



Legislation Text

File #: RES 20-509, **Version:** 1

Authorizing the amendment of the terms of two Neighborhood STAR loans to Frogtown Entrepreneur Center LLC, and consolidating the two loans into one new Neighborhood STAR loan of \$404,175, secured by a first mortgage on 501 Dale Street North (District 7, Ward 1).

WHEREAS, Saint Paul neighborhoods are one of the City's most important strengths, and the sales tax proceeds represent opportunity to revitalize and invest in our neighborhoods, and

WHEREAS, by resolution of the Saint Paul City Council, "the net sale tax proceeds shall be allocated for capital projects to further residential, cultural, commercial, and economic development and that the intent of the City Council is that the proceeds be used in such a way that they have significant and positive economic impact, and are targeted at such efforts as supporting housing and commercial revitalization initiatives, tax generation throughout the city, and leveraging private investments." and

WHEREAS, 50% of the proceeds of ½ cent sales tax, along with its corresponding interest earnings, are dedicated to investment in the neighborhoods of Saint Paul; and

WHEREAS, the Saint Paul City Council, on August 7, 1996 by Resolution No 96-891, approved a Neighborhood STAR loan to the Frogtown Entrepreneur Center, LLC ("Frogtown"), whose sole member is the Neighborhood Development Center ("NDC"), in the amount of \$86,500 (account #77097) to help Frogtown purchase and renovate property located at 501 Dale Street North, Saint Paul (the "Property"). The Property currently houses an entrepreneur center of local businesses. The security for this loan included a 3rd position Mortgage, a Promissory Note, and seven amendments to the Loan Agreement; and

WHEREAS, the Saint Paul City Council, on August 7, 1996 by Resolution No 96-891 approved a Neighborhood STAR loan to Frogtown in the amount of \$154,000 (account #77660) to help Frogtown purchase and renovate the property located at 501 Dale Street North. The security for this loan included a 4th position Mortgage, a Promissory Note, and seven amendments to the Loan Agreement; and

WHEREAS, the Saint Paul City Council, on July 7, 1999, by Resolution No. 99-627, approved a Neighborhood STAR loan to Frogtown in the amount of \$124,0000 (account #77297) to help purchase and renovate property located and 625 and 627 University Avenue West, Saint Paul MN 55103. The property currently houses an entrepreneur center of local businesses. The security for this loan included a 3rd position Mortgage, Promissory Note, and seven amendments to the Loan Agreement; and

WHEREAS, on January 21, 2020, the Credit Committee of the Planning and Economic Development ("PED") of the City of Saint Paul received and reviewed a request by Frogtown to consolidate all of Frogtown's existing STAR loans into one loan and to release Frogtown's mortgages on 625 and 627 University Avenue West, Saint Paul. The new, consolidated loan would be secured by a new mortgage assignment on 501 Dale Street North, Saint Paul.

WHEREAS, on January 21, 2020, the Credit Committee of PED recommended approval of Frogtown's request to consolidate all of Frogtown's STAR loans into one new loan, with terms of 20 years, 0% interest, and a 7-year deferral. The Credit Committee also recommended releasing Frogtown's collateral mortgages on 625 University Ave West, Saint Paul, and assigning a new mortgage to 501 Dale Street North, Saint Paul. The new mortgage on 501 Dale Street will be first priority in parity with a Housing and Redevelopment Authority of

Saint Paul loan in the amount of \$94,930.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Saint Paul, Minnesota, as follows:

- (1) The City approves amending the maturity date of the \$86,500 Neighborhood STAR loan to December 31, 2039. A late fee of \$2,592 will be waived. The new balance on the loan is \$59,012 as of November 30, 2019.
- (2) The City approves amending the maturity date of the Neighborhood STAR loan in the amount of \$154,000 to December 31, 2039. An additional late fee of \$10,509 will be waived. The new balance on this loan is \$230,320 as November 30, 2019.
- (3) The City approves amending the maturity date of the Neighborhood STAR loan in the amount of \$124,000 to December 31, 2039. A late fee of \$4,380 will be waived. The new balance on this loan is \$114,843 as of November 30, 2019.
- (4) The City approves consolidating all outstanding STAR loans for a new loan in the amount of \$404,175. A new loan agreement, promissory note, and mortgage will be drafted for Frogtown to reflect the appropriate terms and rates. 501 Dale Street North property will be assigned as the first lien position to the City of Saint Paul, in parity with a Housing and Redevelopment Authority of Saint Paul loan in the amount of \$94,930
- (5) The City approves releasing the mortgage lien on 625 University Avenue, Saint Paul.

BE IT FURTHER RESOVED, that the proper City officials are hereby authorized to negotiate, agree to any amendments/changes, deletions or revisions which do not substantially change the rights or obligations of the City of Saint Paul and take such further action necessary to implement this Resolution.