

ORDINANCE/RESOLUTION REQUEST

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

Date of Request: August 31, 2010

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.)

Amendment to Loan Agreement changing terms and conditions for HGV Senior LP

3. **Requesting Agency:** Office of Economic Development

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

- **Name:** ReJean Peeples
- **Phone:** 720.913.1545
- **Email:** rejean.peeples@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.Homes@denvergov.org

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

The original loan amount for Cottage Hill Senior Apts was \$495,000 and structured as a surplus cash note at 3%. This transaction has a HUD insured mortgage by the primary lender, Berkadia Commercial Mortgage. At the time, HUD required that all subordinated debt be structured as “surplus cash” note, meaning the City would receive a payment after all operating expenses and mortgage payments to the primary lender had been made. To date, the property has not demonstrated any surplus cash and has not made any payments on the City’s loan and principal and accrued interest totals \$633,601 now. With current mortgage rates being very low, the owners have decided to refinance the primary lender note in order to reduce the interest rate from 6.3% down to 4.30%. Under the primary lender refinancing, OED staff has taken the opportunity to restructure its debt in order to be able to collect regular payments. Under HUD regulations today, it is feasible for subordinate debt to be structured with regular payments as long as the project’s economics are feasible to support it and will not burden the project financially, ie: put the HUD insured loan at risk. HUD has some specific conditions that must be met. Therefore, the underwriting for this project has demonstrated that the following terms and conditions are feasible for the \$633,601 currently owed the City: a) \$93,500 at 1% with 40 year term; b) \$540,101 will remain as surplus cash note at 3% for 40 years.

****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:** GE9Y059-01
- b. **Duration:** June 1, 2002 through June 1, 2042
- c. **Location:** 3755 Tennyson Street
- d. **Affected Council District:** #1 - Paula Sandavol
- e. **Benefits:** affordable housing
- f. **Costs:** none

7. **Is there any controversy surrounding this ordinance?** (Groups or individuals who may have concerns about it?) **Please explain.** None

To be completed by Mayor’s Legislative Team:

SIRE Tracking Number: _____

Date Entered: _____

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SIRE Tracking Number: _____

Date Entered: _____