

Ordinance No. 1367-17

AN EMERGENCY ORDINANCE

Authorizing the Director of Community Development to amend Contract Nos. 48465 and 49004 with Perry Payne, Ltd., to accept discount prepayments of its CDBG and HUD 108 loans regarding the rehabilitation of the land and building known as the Perry Payne Building located at 740 Superior Avenue.

**Council Members Brancatelli and Kelley
(by departmental request)**

WHEREAS, under Ordinance No. 150-95, passed March 13, 1995, this Council authorized the Director of Community Development to enter into CDBG Contract No. 48465 with Perry Payne, Ltd. in the amount of \$550,000, and under Ordinance No. 1304-94, passed August 23, 1994, as amended by Ordinance No. 150-95, passed March 13, 1995, this Council authorized the Director of Community Development to enter into HUD 108 Contract No. 49004 in the amount of \$2,100,000, for the rehabilitation of the land and building known as the Perry Payne Building located at 740 Superior Avenue; and

WHEREAS, Perry Payne, Ltd. now desires to apply for HUD Mortgage Insurance for Supplemental Loans and in order to make the application, the City would have to consent to subordinate its loans to new debt and to restructure current debt and agree to an extended repayment term until 2056; and

WHEREAS, however, Perry Payne, Ltd. has requested the opportunity to prepay both loans at one-third of their outstanding balances; and

WHEREAS, by accepting the prepayments, the Department of Community Development and the City would realize an immediate influx of funds rather than wait until 2056 for the debt to be fully paid off, thereby making the additional funds available for other eligible projects; and

WHEREAS, this ordinance constitutes an emergency measure providing for the immediate preservation of the public peace, safety, property and welfare, in that its enactment is a necessary prerequisite to providing immediate assistance to create and preserve job opportunities and advance and promote commercial and economic development in the City of Cleveland, now therefore

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF CLEVELAND:

Section 1. That the Director of Community Development is authorized to enter into an amendment to the CDBG loan, Contract No. 48465, with Perry Payne, Ltd. to accept a discounted prepayment.

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Section 2. That the Director of Community Development is authorized to enter into an amendment to the HUD 108 loan, Contract No. 49004, with Perry Payne, Ltd. to accept a discounted prepayment.

Section 3. That the Director of Community Development is authorized to accept on behalf of the City discounted prepayments from Perry Payne, Ltd on the unpaid balance, currently \$550,000 on CDBG Contract No. 48465, and the unpaid balance, currently \$1,405,000 on the HUD 108 Contract No. 49004. The total approximate amount of the discounted prepayments is \$650,000, which is approximately 1/3 of the outstanding loan balances. Terms and conditions of the discounted prepayments are more fully set forth in the executive summary placed in File No. 1367-17-A.

Section 4. That the Director of Community Development is authorized to file all papers and execute all documents necessary to receive the funds under the prepayments.

Section 5. That the amendments authorized by this ordinance shall be prepared by the Director of Law and shall contain terms and conditions that the director deems necessary to protect and benefit the public interest.

Section 6. That the Director of Community Development is authorized to release any and all collateral taken to secure repayments of the CDBG and HUD 108 loans referenced in this ordinance and to execute all documents necessary to release the collateral of the loans. Any release of security instruments shall be prepared and approved by the Director of Law.

Section 7. That the Director of Community Development is authorized to deposit the prepayments into Fund No. 14 and will be used for other neighborhood projects.

Section 8. That this ordinance is declared to be an emergency measure and, provided it receives the affirmative vote of two-thirds of all the members elected to Council, it shall take effect and be in force immediately upon its passage and approval by the Mayor; otherwise it shall take effect and be in force from and after the earliest period allowed by law.

GEP:nl
11-13-17

FOR: Director Cosgrove

Council Members Brancatelli and Kelley (by departmental request)

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READ FIRST TIME on NOVEMBER 13, 2017

REPORTS

and referred to **DIRECTORS** of Community Development, Finance, Law;
COMMITTEES on Development Planning and Sustainability. Finance

CITY CLERK

READ SECOND TIME

CITY CLERK

READ THIRD TIME

PRESIDENT

CITY CLERK

APPROVED

MAYOR

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COMMITTEE ON
DEVELOPMENT, PLANNING AND
SUSTAINABILITY**

FILED WITH COMMITTEE

**PASSAGE RECOMMENDED BY
COMMITTEE ON
FINANCE**

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