

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

REPORT TO THE COMMISSIONERS

DATE: JANUARY 22, 2020

**REGARDING: APPROVING AND AUTHORIZING CHARGE-OFF OF A HRA LOAN TO
 BEDLAM THEATRE AT 213 E. 4TH STREET, DISTRICT 17, WARD 2.**

Requested Board Action

Approval of loan charge-off for Bedlam Theatre, District 17, Ward 2.

Background

The HRA provided a \$90,000 loan to Bedlam Theatre (the “Borrower”) dated September 24, 2014, for the renovation of a space at 213 E. 4th Street. The loan was intended to assist Bedlam Theatre to complete a \$1.7+ million build out that included renovation of the basement and first floor, installing a full kitchen and kitchen hood ventilation system; integration with a full building conversion to District Energy; repair of the structural integrity and restoration of original wood floor; upgraded fire, egress, and safety features; and installation of a lighting and sound system to support a wide range of performances. The City of Saint Paul also provided \$250,000 of grant funds to the Bedlam for their buildout. This \$90,000 of HRA support was the only component structured as a loan.

Bedlam Theatre relocated from Minneapolis, and produced programming attracting a metro-wide audience to Saint Paul even before opening in May of 2014. Bedlam’s often envelope-pushing productions won the theatre critical acclaim and media attention.

Unfortunately, due to unanticipated structural and HVAC costs, the Borrower’s development uses exceeded its sources by \$600,000 and the business had to take on a number of loans in an effort to address the issue. In spite of a variety of external expert support, operations never were adequate to service the debt and the business closed in November of 2016.

There was over \$400,000 of private debt in front of the HRA loan, in line for less than \$200,000 of assets; the first position lender sold off the equipment for cents on the dollar, noting “the collateral wasn’t sufficient so we had to write it off.” The Borrower was a non-profit and there was no personal guaranty. The board’s treasurer informed the HRA that “Bedlam Theatre is dissolved.”

It was determined after consultation with the City Attorney’s Office that the \$90,000 outstanding principal balance, and all accrued interest on the HRA loan, was not collectible and should be charged-off, and that there did not exist any additional assets to fulfill the loan.

Budget Action- N/A

Future Action- N/A

Financing Structure- N/A

PED Credit Committee Review- The Credit Committee reviewed and approved the loan charge-off on February 26, 2019.

Compliance- N/A

Green/Sustainable Development- N/A

Environmental Impact Disclosure- N/A

Historic Preservation- N/A

Public Purpose/Comprehensive Plan Conformance- N/A

Recommendation: To authorize charge-off of a loan to Bedlam Theatre for building improvements.

Sponsored by: Rebecca Noecker

Staff: Ross Currier 651-266-6611