



Legislation Text

File #: RES 22-1239, **Version:** 1

Approving and authorizing modifications of two STAR loans made to Circus of the Star, a Minnesota nonprofit corporation ("Borrower").

WHEREAS, Borrower is a Minnesota nonprofit organization that conducts circus training programs for youth and holds performances for the public; and

WHEREAS, Borrower currently leases a site from the City of Saint Paul's Department of Parks and Recreation that is located at 1270 Montreal Avenue, Saint Paul, through a land lease agreement executed in 1997 (the "Land Lease"); and

WHEREAS, the Land Lease included options to renew, which Borrower has exercised, and as a result, the Land Lease was amended in 2006, 2011, and 2021, when the term of the Land Lease was extended through December 31, 2031; and

WHEREAS, in September 2000, the Borrower received a Neighborhood STAR Loan in the amount of \$250,000 ("Neighborhood STAR Loan") and in April 2001, the Borrower received a Cultural STAR loan in the amount of \$85,000 ("Cultural STAR Loan") (collectively the "STAR Loans"), to construct the Circus Juventas facility at 1270 Montreal Avenue, Saint Paul (the "Project"); and

WHEREAS, the initial term for each of the STAR Loans matured after five years and included equal monthly payments amortized on a 20-year amortization basis at an annual interest rate of 6.5%, with a balloon payment due on the end of the initial term; and

WHEREAS, each of the STAR Loans have been amended and extended, with extensions corresponding to extensions of the Land Lease, under a total of six loan amendments, with the current term of the Cultural STAR Loan expiring on October 31, 2021 and the current term of the Neighborhood STAR loan expiring on October 31, 2021.

WHEREAS, since Borrower's current term of the Land Lease has been extended to October 31, 2031, Borrower desires that the maturity dates of both the Neighborhood STAR Loan and Cultural STAR Loan also be extended through October 31, 2031; and

WHEREAS, due to the Covid pandemic, Borrower's revenues decreased significantly for both classes and performances and, as a result, Borrower has requested that its interest rate payable under the STAR Loans be reduced from 6.5% to 3.0%; and

WHEREAS, in addition to extending the maturity date and reducing the interest rate, Borrower desires to make equal monthly payments on the two STAR Loans upon the remaining principal balances, amortized over the same time period as the loan extension so that the entire balance will be paid off at the maturity; and

WHEREAS, staff from the Department of Planning and Economic Development is recommending to the City Council that it approve the extension of the STAR Loans to a maturity date of December 31, 2031 and reducing the interest rate to an annual rate of 3.0%, with equal monthly payments amortized over the remaining term of the loans; and

WHEREAS, on March 1, 2022, the Credit Committee reviewed the STAR Loans and recommended approval of extending the maturity date to October 31, 2031, reducing the interest rate to an annual rate of 3.0%, accepting equal monthly payments amortized over the remaining term of the loans, and forgiving the balloon payment late fees that resulted from the loans not being extending before the maturity dates.

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

1. The Saint Paul City Council hereby approves amending the two STAR Loan made to Circus of the Star under the terms and conditions described in the staff report and consistent with the introductions in these Resolutions.
2. The PED Director, staff, and legal counsel for PED are further directed and authorized to take all actions necessary to implement this Resolution. The Director of the PED and its staff are specifically authorized to execute any documents and instruments in connection with this Resolution.