

LOCAL NEWS

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Taproot Investment co-op courts St. Paul-area members to back Baker Court improvements



The Taproot Investment Cooperative, launched by a real estate committee of the Creative Enterprise Zone (CEZ), is making its first investment in March 2024 with the new owner of the historic Baker Court building at 821 Raymond Ave in St. Paul. (Courtesy of Creative Enterprise Zone)



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After 37 years of teaching legal ethics and representing residential tenants in rental disputes with their landlords, Ann Juergens has now found herself pivoting toward courting commercial property investors, even those without particularly deep pockets.

Juergens, the board chair of the fledgling Taproot Investment Cooperative, is working with a growing number of St. Paul-area residents interested in becoming shareholders — investor-owners, if you will — in storied St. Paul buildings as they change hands.

Their first order of business: raising \$200,000 to \$300,000 from co-op members toward preservation-oriented improvements at a century-old red brick school house — the Baker Court office building off Raymond Avenue and Territorial Road, which was recently purchased by two co-op members.

Taproot, a member-driven commercial real estate cooperative, formed about a year ago out of a real estate committee associated with [the Creative Enterprise Zone](#), the community-led investment district surrounding Raymond and University avenues.

Baker Court opportunity

An effort to position Taproot as [community investors in the PriorWorks/American Can Company building](#) on Prior Avenue fell through last year, but a new opportunity has presented itself. The cooperative recently learned that three-story Baker Court was up for sale by its longstanding owners, who were aging out of the property after 40 years. To some chagrin, real estate brochures had been hawking the site as a prime location for a residential high-rise.

“They had marketed it with a 133-unit building on the site,” said Renee Spillum, a Taproot member and commercial real estate broker on the Baker Court sale, which drew serious inquiry from several different corners. “I think it was definitely possible that the building would have been torn down.”

The prospect of losing what had been the oldest school building in the city’s St. Anthony Park neighborhood concerned Juergens and like-minded community members. They noted that the building, which dates to 1909, is home to at least 35 small businesses, many of them dedicated to family counseling, psychotherapy and homeopathic medicine, as well as some architects and legal offices.

A sizable adjoining parking lot could yet be converted into housing down the line without demolition, Juergens said.

“We believe in more density. We believe in more housing. But we also believe in some historic preservation, though the building has no historic protections,” said Juergens on Tuesday. “It has a very good use right now. There are lots of therapists in there right now. They’re leading people to new approaches to family conflict. It’s a good incubator to mental health.”

A \$4 million purchase

In October, Mark Simonson and Pat Thompson, who live near Baker Court, formed Red Stone Corner LLC, which purchased the Baker Court building on Feb. 22 for \$4 million. Their goal is to preserve Baker Court, largely as is.

“It’s obviously such a long-time, beloved building in the neighborhood,” said Thompson on Tuesday, noting the previous owners completed a major renovation in the 1980s. “It’s just been an asset since the whole time they did that. It’s not declared historic, but obviously it is historic. I’ve been working for years on the idea of local investing in your community. It just made sense to put my money where my mouth was.”

Thompson, who is also a member of the Taproot cooperative, said the building needs a new roof and cooling tower, and may be a candidate for solar panels and bathroom updates. Those improvements could be supported by a major loan from Taproot that would function as a second mortgage of sorts. Juergens said the initial goal was to raise about \$200,000 from Taproot’s members, under the expectation they’ll earn back some 3% to 4% on their investment shares.

That’s at least a full percentage point below the expected return on investment for market-driven commercial lending, but response has been swift nonetheless. With about that much already raised from 21 members since the building sale went through, Taproot has increased the goal to \$300,000.

‘Who is going to buy it?’

It costs \$1,000 to become a member of the cooperative, and each member is entitled to one vote on electing board officers and other major decisions, regardless of the numbers of shares they buy in commercial investment opportunities like Baker Court as they become available. A investment share costs \$1,000, as well.

That’s a bit of a departure from other investing models, and it’s by design. The cooperative’s annual meeting is scheduled for April, and only Minnesotans are allowed at the table, also by design.

“My generation is aging out,” Juergens said. “People are divesting (from their commercial properties). As we’re divesting, who is going to buy it — California capital? Out-of-state pension funds? ... Taproot is preserving a sense of place and local control.”

Spillum, the commercial broker, said she remains involved in the property as an asset manager while the building owners explore developing part of an underused parking lot on the site into housing in scale with the existing structure, as opposed to a 133-unit high rise.

“This was a very smooth process overall,” Spillum said. “They have had a long-time property manager who has been at the building for over 20 years, and he’s staying.”

More information is online at taprootinvestment.com.

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