

Ordinance No. 898-18

Council Members Cleveland, Brancatelli and Kelley (by departmental request)

AN EMERGENCY ORDINANCE

Authorizing the Director of Community Development to amend Contract No. 56575 with Osborn Square Limited Partnership, to accept a discount prepayment of its NDIF loan for the Osborn Square Apartments and parking deck located at the intersection of Prospect Avenue, Huron Road, and East 9th Street.

WHEREAS, under Ordinance No. 1929-96, passed December 16, 1996, as amended by Ordinance No. 1004-98, passed December 14, 1998, this Council authorized the Director of Community Development to enter into NDIF Contract No. 56575 with Osborn Square Limited Partnership ("Osborn"), in the amount of \$600,000 ("NDIF Loan") and to enter into HUD 108 Loan Contract No. 20227 in the amount of \$600,000 ("HUD 108 Loan"), for the redevelopment of buildings located at 1001 Huron Road, 1020 Huron Road and 1104 Prospect Avenue for the Osborn Square Apartments and parking deck; and

WHEREAS, Osborn desires to apply for a private loan and in order to make application for that loan, the City needs to consent to both a discount prepayment on the NDIF Loan and the release of mortgage on the HUD 108 Loan; and

WHEREAS, by accepting the prepayment of the NDIF Loan and accepting payment in full on the HUD 108 Loan, the Department of Community Development would realize an immediate influx of funds rather than wait until both debts are 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 NDIF Loan with Osborn to accept a discounted prepayment of \$282,995 which represents a discounted rate of 9% on the portion owed under that

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contract. The amendment shall also contain the provision that as a condition to accepting the discount prepayment of the NDIF Loan, the City is requiring Osborn to pay the HUD 108 Loan in full, which is currently estimated to be \$453,296.50.

Section 2. That the Director of Community Development is authorized to accept on behalf of the City a discounted prepayment of \$282,995 from Osborn.

Section 3. That the Director of Community Development is authorized to file all papers and execute all documents necessary to receive the funds under the prepayment.

Section 4. That the amendment 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 5. That the Director of Community Development is authorized to release any and all collateral taken to secure repayments of the NDIF Loan and HUD 108 Loan 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 6. That the Director of Community Development is authorized to deposit the prepayments into the fund approved by the Director of Finance.

Section 7. 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.

RB:nl
7-18-18

FOR: Director Menesse

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READ FIRST TIME on JULY 18, 2018
and referred to DIRECTORS of Community Development, Finance, Law;
COMMITTEES on Development Planning and Sustainability, Finance

REPORTS

CITY CLERK

READ SECOND TIME

CITY CLERK

READ THIRD TIME

PRESIDENT

CITY CLERK

APPROVED

MAYOR

REPORT
after second Reading

PASSAGE RECOMMENDED BY
COMMITTEE ON
DEVELOPMENT, PLANNING AND
SUSTAINABILITY

FILED WITH COMMITTEE

PASSAGE RECOMMENDED BY
COMMITTEE ON
FINANCE

FILED WITH COMMITTEE