



Legislation Text

File #: RES 16-1066, **Version:** 1

Resolution Approving Subordination For Old Swedish Bank, LLC, 961-963-965 Payne Avenue, District 5, Ward 6.

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 2007, the HRA made a loan of \$230,000 ("HRA Loan") to Old Swedish Bank, LLC (the "Company"), secured by a first-position mortgage against a two-story commercial building located at 961-963-965 Payne Avenue, St. Paul, Minnesota ("Project"); and

WHEREAS, the Company has continuously operated the Project since 2001; and

WHEREAS, the Company is proposing to obtain a first-mortgage loan from Sunrise Bank to refinance most of the junior debt on the Project, including but not limited to junior debt with a current balance of \$34,373.00 owed to East Side Neighborhood Development Company, Inc., which is a controlling member of the Company (the "ESNDC Debt"); and

WHEREAS, as part of the refinancing transaction, the Company is requesting the HRA agree to subordinate the HRA Loan to the refinanced junior debt for the reasons stated in the staff report accompanying this resolution (the "Subordination"); and

WHEREAS, staff recommends to the HRA Board approval of the Subordination provided proceeds from the refinanced ESNDC Debt are reinvested into capital improvements to the Project within the next year; and

WHEREAS, by this Resolution the HRA Board of Commissioners finds a public purpose for the Subordination for the Project.

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 of Commissioners hereby approves the Subordination to the first position mortgage to Sunrise Bank and for junior position mortgages to be paid off, conditioned upon the refinanced ESNDC Debt proceeds being reinvested into capital improvements to the Project within one year from the date of closing on the refinancing.
2. The HRA Executive Director, staff and legal counsel for the HRA are directed and authorized to take all actions necessary to implement this Resolution. The HRA's Executive Director is authorized to

negotiate the terms of and execute any agreements, documents and instruments in connection with this Resolution.