

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: November 1, 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.)*

To seek approval for the extension of the maturity date of a loan for Denver Urban Economic Development Corp. that will mature December 1, 2010.
(GE50208-3)

3. Requesting Agency: Office of Economic Development

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

- **Name:** Theresa Mendoza, Sr. Economic Development Specialist
- **Phone:** (720) 913-1616
- **Email:** theresa.mendoza@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:

Extend the maturity date of Contract Control # GE50208-3 in the amount of \$750,000 to January 1, 2012 with the following conditions: (1) Require a principal pay down of \$25,000 upon execution of three amendment & modification agreements (2) Require a principal pay down of \$50,000 by October 1, 2011 and (3) Payments will be applied to this outstanding loan under Contract Control # GE50208. Please see attached Executive Summary for details.

*****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:** GE50208-3
- b. **Duration:** 13 months
- c. **Location:** 3003 Arapahoe Street, Denver, CO
- d. **Affected Council District:** 8
- e. **Benefits:** Will rehabilitate a vacant facility
- f. **Costs:** N/A

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: _____

EXECUTIVE SUMMARY

Re: Denver Urban Economic Development Corp. (DUEDC)
3rd Amendment & Modification Agreement
Contract Control # GE 50208-03

DUEDC dba Preferred Lending Partners is a non-profit Certified Development Corporation that has been in existence for approximately 26 years lending to businesses to purchase commercial real properties with little down payment while creating/retaining jobs.

In 1985, the City funded \$1.0 million for the acquisition of a real property known as 3003 Arapahoe to open a small business incubator commonly known as the Denver Enterprise Center. The loan was to mature on December 21, 2010 with 0% interest rate and secured by a Deed of Trust on the commercial real property.

On March 31, 1988, the City provided another loan in the amount of \$99,980.44 to fund the improvements of the 3003 Arapahoe facility. The maturity date of the loan was extended to December 21, 2010 via an amendment & modification agreement dated February 2, 1999. The loan has been secured by a DOT on the same 3003 Arapahoe Street commercial property.

In 1995, a kitchen incubator was added to the facility. The City provided another loan for \$750,000 to fund the construction of this kitchen incubator. The three-year term loan was secured by another Deed of Trust on the 3003 Arapahoe real property with 0% interest rate with no monthly payments. An amendment & modification agreement dated February 2, 1999 extended the maturity date to March 1, 2005 and required monthly principal payments of \$300 and then \$500 commencing March 2002. The maturity of the loan was extended to December 1, 2010 via the 2nd Amendment & Modification Agreement dated February 4, 2005. The current balance of this loan is \$686,830.00 and payments are current. **This ordinance request pertains to this \$750,000 loan.**

Note that the Denver Enterprise Center ceased operations as a small business and kitchen incubator in February 2008 and continued to remain vacant. The owner, DUEDC, has been trying to sell the real property but has been unsuccessful. DUEDC has requested for the City to extend the maturity date to January 1, 2012 in order to provide sufficient time to sell the 60,072 sq. ft. real property and has a potential buyer.

OED has agreed to DUEDC's request of extending the maturity date to January 1, 2012 with the following conditions and is seeking City Council approval for this recommendation:

- (1) Require a principal pay down of \$25,000 upon execution of the three amendment & modification agreements
- (2) Require a principal pay down of \$50,000 by October 1, 2011
- (3) Payments will be applied to this particular loan under contract control # GE50208

Note: There are two other ordinance requests related and funded the same incubator project which are concurrently submitted with this particular ordinance request.

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