



CITY OF SACRAMENTO
CALIFORNIA

OFFICE OF THE
CITY MANAGER

CITY HALL
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March 3, 1981

APPROVED
BY THE CITY COUNCIL

MAR 17 1981 AG 80188

OFFICE OF THE
CITY CLERK

City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: UDAG Loan Contract between the City of Sacramento and
Kanpai Corporation, Inc.

SUMMARY

The attached resolution authorizes the Mayor to execute a UDAG loan contract with Kanpai Corporation, Inc. for \$217,814 to perform leasehold improvements to the Barriga-Frey Building in Old Sacramento.

BACKGROUND

On November 25, 1980, by Resolution No. 80-791, the City Council authorized the execution of a grant agreement with the Department of Housing and Urban Development (DHUD) under the Urban Development Action Grant Program. The grant agreement obligated DHUD to pay \$226,239 to the City of Sacramento for a loan to the Kanpai Corporation, Inc. to construct leasehold improvements for the development of a Japanese restaurant in the Barriga-Frey Building at 1109-1113 Second Street in Old Sacramento.

The terms of the UDAG loan are for 1% interest only the first three years and 10.5% interest for years four through eight. The payments for years nine and ten will be towards principal only. In addition, the Developer is required to pay the City 50% of the net cash flow over 12% of the initial Developer's investment up to a 25% return on Developer's equity. The principal will be repaid with \$4,000 payments years four through eight and two balloon payments years nine and ten of \$100,000 each year, or such other amounts as shall be required to pay the balance of the principal indebtedness in full upon the maturity of the term of the loan.

Funds (loan repayment and interest) reverting back to the City of Sacramento will be placed into a UDAG Revolving Fund to assist other developments in compliance with the general UDAG requirements. The mechanism for administering the UDAG Revolving Fund will be established and reviewed by City Council at a later date.

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Final approval of this project is contingent upon execution of this loan contract and submission of other evidentiary material (i.e., evidence of 1) private lending commitment, 2) Developer's equity, 3) title of real property, and 4) lease agreement.) These materials are currently being submitted to DHUD for approval.

FINANCIAL DATA

This project is for a grant to the City of Sacramento for \$226,239. The City will in turn loan \$217,814 to Kanpai Corporation, Inc. through this variable interest rate loan. The amount of \$8,425 will be used by the Sacramento Housing and Redevelopment Agency staff for grant management and administration.


VOTE AND RECOMMENDATION OF COMMISSION

It is anticipated that at its meeting of March 16, 1981 the Sacramento Housing and Redevelopment Commission will adopt a motion recommending that you take the above-mentioned action. In the event they fail to do so, you will be advised prior to your March 17, 1981 meeting.


RECOMMENDATION

It is my recommendation that you adopt the attached resolution, which authorizes the Mayor to execute a UDAG loan contract with Kanpai Corporation, Inc.

Respectfully submitted,


MAC MAILES
Assistant City Manager/
Community Development

RECOMMENDATION APPROVED:


WALTER J. SLIPE
City Manager

Contract Person: Leo T. Goto

RESOLUTION NO. ~~81-193~~ 81-203

Adopted by The Sacramento City Council on date of

March 17, 1981

**AUTHORIZING CONTRACT WITH KANPAI CORPORATION,
INC. UNDER THE URBAN DEVELOPMENT ACTION
GRANT PROGRAM**

BE IT RESOLVED BY THE CITY OF SACRAMENTO:

Section 1. The Mayor is authorized to execute a loan contract with Kanpai Corporation Inc. under the Urban Development Action Grant program for the purpose of financing Kanpai leasehold improvements in the Barriga-Frey Building in Old Sacramento.

Mayor

Attest:

City Clerk

APPROVED
BY THE CITY COUNCIL

MAR 17 1981

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