


MEMORANDUM

To: Board of Commissioners **Meeting Date:** July 26, 2022

From: Peter M. Klein 

**Subject: PUBLIC HEARING – MOA WP OWNER, LLC – AUTHORIZATION FOR THE ISSUANCE OF TAXABLE CONDUIT REVENUE BONDS IN AN AMOUNT NOT TO EXCEED \$445,000,000
RESOLUTION NO. 4722**

Action Requested:

Provide approval for the Port Authority to issue taxable conduit revenue bonds, in an amount not to exceed \$445,000,000, used to finance the construction and equipping of a water park and related facilities located at 2100 Lindau Lane (Mall of America), Bloomington, Minnesota. Proceeds of the bonds will also fund certain initial operating expenses, certain accounts and funds as provided in the Indenture, capitalized interest, and a portion of the costs of issuing the bonds.

Public Purpose:

The financing will allow MOA WP Owner, LLC to construct a new water park that will be connected to the Mall of America. The project will create approximately 218 full and part-time jobs, add significantly to the property tax base and drive significantly increased economic activity in the Twin Cities metropolitan area. The water park will also be one of the most energy efficient water parks ever constructed.

Business Subsidy:

The bonds will be market rate taxable revenue bonds and exempt from treatment as a business subsidy.

Background:

The facility will be approximately 255,000 square feet and known as Mystery Cove Water Park. There will be two slide towers, a 1,400-foot-long lazy river, a 53,000 square foot wave pool beach area and many other amenities. Mystery Cove will have direct indoor access from the Mall of America.

Proposal:

Type of Bonds: Taxable revenue bonds expected to be issued in two series, senior and subordinate. The minimum principal amount of the bonds will be \$100,000. Initial investor letters will be required, and the bonds may be sold only to qualified institutional buyers.

Rate: Not to exceed 12.00%

Security:	First secured interest and mortgage on the leasehold interest in the facility site but not the lessor's fee interest in the facility site. All equipment used in the facility will be included in the mortgage.
Term:	Thirty year fully amortizing
Issuer:	Saint Paul Port Authority
Issuer Counsel:	Taft Stettinius & Hollister, LLP
Sponsor:	Mall of America
Borrower:	MOA WP Owner, LLC
Borrower's Counsel:	McManimon, Scotland & Baumann, LLC
Developer's Counsel:	Larkin Hoffman Daly & Lindgren Ltd.
Underwriter:	Barclays
Underwriter's Counsel:	Ballard Spahr LLP
Bond Counsel:	McManimon, Scotland & Baumann, LLC
Bloomington Counsel:	Kennedy & Graven Chartered
Bloomington Advisor:	Baker Tilly Municipal Advisor, LLC
Trustee:	UMB Bank, n.a.
Trustee Counsel:	Faegre Drinker Biddle & Reath LLP
Feasibility Consultant:	The Innovation Group
Lender's Advisor:	CBRE

Conduit Financing:

The bonds will be a conduit financing of the Authority and will not constitute or give rise to a liability of the Authority, the City of Saint Paul, the City of Bloomington or the State of Minnesota or a charge against their general credit or taxing powers. The bondholders will not have the right to demand payment on the bonds out of any funds to be raised from taxation or from any revenue sources other than those expressly pledged to payment of the bonds pursuant to the funding agreement. The Port Authority's role in this loan is that of Issuer only.

Workforce Implications:

70 full time and 148 part time employees that will generate a first year expected payroll of \$4,779,869. Approximately 722 construction jobs will also be created.

Policy Exceptions:

None.

Disclosure:

The Port Authority Commissioners by SEC rules are obligated to disclose any risks or facts you may be aware of that would affect the probability of repayment on these bonds.

Recommendation:

We recommend authorization to issue taxable revenue bonds in an amount not to exceed \$455,000,000 for MOA WP Owner, LLC.

Attachment: Resolution