



## Legislation Text

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**File #:** RES PH 22-93, **Version:** 1

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Amending the City's Capital Budget and approving a second amendment to the funding agreement with the Housing and Redevelopment Authority for the Snelling Midway Redevelopment Site; executing a public infrastructure funding agreement with MUSC Holdings, LLC and Minnesota United Soccer Club, LLC; and executing lease extension option instruments with the Metropolitan Council, MUSC Holdings, LLC, and Minnesota United Soccer Club, LLC.

WHEREAS, the City of Saint Paul ("City"), through the action of its City Council (the "Council") on August 26, 2015, adopted RES 15-1539 supporting the development of a Major League Soccer Stadium (the "Stadium") at the site located at 400 N. Snelling Avenue, Saint Paul, Minnesota (the "Bus Barn Property") by MUSC Holdings, LLC (the "Team"); and

WHEREAS, on March 2, 2016, the Council adopted RES PH 16-64 approving a Development Agreement by and between the City and Team and a Funding Agreement (the "Funding Agreement") with the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota ("HRA") to finance infrastructure and remediation work (the "Project") in connection with the redevelopment of the Bus Barn Property and a larger area that the Bus Barn Property is within, namely that area bounded by Snelling Avenue, St. Anthony Avenue, University Avenue and Pascal Street North in the City (the "Midway Development Site"); and

WHEREAS, the City and Team entered into a Development Agreement dated April 1, 2016 for the Project and development of the Stadium (the "Development Agreement"); and

WHEREAS, as part of the Development Agreement the City agreed to contribute the sum of \$16,100,000 to defray costs of the infrastructure, including the installation of stormwater facilities (the "Stadium Site Infrastructure"); and

WHEREAS, subsequent to entering into the Development Agreement, the City and Team jointly decided to expand the contemplated stormwater facilities to provide for an integrated storm water management system for the entire Midway Development Site and the City contributed an initial amount of \$2,307,000 to defray the costs of said system; and

WHEREAS, the City and Team thereafter completed redesign of the stormwater facilities to provide stormwater management for stormwater generated by the roofs of future buildings constructed within the Midway Development Site (the "Expanded Stormwater Facilities"). The Expanded Stormwater Facilities provide a comprehensive storm and irrigation water management system for the entire Midway Development Site which includes (i) the Stadium Site (including the Stadium roof, plaza areas, loading dock, lower bowl and playing field), and (ii) the portions of the Midway Development Site outside of the Stadium Site (including such portions of the Stadium Site as may in the future be removed from the Stadium Site when and as so removed)

that is expected to be developed in the future; and

WHEREAS, subsequent to entering the Development Agreement, the City and Team jointly desired to have improvements constructed north of Shields (the “Additional Public Improvements”) that included: (a) the extension of Asbury Street from Shields Avenue to Spruce Tree Avenue, including the street, sidewalks, lighting and landscaping on the west side of Asbury Street within the public right of way, (b) the extension of Spruce Tree Avenue from Asbury Street to Simpson Street, including the street, sidewalks, lighting and landscaping on the south side of Spruce Tree Avenue, within the public right of way, from the western edge of the pedestrian way to Simpson Street, (c) the extension of Simpson Street from Spruce Tree Avenue to Shields Avenue including the street, sidewalks, lighting and landscaping, within the public right of way, on the east and west sides of Simpson Street and (d) a 35 foot pedestrian walkway, located on the eastern 5 feet of the park and the adjacent western 30 feet of Lot 1, Block 4, MLS Soccer Redevelopment and extending from Spruce Tree to Shields; and

WHEREAS, the Expanded Stormwater Facilities and the Additional Public Improvements are public infrastructure improvement in addition to the Stadium Site Infrastructure originally contemplated in the Development Agreement. The Stadium Site Infrastructure, the Expanded Stormwater Facilities, and the Additional Public Improvements are herein collectively the “Public Infrastructure;” and

WHEREAS, costs necessary for the design and construction of the Public Infrastructure were \$5,483,816 greater than amounts originally budgeted and the City is contributing \$2,000,000 to defray said Public Improvement costs in accordance with a Public Infrastructure Funding Agreement with the Team and Minnesota United Soccer Club, LLC, the Team’s wholly-owned subsidiary (the “Club”), with said contribution constituting a final draw under the Development Agreement; and

WHEREAS, HRA staff prepared a HRA budget Transfer to provide the City with additional sources of funds, in addition to City sources, to fund the Public Improvements and the HRA authorized transfer of said funds to the City through a Second Amendment to the Funding Agreement between the HRA and City (the “Second Amendment”); and

WHEREAS, the Mayor, pursuant to Sections 10.07.1 and 10.07.4 of the City Charter, certifies that there are available for appropriation funds in the amount of \$1,659,468 through recommended transfers and appropriation; and

WHEREAS, the Saint Paul Long-Range Capital Improvement Budget Committee received, for its review and recommendation, the City Budget Amendment proposed herein on April 11, 2022; and

WHEREAS, in furtherance of the Project and development of the Stadium, the City leased the Bus Barn Property from the Metropolitan Council pursuant to the certain Net Ground Lease dated April 1, 2016 (the “Net Ground Lease”); and

WHEREAS, the City thereafter entered into a Playing and Use Agreement dated April 1, 2016, as

amended by the First Amendment thereto dated November 15, 2017, (the “Playing and Use Agreement”) with the Club, pursuant to which the Club manages and operates the Stadium; and

WHEREAS, to accommodate future development the overall Project contemplated that the fee ownership of certain parcels owned by the Metropolitan Council located within the Bus Barn Property would be swapped for the fee ownership of certain privately-owned parcels located outside the Bus Barn Property but otherwise within the Midway Development Site (the “Land Swap”); and

WHEREAS, the Metropolitan Council has since determined that the Land Swap, as originally contemplated, is not possible; and

WHEREAS, to facilitate future development of certain Bus Barn Property located west of the Stadium identified as Parcels 7a and 7f in the Site Plan included in the Lease Extension Option Instruments attached hereto (the “Development Parcels”) the Metropolitan Council, the City, the Team, and the Club collectively desire to amend the Net Ground Lease and Playing and Use Agreement to exclude the Development Parcels from the description of the Property, as defined therein, and to contemporaneously enter into separate net ground leases for both Development Parcels that contain lease term extension options (collectively the “Development Parcel Leases”); and

WHEREAS, the City will sublease the Development Parcel Leases to the Team (the “Subleases”) on a pass-through basis whereby the Team assumes and agrees to perform all obligations under the Development Parcel Leases and agrees to defend, indemnify, and hold harmless the City; and

WHEREAS, the agreement amending the Net Ground Lease, the agreement amending the Playing and Use Agreement, the Development Parcel Leases, and the Subleases are collectively the “Lease Extension Option Instruments;” and

WHEREAS, on this date, the Council conducted a public hearing on the actions herein, including the City Budget Amendment, after notice thereof, and at said public hearing heard testimony from all interested parties regarding the City Budget Amendment; and

WHEREAS, the Council considered the documentation submitted in support of the actions being taken in this Resolution and has taken into account information and knowledge gained during consideration of other matters relating to actions contemplated in this Resolution and determines there is a public purpose to take all the actions described and approved in this Resolution since the establishment of the Development Parcels and the design, construction, funding and operation of the Public Infrastructure will: (i) provide for a comprehensive stormwater and irrigation system for the entire Midway Development Site that is expected to include a broad range of entertainment and commercial activities, (ii) provide for connections to the Midway Development Site that will further the vitality of Saint Paul’s midway area by generating increased economic activity consistent with the Snelling Station Area Plan, (iii) further economic development and stimulate the local economy overall, and (iv) cause the property tax base to increase in the surrounding area; and

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Saint Paul, Minnesota (the "City") as follows:

1. The Council hereby finds that the use of tax increments for public infrastructure within the Snelling Midway Redevelopment TIF District is necessary for private development to occur therein and meets the requirements of section 469.176, subd. 4j of the TIF Act because on August 25, 2021 the Council adopted a resolution finding that the Snelling Midway Redevelopment TIF District qualifies as a redevelopment tax increment financing district under Minnesota Statutes, Section 469.174, Subdivision 10.
2. Upon the recommendation of the Mayor that \$1,659,468 are available for transfer and appropriation respectively, the Council hereby approves the City Budget Amendment as specified in the financial analysis attached to this Resolution.
3. The Council hereby approves and authorizes execution of the Second Amendment to the Funding Agreement with the HRA in substantially the form attached to this Resolution.
4. The Council hereby approves and authorizes execution of the Public Infrastructure Funding Agreement with MUSC Holdings, LLC and Minnesota United Soccer Club, LLC in substantially the form attached to this Resolution.
5. The Council hereby approves and authorizes execution of the Lease Extension Option Instruments in substantially the forms attached to this Resolution, subject to final approval by the Saint Paul City Attorney.
6. The approvals given herein to the Second Amendment to the Funding Agreement, the Public Infrastructure Funding Agreement, and the Lease Extension Option Instruments include approval of such additional details therein as may be necessary and appropriate and such modifications thereof, deletions therefrom and additions thereto as may be necessary and appropriate and approved by the Saint Paul City Attorney, the appropriate City officials, and/or City staff person(s) authorized to execute or accept, as the case may be, said documents prior to their execution and said officials and staff are hereby authorized to approve said changes on behalf of the City and authorized to take any other actions necessary to carry out this Resolution.
7. The approvals given in this Resolution do not constitute binding legal agreements; rather, the Second Amendment to the Funding Agreement, the Public Infrastructure Funding Agreement, and the Lease Extension Option Instruments shall be effective upon their respective execution by the appropriate City official(s) and/or staff person.