

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

REPORT TO THE COMMISSIONERS

DATE: December 9, 2015

REGARDING: RESOLUTION AUTHORIZING ADDITIONAL PRINCIPAL  
REDEMPTION AND EARLY INTEREST PAYMENT FOR THE  
SECTION 108 HUD NOTE, SERIES HUD 2003-A AND RELATED  
BUDGET AMENDMENT

District 5, Ward 5

## Requested Board Action

The specific action being requested of the HRA Board is approval of an additional principal redemption and early interest payment for the Section 108 HUD Note, Series HUD 2003-A and budget amendment to accommodate the payments.

## 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 surplus 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. Earlier this year, an additional \$190,000 was budgeted for redemption. In the second half of 2015, an additional \$200,000 of surplus Tax Increment has been accumulated. The HRA requested the Saint Paul Port Authority to provide these surplus funds. The HRA in turn requested permission from HUD to make additional \$200,000 redemption of the Section 108 loan for the February 1, 2016 payment date, which was granted, provided the funds, including an estimated \$55,000 of interest, were remitted by December 22, 2015. The previously modified 2015 budget for the Section 108 debt schedule anticipated \$190,000 of additional principal redemption and needs to be increased by \$200,000 and the previously paid interest needs to be increased by \$55,000; although neither amount will be applied to the debt until February 1, 2016.

**Budget Action**

The Section 108 HUD Note, Series HUD 2003-A principal loan payment redemption budget would increase by \$200,000 and interest paid in 2015 would increase by \$55,000 to accommodate the total redemption authorized by HUD.

**Future Action**

N/A

**Financing Structure**

The additional \$255,000 will be received from the Saint Paul Port Authority.

**PED Credit Committee Review**

N/A

**Compliance**

N/A

**Green/Sustainable Development**

N/A

**Environmental Impact Disclosure**

N/A

**Historic Preservation**

N/A

**Public Purpose/Comprehensive Plan Conformance**

N/A

**Recommendation:**

The Executive Director and staff recommend approval of the 2015 budget change of \$200,000 and authorize the \$200,000 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 A – Budget Amendment**