

FACT SHEET**CITY OF SHREVEPORT, LOUISIANA**

<u>TITLE</u>	<u>DATE</u>	<u>ORIGINATING DEPARTMENT</u>
A resolution authorizing the Mayor to execute certain documents and instruments relative to the subordination, amendment and assumption of the loan and mortgage relating to the United Jewelers/Lee Hardware project and to otherwise provide with respect thereto	May 7, 2021	Office of Community Development <u>CITY COUNCIL DISTRICT</u> City-wide <u>SPONSOR</u> Same

PURPOSE

To authorize the Mayor to execute an Assumption and Amendment of Loan Documents, Master Intercreditor Agreement and Subordination Agreement relative to the United Jewelers/Lee Hardware the funding of renovations to the Lee Hardware/United Jewelers multifamily rental housing project.

BACKGROUND INFORMATION

In 1998 the City of Shreveport awarded and loaned funds (“the City Loan”) to Shreveport Renewal Limited Partnership for renovation of the former Lee Hardware and United Jewelers buildings (“the properties”) into low income artist housing and market rate apartments units. The properties are located at 367 Crockett Street and 719 Edwards Street in downtown Shreveport. The properties currently offer 109 multifamily units which include 55 affordable apartments and 54 market rate apartments. HRI now desires to initiate renovations of the Lee Hardware and United Jewelers buildings for the purpose of increasing their marketability as well as the generation of additional cash flow to make interest payments to the City.

The loan was secured by a mortgage on the property in favor of the City of Shreveport. The current balance of the loan, including accrued interest to date totals \$2,624,000.00. This amount is reflective of a \$75,000 cash payment to the City for a portion of the accrued interest to be paid at closing.

New Shreveport Renewal LLC now desires to assume the rights and obligations of the City Loan from Shreveport Renewal Limited Partnership. In addition, New Shreveport Renewal, LLC is seeking the City’s consent to subordinate the mortgage securing the City loan to senior construction and permanent lenders as well as amend the existing loan documents to reflect the current outstanding balance, subordination and loan assumption.

The terms of the City Loan are as follows:

Principal Amount: \$2,200,00

Interest Rate: One percent (1%)

Maturity: 42 year term commencing upon financial closing

Security: 3rd Lien Position; Mortgage subordinate to senior construction and permanent lenders

TIMETABLE

Introduction: May 11, 2021

ATTACHMENT(S)

Exhibit “A” Master Intercreditor Agreement

Final Passage: May 25, 2021

Exhibit "B" Subordination Agreement
Exhibit "C" Assumption and Amendment of Loan Documents

None

FINANCES

N/A

SOURCE OF FUNDS

N/A

ALTERNATIVES

(1) Adopt the Resolution as submitted, or (2) Amend the Resolution, or (3) Reject the Resolution.

RECOMMENDATION

It is recommended that the City Council adopt the Resolution.

FACT SHEET PREPARED BY: Thea R. Scott – Deputy City Attorney

RESOLUTION NO. _____ OF 2021

A RESOLUTION AUTHORIZING THE MAYOR TO EXECUTE CERTAIN DOCUMENTS AND INSTRUMENTS RELATIVE TO THE SUBORDINATION, AMENDMENT AND ASSUMPTION OF THE LOAN AND MORTGAGE RELATING TO THE UNITED JEWELERS/LEE HARDWARE PROJECT AND TO OTHERWISE PROVIDE WITH RESPECT THERETO

BY: COUNCILMEMBER

WHEREAS, the City of made a loan (“the City Loan”) to Shreveport Renewal Limited Partnership (“the Initial Borrower”) in the original principal amount of \$2,200,000.00 which now has an outstanding balance of \$2,624,000.00 with said amount being less a \$75,000 cash payment to the City for accrued interest; and

WHEREAS, the City Loan made to Shreveport Renewal Limited Partnership in the original principal will be assumed by New Shreveport Renewal, LLC; and

WHEREAS, the initial funding lender for the United Jewelers/Lee Hardware project (“the Project”) has agreed to permit the City of Shreveport to place or continue subordinate mortgage liens relative to the City Loan against the project subject to all conditions of the attached Agreements; and

WHEREAS, the City of Shreveport will maintain third (3rd) lien position subordinate to senior construction and permanent lenders; and

WHEREAS, the City of Shreveport desires to consent to New Shreveport Renewal, LLC’s assumption of the current outstanding balance of the City Loan from Shreveport Renewal Limited Partnership; and

WHEREAS, the City of Shreveport further desires to consent to the amendment of loan documents to reflect the current outstanding balance of the loan as well as the assumption of the Loan by New Shreveport Renewal, LLC.

NOW THEREFORE BE IT RESOLVED, by the City Council of the City of Shreveport in due, legal and regular session convened that Adrian D. Perkins, Mayor is hereby authorized to execute an Assumption and Amendment of Loan Documents, a Master Intercreditor Agreement, a Subordination Agreement and any related documents or instruments relative to the subordination of the mortgage liens of the City of Shreveport and the Office of Community Development in and to the United Jewelers/Lee Hardware project, as well as the assumption of outstanding City loans from Shreveport Renewal Limited Partnership to New Shreveport Renewal, LLC.

BE IT FURTHER RESOLVED that if any provision or item of this Resolution or the application thereof is held invalid, such invalidity shall not affect other provisions, items or applications of this Resolution which can be given effect without the invalid provisions, items or applications and to this end the provisions of this Resolution are hereby declared severable.

BE IT FURTHER RESOLVED that this Resolution shall become effective in accordance with the provisions of [Shreveport City Charter Section 4.23](#).

BE IT FURTHER RESOLVED that all resolutions, ordinances or parts thereof in conflict herewith are hereby repealed.

THUS DONE AND RESOLVED by the City Council of the City of Shreveport, Louisiana.

APPROVED AS TO LEGAL FORM:

City Attorney's Office