



REQUEST FOR ECONOMIC DEVELOPMENT AUTHORITY ACTION

Date: 11/08/2021
Item No.: 5.c

Department Approval

Executive Director Approval

Janice Gundlach

Randy Truogen

Item Description: Adopt a Resolution authorizing the President and Executive Director to execute an amendment to the CDBG loan and satisfaction of a HRA loan for Sienna Green I.

BACKGROUND

In 2010, the Roseville Housing Redevelopment Authority (RHRA) provided financial assistance for the rehabilitation of 120 units of rental housing into affordable rental units, known and referred to herein as Sienna Green I. In 2016, the RHRA transferred all of their projects and outstanding loans to the Roseville Economic Development Authority (REDA) to administer. The financial assistance provided to Sienna Green I consisted of two separate loans: a Community Development Block Grant (CDBG) in the amount of \$294,730, and a RHRA Multi-Family Fund loan in the amount of \$55,270. The CDBG funds were set-up to be deferred and the funds from the Multi-Family Fund account were to be paid back from cash flow of the property. Aeon (the property owner) is seeking to refinance the first mortgage for a lower interest rate and is requesting the REDA extend the CDBG deferred loan to align with the new refinancing term of the first mortgage and resubordinate to Minnesota Housing (MH) (Attachment B). Since the Multi-Family Funds have been paid back, the REDA is being asked to provide a Satisfaction of Mortgage (Attachment A). Currently, the property owner is working through the underwriting process with MH and intends to close in January, 2022. To ensure this can occur, and because the REDA does not meet in December, the REDA is being asked to take action on the CDBG extension and Satisfaction of Mortgage now.

In a separate, but related action, the City Council will also have to extend loans that were administered from grants funds the City received and provided to Sienna Green I and II. The project used MH affordable housing tax credits, which requires grants to be administered as deferred loans. Once Aeon is able to schedule a closing date for the refinancing, the REDA will have to take formal action to a Master Subordination.

BUDGET IMPLICATIONS

There is no new budget implications.

STAFF RECOMMENDATION

Staff recommends authorizing the President and Executive Director to execute an amendment to the CDBG loan and satisfaction of a HRA loan for Sienna Green I.

REQUESTED REDA ACTION

By motion, adopt a resolution authorizing the amendment of the CDBG loan and satisfaction of a HRA loan for Sienna Green I.

Prepared by: Jeanne Kelsey, Housing and Economic Development Program Manager, 651-792-7086

Attachments

A: Satisfaction of Mortgage for a HRA loan

B: Amendment to the CDBG loan

C: Resolution Approving Amendment to CDBG Loan with Sienna Green I and Satisfaction of HRA Loan Mortgage with Sienna Green I

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SATISFACTION OF MORTGAGE

KNOW ALL BY THESE PRESENTS, that the Mortgage dated January 22, 2010 (the "Mortgage"), executed by SIENNA GREEN I LIMITED PARTNERSHIP, a Minnesota limited partnership (the "Mortgagor"), in favor of CITY OF ROSEVILLE HOUSING AND REDEVELOPMENT AUTHORITY, a public body corporate and politic and a Minnesota political subdivision (the "Mortgagee"), was filed for record in the office of the Ramsey County Recorder on February 19, 2010, as Document No. 4208896, which Mortgage was assigned by the Mortgagee to the undersigned ROSEVILLE ECONOMIC DEVELOPMENT AUTHORITY, a public body corporate and politic and Minnesota political subdivision, and is, with the indebtedness secured thereby, fully paid and satisfied.

(Remainder of page intentionally blank; signature page follows.)

**ROSEVILLE ECONOMIC
DEVELOPMENT AUTHORITY,**
a public body corporate and politic and
Minnesota political subdivision

By:
Its President

By:
Its Executive Director

STATE OF MINNESOTA)
) SS.
COUNTY OF RAMSEY)

The foregoing instrument was acknowledged before me this ____ day of _____, 2021, by Dan Roe and Patrick Trudgeon, the President and Executive Director, respectively, of Roseville Economic Development Authority, a public body corporate and politic and Minnesota political subdivision, for and on behalf of the same.

Notary Public

THIS INSTRUMENT WAS DRAFTED BY:
LATHROP GPM LLP
500 IDS Center
80 South Eighth Street
Minneapolis, MN 55402
WTA/jla

Return to:
Commonwealth Land Title Insurance Company
222 S. Ninth Street, Suite 3060
Minneapolis, MN 55402
File No. MN303975

AMENDMENT TO LOAN DOCUMENTS
(\$294,730.00 CDBG Loan)

THIS AMENDMENT TO LOAN DOCUMENTS (this "Amendment") is made as of this ___ day of _____, 20___, by **SIENNA GREEN I LIMITED PARTNERSHIP**, a Minnesota limited partnership ("Borrower"), and **ROSEVILLE ECONOMIC DEVELOPMENT AUTHORITY**, a public body corporate and politic and a Minnesota political subdivision, as assignee of the Housing and Redevelopment Authority in and for the City of Roseville, Minnesota ("Lender").

RECITALS

A. Lender made a loan in the principal amount of \$294,730.00 (the "Loan") to Borrower on January 22, 2010, evidenced by a promissory note (the "Note") and secured by a Mortgage (\$294,730.00 CDBG Loan), dated January 22, 2010, and recorded February 19, 2010 as Document No. 4208892 in the office of the County Recorder in and for Ramsey County, Minnesota (the "Mortgage") against property legally described on Exhibit A.

B. THIS IS A MORTGAGE AMENDMENT, AS DEFINED IN MINNESOTA STATUTES SECTION 287.01, SUBDIVISION 2, AND AS SUCH IT DOES NOT SECURE A NEW OR AN INCREASED AMOUNT OF DEBT.

C. With regard to the Loan, Lender is the holder of the following documents (collectively, the "Loan Documents"):

- (1) the Note; and
- (2) the Mortgage.

D. The parties hereto now desire to modify the Loan Documents in certain respects as more particularly provided in this Amendment.

NOW THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

1. Incorporation of Recitals. The Recitals are true and correct in all material aspects and are incorporated herein by reference.

2. Definitions. Terms defined in the Loan Documents shall have the same meaning when used herein, unless defined otherwise in this Amendment.

3. Modifications to Loan Documents—Maturity Date. The Maturity Date of the Loan is extended to [be coterminous with the MHFA Note, defined below] and the Note and Mortgage are hereby amended to reflect that the maturity date is extended to [].

4. References. All references to the Note and Mortgage in the Loan Documents and in any other document or instrument which evidences the Loan or makes reference to the Note or Mortgage, shall be to the Note and Mortgage as amended hereby.

5. Continuation. Except as hereby specifically amended, the Loan Documents and all of the terms and provisions thereof shall remain in full force and effect.

6. Subordination. The indebtedness evidenced by the Note is and shall be subordinate in right of payment to the prior payment in full of the indebtedness evidenced by a Minnesota Housing Finance Agency Note (the “MHFA Note”) dated as of even date herewith, in the original principal amount of \$2,660,000.00, executed by Borrower and payable to the order of Minnesota Housing Finance Agency (“Senior Lender”), to the extent and in the manner provided in that certain Subordination Agreement dated as of even date herewith between Borrower and Senior Lender (the “Subordination Agreement”). The Mortgage securing the Note is and shall be subject and subordinate in all respects to the liens, terms, covenants and conditions of the Minnesota Housing Finance Agency Mortgage (the “MHFA Mortgage”) securing the MHFA Note, and the terms, covenants and conditions of the Minnesota Housing Finance Agency Loan and Security Agreement evidencing the terms of the MHFA Note, as more fully set forth in the Subordination Agreement. The rights and remedies of the payee and each subsequent holder of the Note under the Mortgage are subject to the restrictions and limitations set forth in the Subordination Agreement. Each subsequent holder of the Note shall be deemed, by virtue of such holder’s acquisition of the Note, to have agreed to perform and observe all of the terms, covenants and conditions to be performed or observed by Subordinate Lender under the Subordination Agreement. – *This section subject to modification by MHFA.*

7. Counterparts. This Amendment may be executed in counterparts, each one of which shall have the force of an original, but which together shall constitute one document. Faxed, .pdf, scanned or photocopied signatures shall be deemed equivalent to original signatures for purposes hereof.

[Reminder of this page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to Loan Documents to be made as of the day and year first above written.

ROSEVILLE ECONOMIC
DEVELOPMENT AUTHORITY,
a public body corporate and politic and a
Minnesota political subdivision

By: _____
Print Name: _____
Title: President

By: _____
Print Name: _____
Title: Executive Director

STATE OF MINNESOTA)
) ss.
COUNTY OF RAMSEY)

The foregoing instrument was acknowledged before me this ____ day of _____, 20__, by Dan Roe and Patrick Trudgeon, the President and Executive Director, respectively, of Roseville Economic Development Authority, a public body corporate and politic and a Minnesota political subdivision, on behalf of the political subdivision.

Notary Public

(SEAL)

This instrument was prepared by:
Lathrop GPM LLP
500 IDS Center
80 South Eight Street
Minneapolis, MN 55402

**EXHIBIT A
LEGAL DESCRIPTION**

Lot 1, Block 1, Sienna Green Addition, Ramsey County, Minnesota.

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2 **EXTRACT OF MINUTES OF MEETING**
3 **OF THE**
4 **ROSEVILLE ECONOMIC DEVELOPMENT AUTHORITY**

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6 * * * * *

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8 Pursuant to due call and notice thereof, a regular meeting of the Board of Commissioners
9 (the “Board”) of the Roseville Economic Development Authority (“REDA”) was duly
10 held on the 8th day of November, 2021, at 6:00 p.m.

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12 The following members were present:

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14 and the following were absent: .

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16 Member introduced the following resolution and moved its adoption:

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18 **RESOLUTION No.**

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20 **RESOLUTION APPROVING AMENDMENT TO LOAN**
21 **DOCUMENTS IN CONNECTION WITH SIENNA**
22 **GREEN I CDBG LOAN, AND SATISFACTION OF**
23 **MORTGAGE IN CONNECTION WITH SIENNA GREEN**
24 **I HRA LOAN**

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26 WHEREAS, The City of Roseville Housing and Redevelopment Authority (“HRA”)
27 previously made a loan of certain Community Development Block Grant
28 (“CDBG”) funds (the “CDBG Loan”) to Sienna Green I Limited Partnership
29 (“Borrower”), evidenced by a promissory note (the “CDBG Note”) and
30 secured by a mortgage (the “CDBG Mortgage”), to finance a portion of the
31 acquisition and construction of a multifamily rental housing facility in the
32 City known as Sienna Green I; and

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34 WHEREAS, the HRA made an additional loan of certain HRA levy funds (the “HRA
35 Loan”) to the Borrower, evidenced by a promissory note (the “HRA
36 Note”) and secured by a mortgage (the “HRA Mortgage”), to finance a
37 portion of the costs of acquisition and construction of Sienna Green I,
38 which HRA Loan has been fully paid and satisfied; and

39
40 WHEREAS, by resolution adopted on January 4, 2016, the HRA transferred all of its
41 outstanding contracts and projects, including the CDBG Loan and HRA
42 Loan, to the Roseville Economic Development Authority (“REDA”), and
43 REDA accepted the assignment of all such instruments; and
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45 WHEREAS, the Borrower desires to refinance certain outstanding indebtedness to the
46 Minnesota Housing Finance Authority (“MHFA”), and in connection with
47 such refinancing, the Borrower has requested that REDA execute and
48 deliver a Satisfaction of Mortgage related to the HRA Loan (the
49 “Satisfaction”); and
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51 WHEREAS, the Borrower has additionally requested that REDA agree to subordinate the
52 CDBG Note and Mortgage to the note and mortgage given by the Borrower
53 to MHFA in connection with its refinancing; and
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55 WHEREAS, there have been presented to REDA a Satisfaction in connection with the
56 HRA Loan, and an Amendment to Loan Documents in connection with
57 the CDBG Loan (collectively, the “Loan Documents”); and
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59 WHEREAS, the Board finds that execution of the Loan Documents is necessary and
60 desirable and is in the best interest of the City as a whole because it will
61 allow for the continued success of a multifamily rental facility serving
62 low- to moderate-income families in the City.
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64 NOW, THEREFORE, BE IT RESOLVED as follows:
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66 1. The Loan Documents as presented to the Board are hereby in all respects
67 approved, subject to modifications that do not alter the substance of the
68 transaction and that are approved by the President and Executive Director,
69 provided that execution of the Loan Documents by such officials shall be
70 conclusive evidence of approval. The President and Executive Director
71 are hereby authorized to execute, on behalf of REDA, the Loan
72 Documents.

73 2. REDA staff and officials are authorized to take all actions necessary to
74 perform REDA’s obligations under the Loan Documents, all as described
75 in the Loan Documents.
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78 The motion for the adoption of the foregoing resolution was duly seconded by Member
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80 , and upon a vote being taken thereon, the following voted in favor thereof:
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82 and the following voted against the same:
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84 WHEREUPON said resolution was declared duly passed and adopted.
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Certificate

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I, the undersigned, being duly appointed Executive Director of the Roseville Economic Development Authority, Minnesota, hereby certify that I have carefully compared the attached and foregoing resolution with the original thereof on file in my office and further certify that the same is a full, true, and complete copy of a resolution which was duly adopted by the Board of Commissioners of said Authority at a duly called and regular meeting thereof on November 8, 2021.

I further certify that Commissioner _____ introduced said resolution and moved its adoption, which motion was duly seconded by Commissioner _____, and that upon roll call vote being taken thereon, the following Commissioners voted in favor thereof:

and the following voted against the same:

whereupon said resolution was declared duly passed and adopted.

Witness my hand as the Executive Director of the Authority this ___ day of November, 2021.

Patrick Trudgeon, Executive Director
Roseville Economic Development
Authority