

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

REPORT TO THE COMMISSIONERS

DATE: June 24, 2015

REGARDING: AUTHORIZING EXECUTION OF FIRST AMENDMENT TO DEVELOPMENT AND LOAN AGREEMENT, PROMISSORY NOTE, AND COMBINATION MORTGAGE, SECURITY AGREEMENT, AND FIXTURE FINANCING STATEMENT WITH WEST 7TH/FORT ROAD FEDERATION, INC. (WARD 2, DISTRICT 9)

Requested Board Action

The purpose of this report is to request the Saint Paul Housing and Redevelopment Authority (“HRA”) Board of Commissioners amend the April 5, 2011 Development and Loan Agreement, Promissory Note, and Combination Mortgage, Security Agreement, and Fixture Financing Statement (together, the “Agreement”) between the HRA and the West 7th/Fort Road Federation, Inc. (“Federation”), under the terms and conditions contained in the Resolution.

Background

The West 7th/Fort Road Federation (the “Federation”) is a neighborhood-based, private, non-profit development company that is working to redevelop a portion of the former Schmidt Brewery complex, including the “Rathskeller” office building (the “Property”). In recent years, the Federation has stabilized the Rathskeller building by replacing the roof, mitigated lead-based paint, asbestos, and soil pollution, conducted predevelopment activities, maintained the property and the site, and addressed all holding costs, also known as “Phase I” in the Agreement.

The Federation has a development plan that would preserve and restore the historic Rathskeller building (“Phase II” in the Agreement). They were supposed to close on the financing for this work by July 1, 2015, but are still seeking a commercial tenant that will protect and appreciate the historic elements, as well as contribute to the economic vitality of the West 7th neighborhood. The First Amendment to the Agreement will: 1) provide the Federation with an additional year in order to assemble the financing for Phase II; 2) convey the Property to the HRA in order to

reduce holding costs and allow for greater public control over redevelopment efforts; and 3) provide for the Federation to use and maintain the Property under a license agreement.

Budget Action

There is no change in the project budget.

Future Action

If the Federation meets its obligations under the Agreement within the specified time period, it may request reconveyance of the Property to complete development activities, whereupon the HRA will hold a public hearing on the request.

Financing Structure – N/A

PED Credit Committee Review – N/A

Compliance

The Federation has acknowledged receiving City/HRA compliance documents specifying that the following compliance requirements are applicable to this project:

- Vendor Outreach Program, Chapter 84.01
- Affirmative Action, Chapter 183.04
- Little Davis-Bacon Labor Standards
- Living Wage

Green/Sustainable Development

The project will meet the HRA Sustainability Policy. The Federation is working on energy savings strategies through Xcel Energy's Energy Design Assistance program.

Environmental Impact Disclosure

The response actions included in the approved 2008 RAP have been completed.

Historic Preservation

The *Jacob Schmidt Brewing Company Historic District* has been designated as a Saint Paul Heritage Preservation Site. In addition to the preservation standards for the exterior, portions of the interior of the Rathskeller building are designated as historic.

Public Purpose/Comprehensive Plan Conformance

The redevelopment of the Rathskeller building, which is consistent with both the District 9 Plan and the Comprehensive Plan, will:

- Create construction jobs and eventually permanent jobs.
- Prepare a vacant building for future redevelopment, bringing new commercial activities to West 7th Street and increasing tax base.
- Preserve this historic property for adaptive reuse.
- Compliment recent and future development projects in the neighborhood.

Recommendation:

The Executive Director of the HRA recommends approval of the attached resolution, authorizing execution of a First Amendment to the April 5, 2011 Development and Loan Agreement between the HRA and the West 7th/Fort Road Federation.

Sponsored by:

Commissioner Thune

Staff:

Ross Currier 651-266-6611

Attachments

- **Attachment B – Map**
- **Attachment C – District 9 Profile**