

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

REPORT TO THE COMMISSIONERS

DATE: NOVEMBER 13, 2019

REGARDING: RESOLUTION APPROVING AND AUTHORIZING THE EXECUTION OF A PURCHASE AGREEMENT WITH SPRUCE TREE CENTRE L.L.P. FOR THE SALE AND CONVEYANCE OF THE SPRUCE TREE PARKING RAMP AND AUTHORIZATION TO ENTER INTO A PARKING SPACE LICENSE AGREEMENT, DISTRICT 13, WARD 4

Requested Board Action

Public Hearing and authorization for the execution of a purchase agreement with Spruce Tree Centre L.L.P. (the “Operator”) for the sale of the 337 space Spruce Tree Parking Ramp (the “Parking Ramp”) located at 1607 Spruce Tree Centre Drive for \$1,500,000, and authorizing the execution of a Parking Space License Agreement (the “License Agreement”).

Background

In 1987, the HRA partnered with Metro Plains to construct the Spruce Tree Parking Ramp together with the Spruce Tree Centre office building (the “Office Building”). The HRA and the Operator executed a Parking Operations and Management Agreement (the “Operating Agreement”) dated April 1, 1989. The Operating Agreement required the Operator to operate and maintain the Parking Ramp to serve the public and tenants in the Office Building. The HRA was paid a rent payment, which funds were used to maintain the Parking Ramp. The Operating Agreement included certain rights for the Operator to purchase the Parking Ramp. The Operating Agreement was most recently amended in 2015 (the “Second Amendment”) for a term of up to 14 years, with an amendment to the Operator rights to purchase the Parking Ramp. The Second Amendment granted the Operator the right to purchase the Parking Ramp on certain terms and conditions during the first five years of the term of the Second Amendment, i.e. on or prior to December 31, 2019 (the “Purchase Option”).

In July 2018, the HRA received written notification from the Operator that it was exercising its Purchase Option and provided an offering price for the Parking Ramp based on an appraisal prepared by an appraiser retained by the Operator. In accordance with the Second Amendment,

the HRA provided a written response of non-acceptance of the offering price and HRA staff then obtained its own appraisal of the value of the Parking Ramp.

The Second Amendment required the HRA and Operator to use reasonable commercial efforts to agree on a price for the Parking Ramp. To satisfy this contractual obligation HRA staff negotiated with the Operator the terms of a Purchase Agreement (the “Purchase Agreement”), including the purchase price of \$1,500,000 for the Parking Ramp and the execution of a License Agreement.

The License Agreement will enable the HRA to obtain rights to use 200 parking spaces in the Parking Ramp for certain events at Allianz Field, which is located across Snelling Avenue from the Parking Ramp. The terms of the License Agreement include access to undesignated parking spaces at discounted rates for up to 25 professional soccer matches, and up to ten other events plus the CONCACAF Gold Cup event, all of which occur in part at Allianz Field, for an initial term of ten years with two five-year extensions (total of 20 years).

Budget Action

No budget action is required. All net proceeds of the sale will be deposited in the HRA Parking Fund.

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

A public purpose is met by enabling the Operator's control of necessary parking to continue commercial operations of the Spruce Tree Centre office building, and to provide access to parking for activities at the City-owned Allianz Field.

Statement of Chair

"Being duly authorized by the Board of Commissioners to conduct this Public Hearing, the hearing is now open. This is a Public Hearing called for the purpose of conveyance of a certain Parcels of land located in the District 13, by the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (HRA).

Notice of time, place, and purpose of this hearing was published in the Saint Paul Pioneer Press on Saturday, November 2, 2019. The Affidavit of Publication of the Notice of Public Hearing will be made a part of these proceedings.

The HRA proposes to convey the following property in District 13:

Property Description

1607 Spruce Tree Centre Drive (Lot 2, Block 1, Spruce Tree Centre)

Purchaser/Developer

Spruce Tree Centre L.L.P.

Purchase Price

\$1,500,000.00

The above property will be conveyed pursuant to a previously authorized Purchase Option, and to assist with the Operator's control of necessary parking to continue commercial operations of the Spruce Tree Centre office building.

Is there anyone who wishes to be heard on this sale? If not, the Chair will declare this Public Hearing adjourned.”

Recommendation:

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

Sponsored by: Commissioner Jalali Nelson

Staff: Gary Grabko (266-6709) and Jenny Wolfe (266-6680)

Attachments

- **Map**