



City of San Antonio

Agenda Memorandum

File Number:15-2873

Agenda Item Number: 3.

Agenda Date: 4/29/2015

In Control: Westside Development Corporation

ORGANIZATION: Westside Development Corporation (WDC) - Board of Directors

POSTING LANGUAGE:

Discussion and possible action to modify the terms of a loan agreement with San Anto Cultural Arts, Inc., in an amount up to \$15,721.

SUMMARY:

San Anto Cultural Arts, Inc. borrowed money from the WDC for the acquisition of property on El Paso Street. The organization requests to finance the balloon payment due on their current note.

BACKGROUND INFORMATION:

San Anto Cultural Arts, Inc. acquired property on El Paso Street with financing from the WDC. The terms of the note requires monthly payments on principal and interest along with an extra quarterly payment on principal. A final balloon payment is due on maturation.

San Anto notified the WDC in advance that they could not make the final balloon payment and requested to finance that payment over the course of an additional 16 months. This is the second time the organization has requested to finance a final balloon payment in an agreement with the WDC.

The request was first considered by the Project Committee, which provided guidance towards the negotiation of a modified agreement, including the suggestion to restrict capital purchases by San Anto Cultural Arts in excess of \$2,500 without prior approval and the addition of a statement declaring there will be no further modifications of the note.

The Finance Committee considered this request on 4/27/15. It was suggested to require San Anto - and any corporate client in the future - to provide copy of a board resolution approving the agreement and its terms as evidence of explicit board action on the matter.

The matter of approving capital purchases was not discussed in-depth by the committee; however, staff does not support this suggestion without a viable option for a sanction in place short of default.

The Finance Committee recommended approval.

ISSUE:

ALTERNATIVES:**FISCAL IMPACT:**

Modifying the terms of the agreement will reduce the anticipated return on principal for fiscal year 2015.

RECOMMENDATION:

Staff recommends approval with 10% down, 4% interest over 24 months, term commencing in May 2015.
In addition, evidence of board authorization through formal resolution.

MRH - 150429 - Board - Item 3 Memo