

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

REPORT TO THE COMMISSIONERS

DATE: February 11, 2015

**REGARDING: RESOLUTION APPROVING THE FORGIVENESS OF PAYMENTS OF PRINCIPAL AND INTEREST DUE IN 2015, 2016 AND 2017 FOR AN INTERFUND LOAN WITH PUBLIC WORKS DEPARTMENT FOR THE PARKING METER REPLACEMENT PROJECT**

## **Requested Board Action**

Approval from the HRA Board to adopt the attached resolution that forgives payments of principal and interest due in 2015, 2016 and 2017 for an Inter Fund loan with the Public Works department for the Parking Meter Replacement Project.

## **Background**

In December, 2011, as part of the 2012 Budget, the HRA and the City adopted budgets that included a \$1,500,000 loan to Public Works from the HRA Parking Enterprise Fund for the Public Works Parking Meter Replacement Project. A Record of Inter Fund Loan was executed on February 22, 2012.

Public Works completed the meter replacement project and on 4/1/2013, the HRA Parking Enterprise Fund advanced \$1,392,359.92 to public works for repayment with interest at 3% per annum. The payments commenced on 12/1/2013 and were to continue each December 1 until the loan was fully repaid on December 1, 2017. A payment in the amount of \$327,044 was made on December 1, 2014, resulting in an outstanding principal balance of \$764,969.33.

Approval of the resolution would result in the forgiveness of principal of \$764,969.33 and interest of \$41,205.01 for a total receivable of \$806,174.34.

## **Budget Action**

The HRA 2015 Budget, adopted on December 10, 2014, included the reduced revenue from the loan repayment due in 2015 in the amount of \$327,044. The amounts due in 2016, of \$327,044, and 2017, of \$152,086, are not yet budgeted; therefore, no budget action is necessary.

**Future Action**

N/A

**Financing Structure**

The loan forgiveness will result in the release of a like amount of revenue in the City's general fund budget, which in 2015 will benefit the Library budget to assist in the purchase of materials and to assist in the staffing of Sunday and evening hours at various library locations.

Current estimates prepared by PED staff indicate the Parking Fund will be able to sufficiently cover all expenses (operating, capital, and debt service) with the reduced revenues, as well as fully fund various reserves. The cost to the Parking Fund will be the ability to otherwise spend these funds outside the parking system to further economic development goals.

**PED Credit Committee Review**

The PED Credit Committee reviewed and approved the loan forgiveness at their meeting on February 2, 2015.

**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 recommends approval by the HRA Board of the attached resolution.

**Sponsored by:** Chair Brendmoen

**Staff:** Jenny Wolfe, 266-6680

**Attachments**

- **Attachment A – Resolution**