



Legislation Text

File #: RES 11-1189, **Version:** 1

Approving and authorizing the execution of an amended loan agreement for the Model Cities Brownstone project.

WHEREAS, in 2000 the City of Saint Paul ("City"), through its STAR program, entered into a STAR loan ("Loan") in the amount of \$600,000 with the Model Cities of Saint Paul Inc. ("Model Cities") to, together with funders providing the private match, provide financing to renovate the western portion of the 839 University property to establish a retail/commercial business facility with associated job training activity; and

WHEREAS, the \$600,000 loan was subdivided into a \$390,000 loan and a \$210,000 loan with different repayment terms; and

WHEREAS, the original terms of the Loan indicated that balloon payments of \$337,504.26 were due June 1, 2011; and

WHEREAS, due to the state of the economy and limited ability of small commercial/retail tenants to pay increased rent, the project does not generate sufficient income to allow for the financing of a \$337,504 balloon payment; and

WHEREAS, Model Cities requested that the Loan amortization terms be extended; and

WHEREAS, Model Cities has consistently made payments on the Loan in a timely manner; and

WHEREAS, the Department of Planning and Economic Development Credit Committee reviewed the request and recommends: that the \$210,000 loan continue to amortize, at an interest rate of 6.5%, until May 5, 2016 at which time the loan will be paid in full and that the \$390,000 loan be amortized over 20 years, at a 2% interest rate, with a balloon payment in 2017 at which time the outstanding loan balance will be due.

NOW, THEREFORE, the City of Saint Paul City Council authorizes and approves an amendment to the Loan including the note, loan agreement and mortgage with Model Cities, such amendment to incorporate the terms described above, and the City Council directs the appropriate city officials to execute the amendment and other documents.

BE IT FURTHER RESOLVED, that City staff are hereby directed and authorized to take such action as necessary to implement this Resolution.