



Legislation Text

File #: RES 12-2077, **Version:** 1

Resolution Approving the Subordination and Modification of an HRA Loan in the Original Amount of \$750,000 and Authorizing the Execution of Documents in Connection with the Gateway Village Project (aka River Crossing Project), District 15, Ward 3

WHEREAS, the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota ("HRA") is a public body corporate and politic established pursuant to the provisions of Minnesota Statutes, Section 469.001 et seq (the "HRA Act"); and

WHEREAS, the HRA has the power to engage in development or redevelopment activities under Chapter 469 of the Minnesota Statutes, Housing and Redevelopment Act ("Act") and by authority of said Act engages in activities relating to: a) housing projects and development; b) removal and prevention of the spread of conditions of blight or deteriorations; c) bringing substandard buildings and improvements into compliance with public standards; d) disposition of land for private development; and e) improving the tax base and the financial stability of the community, and to engage in the aforementioned activities when these needs cannot be met through reliance solely upon private initiative and which can also be undertaken in targeted neighborhoods; and

WHEREAS, on June 11, 2003, the HRA executed a Development Agreement with Stonebridge Development and Acquisition, LLC which provided a loan to the Borrower in the original principal amount of Seven Hundred Fifty Thousand and no/100ths (\$750,000.00) (the "HRA Loan"), as evidenced by that certain Promissory Note dated as of November 1, 2003 ("HRA Note"), which is secured by that certain Combination Mortgage, Assignment of Rents and Leases, Fixture Financing Statement and Security Agreement from Borrower to the HRA, dated as of November 18, 2003 and recorded on November 21, 2003 in the office of the County Recorder for Ramsey County, Minnesota as Document No. 3703675 and in the office of the Registrar of Title for Ramsey County, Minnesota as Document No. 1791228, as assigned and amended, and encumbering the Mortgaged Property (the "HRA Mortgage," together with the HRA Note, the "HRA Loan Documents"); and

WHEREAS, after the execution of the HRA Loan Documents, the Borrower received funds from the State of Minnesota for which a portion was used to reduce the outstanding HRA Loan amount to \$375,000; and

WHEREAS, the HRA issued its \$4,820,000 Variable Rate Demand Multifamily Housing Revenue Refunding Bonds (Gateway Apartments Limited Partnership Project), Series 2006A, and its \$215,000 Taxable Variable Rate Demand Multifamily Housing Revenue Bonds (Gateway Apartments Limited Partnership Project), Series 2006B (together, the "2006 Bonds") and loaned the proceeds of the 2006 Bonds to Borrower in the original principal amount of up to Five Million Ninety Thousand Seven Hundred Sixty Eight and No/100 Dollars (\$5,090,768.00) (the "First Original Loan") dated as of March 1, 2006, as evidenced by a certain Indenture of Trust, Loan Agreement and a Mortgage, Security Agreement, Assignment of Leases and Rents and Fixture Filing from Borrower to the St. Paul HRA, recorded on March 31, 2006 in the office of the County Recorder for Ramsey County, Minnesota as Document No. 3937262 and recorded on March 31, 2006 in the office of the Registrar of Title for Ramsey County, Minnesota as Document No. 1956994, as assigned and amended, and encumbering the Mortgaged Property; and

WHEREAS, the Ramsey County HRA issued \$38,690,000 in Variable Rate Demand Multifamily Housing Revenue Bonds (Gateway Apartments Limited Partnership Project), Series 2003A (the "2003 Bonds") and loaned the proceeds of the 2003 Bonds to Borrower; and

WHEREAS, the Borrower is redeeming the 2006 Bonds and the 2003 Bonds and refinancing the outstanding loans with a loan in the original principal amount of Forty Seven Million Two Hundred Forty Two Thousand One Hundred and No/100 Dollars (\$47,242,100.00), which loan will be insured under Section 223(f) of the National Housing Act of 1937 (the "HUD Loan"); and

WHEREAS, as a condition of the HUD Loan, the HRA and other subordinate lenders are required to subordinate and amend the terms of their loans; the HRA Note will be amended and restated by a surplus cash note (the "Surplus Cash Note") and the HRA Loan Documents will be amended to reference the Surplus Cash Note and include certain HUD provisions; and

WHEREAS, as a condition of approving the subordination and amendment of the HRA Note, the HRA is requiring the Borrower to execute and deliver to the HRA a companion note in the principal amount of \$95,775 ("Companion Note"), and a Guaranty of payments due under the Surplus Cash Note to be executed by Stonebridge Communities, LLC; and

WHEREAS, the Credit Committee met on November 5, 2012 and approved the Subordination and Modification of the \$375,000 HRA Loan as required by HUD; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota, that:

- 1) The HRA Board approves and authorizes the execution of the Master Subordination Agreement, First Amendment to HRA Loan Documents, Amendment to Declaration of Land Use Restrictive Covenants, Companion Note, and Amended and Restated HRA Note for the Project on the terms and conditions set forth in the staff report and this Resolution. The HRA Executive Director is authorized to agree to modifications of these documents that do not make material changes in their terms and conditions with the approval of the City Attorney.
- 2) The HRA Board approves an amended HRA Mortgage to reflect that the principal amount secured thereby shall not exceed \$294,905.03.
- 3) The HRA Board approves amendments to the HRA Loan Documents as follows:
 - a) All references to the "Note" in the HRA Loan Documents shall mean that certain Amended and Restated HRA Promissory Note dated as of December 1, 2012 in the principal amount of Two Hundred Ninety-Four Thousand Nine Hundred Five and 3/100ths Dollars (\$294,905.03), executed by Borrower and the HRA.
 - b) All references in the HRA Loan Documents to the "Maturity Date" shall mean January 1, 2048.
 - c) The HRA Loan Documents remain in full force and effect, and are not modified except as expressly provided in the executed First Amendment to HRA Loan Documents.
- 4) The HRA Executive Director, staff and legal counsel for the HRA are further directed and authorized to take all actions necessary to implement this Resolution and the HRA's Executive Director is authorized to execute any documents and instruments in connection therewith.

