

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

REPORT TO THE COMMISSIONERS

DATE: JULY 10, 2019

REGARDING: APPROVAL OF A PARKING SPACE LICENSE AND REVENUE SHARING AGREEMENT FOR THE WORLD TRADE CENTER PARKING RAMP, 475 CEDAR STREET, WITH MCM HOLDINGS, AN AFFILIATE OF THE MINNESOTA CHILDREN'S MUSEUM, DISTRICT 17, WARD 2

Requested Board Action

Approval of a resolution authorizing the execution of a Parking Space License and Revenue Sharing Agreement (the "Agreement") for the World Trade Center (WTC) parking ramp with MCM Holdings, an affiliate of the Minnesota Children's Museum (MCM).

Background

In 1991, in order to entice MCM to locate in downtown Saint Paul, the HRA executed a Development and Tax Increment Financing Agreement (as amended, the "Development Agreement") that included financial support as well as a commitment for parking in the HRA-owned WTC ramp. The parking agreement provided 150 spaces at a discounted rate for MCM patrons, and revenue sharing of 80% of the revenue generated by MCM patrons utilizing the 150 spaces. The Development Agreement expired December 1, 2012.

In 1997, the HRA, together with Principal Mutual Life Insurance Company ("Principal"), the owner of the World Trade Center at the time, issued parking revenue bonds to expand the WTC ramp (the "1997 Bonds"). As a part of this transaction, Principal became the operator of the ramp, guaranteed the repayment of the 1997 Bonds, and was provided an option to purchase the WTC Parking Ramp from the HRA. They were required to adhere to the parking agreement in place with MCM at the time. Even though the Development Agreement expired in December of 2012, Principal continued to honor the parking terms outlined, including the revenue sharing payment. The operating agreement with Principal expired May 31, 2018. The HRA Board approved RES #18-1231 authorizing a continuation of the parking agreement terms with MCM, including the revenue sharing, while the HRA and Principal negotiated the terms of a settlement

agreement, in lieu of Principal purchasing the WTC Parking Ramp. A settlement agreement was approved by the HRA Board in RES #18-1897, enabling the HRA to continue to own the WTC Parking Ramp. Early in 2019, the HRA and MCM began negotiating the terms of a new parking agreement including revenue sharing.

The HRA and MCM have negotiated terms for the new Agreement, outlined below:

- MCM patrons will have the use of 150 spaces, ongoing, in the WTC Parking Ramp;
- MCM patrons will be charged a fixed rate for up to a 3-hour stay that is discounted a maximum of 35% from the applicable 3-hour public rate (actual rate to be determined by MCM);
- HRA will provide monthly revenue sharing to MCM equal to 80% of the revenue, net of sales tax, through June 30, 2019;
- Beginning July 1, 2019 and continuing through June 30, 2020, the revenue sharing percentage will be 60%;
- Beginning July 1, 2020 and continuing through the term of the Agreement, the revenue sharing percentage will be 40%; and
- The License Term will be 20 years from the effective date of May 1, 2019, unless earlier terminated.

Budget Action

N/A

Future Action

N/A

Financing Structure

N/A

PED Credit Committee Review

N/A

Compliance

N/A

Green/Sustainable Development

N/A

Environmental Impact Disclosure

N/A

Historic Preservation

N/A

Public Purpose/Comprehensive Plan Conformance

Execution of the Agreement allows for the continued support of MCM operations and recognizes their value to Saint Paul and the downtown area.

Recommendation:

The HRA Executive Director recommends approval of the resolution authorizing the execution of the Parking Space License and Revenue Sharing Agreement.

Sponsored by: Commissioner Noecker and Chair Tolbert

Staff: Jenny Wolfe (266-6680)

Attachments

- **Map**