

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA

REPORT TO THE COMMISSIONERS

DATE: July 8, 2015

REGARDING: AUTHORIZING \$190,000 PRINCIPAL REDEMPTION OF THE SECTION 108 HUD NOTE, SERIES HUD 2003-A AND RELATED BUDGET AMENDMENT.

Requested Board Action

The specific action being requested of the HRA Board is approval of an additional \$190,000 in principal redemption of Section 108 HUD Note, Series HUD 2003-A in 2015 and budget amendment to accommodate the redemption.

Background

On September 29, 2000, the Department of Housing and Urban Development awarded the City of Saint Paul an \$8 million Section 108 Loan. On April 23, 2003, the \$8 million Section 108 loan was accepted by the City of Saint Paul. Of the \$8 million loan, a portion, \$3,300,000 was then loaned to the Saint Paul Port Authority for development of the Westminster Junction Business Center. Per the terms of that loan, any excess Tax Increment was to be reserved for debt repayment, and returned to the HRA, at their request, for additional redemption of the \$3,300,000 loan with HUD. In 2015, excess Tax Increment of \$190,000 has been accumulated. The HRA requested the Saint Paul Port Authority to return these excess funds. The HRA in turn requested permission from HUD to make additional \$190,000 redemption of the Section 108 loan, which was granted. The original 2015 budget for the Section 108 debt schedule anticipated \$135,000 of additional principal redemption and needs to be increased by \$55,000. This will result in total principal paid in 2015 of \$440,000 when including the scheduled principal payment of \$250,000.

Budget Action

The Section 108 HUD Note, Series HUD 2003-A principal loan payment redemption budget would increase by \$55,000 to accommodate the total redemption authorized by HUD.

Future Action

No future action anticipated

Financing Structure

The additional \$190,000 needed to make the additional redemption will be received from the Saint Paul Port Authority

PED Credit Committee Review

Not applicable.

Compliance

Not applicable.

Green/Sustainable Development

Not applicable.

Environmental Impact Disclosure

N/A

Historic Preservation

Not applicable.

Public Purpose/Comprehensive Plan Conformance

Not applicable.

Statement of Chairman

Not applicable.

Recommendation:

The Executive Director and staff recommend approval of the 2015 budget change of \$55,000 and authorize the \$190,000 principal redemption in 2015 for the Section 108 HUD Note, Series HUD 2003-A.

Sponsored by: Amy Brendmoen

Staff: Rhonda Gillquist, 266-6631

Attachments

- **Attachment B – Budget Amendment**