

FACT SHEET

<u>TITLE</u>	<u>DATE</u>	<u>ORIGINATING DEPARTMENT</u>
A RESOLUTION AUTHORIZING THE MODIFICATION OF THE TERMS OF THE HOME LOAN AGREEMENT BETWEEN THE CITY OF SHREVEPORT, CORNERSTONE ASSISTANCE FOUNDATION, INC, AND SOUTHWOOD GARDENS ADULT COMMUNITY PARTNERSHIP IN REGARD TO SOUTHWOOD GARDENS APARTMENTS AND TO OTHERWISE PROVIDE WITH RESPECT THERETO	5/27/2014	COMMUNITY DEVELOPMENT
		<u>SPONSOR</u>
		SAME

PURPOSE

To authorize the modification of the terms of the HOME Loan Agreement between the City of Shreveport, Cornerstone Assistance Foundation, Inc., and Southwood Gardens Adult Community Partnership in regard to Southwood Gardens Apartments, 3550 Cedar Creek Road, Shreveport, Caddo Parish, Louisiana.

BACKGROUND INFORMATION

In 1997, the City of Shreveport awarded a \$480,000 non-recourse development loan to Cornerstone Assistance Foundation, Inc. (“Cornerstone”), for construction and development of Southwood Gardens Apartments (the “Project”) subject to terms and conditions contained in the HOME Loan Agreement (“Agreement”). Under the terms of the Agreement, the loan funds were then to be re-loaned to Southwood Gardens Adult Community Limited Partnership (“SGACLP”). The loan was funded with HOME funds provided to the City of Shreveport by the U. S. Department of Housing and Urban Development (“HUD”). The interest rate on the loan is four (4%) percent for a term of twenty (20) years.

The City has received a request from Cornerstone to forgive the accrued interest on the loan (\$67,185.93) in order to facilitate early repayment of the remaining principal balance on the loan. Cornerstone has paid over \$225,000 in interest payments since the inception of the loan in 1997. As an alternative to the request to forgive the entire amount of the accrued interest on the loan, the City, through its Department of Community Development, proposes and desires to forgive a portion of the accrued interest on the loan subject to the condition that the City shall receive an amount no less than the \$480,000 principal amount of the loan, excluding interest, as repayment for the loan. Approval of this resolution would permit the Department of Community Development to utilize the funds received from the early pay-off of the loan to complete other projects as well as relieve the department of the responsibility for oversight and administration of

the loan and the Project.

TIMETABLE

Introduction - May 27, 2014
Final Passage - June 10, 2014

SPECIAL PROCEDURAL REQUIREMENTS

None

FINANCES

ALTERNATIVES

1. Adopt the resolution as presented.
2. Amend the resolution.
3. Deny the resolution.

CONCLUSION

Alternative Number 1 is recommended.

FACT SHEET PREPARED BY: Terri Anderson-Scott
City Attorney

RESOLUTION NO. _____ OF 2014

A RESOLUTION AUTHORIZING THE MODIFICATION OF THE TERMS OF THE HOME LOAN AGREEMENT BETWEEN THE CITY OF SHREVEPORT, CORNERSTONE ASSISTANCE FOUNDATION, INC, AND SOUTHWOOD GARDENS ADULT COMMUNITY PARTNERSHIP IN REGARD TO SOUTHWOOD GARDENS APARTMENTS AND TO OTHERWISE PROVIDE WITH RESPECT THERETO

BY:

WHEREAS, in 1997, the City of Shreveport awarded a \$480,000 non-recourse development loan to Cornerstone Assistance Foundation, Inc. (“Cornerstone”), for construction and development of Southwood Gardens Apartments (the “Project”) subject to terms and conditions contained in the HOME Loan Agreement (“Agreement”); and

WHEREAS, under the terms of the Agreement, the loan funds were then to be re-loaned to Southwood Gardens Adult Community Limited Partnership (“SGACLP”), for purposes of the Project; and

WHEREAS, the loan was funded with HOME funds provided to the City of Shreveport by the U. S. Department of Housing and Urban Development (“HUD”); and

WHEREAS, the interest rate on the loan is four (4%) percent for a term of twenty (20) years; and

WHEREAS, the City has received a request from Cornerstone to forgive the accrued interest on the loan (\$67,185.93) in order to facilitate early repayment of the remaining principal balance on the loan; and

WHEREAS, Cornerstone has paid over \$225,000 in interest payments since the inception of the loan in 1997; and

WHEREAS, as an alternative to the request to forgive the entire amount of the accrued interest on the loan, the City, through its Department of Community Development, proposes and desires to forgive a portion of the accrued interest on the loan subject to the condition that the City shall receive an amount no less than the \$480,000 principal amount of the loan, excluding interest, as repayment for the loan; and

WHEREAS, approval of this resolution would permit the Department of Community Development to utilize the funds received from the early pay-off of the loan to complete other projects as well as relieve the department of the responsibility for oversight and administration of the loan and the Project which are public purposes.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Shreveport in due, regular and legal session convened that the City of Shreveport is hereby authorized to

modify the terms of the HOME Loan Agreement between the City of Shreveport, Cornerstone Assistance Foundation, Inc., and Southwood Gardens Adult Community Partnership in regard to Southwood Gardens Apartments subject to the condition that: a) modification of the loan shall facilitate early repayment of the loan by Cornerstone Assistance Foundation, Inc.; b) the City of Shreveport shall receive an amount no less than the \$480,000 principal amount of the loan, excluding interest, as repayment for the loan; and c) other terms and conditions beneficial to the City of Shreveport as determined by the Department of Community Development and the Office of the City Attorney.

BE IT FURTHER RESOLVED that the Mayor is hereby authorized to execute, for and on behalf of the City of Shreveport any and all documents necessary to evidence and to accomplish the loan modification subject to the contains contained herein.

BE IT FURTHER RESOLVED that if any provision or item of this resolution or the application thereof is held invalid, such invalidity shall not affect other provisions, items or applications of this resolution which can be given effect without the invalid provisions, items or applications and to the end the provisions of this resolution are hereby declared severable.

BE IT FURTHER RESOLVED that all resolutions or parts thereof in conflict herewith are hereby repealed.

APPROVED AS TO LEGAL FORM:

City Attorney's Office