

City of Ramsey
Agenda
Housing and Redevelopment Authority (HRA)
Work Session
Tuesday October 2, 2012
Immediately following CC Work Session
Lake Itasca Room, 7550 Sunwood Drive NW

1. **Call to Order**
2. **Topics for Discussion**
3. **Development Team Report**
4. **Commissioner Input**
 1. Discuss early principal reduction payment - The Residence at The COR
 2. Discuss Armstrong Interchange Initiative
5. **Adjournment**

HRA Work Session

4. 1.

Meeting Date: 10/02/2012

By: Darren Lazan, Housing & Redevelopment Authority

Information

Title:

Discuss early principal reduction payment - The Residence at The COR

Background:

Flaherty and Collins, the developer of The Residence at The COR, has offered an early principal reduction payment of \$500,000 on their current construction financing note. This note has specific principal reduction payments due roughly 12 and 18 months following the first draw which occurred earlier this summer.

PNC Bank, the primary lender on the project, has reviewed the progress to date, and has allowed an exception in their agreements to allow F&C to draw down their developer's fee (which according to the agreement has been withheld until the completion of the project) for the purposes of advancing payment to the city.

Notification:

Observations:

The development team would like to review the mechanics of this agreement at the work session, then pending your consensus direction, prepare final executed documents for your formal approval on the October 9th City Council and HRA Regular meetings.

Recommendation:

The development team recommends the HRA accept the \$500,000 early principal reduction payment, direct the team to prepare and execute the agreement, and present at the October 9th City Council and HRA Regular meetings for approval.

Funding Source:

N/A

Council Action:

Accept the \$500,000 early principal reduction payment, direct the team to prepare and execute the agreement, and present at the October 9th City Council and HRA Regular meetings for approval.

Attachments

Letter from Mr. Bray to F&C

Agreement with PNC for early principal payment

Form Review

Inbox

Kurt Ulrich

Reviewed By

Kurt Ulrich

Date

09/27/2012 05:00 PM

Form Started By: Darren Lazan

Started On: 09/27/2012 03:18 PM

Final Approval Date: 09/27/2012



2200 IDS Center
80 South 8th Street
Minneapolis MN 55402-2157
tel 612.977.8400
fax 612.977.8650

September 14, 2012

Thomas L. Bray
(612) 977-8285
tbray@briggs.com

VIA E-MAIL RCRONK@FLAHERTYCOLLINS.COM

Ryan Cronk
Flaherty & Collins Properties
Suite 1200
8900 Keystone Crossing
Indianapolis, IN 46240

**Re: The Housing and Redevelopment Authority in and for the City of Ramsey,
Minnesota - Development Agreement with F&C Ramsey Apartments, LLC
et. al.
Client Matter No. 12952.47**

Dear Ryan:

I have reviewed the Prepayment Certificate which you sent to Diana Lund earlier today. Having had more time to review the Prepayment Certificate, I have come to realize that it is really intended to satisfy requirements of PNC Bank, National Association, set forth in the Loan Agreement between F&C Ramsey Apartments, LLC, and PNC Bank and could not easily be modified to address the HRA's concerns under the Debt Subordination Agreement. Therefore, I have prepared a separate document to address the HRA's concerns, a copy of which is attached.

Please review the attached Agreement, provide a copy to PNC Bank for its review and let me know whether F&C Ramsey Member, LLC or PNC Bank, National Association have any comments or concerns regarding the Agreement.

In preparing this Agreement, I did, however, review the Prepayment Certificate which you provided to the City and I note the following:

1. The first paragraph of the Prepayment Certificate indicates that the Prepayment Certificate is given pursuant Section 9.29. I am not certain that I have the final version of the Loan Agreement between F&C Ramsey Apartments, LLC and PNC Bank, National Association, but based on the draft I do have (Document No. 1615794v6), it does not appear to me that this Prepayment is one of the Prepayments contemplated by Section 9.29 of the Loan Agreement.
2. Paragraph 1 of the Prepayment Certificate states that Borrower is making the principal prepayment to Mezzanine Lender. I do not believe that is correct.

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Ryan Cronk
September 14, 2012
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Under the terms of the F&C Ramsey Apartments, LLC's Loan Agreement with PNC Bank, National Association, F&C Ramsey Apartments, LLC, is defined as the "Borrower" and F&C Ramsey Member, LLC, is defined as the "Mezzanine Borrower". I believe Mezzanine Borrower is making the prepayment.

3. Paragraph 1 and the "Consent to Prepayment" section of the Prepayment Certificate state that Borrower is making a payment of principal under Loan No. 1 (as defined in the Development Agreement). I do not believe that is your intent since Mezzanine Borrower does not receive any credit for prepayments under Loan No. 1. I assume it is your intent to make a \$500,000.00 prepayment under Loan No. 2.

Again, if you have any questions or concerns regarding the attached, proposed Agreement, please call me at (612) 977- 8285.

Very truly yours,



Thomas L. Bray

TLB/wf

cc: Darren Lazan
Stephen Lee
Curtis Ulrich
Diana Lund

AGREEMENT REGARDING PREPAYMENT

1. Recitals.

- 1.1 Recital One. PNC Bank, National Association, a national banking association (the “Bank”), F&C Ramsey Apartments, LLC, an Indiana limited liability company (the “Borrower”), F&C Ramsey Members, LLC, an Indiana limited liability company (the “Mezzanine Borrower”), the Housing and Redevelopment Authority in and for the City of Ramsey, Minnesota, a public body politic incorporated under the laws of the State of Minnesota (the “Creditor”) and the City of Ramsey, Minnesota, a home rule charter city organized and existing under the constitution laws of the State of Minnesota (the “City”) are parties to a Debt Subordination Agreement dated and entered into as of March 9, 2012 (the “Debt Subordination Agreement”).
- 1.2 Recital Two. Capitalized terms used in this Agreement and not otherwise defined herein have the meanings given to them in the Debt Subordination Agreement.
- 1.3 Recital Three. Under the terms of the Debt Subordination Agreement, Creditor has irrevocably subordinated and postponed the payment and time of payment of all of the “Subordinated Debt”, as defined in the Debt Subordination Agreement and all claims and demands arising therefrom to the “Obligations”, as defined in the Debt Subordination Agreement, and directed that the Obligations be paid in full before the Subordinated Debt.
- 1.4 Recital Four. Notwithstanding the other provisions of the Debt Subordination Agreement, Section 3 of the Debt Subordination Agreement allows Mezzanine Borrower to make certain pre-payments to Creditor.
- 1.5 Recital Five. Mezzanine Borrower desires to make a Five Hundred Thousand Dollars (\$500,000.00) prepayment to Creditor of amounts due from Mezzanine Borrower to Creditor under that certain Note No. 2 - Promissory Note dated April 30, 2012 in the original Principal Amount of Six Million, Nine Hundred and Sixteen Thousand Dollars (\$6,916,000.00) (the “Prepayment”). Mezzanine Borrower is making the Prepayment from the proceeds of Mezzanine Borrower’s draw for “Developer Overhead” under the above referenced Note No. 2.
- 1.6 Recital Six. The Prepayment is not a permitted prepayment under Section 3 of the Debt Subordination Agreement, but Bank has agreed to allow Mezzanine Borrower to make the Prepayment to Creditor.
- 1.7 Recital Seven. Creditor has agreed to accept the Prepayment subject to the execution of this Agreement by Bank, Borrower, Mezzanine Borrower and Creditor to confirm Bank’s and Borrower’s consent to the Prepayment and to evidence Bank’s waiver of Bank’s rights under the Debt Subordination Agreement with respect to the Prepayment only, including, but not limited to, Bank’s rights under Section 10 of the Debt Subordination Agreement.

1.8 Recital Eight. As set forth in the Debt Subordination Agreement, the City of Ramsey, Minnesota, was a party to the Debt Subordination Agreement solely with respect to Section 31 of the Debt Subordination Agreement which Section 31 is not impacted or affected by this Agreement. Therefore, the City of Ramsey, Minnesota, is not a party this Agreement.

2. Agreement. Bank, Borrower, Mezzanine Borrower and Creditor agree that, notwithstanding the provisions in the Debt Subordination Agreement: (i) Mezzanine Borrower may make and Creditor may accept the Prepayment, (ii) Bank expressly waives the provisions of the Debt Subordination Agreement with respect to the Prepayment and Creditor's acceptance of the Prepayment (but not with respect to any other or future prepayment or Creditor's acceptance of any other or future prepayment); (iii) neither the Prepayment nor Creditor's acceptance of the Prepayment is subject to the provisions of Section 10 of the Debt Subordination Agreement; and (iv) Creditor shall have no obligation to remit the proceeds of the Prepayment to Bank and Bank shall have no right to recover the proceeds of the Prepayment from Creditor pursuant to Section 10 of the Debt Subordination Agreement or otherwise.

3. Impact on Debt Subordination Agreement. Except as modified by this Agreement, the Debt Subordination Agreement remains unmodified and in full force and effect.

(Signature Appear on the Following Pages)

IN WITNESS WHEREOF, the undersigned has executed this Prepayment Agreement as of the _____ day of September, 2012.

“BANK”
PNC BANK, NATIONAL ASSOCIATION,
a national banking association

By: _____
Sarah E. Beeson
Its: Vice President

(This is a signature page to the Prepayment Agreement by and between PNC Bank, National Association, F&C Ramsey Apartments, LLC, F&C Ramsey Members, LLC, and the Housing and Redevelopment Authority in and for the City of Ramsey, Minnesota)

“BORROWER”
F&C RAMSEY APARTMENTS, LLC,
an Indiana limited liability company

By: _____
David M. Flaherty
Its: Manager

(This is a signature page to the Prepayment Agreement by and between PNC Bank, National Association, F&C Ramsey Apartments, LLC, F&C Ramsey Members, LLC, and the Housing and Redevelopment Authority in and for the City of Ramsey, Minnesota)

“MEZZANINE BORROWER”
F&C RAMSEY MEMBER, LLC,
an Indiana limited liability company

By: _____
David M. Flaherty
Its: Manager

(This is a signature page to the Prepayment Agreement by and between PNC Bank, National Association, F&C Ramsey Apartments, LLC, F&C Ramsey Members, LLC, and the Housing and Redevelopment Authority in and for the City of Ramsey, Minnesota)

“CREDITOR”

THE HOUSING AND REDEVELOPMENT
AUTHORITY IN AND FOR THE CITY OF
RAMSEY, MINNESOTA

a public body politic incorporated under the laws of
the State of Minnesota

By: _____

Colin J. McGloine

Its Chairperson

And

By: _____

Curtis G. Ulrich

Its Executive Director

(This is a signature page to the Prepayment Agreement by and between PNC Bank, National Association, F&C Ramsey Apartments, LLC, F&C Ramsey Members, LLC, and the Housing and Redevelopment Authority in and for the City of Ramsey, Minnesota)

HRA Work Session

4. 2.

Meeting Date: 10/02/2012

By: Darren Lazan, Housing &
Redevelopment Authority

Information

Title:

Discuss Armstrong Interchange Initiative

Background:

Since the inception of the development plan for The COR, the HRA has established a series of priorities for the project which have been instrumental to the progress to date. At the initial goal-setting for the project, two efforts were identified and prioritized items 1a and 1b in the development effort. These efforts are consistent with the top transportation priorities of the City's 2012-13 Action Plan.

The first item was the train station. The development team created plans and developed a "Get on Board" campaign. We identified key project partners and funding sources, and developed a series of informational brochures, boards, and banners to generate awareness of the project. Ultimately, this effort assisted in cementing those partners, and the success of the project.

Similar efforts were begun with the Armstrong Interchange project. We developed informational brochures to use in state and federal lobbying efforts and some boards to display at events. With the upcoming 2013 legislative session, it is an opportune time to re-focus and revitalize efforts to secure project support and funding.

Notification:

Observations:

The development team would like to review previously prepared materials with the HRA, consider additional resources that can be put towards this effort, and assign some tasks and timelines to advance the project. Such tasks may include, but are not limited to:

- refresh marketing/briefing sheet and material
- develop facebook page
- develop newsletter articles/press releases
- organize stakeholders
- pursue funding options

Recommendation:

The development team recommends the HRA consider the proposed initiative for the Armstrong Interchange and provide direction as to proceeding with this effort.

Funding Source:

Staff allocations, HRA Professional Services and printing budgets.

Council Action:

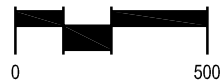
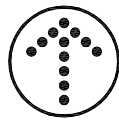
Provide consensus direction on proceeding with the Armstrong Interchange Initiative.

Attachments

Armstrong Phases

Form Review

Inbox	Reviewed By	Date
Kurt Ulrich	Kurt Ulrich	09/27/2012 05:54 PM
Form Started By: Darren Lazan		Started On: 09/27/2012 03:54 PM
	Final Approval Date: 09/27/2012	



L A N D F O R M

From Site to Finish

ARMSTRONG INTERCHANGE

