

**RECORD OF
2014 CITY INTERNAL LOAN
(HIGHLAND AND SUN RAY LIBRARIES RENOVATION PROJECT)
_____ XX, 2014**

This Record of Interfund Loan is executed by the City of Saint Paul's Director, Office of Financial Services, and the Director, Saint Paul Public Library ("Libraries") to memorialize an Internal Loan for the City's Highland and Sun Ray Libraries Renovation Project and its repayment.

WHEREAS, the City wishes to assist the Saint Paul Public Library with funds of up to \$2,675,000 as part of the Highland and Sun Ray Libraries Renovation Project which was previously appropriated \$7,000,000 in the City's Adopted 2012 and 2013 Capital Improvement Budgets; and

WHEREAS, the planned bond sale of \$7,000,000 Library Bonds is not until the Spring of 2014; and

WHEREAS, the Friends of the Saint Paul Public Library, ("The Friends") are currently conducting a capital campaign to fundraise for the library renovation to supplement the City's bond funding and wish to provide the funds to the City for project expenses incurred to date; and

WHEREAS, the Friends have pledged a total of \$6,475,000 from capital campaign fundraising to the project; and

WHEREAS, the Friends have received over \$3,800,000 in cash contributions to date ("Current Contribution") and has approved the deposit and investment of these monies with the City in the Investment Agreement; and

WHEREAS, the City wishes to make an internal loan to cash flow the project until the remainder of the Friends contributions are available. The advance, until repaid, will bear interest at the City treasury portfolio investment rate. This advance from F070 is secured by and is expected to be repaid from the Friends pledged contributions, future fundraising and unrestricted net assets as stated in the Security Agreement; and

WHEREAS, the advance, until repaid, will bear interest at the monthly City treasury portfolio investment rate (the "Pool Rate"). The Pool Rate is variable and reset monthly by City Treasurer; and

NOW, THEREFORE, The Director of the Office of Financial Services and Library Director memorialize the Internal Loan for the Highland and Sun Ray Library Renovation Project as follows:

1. Purpose. The purpose of this document is to memorialize the Internal Loan for the Highland and Sun Ray Library Renovation Project from Fund 070 and to serve as guidance in coordinating actions of the City and its Office of Financial Services and its Libraries with respect to such advances and required encumbrances, and repayments.

2. Authority. This document provides cash flow to private funding that will match the \$7,000,000 of City bonds authorized by City's Adopted 2012 and 2013 Capital Improvement Budgets

3. Interest. Interest will accrue on the advance at the City treasury portfolio investment rate ("Pool Rate"). Pool Rate is variable and reset monthly by City Treasurer.

4. Advances. Fund 070 will advance up to \$2,675,000 to pay for costs associated with the Highland and Sun Ray Library Renovation Project as approved by the Director of the Office of Financial Services on or after a closing of the Highland and Sun Ray Library Renovation Project Financing expected in 2014.

5. Repayment. The Libraries will reimburse this advance from F070, including accrued interest, from the C-14 project fund (where the Friends future contributions, bond proceeds and other financing sources will be deposited), or from other funds which must be approved by the OFS Director. In the case that the project fund cannot repay the advance, the unrestricted net assets of the Friends will secure the internal loan as stated in the Security agreement.

OFS Treasury Debt Section or the City's Chief Accountant will provide the prior monthly Pool Rates to the Parks Accountant for the annual repayment amount due. The Loan is repayable at Par plus any interest due.

6. Term. Internal Loan matures five years after the initial advance

Signed this ____ day of _____, 2014.

Todd Hurley
Director, Office of Financial Services

Kit Hadley
Director, Saint Paul Public Library

Approved to Form:

Assistant City Attorney

Exhibit A – Illustrative Example of Repayment Schedule

Illustrative Example of Internal Loan Repayment Schedule

	Loan Amount	\$	2,675,000				
	Estimated Pool Rate		2.25%				
			Friends				
	Beginning		Payments		Interest		Ending
	Balance		(estimated)	Outstanding Balance	Expense		Balance
1/1/2014	\$ 2,675,000	\$	-	\$ 2,675,000	\$ 30,094	\$	2,675,000
5/31/2014	\$ 2,675,000	\$	-	\$ 2,675,000	\$ 30,094	\$	2,675,000
12/31/2014	\$ 2,675,000	\$	575,000	\$ 2,100,000	\$ 26,859	\$	2,100,000
5/31/2015	\$ 2,100,000	\$	-	\$ 2,100,000	\$ 23,625	\$	2,100,000
12/31/2015	\$ 2,100,000	\$	575,000	\$ 1,525,000	\$ 20,391	\$	1,525,000
5/31/2016	\$ 1,525,000	\$	-	\$ 1,525,000	\$ 17,156	\$	1,525,000
12/31/2016	\$ 1,525,000	\$	575,000	\$ 950,000	\$ 13,922	\$	950,000
5/31/2017	\$ 950,000	\$	-	\$ 950,000	\$ 10,688	\$	950,000
12/31/2017	\$ 950,000	\$	575,000	\$ 375,000	\$ 7,453	\$	375,000
5/31/2018	\$ 375,000	\$	-	\$ 375,000	\$ 4,219	\$	375,000
12/31/2018	\$ 375,000	\$	375,000	\$ -	\$ 2,109	\$	-
		\$	2,675,000				

Friends - Cash flow of Confirmed Pledges

2013	\$	135,400
2014	\$	542,416
2015	\$	472,416
2016	\$	150,250
2017	\$	89,900
2018	\$	30,000
	\$	<u>1,420,382</u>
To be fundraised	\$	1,254,618