

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

REPORT TO THE COMMISSIONERS

DATE: JULY 26, 2023

**REGARDING: AUTHORIZING A LOAN UP TO \$50,000 FROM THE HRA BUSINESS ASSISTANCE FUND TO PIMENTO WABASHA, 354 WABASHA STREET, DISTRICT 17, WARD 2**

## **Requested Board Action**

Request the Saint Paul Housing and Redevelopment Authority (HRA) Board of Commissioners to approve a loan of \$50,000 of HRA Loan Business Assistance Loan Funds to Pimento, Incorporated for the Pimento Wabasha project to open a business in the now vacant space at 354 Wabasha Street.

## **Background**

Pimento Jamaican Kitchen operated as a pop-up beginning in 2012. The first bricks and mortar location was opened in 2016. It has operated at its present location at 2524 Nicollet Avenue in Minneapolis since 2017. It opened an additional location in the Schmidt Keg House in 2018. Pimento is committed to sharing not only the food of Jamaica but the culture too and therefore music has long been a big part of its approach to building its business and the community.

Pimento is working to open a new location in downtown Saint Paul at 354 Wabasha Street. The space has been long vacant and has been stripped back to a shell. The total project cost is \$201,000 with \$50,000 going to build out the space and \$151,000 to be used to purchase and install equipment. The landlord is contributing \$50,000, the business is contributing \$51,000 in equity and has secured a \$50,000 bank loan, leaving a \$50,000 financing gap.

## **Budget Action**

This loan is funded from the fiscal year 2023 budgeted funds in the HRA Loan Enterprise – Business Assistance Program. No budget amendment is required. If this resolution is adopted, the balance in the program will be \$481,000.

**Future Action**

N/A

**Financing Structure**

Private financing totals \$151,000, including landlord funds, business funds and private debt. Public financing totals \$50,000 from the proposed HRA Business Assistance Loan Fund. The proposed HRA Loan will have a 4-year term, with no principal or interest due for the first year and fully amortizing over the remaining three years at a 3% interest rate.

<b>SOURCES</b>		<b>USES</b>	
Landlord T-Is	\$ 50,000	Build Out	\$ 50,000
Business Equity	\$ 51,000	Equipment	\$ 151,000
Business Bank Loan	\$ 50,000		
HRA BA Loan	\$ 50,000		
<b>TOTAL SOURCES</b>	<b>\$ 201,000</b>	<b>TOTAL USES</b>	<b>\$ 201,000</b>

**PED Credit Committee Review**

The Credit Committee reviewed the proposed HRA Business Assistance Loan Funds at their July 11, 2023 meeting and approved the recommended terms and Risk Rating.

**Compliance**

Based on the proposed \$50,000 HRA Loan, applicable Compliance requirements include Vendor Outreach, City Labor Standards, Two-Bid Policy, and Affirmative Action.

**Green/Sustainable Development**

N/A

**Environmental Impact Disclosure**

N/A

**Historic Preservation**

N/A

**Public Purpose/Comprehensive Plan Conformance:**

The Pimento Wabasha project will put a Black owned and immigrant owned business in a long vacant space in downtown Saint Paul. It will create jobs, including jobs available to low and moderate income people, support economic activity in a key commercial district, and help generate additional private investment in Saint Paul.

**Recommendation:**

The HRA Executive Director recommends approval of the attached resolution, authorizing \$50,000 of HRA Business Assistance Loan Funds to Pimento, Incorporated for the Pimento Wabasha project at 354 Wabasha Street.

**Sponsored by:**

Commissioner Noecker

**Staff:**

Ross Currier 266-6611

**Attachments**

- **Map**
- **Public Purpose**
- **D17 Downtown Neighborhood Profile**