



Legislation Text

File #: RES PH 17-181, **Version:** 1

Resolution Approving and Authorizing Execution of the Development Agreement with Rathskeller Renaissance, LLC for the Schmidt Rathskeller Building Project, and Termination of Existing Agreement with West 7th/Fort Road Federation, Inc.; District 9, Ward 2

WHEREAS, the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (the "HRA") is a public body corporate and politic established pursuant to the provisions of Minnesota Statutes, Section 469.001, et seq. (the "Act"); and

WHEREAS, the HRA has the power to engage in development or redevelopment activities under Minnesota law and the HRA is authorized to engage in activities relating to (a) housing projects and development, (b) removal and prevention of the spread of conditions of blight or deterioration, (c) bringing substandard buildings and improvements into compliance with public standards, (d) disposition of land for private redevelopment, and (e) improving the tax base and the financial stability of the community, and to engage in the aforementioned activities when these needs cannot be met through reliance solely upon private initiative and which can also be undertaken in targeted neighborhoods; and is authorized to create redevelopment projects as defined in Minn Stat Section 469.002, Subd. 14; and

WHEREAS, on April 5, 2011 the HRA and the West 7th/Fort Road Federation, Inc. ("Federation") executed a development and loan agreement ("Federation Agreement") for the development of a portion of the Schmidt Brewery site as more fully described in the Federation Agreement, less that portion thereof subsequently sold by the Federation ("Development Property"); and

WHEREAS, as part of the Federation Agreement, the Federation executed and delivered to the HRA a promissory note in the sum of \$1,895,715.00 ("Note"), a mortgage to secure the repayment of the Note ("Mortgage"), and an additional loan of \$15,000.00 from the HRA; and

WHEREAS, the Federation was awarded Tax Increment funds up to the sum of \$1,290,260.00 and \$450,000.00 of STAR funds from the City of Saint Paul; and

WHEREAS, on June 24, 2015 the Federation and HRA executed a first amendment to the Federation Agreement ("First Amendment"), which extended deadlines for commencement and completion of the Project, provided for the conveyance of the Development Property to the HRA, and allowed the Federation to reacquire the Development Property from the HRA; and

WHEREAS, the Federation, after engaging in significant predevelopment activities, now desires that Rathskeller Renaissance, LLC ("Developer"), an experienced and qualified real estate developer, be responsible for the implementation of the development plan for the Development Property ("Project"), and to mutually agree with the HRA to terminate the Federation Agreement as amended, and transfer to the Developer all of its rights in the Development Property and the funding provided and awarded by the HRA and City of Saint Paul, and

WHEREAS, HRA staff has been negotiating the terms of a new development agreement with the Developer ("Renaissance Development Agreement"), which terms are fully described in the staff report accompanying this Resolution that include the transfer of existing funds awarded to the Federation that consist of Tax Increment funds in an amount not to exceed \$1,290,260.00, the balance of funds being held in escrow for the redevelopment of the Development Property in accordance with the HRA's Consent dated August 8,

2014 , transfer of STAR funds of \$450,000.00, and the transfer and conveyance of the Development Property; all subject to the completion of certain milestones by the Developer ("Proposal"); and no new or additional funding from that awarded to the Federation is being provided by the HRA or City of Saint Paul to the Developer for the Project, and

WHEREAS, this Proposal, pursuant to due notice thereof, was published in the Saint Paul Pioneer Press and a public hearing on this Proposal was held on Wednesday, June 28, 2017 at 2:00 pm, central time, on the third floor of City Hall, 15 West Kellogg Boulevard, Saint Paul, Minnesota; and

WHEREAS, by this resolution the HRA finds a public purpose for the transfer and conveyance of the Development Property to the Developer and other actions being taken in this Resolution.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota that:

1. The HRA Board of Commissioners hereby approves the Proposal, Renaissance Development Agreement, and transfer and conveyance of the Development Property to the Developer on the terms and conditions described in the staff report, subject to the Developer's securing all the necessary financing for the Project and compliance with the HRA's contract requirements.

2. The HRA Board of Commissioners further approves the termination of the Federation Agreement.

3. The HRA Executive Director is authorized and directed to finalize the Renaissance Development Agreement and all documents and agreements necessary to effectuate the transfer and conveyance of the Development Property to the Developer.

4. The HRA Executive Director, staff and legal counsel for the HRA are further directed and authorized to take all actions necessary to implement this Resolution. The HRA's Executive Director is authorized to execute any documents and instruments in connection with this Resolution except that the HRA Chair/Commissioner shall execute the deed of conveyance of the Development Property to the Developer.