

**AMENDMENT TO
JOINT EXERCISE OF POWERS AGREEMENT**

**BETWEEN THE METROPOLITAN COUNCIL AND THE
HOUSING AND REDEVELOPMENT AUTHORITY
OF THE CITY OF SAINT PAUL, MINNESOTA**

**FOR A SMALL BUSINESS SUPPORT LOAN AND GRANT PROGRAM
ASSOCIATED WITH THE CENTRAL CORRIDOR LIGHT RAIL TRANSIT PROJECT
CONSTRUCTION**

THIS AGREEMENT is made between the Metropolitan Council (“Council”) and the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (“Saint Paul HRA”).

WHEREAS, pursuant to Minnesota Statutes section 471.59, subdivision 10 the Council and the Saint Paul HRA entered into a Joint Exercise of Powers Agreement (“Agreement”) under which the Council agreed to make available up to \$1,000,000 to provide assistance for a small business support loan and grant program (“Program”) for businesses that may be adversely affected by construction of the Central Corridor Light Rail Transit Project (“CCLRT Project”); and

WHEREAS, the Saint Paul HRA agreed to implement and administer the Program within the City of Saint Paul and the City of Minneapolis through appropriate agreements with the City of Minneapolis and one or more nonprofit administrative agencies (“Designee(s)”); and

WHEREAS, the Council funding was intended to be used for non-forgivable loans to eligible small businesses; and

WHEREAS, the governing body of the Council approved the Agreement by action at its June 23, 2010 meeting and the governing body of the Saint Paul HRA approved the Agreement by action at its January 12, 2011 meeting; and

WHEREAS, the Council, the Saint Paul HRA and other funders are willing to provide additional funds to support the Program and make changes to the way in which funding will be made available to eligible small businesses; and

WHEREAS, at its April 13, 2011 meeting the governing body of the Council authorized its Regional Administrator to negotiate and its Chair to execute an amendment to the Agreement to increase the amount of the Council funding from \$1,000,000 to \$2,500,000 and to make Council funding available for forgivable loans; and

WHEREAS, the governing body of the Saint Paul HRA approved the Agreement together with any amendments at its January 12, 2011 meeting.

NOW THEREFORE, pursuant to Section 12 of the Agreement, the Council and the Saint Paul HRA agree that Sections 2, 3 and 4 of the Agreement are amended to read as follows:

2. **Disbursement and Administration of Funds.** The Council will make up to \$2,500,000 available to the Saint Paul HRA to help implement the Program and for administrative fees and, subject to approval by the Saint Paul HRA Board of Commissioners, the Saint Paul

HRA will make up to \$1,000,000 available to help implement the Program (collectively, the "Program Funds"). The Program Funds will be used for making forgivable loans. It is the Council's and the Saint Paul HRA's expectation that the Central Corridor Funders Collaborative (comprising private foundations) will contribute up to \$500,000 in grant funds to the Saint Paul HRA to support the Program. The Saint Paul HRA will, or through appropriate agreements with one or more nonprofit organizations ("Designee(s)"), implement and administer the Program within the City of Saint Paul. The Saint Paul HRA will remain responsible for the performance of its duties and obligations under this Agreement and may not assign this Agreement to any Designee or other third party. The Program will include at least the following components:

- (a) ***Working Capital Loans and Grants.*** The Program will be available to small businesses that:
 - (i) Qualify as a "small business" as that term has been defined by the Saint Paul HRA and others involved in the development and implementation of the Program;
 - (ii) Are located in close proximity to the CCLRT line (using standards established by the Saint Paul HRA and others involved in the development and implementation of the Program) and can demonstrate a clear, significant new barrier to access during construction; and
 - (iii) Prequalify by successfully participating in appropriate training or attending meetings with a business consultant, or meeting other Program requirements developed by the parties and others involved in the development and implementation of the Program. Businesses participating in the bridge loan and grant components of the Program are excluded from this requirement.
- (b) ***Loan and Grant Documents.*** The form and content of the loan and grant document(s) will be determined by the Saint Paul HRA in consultation with the Council.
- (c) ***Grants.*** The portion of the Program assistance funded by the Central Corridor Funders Collaborative or other sources may be made available to businesses in the form of grants which the businesses will not be required to repay.
- (d) ***Loans.*** The portion of the assistance funded by the Program Funds will be made available to the businesses in the form of forgivable loans. The portion of the Program assistance funded by the Central Corridor Funders Collaborative or other sources may be made available to businesses in the form of forgivable loans.
- (e) ***Interest.*** Loans to eligible small businesses ("Borrowers") will be interest-free.
- (f) ***Loan Repayments.*** The repayment period for each loan will be five (5) years. Repayment on the Program Funds portion of each loan will be made in five (5) equal installments. The first annual installment payment will be due on the anniversary of the date of the loan closing. An annual installment payment will be forgiven if a Borrower certifies its continued presence on the CCLRT corridor during the twelve-month period for which the installment payment was due. Each loan will become payable on sale of the Borrower's interest in the property or the Borrower's relocation from the CCLRT corridor. Program Funds are repayable solely from loan repayments made by the

Borrowers. The Saint Paul HRA has no pecuniary liability or general obligation to repay the Council-funded portion of the Program Funds other than from loan repayments made by the Borrowers. The Saint Paul HRA and its Designee(s) are responsible for seeking loan repayments on the Council-funded portions of the loans and will use diligent efforts to obtain loan repayments from the Borrowers, but the Saint Paul HRA and its Designee(s) will not be responsible for loan defaults by the Borrowers. The Saint Paul HRA will remit to the Council loan repayments on the Council-funded portion of the loans which the Saint Paul HRA or its Designee(s) obtain from the Borrowers.

- (g) ***Administrative Fees.*** For each Council-funded portion of a loan, the Saint Paul HRA's Designee(s) may charge an administrative fee of up to five percent (5%) of the amount of the Council-funded portion of the loan to cover the costs of: implementing and administering the Program; processing loans (including the processing and execution of loan documents and promissory notes or other instruments securing loan repayments); and servicing loans (including administrative efforts to obtain loan repayments from the Borrowers). The amount available from Council Program Funds for administrative fees will not exceed five percent (5%) of the total amount of the Council-funded portion of the loans issued under the Program. Technical assistance, training and other Program components will be funded from other sources.
 - (h) ***Loan Security.*** Repayment of the loans will be secured by promissory notes or other instruments appropriate to the amount and nature of the loans. The form and content of the security for the loans will be determined by the Saint Paul HRA in consultation with the Council.
 - (i) ***Disbursement and Unspent Funds.*** The Council will make periodic transfers of funds to the Saint Paul HRA based upon the anticipated cash flow requirements for loans funded under this Agreement. The initial schedule for fund transfers, including the amounts of each scheduled transfer, will be developed in consultation with the Saint Paul HRA. Changes to the initial schedule for fund transfers may be made as necessary to support the cash flow demands of the loan program or to limit unnecessary fund transfers. The total of all Council funds transferred will not exceed \$2,500,000. Any interest earned on Council Program Funds must be used to help support the loan program. The Council-portion of the Program Funds disbursed for loans or administrative fees but not spent will be repaid to the Council. The first transfer of Council Program Funds to the Saint Paul HRA will be \$200,000. The Saint Paul HRA may make \$10,000 of that amount immediately available to its Designee(s) for administrative fees to help defray Program start-up costs. This \$10,000 amount is included in the five percent limitation stated in Paragraph 2(g). It is anticipated that Program Funds expended for loans will comprise both Council and Saint Paul HRA funds in amounts proportionate to the Council's and the Saint Paul HRA's respective shares of the Program Funds. However, the Saint Paul HRA may, for Program administration purposes, access and use Council funds on a priority basis.
3. **Lowertown Business Mitigation Bridge Loan and Grant Fund Program.** The Saint Paul HRA has initiated a Lowertown Business Mitigation Bridge Loan and Grant Fund Program as a component of the Central Corridor Ready for Rail Small Business Loan and Grant Program. The bridge loan and grant program provided assistance to businesses affected by CCLRT Project advance utility relocation and construction work in the Lowertown area. The bridge loan and grant program was funded from non-Council sources.

The Council will make funds available to retroactively cover two-thirds of the funding for the bridge loan and grant program. The Council funding will be made available to eligible Lowertown businesses in the form of interest-free forgivable loans which will be administered consistent with the terms and conditions of this Agreement. Any existing non-forgivable loans to Lowertown businesses may be converted to forgivable loans.

4. **Minneapolis Segments.** The Saint Paul HRA will use diligent efforts to make a reasonable portion of the Council-funded portion of the Program Funds available for assistance to small businesses located along the CCLRT corridor in the City of Minneapolis, consistent with a parallel joint exercise of powers or other type of cooperative agreement between the Saint Paul HRA and the City of Minneapolis. The Minneapolis component of the loan program will be implemented and administered consistent with the terms and conditions of this Agreement. The Minneapolis component of the loan program may include a bridge loan and grant program for small businesses located along the CCLRT corridor in the City of Minneapolis. The bridge loan and grant program will be implemented and administered consistent with the terms and conditions of Section 3.

Except for these amendments, the Agreement shall remain in force and effect without change.

IN WITNESS WHEREOF, the Council and the Saint Paul HRA have caused this amendment to be executed by their duly authorized representatives. This amendment is effective when this amendment has been signed by both parties' duly authorized representatives.

Approved as to form:


Deputy General Counsel

METROPOLITAN COUNCIL

By 
Susan M. Haigh, Chair

Date 06/23/11

Approved as to form:


Assistant City Attorney

**HOUSING AND REDEVELOPMENT
AUTHORITY OF THE CITY OF
SAINT PAUL, MINNESOTA**

By 
Chair/Commissioner

Date _____

By 
Director, Office of Financial Services *df*

Date 06/21/11 *df*

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Res 11-1047