Legislation Text

File #: RES 24-1910, **Version:** 1

Approving an amended subordination of a $400,000 Community Development Block Grant (CDBG) to the Dayton's Bluff Construction Training Center (District 4, Ward 7).
WHEREAS, the City of Saint Paul ("City") is an entitlement grantee that receives direct funding from the United States Department of Housing and Urban Development ("HUD") for the Community Development Block Grant Program (the "CDBG program award"); and

WHEREAS, Dayton's Bluff Construction Training Center acquired the building on the parcel located at 809 7th Street East (the "Property") for the purpose of redeveloping it into the Construction training Center (the "Project"); and

WHEREAS, the Project provides important resources for people pursuing training construction; and

WHEREAS, on April 5, 2018, the Housing and Redevelopment Authority of the City of Saint Paul and the City of Saint Paul entered an Amended and Restated Loan Agreement (A&R Agreement) with the Dayton's Bluff Construction Training Center for a $400,000 Community Development Block Grant (CDBG) fund to be used for the acquisition, rehabilitation, and creation of the Construction Training Center at 809 7th Street East, Saint Paul, Minnesota; and

WHEREAS, the Mortgage and Debt Subordination Agreement effective as of April 5, 2018 established the mortgage in a subordinate lien position to Sunrise New Markets Fund XIV LLC, the Senior Lender; and

WHEREAS, the Sunrise New Markets Fund XIV LLC compliance terms for Note A of the original principle of $612,493.00, are ending and the note is being reassigned to Sunrise Banks National Association; and

WHEREAS, a Subordination Agreement with Sunrise Banks National Association is required to reassign the New Market Tax Fund loan; and

WHEREAS, by this Resolution, the HRA and City of Saint Paul's loan of $400,000 to the Dayton's Bluff Construction Training Center will be subordinate to the $612,493 Sunrise Banks National Association loan; and

WHEREAS, on December 18, 2024 the HRA considered this matter and recommends the authorization and approval of the amended subordination of the CDBG loan; and

WHEREAS, staff is recommending to the City Council that it approve the amended subordination of the CDBG to the new first position lender as it will allow Sunrise New Markets Fund XIV LLC to reassign Note A ; now, therefore, be it

RESOLVED by the City Council of the City of Saint Paul:

1. that the City Council hereby approves and authorizes an amended subordination of the CDBG Loan under the terms consistent with applicable compliance requirements and terms herein.

2. that the City Council hereby approves and authorizes City staff to take all actions necessary to carry out the activities authorized by this Resolution, including finalizing all documents and agreements, subject to approval by the City Attorney's Office.

3. that the proper City official(s) are hereby approved and authorized to execute any and all documents in connection with this Resolution, subject to approval by the City Attorney's Office.

4. that this Resolution does not constitute a binding legal agreement; rather, the action taken herein shall not be effective until said documents are executed by the appropriate official(s) of the City.