



**Request for City Council Committee Action
From the Finance Department**

Date: August 21, 2007
To: Community Development Committee
Referral to: Ways & Means/Budget Committee

Subject Green Institute Section 108 HUD Loan & Delinquency Loan Update

Recommendation

Receive and File - Current status of the Green Institute's Section 108 HUD loan and the Delinquency Loan entered into on May 1st, 2007.

Previous Directives

11/14/05 Green Institute Loan Update
3/27/06 Green Institute Section 108 HUD Loan Update
11/27/06 Green Institute Loan Update – forwarded to
the Community Development Committee
4/17/07 Green Institute Loan Update – Delinquency Loan approval

Prepared or Submitted by: Michael Abeln
Director, Capital & Debt Management
673-3496

Approved by: Patrick Born, City Finance Officer

Steven Bosacker, City Coordinator

Presenters in Committee: Heather Johnston, Director, Management & Budget

Financial Impact (Check those that apply)

No financial impact - or - Action is within current department budget.
(If checked, go directly to Background/Supporting Information)

- Action requires an appropriation increase to the Capital Budget
- Action requires an appropriation increase to the Operating Budget
- Action provides increased revenue for appropriation increase
- Action requires use of contingency or reserves

Other financial impact (Explain):

Request provided to the Budget Office when provided to the Committee Coordinator

Community Impact (use any categories that apply)

- Neighborhood Notification
- City Goals
- Comprehensive Plan
- Zoning Code
- Other
- Not applicable

Background/Supporting Information

This letter is an update to the April 17, 2007 action which provided financial details about the Green Institute's Section 108 HUD Loan repayment history. As part of that letter, the Finance Department requested approval of a new Delinquency Loan of \$216,188.66 covering the accrued City interest charges and missed principal payments originally due August 1, 2005 and August 1, 2006. The new Delinquency Loan became effective on May 1st, 2007 and contained a provision for the Finance Department to provide a quarterly receive and file update on the status of these loans.

Since the last update, the Green Institute made timely payment of the May 1st quarterly interest payment on the Section 108 HUD Loan. In addition, they made all scheduled payments on the new Delinquency Loan per the terms of the agreement, including the August 1st payment.

The August 1, 2007 quarterly principal and interest due on the Section 108 HUD Loan was \$167,082.08, including \$122,000 of principal. The Green Institute paid the City \$25,000 on August 1st and \$20,082.08 on August 7th which paid the interest portion in full. Unfortunately, they were unable to pay the total amounts owed the City due to timing issues with collection of receivables and August rents as well as timing of when grant payments can be received from some of their sponsors. Attached is a letter from the Executive Director describing the situation and the Green Institute's Plan for paying the City the balance owed by the end of August.

While the Green Institute has been timely with all payments on the new Delinquency Loan, the tardiness experienced with the August 1, 2007 Section 108 Loan payment has disqualified them from earning the interest rate incentive that was part of the Delinquency Loan terms.

The Finance Department will prepare the next update after the November quarterly payment status is known.