 1, 2010, the monthly payment shall resume

- **Loan No:** 93-05-01
- Borrower: Newsed Community Development Corp.
- Loan Date: April 18, 2000
- Loan Amount: \$127,000
- Current Loan Balance: \$103,465.45
- Rate: 3%

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- Monthly Payment: \$534.44
- Collateral: 3rd deed of trust on 1029 Santa Fe Drive.
- Estimated Collateral Value: \$1,646,800
- Source of Valuation: Assessor's Office
- First Mortgage Holder: Urban Land Conservancy
- First Mortgage Balance: \$300,000
- ULC Payment Terms: Interest-only \$2,250 per quarter
- ULC Interest Rate: 3%
- Use of Proceeds: Renovation of 1029 Santa Fe Drive
- **Proposed Amendment:**
 - **Two-year deferral of loan payments beginning June 1, 2010 and continuing until May 1, 2012. No interest shall accrue during the deferral period however, thirty days prior to the beginning of the resumption of payments, interest shall begin to accrue. Beginning June 1, 2012, the monthly P&I payment shall resume and shall be paid monthly until loan maturity, June 1, 2034. Balance at maturity will be zero.**
- Past Amendmnets
 - Amendment No. 1: Dated June 1, 2000. Principal amount of the loan increased from \$110,000 to \$127,000. Monthly payment increased from \$463.76 to \$534.44.
 - Amendment No. 2: Dated January 7, 2004. Prior encumbrances increased to \$2,133,000
 - Amendment No. 3: Dated August 11, 2009. Monthly payments deferred from April 1, 2009 until May 1, 2010. Monthly payments to resume June 1, 2010.

Santa Fe Drive Redevelopment Corp.

- **Loan No:** 119-02-01
- Borrower: Santa Fe Drive Redevelopment Corp.
- Loan Date: November 14, 1988
- Loan Amount: \$390,000
- Current Loan Balance: \$259,235.00
- Rate: 0%
- Monthly Payment or Payment Terms: Repayment based on project cash flow evaluation on July 21, 1995
- Maturity: June 1, 2011
- Collateral: 1st deed of trust on 725-33 Santa Fe Drive and 740 Kalamath Street
- Estimated Collateral Value: \$437,800
- Source of Valuation: Assessor's Office
- Use of Proceeds: Acquisition, demolition and construction of parking lot, renovation of existing building
- **Proposed Amendment:**
 - **Principal-only loan payments of \$900 shall continue monthly until the new maturity date of January 1, 2036. The loan will be fully amortized and paid in full at maturity**
- Past Amendments
 - Amendment No 1: Dated September 14, 1995. Beginning August 1, 1995, monthly payments of \$400 shall be paid monthly until maturity on August 1, 2000
 - Amendment No. 2; Dated November 22, 2000. Beginning August 1, 2000, monthly payments of \$700 shall be paid monthly until maturity on August 1, 2005
 - Amendment No. 3: Dated June 27, 2006. Principal-only payments of \$700 shall continue monthly until May 1, 2006. Beginning June 1, 2006, monthly principal-only payments of \$900 shall be paid monthly until maturity on June 1, 2011.

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- **Loan No:** **119-03-01**
- Borrower: Santa Fe Drive Redevelopment Corp.
- Loan Date: August 21, 1990
- Loan Amount: \$163,000
- Current Loan Balance: \$96,370
- Rate: 0%
- Monthly Payment or
Payment Terms: All principal due on August 1, 1995
- Maturity: June 1, 2011
- Collateral: 1st deed of trust on 701-707 Santa Fe Drive
- Estimated Collateral Value: \$127,700
- Source of Valuation: Assessor's Office
- Use of Proceeds: Acquisition, demolition, and construction of a parking lot
- **Proposed Amendment:**
 - **Principal-only loan payments of \$600 shall continue monthly until the new maturity date of April 1, 2025. The loan will be fully amortized and paid in full at maturity**
- Past Amendmnets
 - Amendment No. 1: Dated January 17, 1996. All principal due on September 1, 2000
 - Amendment No. 2: Dated November 22, 2000. Beginning September 1, 2000, monthly payments of \$400 shall be paid monthly until maturity on September 1, 2005
 - Amendment No. 3: Dated April 18, 2006. Monthly payments of \$400 shall continue until May 1, 2006. Beginning June 1, 2006, monthly payments shall be increased to \$600 and shall be due monthly until maturity on June 1, 2011.

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