



Legislation Text

File #: RES 19-857, **Version:** 1

Approving and authorizing \$200,000 in HRA Loan Enterprise Funds to Schmidt Keg House Holding, LLC, 928 West 7th Street, 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 Minnesota Statutes, Section 469.002, Subdivision 14; and

WHEREAS, The Schmidt Keg House, located at 928 West 7th Street Saint Paul, Minnesota (“Building”), was built in 1937 as an expansion of the Jacob Schmidt Brewery; and

WHEREAS, The long-vacant and much-deteriorated Building was acquired in 2015 by Schmidt Keg House Holding, LLC (“Developer”); and

WHEREAS, The Building was redeveloped, pursuant to a development agreement dated March 6, 2017 with the HRA (“Project”), to Heritage Preservation Commission and Minnesota State Historic Preservation standards and repurposed as a food hall, the Keg & Case Market (“Market”); and

WHEREAS, The Market is now fully-operational and holds approximately 24 businesses and created between 200 and 300 jobs; and

WHEREAS, Total Project costs for the Market came in at \$10.4 million, but construction went approximately \$500,000 over budget, primarily due to: 1) extraordinary historic rehab costs; 2) extraordinary environmental abatement costs; and 3) delays in the construction schedule related to the previous items and code/compliance items; and

WHEREAS, The Developer covered \$300,000 of the cost overruns from additional bank debt related to monetizing the Market’s parking lot and year-one cash flow; and

WHEREAS, Developer requests financing and seeks the HRA’s approval of a \$200,000 loan from the HRA Loan Enterprise Fund to cover the remaining \$200,000 of cost overruns (the “Loan”); and

WHEREAS, the HRA Board determines, consistent with the accomplishments articulated in the staff report accompanying this Resolution, that there is proper public purpose to approve the Loan and allocate HRA Loan Enterprise funds of \$200,000 for the Project.

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 hereby approves the Loan and the Executive Director of the HRA is hereby authorized and directed to negotiate and agree, consistent with the staff report accompanying this Resolution, to the terms of the Loan needed to effectuate this Resolution.

2. The HRA Chair or Commissioner, the HRA Executive Director, and the Director of the Office of Financial Services are hereby authorized and directed to execute all Loan documents on behalf of the HRA, provided that such documents are acceptable in form and substance to the Saint Paul City Attorney.