



Legislation Text

File #: 17-0787R, **Version:** 1

RESOLUTION AUTHORIZING A BRIDGE LOAN TO HARTLEY NATURE CENTER CORPORATION IN AN AMOUNT NOT TO EXCEED \$225,000, WHICH FUNDS, IF DISBURSED, SHALL BE USED SOLELY TOWARD A FUTURE ADDITION TO THE HARTLEY NATURE CENTER BUILDING.

CITY PROPOSAL:

BE IT RESOLVED, that the proper city officials are hereby authorized to enter into a Funding Commitment Agreement, substantially in the form attached as Exhibit 1, to provide to Hartley Nature Center Corporation ("Hartley Corporation") bridge funds in an amount not to exceed \$225,000 to be used solely as a match for a Legacy Parks and Trails grant for the construction of new classrooms at Hartley Nature Center's educational facility, payable from Fund 205-130-1220-5520-CM205-HARTLY (Parks Fund, Community Resources, Parks Capital, Buildings & Structures, Capital Projects-Hartley).

FURTHER RESOLVED, that if such bridge funds are disbursed, the proper city officials are hereby authorized to execute any and all documents, including but not limited to a Loan Agreement, Mortgage, and Promissory Note, necessary to secure the City's interest in real estate owned by Hartley Corporation located at 2732 Woodland Avenue, Duluth, Minnesota, 55803 (the "Hartley Corporation Property") and legally described on the attached Exhibit 2, which interest shall serve as collateral for the bridge funds. The Loan Agreement, Mortgage, and Promissory Note to be executed shall be substantially in the forms attached as Exhibit D to the attached Exhibit 1.

FURTHER RESOLVED, that if the Loan Agreement, Promissory Note, and Mortgage are executed, then the proper city officials are hereby authorized to record the Mortgage from the city to Hartley Corporation in an amount not to exceed \$225,000 with the St. Louis County Recorder and/or Registrar of Titles.

STATEMENT OF PURPOSE: This resolution authorizes the appropriate city officials to enter into agreements that:

1. Commit the city to guarantee to Hartley Nature Center Corporation ("Hartley Corporation") a \$225,000 match for a requested \$500,000 state grant to build new classrooms at the Hartley Nature Center educational facility.
2. Provide for delivery of the \$225,000 to Hartley Corporation through a bridge loan and related documents in an amount not to exceed \$225,000.
3. Accept real estate owned by Hartley Corporation as collateral for the bridge loan, which real estate currently has an appraised value of \$300,000.

The city will make the bridge loan only if: (a) the state grant is awarded and (b) Hartley Corporation does not have \$225,000 in hand when those funds must be expended. If the city makes the bridge loan, Hartley Corporation will repay the funds on the sooner of: (a) the date when the Hartley Corporation real estate is sold; or (b) twelve months from the date of the first disbursement of the bridge funds. The \$225,000 bridge loan may only be used for construction of new classrooms at Hartley Nature Center.

Hartley Corporation is planning a \$2 million, 4,800 square foot, addition to their educational facility including two new classrooms, a new restroom, and a re-vamped exhibit hall area. Earlier this year, the city council authorized the application for a \$750,000 Legacy Parks and Trails grant that included \$500,000 for the classroom portion of the project. In order to qualify for the grant, Hartley Nature Center committed to provide all of the required local matching funds. The Legacy Parks and Trails grant program requires that matching funds be in hand or otherwise secured at the time of application. Hartley Nature Center is just beginning its capital campaign and does not yet have matching funds in hand. The city wishes to guarantee the \$225,000 portion of the Hartley Nature Center match so that the classroom project may qualify for state funding.