



Legislation Text

File #: RES 14-144, Version: 1

Resolution Approving and Authorizing Execution of a Workout Agreement for a Loan Made to 4DJ, LLC, For Property located at 281-285 N. Snelling, District 13, Ward 4.

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

WHEREAS, the HRA has the power to engage in development or redevelopment activities under Minnesota law and the HRA is authorized to engage in activities relating to (a) housing projects and development, (b) removal and prevention of the spread of conditions of blight or deterioration, (c) bringing substandard buildings and improvements into compliance with public standards, (d) disposition of land for private redevelopment, 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 is authorized to create redevelopment projects as defined in Minn Stat Section 469.002, Subd. 14; and

WHEREAS, in June 2003 the HRA, the US Small Business Administration ("SBA") and Liberty State Bank (now Associated Bank) provided financing to 4DJ, LLC ("Borrower") to acquire, renovate and install a new gas pumping operation and car wash at 281-285 N. Snelling, Saint Paul, Minnesota (the "Project"); and

WHEREAS, the HRA's loan was in the amount of \$200,000 ("Loan") and was evidenced by a promissory note, mortgage, assignment of rents and leases, fixture financing statement, security agreement and loan agreement executed by Borrower, and personal and corporate guaranties of the owners of the Borrower ("Loan Documents"); and

WHEREAS, the HRA Loan was subordinate to the first mortgage loan made by Associated Bank and the second loan to the SBA; and

WHEREAS, payments were made on the HRA Loan by the Borrower to the HRA through 2008 as described in the staff report accompanying this resolution; and

WHEREAS, Associated Bank, the first mortgage lender has initiated foreclosure of its mortgage and it is not financially feasible for the HRA to redeem the property from that first mortgage foreclosure and recovery on the other Loan Documents is problematic; and

WHEREAS, the Borrower has offered to pay the HRA the sum of \$52,500 as payment in full for the HRA Loan in consideration for full release of HRA Loan Documents; and

WHEREAS, HRA wishes to charge off the Loan to Borrower and add Borrower to the Workout List; and

WHEREAS, no budget amendment is needed for the HRA's actions in this Resolution.

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 hereby (a) approves the acceptance of a \$52,500 payment from the Borrower as payment in full for the HRA Loan, (b) agrees to release Borrower and all Loan Documents and collateral securing the HRA Loan, (c) charges off the HRA Loan, and (d) adds the Borrower to the Workout List. The HRA Executive Director is hereby authorized and directed to negotiate and execute the necessary documents on behalf of the HRA.
2. 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.

