ITEM NO.: DRPA-14-023

SUBJECT: Extension of Blue Horizon Loan Satisfaction Agreement

COMMITTEE: New Business

COMMITTEE MEETING DATE: N/A

BOARD ACTION DATE: February 19, 2014

PROPOSAL: That the Board authorizes staff to negotiate an extension to the loan satisfaction agreement with Rendez Blu, LP, a Pennsylvania limited partnership with an address of 4415 Chestnut Street, Suite 202, Philadelphia, Pennsylvania 19104 for a loan secured by the Blue Horizon property located at 1314-16 N. Broad Street, Philadelphia, Pennsylvania, until May 31, 2014. The extension is for a loan satisfaction agreement for an amount not less than $1,000,000.00 paid by Rendez Blu, LP to the Authority.

Amount: Not less than $1,000,000.00

Other Party: Rendez Blu, LP
4415 Chestnut Street, Suite 202
Philadelphia, Pennsylvania 19104

PURPOSE: To grant an extension for the repayment of funds to the Authority from Rendez Blu, LP in accord with the loan satisfaction agreement authorized by the Board on April 17, 2013. Pursuant to the extension and original agreement, Rendez Blu, LP is obligated to pay the Authority $1,000,000.00

BACKGROUND: On February 24, 2013, Mosaic Development Partners submitted a formal request for the Authority to consider an offer from Rendez Blu, LP, the purchaser of the Blue Horizon, to satisfy the outstanding Authority debt on the property. Mosaic Development Partners LLC, is the General Partner of Rendez Blu, LP. Mosaic represents that the first mortgage lien is satisfied. Mosaic provided an email from the second position lienholder, The Pennsylvania Minority Business Development Authority (PMBDA), stating their willingness to waive all interest and penalties and accept the outstanding principal amount as full satisfaction of their debt. Mosaic further stated that the Philadelphia Industrial Development Corporation has verbally agreed to do the same.
On or about April 17, 2013, the Board adopted resolution DRPA-13-052 granting authority to enter into a Loan Satisfaction Agreement with Rendez Blu, L.P. The Agreement provided that upon closing on the purchase of the Property, Rendez Blu, L.P. shall pay One Million Dollars ($1,000,000.00) to the Authority in full and complete satisfaction of the Authority Loan so long as (i) such closing of the sale of the Property from Borrower to Buyer and the payment of the One Million Dollars ($1,000,000.00) occurs on or before December 31, 2013, (ii) PIDC agrees to accept and actually accepts only the outstanding principal amount due in full and complete satisfaction of the PIDC Loan and to waive all accrued and unpaid interest, penalties and other sums due and payable under the PIDC Loan Documents in connection with Buyer’s purchase of the Project, (iii) PMBDA agrees to accept and actually accepts only the outstanding principal amount due in full and complete satisfaction of the PMBDA Loan and to waive all accrued and unpaid interest, penalties and other sums due and payable under the PMDBA Loan Documents in connection with Buyer’s purchase of the Project and (iv) neither Nia Kuumba, Inc. or Ray-Whitaker, Inc. receives any proceeds from the sale of the Property.

On December 11, 2013, Rendez Blu, L.P informed the Authority that it was not be able to close on the purchase of the Property by December 31, 2013. As a result, the Authority passed resolution DRPA-13-150 providing an extension of the agreement until February 28, 2014. Rendez Blu is now requesting an additional extension of the agreement until May 31, 2014.

Staff recommends providing the requested extension of the original Loan Satisfaction Agreement with Rendez Blu, L.P.
SUMMARY:  
Amount: $1,000,000.00
Source of Funds: N/A
Capital Project #: N/A
Operating Budget: N/A
Master Plan Status: N/A
Other Fund Sources: N/A
Duration of Contract: N/A
Other Parties Involved: Rendez Blu, LP
RESOLUTION

RESOLVED: That the Board authorizes staff to negotiate an extension of the Loan Satisfaction Agreement with Rendez Blu, LP until May 31, 2014, for payment to the Authority of an amount not less than $1,000,000.00.

RESOLVED: The Chair, Vice Chair and the Chief Executive Officer must approve and are hereby authorized to approve and execute all necessary agreements, contracts, or other documents on behalf of the DRPA. If such agreements, contracts, or other documents have been approved by the Chair, Vice Chair and Chief Executive Officer and if thereafter either the Chair or Vice Chair is absent or unavailable, the remaining Officer may execute the said document(s) on behalf of DRPA along with the Chief Executive Officer. If both the Chair and Vice Chair are absent or unavailable, and if it is necessary to execute the said document(s) while they are absent or unavailable, then the Chief Executive Officer shall execute such documents on behalf of DRPA.

SUMMARY: 
Amount: $1,000,000.00
Source of Funds: N/A
Capital Project #: N/A
Operating Budget: N/A
Master Plan Status: N/A
Other Fund Sources: N/A
Duration of Contract: N/A
Other Parties Involved: Rendez Blu, LP