

OED Loan Amendments: Denver Urban Economic Development Corporation (DUEDC)

Presentation to Business, Workforce and
Sustainability (BWS) Committee

February 16, 2010



GROWDENVER
The Office of Economic Development



DUEDC Background

- DUEDC: non-profit organization established to promote economic development and serve as SBA 503 certified development company
- 1985 OED loaned \$1 million to DUEDC for acquisition of a real property at 3003 Arapahoe for a small business incubator.
- Denver Enterprise Center, Inc. (DEC) established as separate entity to manage and operate the business incubator
- 1988 OED loaned \$99,980.44 for facility improvements
- 1995 OED loaned \$750,000 for facility improvement for kitchen incubator
- DEC filed for bankruptcy in 2007, incubator closed in 2008
- DUEDC is in the process of selling the property



OED/DUEDC Loan Terms

Loan	Amount	Balance	Monthly Payment	Maturity Date	Previous Modifications
GE 59014	\$1 million	\$1 million	\$0	12/21/10	
GE 81118	\$99,980	\$99,980	0\$	12/21/10	2/99 –Extended maturity date
GE 50208	\$750,000	\$685,830	\$500 (paid thru 2/1/11)	12/1/2010	2/99 –Extended maturity date w/ monthly payments required 2/4/05- Extended maturity date

- All loans collateralized with deed of trust on the 3003 Arapahoe property
- Outstanding debt = \$1,785,810; Actual Assessed value of property = \$3.3 million

Revised Terms

- OED presented amendments to BWS Committee in Nov. 2010
- OED and DUEDC agreed to revise terms in Feb. 2011. Revised terms include:
 - Extend maturity date to Jun. 2011
 - Option to request extension of maturity date to Oct. 2011 with \$65,000 payment and purchaser LOI (contingent on OED approval)
 - Transfer of deed of trust to the City if obligations are unmet

Outcomes

- Revised terms allow DUEDC to complete sale of property within a defined time period
- Option for extension allows DUEDC to conduct due diligence and finalize sale with potential buyers