



## Legislation Text

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**File #:** RES 17-924, **Version:** 1

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Resolution Approving Subordination For Kendall Land Company, LLC, 840 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 2012, the HRA made a CDBG construction loan of \$1,305,000 ("CDBG Loan") to Kendall Land Company, LLC (the "Company"), secured by a third-position mortgage against a two-story commercial building located at 840 Payne Avenue, St. Paul, Minnesota ("Project"); and

**WHEREAS**, in 2012, the HRA made a land loan of \$380,000 ("HRA Loan") to Kendall Land Company, LLC (the "Company"), secured by a fourth-position mortgage against 840 Payne Avenue, St. Paul, Minnesota ("Project"); and

**WHEREAS**, the Company has continuously operated the Project since 2013; and

**WHEREAS**, the Company is proposing to obtain a first-mortgage loan from Peoples Bank to refinance debt on the Project, including senior debt and business debt with a current balance of \$699,560.00; and

**WHEREAS**, as part of the refinancing transaction, the Company is requesting the HRA agree to a subordinate the CDBG Loan and HRA Loan to the refinanced debt for the reasons and on the terms stated in the staff report accompanying this resolution (the "Subordination"); 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 Peoples Bank and for senior position mortgages to be paid off, conditioned upon the amendments to the HRA loan agreement and Promissory Note.

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.

