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City of Saint Paul

Legislation Details (With Text)

File #:	RES 11-990 **Version:** 1		
Type:	Resolution	**Status:**	Passed
		In control:	City Council
		Final action:	6/15/2011
Title:	Approving the Frogtown Entrepreneur Center (FEC) note, loan agreement, and mortgage amendment.		
Sponsors:	Melvin Carter III		
Indexes:			
Code sections:			
Attachments:	1. RES 11-990 - Frogtown Loan Restructuring.pdf		

Date	Ver.	Action By	Action	Result
6/20/2011	1	Mayor's Office	Signed	
6/15/2011	1	City Council	Adopted	Pass

Approving the Frogtown Entrepreneur Center (FEC) note, loan agreement, and mortgage amendment.

WHEREAS, in 1997 the City of Saint Paul ("City"), through its STAR program, entered into a STAR loan ("Loan") in the amount of $154,500 with Frogtown Entrepreneur Center ("FEC") to, together with other funders providing a private match, provide financing to acquire and renovate 501 N Dale Street to establish the Frogtown Entrepreneur Center, a business incubator facility; and

WHEREAS, the FEC also acquired and renovated 625 University Avenue and combined it with 501 N Dale to operate a business incubator facility (the "Project") whose target is minority, women owned and small businesses; and

WHEREAS, the FEC is currently home to approximately 15 business about 80% of which are minority owned, and

WHEREAS, the age of the buildings, the state of the economy, the fragile nature of the businesses served and the vacation of the Project's largest tenant have all created cash flow difficulties for the project; and

WHEREAS, the original terms of the Loan indicated that repayment would be made only after all operating expenses including debt service for other loans and an operating reserve of $10,000 was established and maintained and that all unpaid principal and interest repayment would be due as a balloon payment on the original maturity date of December 1, 2006; and

WHEREAS, previous amendments to the Loan have extended the maturity and deferred repayment; and

WHEREAS FEC requested that the City again defer payments on the Loan; and

WHERAS the Department of Planning and Economic Development Credit Committee has reviewed the request, determined that the loan is secured with a mortgage on the property and recommends a) amending the Loan terms to defer Loan repayment from January 1, 2011 through December 1, 2012. and resuming on January 1, 2013.

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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 Frogtown Entrepreneur Center, 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.