

ROSEVILLE
REQUEST FOR COUNCIL ACTION

Date: November 8, 2021
Item No.: 9.b

Department Approval

Janice Gundlach

City Manager Approval

Samuel J. Truog

Item Description: Adopt a resolution authorizing the extension of loans for Sienna Green I and II

BACKGROUND

The City of Roseville applied to the Metropolitan Council for Livable Communities Demonstration Account (LCDA) funds in 2007 and Tax Base Revitalization Account (TBRA) funds in 2008 to assist with the rehabilitation of 120 units of apartments, known as Sienna Green I. In addition, the City of Roseville applied to the Metropolitan Council for LCDA funds in 2009 and Local Housing Incentives Account (LHIA) funds in 2010 to assist with the construction of 60 units of new affordable apartments, known as Sienna Green II. These grant funds were awarded to the City to provide assistance for the rehabilitation and creation of affordable housing, which are then mortgaged as deferred loans to the developments due to utilization of Affordable Housing Tax Credits.

Aeon, the owner of both projects, is seeking to refinance the developments to achieve a lower first mortgage interest rate. In connection with the refinancing, Aeon is requesting the deferred loans be amended to provide for an extension that aligns with what the first mortgage lender and to resubordinate to Minnesota Housing. Closing is expected to occur in January of 2022. Upon final underwriting by the first mortgage lender, the City Council will also be asked to approve a Master Subordination Agreement for all of the loans. Such action will be presented to the City Council separately. At this time, the City Council is only being asked to authorize the deferred loan amendments, which will allow Aeon to continue through the underwriting process. A development escrow was submitted by Aeon to pay for attorney fees related to review of these documents. If the Council has questions, Martha Ingram from Kennedy and Graven will be available.

BUDGET IMPLICATIONS

There is no budget implications. The funds administered by the deferred loan were grant funds awarded to the City Council to assist with the rehabilitation and construction of new affordable housing.

STAFF RECOMMENDATION

Staff recommends the Council amend the LCDA, TBRA, and LHIA deferred loans for Sienna Green I and II.

REQUESTED COUNCIL ACTION

By motion, adopt a resolution authorizing the Mayor and City Manager to execute the amendments to LCDA, TBRA, and LHIA deferred loans for Sienna Green I and II.

Prepared by: Jeanne Kelsey, Housing and Economic Development Program Manager, 651-792-7086
Attachments: A: Amendment to LCDA/TBRA Loan for Sienna Green I
B: Amendment to LCDA/LHIA Loan for Sienna Green II
C: Resolution authorizing Amendments to Loans for Sienna Green I and II

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

AMENDMENT TO LOAN DOCUMENTS
(\$426,500.00 LCDA/TBRA 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 **CITY OF ROSEVILLE**, a Minnesota municipal corporation ("Lender").

RECITALS

A. Lender made a loan in the principal amount of \$426,500.00 (the "Loan") to Borrower on January 22, 2010, evidenced by a promissory note (the "Note") (dated in error as January 22, 2009) and secured by a Mortgage (\$426,500.00 LCDA/TBRA Loan), dated January 22, 2010, and recorded February 19, 2010 as Document No. 4208891 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.

CITY OF ROSEVILLE,
a Minnesota municipal corporation

By: _____
Print Name: _____
Title: Mayor _____

By: _____
Print Name: _____
Title: City Manager _____

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 Mayor and City Manager of the City of Roseville, a Minnesota municipal corporation, on behalf of the municipal corporation.

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.

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

AMENDMENT TO LOAN DOCUMENTS
(\$449,668.00 LCDA/LHIA Loan)

THIS AMENDMENT TO LOAN DOCUMENTS (this “Amendment”) is made as of this ___ day of _____, 20___, by **SIENNA GREEN II LIMITED PARTNERSHIP**, a Minnesota limited partnership (“Borrower”), and **CITY OF ROSEVILLE**, a Minnesota municipal corporation (“Lender”).

RECITALS

A. Lender made a loan in the principal amount of \$449,668.00 (the “Loan”) to Borrower on September 22, 2011, evidenced by a promissory note (the “Note”) and secured by a Mortgage (\$449,668.00 LCDA/LHIA Loan), dated September 22, 2011, and recorded September 23, 2011 as Document No. 4297457 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 \$2,278,000.00, 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.

SIENNA GREEN II LIMITED PARTNERSHIP,
a Minnesota limited partnership

By: _____
Print Name: _____
Title: _____

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this _____ day of _____, 20__, by _____, the _____ of Sienna Green II Limited Partnership, a Minnesota limited partnership, on behalf of the limited partnership.

Notary Public

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.

CITY OF ROSEVILLE,
a Minnesota municipal corporation

By: _____
Print Name: _____
Title: Mayor

By: _____
Print Name: _____
Title: City Manager

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 Mayor and City Manager, respectively, of City of Roseville, a Minnesota municipal corporation, on behalf of the municipal corporation.

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 2nd Addition, Ramsey County, Minnesota.

47440244v2

1
2 **EXTRACT OF MINUTES OF MEETING**
3 **OF THE**
4 **ROSEVILLE CITY COUNCIL**

5
6 * * * * *

7
8 Pursuant to due call and notice thereof, a regular meeting of the City Council (the
9 “Council”) of the City of Roseville, Minnesota (“City”) was duly held on the 8th day of
10 November, 2021, immediately following the meeting of the Roseville Economic
11 Development Authority.

12
13 The following members were present:

14
15 and the following were absent: .

16
17 Member introduced the following resolution and moved its adoption:

18
19 **RESOLUTION No.**

20
21 **RESOLUTION APPROVING AMENDMENTS TO LOAN**
22 **DOCUMENTS AND SUBORDINATIONS OF**
23 **MORTGAGE IN CONNECTION WITH SIENNA GREEN**
24 **I LCDA/TBRA LOAN AND SIENNA GREEN II**
25 **LCDA/LHIA LOAN**

26
27 WHEREAS, The City of Roseville (“City”) previously made a loan of certain
28 LCDA/TBRA funds (the “Sienna I Loan”) to Sienna Green I Limited
29 Partnership, evidenced by a promissory note (the “Sienna I Note”) and
30 secured by a mortgage (the “Sienna I 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

33
34 WHEREAS, the City made an additional loan of certain LCDA/LHIA funds (the
35 “Sienna II Loan”) to Sienna Green II Limited Partnership, evidenced by a
36 promissory note (the “Sienna II Note”) and secured by a mortgage (the
37 “Sienna II Mortgage”), to finance a portion of the acquisition and
38 construction of a multifamily rental housing facility in the City known as
39 Sienna Green II; and

40
41 WHEREAS, Sienna Green I Limited Partnership and Sienna Green II Limited
42 Partnerships are both under the control of Aeon, as Managing General
43 Partner (“Aeon”); and
44

45 WHEREAS, Aeon 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 the City agree to
48 subordinate the Sienna I Note and Mortgage and the Sienna II Note and
49 Mortgage to the note and mortgage given by the Borrower to MHFA in
50 connection with its refinancing; and

51
52 WHEREAS, there have been presented to the City an Amendment to Loan Documents
53 related to Sienna Green I, and an Amendment to Loan Documents related
54 to Sienna Green II (together, the “Loan Documents”) in connection with
55 the proposed refinancing; and

56
57 WHEREAS, the Council finds that execution of the Loan Documents is necessary and
58 desirable and is in the best interest of the City as a whole because it will
59 allow for the continued success of two multifamily rental facilities serving
60 low- to moderate-income families in the City.

61
62 NOW, THEREFORE, BE IT RESOLVED as follows:

63
64 1. The Loan Documents as presented to the Council are hereby in all respects
65 approved, subject to modifications that do not alter the substance of the
66 transaction and that are approved by the Mayor and City Manager,
67 provided that execution of the Loan Documents by such officials shall be
68 conclusive evidence of approval. The Mayor and City Manager are
69 hereby authorized to execute, on behalf of the City, the Loan Documents.

70 2. City staff and officials are authorized to take all actions necessary to
71 perform the City’s obligations under the Loan Documents, all as described
72 in the Loan Documents.

73
74
75 The motion for the adoption of the foregoing resolution was duly seconded by Member

76
77 , and upon a vote being taken thereon, the following voted in favor thereof:

78
79 and the following voted against the same:

80
81 WHEREUPON said resolution was declared duly passed and adopted.

82

Certificate

I, the undersigned, being duly appointed City Manager of the City of Roseville, 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 City Council of said City at a duly called and regular meeting thereof on November 8, 2021.

I further certify that Member _____ introduced said resolution and moved its adoption, which motion was duly seconded by Member _____, and that upon roll call vote being taken thereon, the following Members 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 City Manager of the City this __ day of November, 2021.

Patrick Trudgeon, City Manager
City of Roseville, Minnesota