

**Exhibit A**  
**RECORD OF**  
**INTERNAL LOAN (Penfield Project)**

December 21, 2011

This Record of Interfund Loan is executed by the City of Saint Paul's Director, Office of Financial Services, and the HRA Executive Director ("HRA") and any other required HRA signatories as determined by HRA Attorney, to memorialize an Internal Loan for the HRA's Penfield Project) and its repayment.

WHEREAS, the HRA Executive Director Cecile has requested a City Internal Loan from F 070 ("Internal Loan Fund") of \$2,377,524, which will be available by Closing with HUD in June 2012, for the Penfield Project; and

WHEREAS, the City Administration wishes to assist the HRA in undertaking the Penfield Project, which is the redevelopment of the former downtown Public Safety site, at 10th and Robert Street, with a new downtown grocery store and approximately 253 market rate housing units, owned by the HRA; and

WHEREAS, there are available funds in F 070 the ("City Internal Loan Fund") in 2012 for this capital project; 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

WHEREAS, HRA has agreed to a general revenue promise to the City to repay the Internal Loan with interest within five years of the initial City advance;

NOW, THEREFORE, THE OFFICE OF FINANCIAL SERVICES AND HRA  
EXECUTIVE Director and any other required signatories by HRA to memorialize the Internal  
Loan for the Penfield Project as follows:

1. Purpose. The purpose of this document is to memorialize the Internal Loan for the Penfield Project from Fund 070 and to serve as guidance in coordinating actions of the City and its Office of Financial Services and its HRA with respect to such advances and required encumbrances, and repayments to make sure the Internal Loan is completed repaid with interest at the Pool Rate within five years of the initial City advance.
2. Authority. This document was authorized by Res 11-xxxx adopted by the City Council on December 21, 2011.

3. Security for Loan: HRA covenants to the City a general HRA revenue promise to repay the Internal Loan when due.

4. 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.

5. Advances. Fund 070 will advance \$2,377,524 to pay for costs described in the Third WHEREAS on or after a Closing in 2012 on the Penfield Project with HUD. Each time there is an advance from the Internal Loan, the PED Accountant for HRA will record the amount of the advance and the amount of the outstanding balance of the Internal Loan and send to the City ‘s Chief Accountant and OFS Treasury Debt Section. Advances shall not be more often than monthly.

6. Repayment by HRA. HRA will reimburse the advance including accrued interest from HRA fund (F 117 – Penfield Project) and discharge the Internal Loan within five years of the initial City advance. Annually, beginning with the HRA 201x Budget, HRA will budget estimated annual repayment due, and make payment annually by June 30; the annual repayment will be applied first interest then to principal. OFS Treasury Debt Section or the City’s Chief Accountant will provide the prior monthly Pool Rates to PED Accountant for the annual repayment amount due. Loan is repayable at Par plus any interest due.

For estimated repayments, please see an Illustrative Example which is Exhibit B. This assumes Pool Rate is always 3.0% and uses Dated Date for the first advance as June , 2012 and is based upon a project cashflow dated 12/12/11 which has been provided to the OFS Director and City Debt Manager.

7. Annual Report. Each June [x], beginning in 201x, PED Accountant will send a report to OFS, Mayor and City Council showing:

The amount outstanding for the Internal Loan, amount currently drawn, how much interest and principal was repaid for the prior year

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

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Signed this \_\_\_\_ day of \_\_\_\_\_, 2011.

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Todd Hurley  
Director, Office of Financial Services

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Cecile Bedor  
HRA Executive Director

Approved to Form:

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Exhibit A – 2011 City Resolution on the Internal Loan for the Penfield Project

Exhibit B – Illustrative Example of Repayment Schedule

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