

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

REPORT TO THE COMMISSIONERS

DATE: APRIL 13, 2022

**REGARDING: AUTHORIZING A SECOND AMENDMENT TO THE FUNDING AGREEMENT WITH THE CITY OF SAINT PAUL REGARDING THE SNELLING MIDWAY REDEVELOPMENT SITE; AUTHORIZING ASSIGNMENT OF RIGHTS AND OBLIGATIONS UNDER THE PARKING SPACES LICENSE AGREEMENT RELATING TO THE SPRUCE TREE PARKING RAMP, DISTRICT 13, WARD 1**

## **Requested Board Action**

Staff is requesting approval of the following:

1. Second Amendment to the Funding Agreement with the City of Saint Paul for the Snelling Midway Redevelopment site relating to final public infrastructure improvement costs; and
2. Assignment of rights and obligations under the Parking Spaces License Agreement relating to the Spruce Tree Parking Ramp.

## **Background**

The City adopted RES 15-1539 on August 26, 2015, regarding development of a soccer stadium at 400 N. Snelling Avenue by MUSC Holdings LLC (the “Team”), in the Midway area. In the development agreement between the City and the Team it is the City’s responsibility to finance certain remediation work and installation of standard public infrastructure. On March 2, 2016, the HRA, per RES 16-376, and City, per RES PH -16-64, approved the execution of a Funding Agreement amongst the City and the HRA for the Soccer Stadium Site infrastructure, remediation and soft costs that totaled \$18,400,000. On November 8, 2017, the HRA, per RES 17-1815, and City, per RES PH 17-323, approved the execution of a First Amendment to the Funding Agreement to allocate an additional \$2,000,000 of HRA TIF dollars and \$500,000 of HRA Loan Enterprise dollars (the “First Amendment”). Under the development agreement, the Team has the exclusive responsibility to construct the Soccer Stadium Site infrastructure improvements (the “Site Infrastructure”).

The First Amendment included funding to expand stormwater facilities and construct additional public improvements, which were the exclusive responsibility of the Team (the “Expanded Infrastructure” and collectively with Site Infrastructure, the “Public Infrastructure”). The First Amendment also included added HRA funding for anticipated softs costs, including legal, and a contingency. HRA Loan Enterprise funding in the amount of \$227,459 and HRA TIF funding in the amount of \$113,073 were budgeted but unspent (total of \$340,532, the “Unspent Balances”).

The total 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 Infrastructure 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. The City has prepared a Second Amendment to the Funding Agreement requesting that the HRA transfer a total of \$1,694,100 for a portion of the City’s contribution under their agreement with the Team and Club (the “Second Amendment”), which form is **Attached**. The HRA’s new contribution is \$1,353,568 which totals \$1,694,100 when including the Unspent Balances. The total new contribution is all budgeted and can be transferred to the City upon execution of the Second Amendment.

Spruce Tree Parking Ramp:

The HRA adopted RES PH 19-383 on November 13, 2019, authorizing the sale and conveyance of the Spruce Tree Parking Ramp (the “Ramp”), located at 1607 Spruce Tree Drive, and execution of a Parking Space License Agreement (the “License”). Under the License, the HRA has the right to use up to two hundred (200) parking space in the Ramp in conjunction with certain events at the City’s soccer stadium, currently known as Allianz Field (“Allianz Field”) and has certain assignment rights to the MLS soccer team operating at Allianz Field, currently the Club. The Club has requested the HRA assign its rights under the License to the Club to facilitate event parking beginning with the 2022 calendar year. A Parking Space License Assignment and Assumption Agreement has been prepared and approved by the City Attorney’s Office, which form is **Attached**.

## **Budget Action**

As detailed above, the HRA Loan Enterprise and HRA TIF dollars are already budgeted. The requested \$1,694,100 includes the following amounts:

HRA Loan Enterprise Fund:	\$227,459 <sup>(1)</sup>
HRA TIF – Scattered Site TIF #100:	\$936,641 <sup>(2)</sup>
HRA TIF – Snelling University TIF #135:	\$30,000
HRA TIF – Pioneer Endicott TIF #302:	<u>\$500,000</u> <sup>(3)</sup>
<b>Total HRA Contribution:</b>	<b>\$1,694,100</b>

- 1) These dollars were budgeted and authorized to be transferred to the City under the First Amendment, but unspent for soft costs, including legal;
- 2) \$113,073 of these dollars were authorized to be transferred to the City under the First Amendment, but unspent for TIF eligible soft costs (the full amount is budgeted);
- 3) These dollars were made available through HRA Board action on this same date to authorize a TIF Plan amendment and HRA budget amendment for the Pioneer Endicott TIF District #302.

## **Future Action**

City Council action will occur on this same date.

## **PED Credit Committee Review**

N/A

## **Compliance**

N/A

## **Green/Sustainable Development**

N/A

## **Environmental Impact Disclosure**

N/A

## **Public Purpose/Comprehensive Plan Conformance**

The HRA has determined that there is a public purpose to take all the actions and approve the requested resolution since the License assignment 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 while simultaneously offsetting certain strains on the neighborhood, (iii) further economic development and stimulate the local economy overall, and (iv) cause the property tax base to increase in the surrounding area.

**Recommendation:**

The Executive Director recommends approval of the resolution authorizing the execution of a Second Amendment to the Funding Agreement for the added City obligations and a Parking Space License Assignment and Assumption Agreement.

**Sponsored by:**            **Commissioner Thao**

**Staff:**                      Jenny Wolfe (266-6680)

**Attachments**

- **Second Amendment to Funding Agreement**
- **Parking Space License Assignment and Assumption Agreement**