



**AGENDA  
REGULAR BOARD MEETING  
JANUARY 24, 2017  
2:00 P.M.**

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LOCATION: 380 St. Peter Street, Suite 850, Saint Paul, MN 55102

**MINUTES**

1. Approval of the Minutes from the November 22, 2016 Board Meeting

**CONFLICT OF INTEREST**

**NEW BUSINESS**

**CREDIT COMMITTEE**

1. Resolution No. 4590 Grant/Financial Assistance Resolution Approval
2. Resolution No. 4591 Tiller Corporation, d/b/a Barton Enterprises, Inc.  
Lease Renewal/Amendment and Rental Rate Adjustment  
PID NO: 23 28 22 23 0009  
Red Rock Terminal
3. Resolution No. 4592 Midway Shopping Center – Approval to enter into a Master Lease Agreement with RK Midway Shopping Center, LLC

**GENERAL MATTERS**

1. Legislative Update by Kevin Walli of Fryberger, Buchanan, Smith and Frederick, P.A.
2. Such Other Business as May Come Before the Board

**PORT AUTHORITY OF THE CITY OF SAINT PAUL  
MINUTES OF THE REGULAR BOARD MEETING  
NOVEMBER 22, 2016**

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The regular meeting of the Port Authority Board was held on November 22, 2016 at 2:04 p.m. in the Board Room of the Saint Paul Port Authority located at 380 St. Peter Street, Suite 850, Saint Paul, Minnesota.

The following Commissioners were present:

John Bennett	Dan Bostrom	Nneka Constantino
Paul Williams		

Also present were the following:

Lee Krueger	Laurie Hansen	Bruce Kessel
Monte Hilleman	Laurie Siever	Keith Mensah
Ava Langston-Kenney	Sarah Savela	Dana Krueger
Eric Larson, General Counsel, City of Saint Paul		

**APPROVAL OF MINUTES**

Motion was made by Commissioner Williams, seconded by Commissioner Bostrom, to approve the minutes of the Board meeting held on October 25, 2016. The motion carried unanimously.

**CONFLICT OF INTEREST**

There were no conflicts with any of the items on the agenda.

**NEW BUSINESS**

**ADMINISTRATION**

**RESOLUTION NO. 4589  
CERTIFICATION OF TAX LEVY**

Motion was made by Commissioner Constantino to approve Resolution No. 4589 which was reviewed by the Administrative Committee and recommended for approval by the Board. The motion carried unanimously.

**2017 BUDGET**

Motion was made by Commissioner Constantino to approve 2017 Budget for Port Authority Operations which was reviewed by the Administrative Committee and recommended for approval by the Board. Commissioner Williams said he appreciates the thoughtfulness in staffing by Senior Management in an effort to keep personnel costs down in 2017. There being no further discussion, the motion carried unanimously.

**SEPTEMBER 2016 YEAR-TO-DATE FINANCIAL STATEMENTS**

Motion was made by Commissioner Constantino to accept the September 2016 year-to-date financial statements which were reviewed by the Administrative Committee and recommended for acceptance by the Board. The motion carried unanimously.

**GENERAL MATTERS**

There being no further business, the meeting was adjourned at 2:07 p.m.

By \_\_\_\_\_

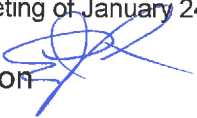
Its \_\_\_\_\_

/djk

# SAINT PAUL PORT AUTHORITY

## MEMORANDUM

**TO:** BOARD OF COMMISSIONERS  
(Regular Meeting of January 24, 2017) **DATE:** January 18, 2017

**FROM:** Eric D. Larson 

**SUBJECT:** GRANT/FINANCIAL ASSISTANCE RESOLUTION APPROVAL  
RESOLUTION NO. 4590

### **Action Requested:**

Approval for 2017 for the President of the Port Authority of the City of Saint Paul or anyone acting under his direction to apply for and accept any grant or other financial or resource assistance so long as the assistance furthers the Port Authority's mission.

### **Background:**

The Port Authority seeks programs that provide grants or other financial or resource assistance that can help the Port Authority further its mission. Some of the programs require a Board resolution enclosed with the application authorizing the applicant to apply or receive the assistance. At times the application deadline date precedes the Port Authority's next Board meeting and, therefore, the Port Authority has not been able to provide a Board resolution in support of its application. In such instances, the Port Authority has supplemented its application as soon as possible afterwards, and, to the best of the Port Authority's knowledge, the lack of any such resolution has not precluded an award to the Port Authority. Regardless, Port Authority staff recommends that the Board approve a resolution, which contains many of the standard board representations and statutory information required for such program assistance and further authorizes the Port Authority to apply for and accept any grant or other financial or resource assistance so long as the assistance furthers the Port Authority's mission. This resolution may help further the Port Authority's application especially as the competition for such assistance becomes greater.

At the May 22, 2012, April 23, 2013, December 17, 2013, December 16, 2014, and December 15, 2015, Board meetings, Board approval was given to Resolution Nos. 4426, 4457, 4490, 4525, and 4560 respectively, authorizing the application for and acceptance of financial or resource assistance for 2012, 2013, 2014, 2015, and 2016. Resolution No. 4590 would authorize this assistance for 2017.

### **Recommendation:**

It is therefore recommended that the Board approve a resolution authorizing the President of the Port Authority of the City of Saint Paul or anyone acting under his direction to apply for and accept any grant or other financial or resource assistance so long as the assistance furthers the Port Authority's mission.

EDL/lkw  
Attachment

**RESOLUTION OF THE  
PORT AUTHORITY OF THE CITY OF SAINT PAUL**

**[2017 GRANT APPLICATION AND ACCEPTANCE AUTHORIZATION]**

WHEREAS, the Port Authority of the City of Saint Paul is a public body corporate and politic and governmental subdivision organized pursuant to Chapter 469 of Minnesota Statutes; and

WHEREAS, the district of the Port Authority is the City of Saint Paul; and

WHEREAS, under Minn. Stat. § 469.055, the Port Authority shall (1) promote the general welfare of the port district, and of the port as a whole; (2) try to increase the volume of the port's commerce; (3) promote the efficient, safe, and economical handling of the commerce; and (4) provide or promote adequate docks, railroad and terminal facilities open to all on reasonable and equal terms for the handling, storage, care, and shipment of freight and passengers to, from, and through the port; and

WHEREAS, under Minn. Stat. §§ 469.048 to 469.061, the Port Authority has the powers and duties conferred upon all port authorities; and

WHEREAS, under Minn. Stat. § 469.084, Subds. 1 to 15, the Port Authority of the City of Saint Paul has additional statutory duties and powers including powers related to recreational facilities and small business capital; and

WHEREAS, under Minn. Stat. § 469.084, Subd. 8, the Port Authority of the City of Saint Paul, furthermore, has the power of and is authorized to do what a redevelopment agency may do or must do under sections 469.152 to 469.165 (Municipal Industrial Development); and

WHEREAS, federal, state, county, city, and other governmental entities and agencies have established grant, or other various assistance programs, which the Port Authority could use in furtherance of its statutory mission; and

WHEREAS, for instance, the Minnesota legislature established environmental assistance grant programs to provide financial assistance in the development of environmentally sustainable practices in Minnesota through voluntary partnerships and goal-oriented, economically driven approaches to pollution prevention and resource conservation; and

WHEREAS, many non-profit organizations have established grant, or other various assistance programs, which the Port Authority could use in furtherance of its statutory mission; and

WHEREAS, the Port Authority represents that it has undertaken reasonable and good faith efforts to procure funding in pursuit of its mission from other sources in addition to grant, or other program resources to which it may seek assistance.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE PORT AUTHORITY OF THE CITY OF SAINT PAUL: That the Port Authority has the legal authority to apply for financial assistance, and has the institutional, managerial, and financial capability to ensure adequate project administration of any financial assistance received; and

BE IT FURTHER RESOLVED, that any sources and amounts of any matching funds, local or otherwise, identified in the Port Authority's application will be committed to the identified project per the application; and

BE IT FURTHER RESOLVED, that the Port Authority has not violated any federal, state or local laws pertaining to fraud, bribery, graft, kickbacks, collusion, conflict of interest or other unlawful or corrupt practice; and

BE IT FURTHER RESOLVED, that the Port Authority certifies that it will comply with all applicable laws and regulations as stated in the grant/assistance agreements; and

BE IT FURTHER RESOLVED for the year 2017, that the President or anyone acting under his direction is hereby encouraged and authorized to apply to, and accept from, if awarded, a grant or some other financial or resource assistance in any amount from any federal, state, county, city, and other governmental entities and agencies or non-profit organizations so long as the assistance furthers the Port Authority's mission; and

BE IT FURTHER RESOLVED, that the President or anyone acting under his direction is hereby authorized and directed to execute any and all necessary documents to complete grant/assistance applications and secure their receipt; and

BE IT FURTHER RESOLVED, that notwithstanding the above, all loans and other financial or resource assistance that needs to be repaid by the Port Authority will require Board approval prior to the execution of documents imposing the specific debt obligation and amount by and upon the Port Authority.

Adopted: January 24, 2017

PORT AUTHORITY OF THE  
CITY OF SAINT PAUL

By \_\_\_\_\_  
Its Chair


ATTEST:

By \_\_\_\_\_  
Its Secretary

# SAINT PAUL PORT AUTHORITY

## MEMORANDUM

TO: BOARD OF COMMISSIONERS  
(Regular Meeting of January 24, 2017) DATE: January 18, 2017

FROM: B Kyle 

SUBJECT: TILLER CORPORATION, d/b/a BARTON ENTERPRISES, INC.  
LEASE RENEWAL/AMENDMENT AND RENTAL RATE ADJUSTMENT  
PID NO: 23 28 22 23 0009  
RED ROCK TERMINAL  
RESOLUTION NO. 4591

### Action Requested:

Approval of a Lease Renewal/Amendment and Rental Rate Adjustment with Tiller Corporation, d/b/a Barton Enterprises, at Red Rock Terminal.

### Background:

Tenant has been leasing approximately 15 acres at 1359 Red Rock Road since 1977. The site is used for the warehousing and storage of sand and gravel aggregates and hot mix asphalt for the construction industry.

The original Lease, effective February 1, 1977, was for 30 years with the option to renew for eight (8) additional five-year options. The initial Lease expired on January 31, 2007, with renewal options from February 1, 2007 through January 31, 2047. Tenant has elected to exercise renewal of the third, fourth, fifth, and sixth five-year option periods which will commence February 1, 2017, and will terminate on January 31, 2037.

In the summer of 2015, flooding along the Mississippi River caused significant erosion to the shoreline along the edge of Tenant's leased premises. Based on repair estimates the Port Authority prepared in early 2016, slope repairs are anticipated to cost more than \$700,000. The Tenant and the Port Authority both will contribute to repair/replacement costs. To participate in the cost of repairs, the Port Authority has agreed to the following, which will represent over \$446,000 in savings to the Tenant:

- freeze rental rate increases for the first five-year option period;
- re-establish annual increases at 2% per year in years 6-15; and,
- re-establish market rate rent at year 16, with 2% per year increases from that re-established rate for years 16-20.

Tiller Corporation is a Tenant in good standing.

### Lease Terms and Conditions:

Current Lease: 2/1/1977 – 1/31/2007.

Total Option Periods: Eight (8), 2/1/2007 – 1/31/2047.

Options Being Executed in This Rental Rate Adjustment: Four (4), 2/1/2017 – 1/31/2037.

The rental rate adjustments for the Base Rent of 653,400 square feet, for the four (4) option periods are as follows:

- Frozen at \$.4650 psf for the first five-year option period (third option period);
- Annual increases of 2% per year for years 6-15 (fourth and fifth option periods); and
- Market rate rental rates re-established at year 16, with 2% per year increases within that option period (sixth option period), per the table below.

<b>Base Rent</b>	<b>SF Included</b>	<b>Period Total</b>	<b>Monthly</b>	<b>PSF rate</b>
<b>THIRD (5-year option period - Frozen at \$.4650 psf)</b>				
Feb 1, 2017 - Jan 31, 2018	653,400	\$ 303,831.00	\$ 25,319.25	0.4650
Feb 1, 2018 - Jan 31, 2019	653,400	\$ 303,831.00	\$ 25,319.25	0.4650
Feb 1, 2019 - Jan 31, 2020	653,400	\$ 303,831.00	\$ 25,319.25	0.4650
Feb 1, 2020 - Jan 31, 2021	653,400	\$ 303,831.00	\$ 25,319.25	0.4650
Feb 1, 2021 - Jan 31, 2022	653,400	\$ 303,831.00	\$ 25,319.25	0.4650
<b>FOURTH (5-year option period – Increases 2% per year)</b>				
Feb 1, 2022 - Jan 31, 2023	653,400	\$ 309,907.62	\$ 25,825.64	0.4743
Feb 1, 2023 - Jan 31, 2024	653,400	\$ 316,114.92	\$ 26,342.91	0.4838
Feb 1, 2024 - Jan 31, 2025	653,400	\$ 322,452.90	\$ 26,871.08	0.4935
Feb 1, 2025 - Jan 31, 2026	653,400	\$ 328,856.22	\$ 27,404.69	0.5033
Feb 1, 2026 - Jan 31, 2027	653,400	\$ 335,455.56	\$ 27,954.63	0.5134
<b>FIFTH (5-year option period – Increases 2% per year)</b>				
Feb 1, 2027 - Jan 31, 2028	653,400	\$ 342,185.58	\$ 28,515.47	0.5237
Feb 1, 2028 - Jan 31, 2029	653,400	\$ 348,980.94	\$ 29,081.75	0.5341
Feb 1, 2029 - Jan 31, 2030	653,400	\$ 355,972.32	\$ 29,664.36	0.5448
Feb 1, 2030 - Jan 31, 2031	653,400	\$ 363,094.38	\$ 30,257.87	0.5557
Feb 1, 2031 - Jan 31, 2032	653,400	\$ 370,347.12	\$ 30,862.26	0.5668
<b>SIXTH (5-year option period - Market Rate Re-established at year 16, then 2% increase per year)</b>				
Feb 1, 2032 - Jan 31, 2033	653,400	\$ 417,065.22	\$ 34,755.44	0.6383
Feb 1, 2033 - Jan 31, 2034	653,400	\$ 425,428.74	\$ 35,452.40	0.6511
Feb 1, 2034 - Jan 31, 2035	653,400	\$ 433,922.94	\$ 36,160.25	0.6641
Feb 1, 2035 - Jan 31, 2036	653,400	\$ 442,613.16	\$ 36,884.43	0.6774
Feb 1, 2036 - Jan 31, 2037	653,400	\$ 451,499.40	\$ 37,624.95	0.6910



Pursuant to the original Lease, Facility Rent will remain fixed at \$6,635.50 per month and Facility Rent #2 will remain fixed at \$1,864.10 per month, for the entire length of the four five-year option periods from 2/1/2017 through 1/31/2037.

Also, pursuant to the original Lease, tonnage fees will remain fixed at \$.05/ton for the first 150,000 tons, and \$.03/ton for all tonnage thereafter, outbound tonnage only.

The Lease Renewal/Amendment rental rates set forth above are based upon the specific performance of Tenant to make all commercially reasonable efforts to complete the slope repairs by Dec. 31, 2017.

This Lease Renewal/Amendment and Rental Rate Adjustment does include current language required by the Minnesota Office of Management and Budget. This language provides the Port Authority increased flexibility to use public funding on future river-based infrastructure improvements.

This 2017 Lease Renewal/Amendment assures the continuance of revenue through January 31, 2037.

**Recommendation:**

Approval for a Lease Renewal/Amendment and Rental Rate Adjustment for Tiller Corporation, d/b/a Barton Enterprises, at the Red Rock Terminal.

BLK/lkw  
Attachment: Resolution

**RESOLUTION OF THE  
PORT AUTHORITY OF THE CITY OF SAINT PAUL**

**[TILLER CORPORATION, d/b/a BARTON ENTERPRISES, INC.  
APPROVAL OF A LEASE RENEWAL/AMENDMENT AND  
RENTAL RATE ADJUSTMENT FOR THE RED ROCK TERMINAL]**

WHEREAS, the Port Authority of the City of Saint Paul is a public body corporate and politic and governmental subdivision organized pursuant to Chapter 469 of Minnesota Statutes.

WHEREAS, the Port Authority wants to enter into a Lease Renewal/Amendment and Rental Rate Adjustment with Tiller Corporation d/b/a Barton Enterprises, Inc. ("Barton/Tiller"), which will extend the term of the Lease through January 31, 2037, for approximately 15 acres of land in the Red Rock Terminal.

WHEREAS, Port Authority staff and Barton/Tiller have agreed that Barton/Tiller shall make all commercially reasonable efforts to complete the slope repairs by December 31, 2017, and have agreed to the rental rates for the Base Rent as set forth below:

<b>Base Rent</b>	<b>SF Included</b>	<b>Period Total</b>	<b>Monthly</b>	<b>PSF rate</b>
<b>THIRD (5-year option period - Frozen at \$.4650 psf)</b>				
Feb 1, 2017 - Jan 31, 2018	653,400	\$ 303,831.00	\$ 25,319.25	0.4650
Feb 1, 2018 - Jan 31, 2019	653,400	\$ 303,831.00	\$ 25,319.25	0.4650
Feb 1, 2019 - Jan 31, 2020	653,400	\$ 303,831.00	\$ 25,319.25	0.4650
Feb 1, 2020 - Jan 31, 2021	653,400	\$ 303,831.00	\$ 25,319.25	0.4650
Feb 1, 2021 - Jan 31, 2022	653,400	\$ 303,831.00	\$ 25,319.25	0.4650
<b>FOURTH (5-year option period – Increases 2% per year)</b>				
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Feb 1, 2026 - Jan 31, 2027	653,400	\$ 335,455.56	\$ 27,954.63	0.5134

<b>FIFTH (5-year option period – Increases 2% per year)</b>				
Feb 1, 2027 - Jan 31, 2028	653,400	\$ 342,185.58	\$ 28,515.47	0.5237
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<b>SIXTH (5-year option period - Market Rate Re-established at year 16, then 2% increase per year)</b>				
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Feb 1, 2036 - Jan 31, 2037	653,400	\$ 451,499.40	\$ 37,624.95	0.6910

WHEREAS, Port Authority staff and Barton/Tiller have further agreed that per the original Lease, the rental rates for the Facility Rent will remain fixed at \$6,635.50 per month and Facility Rent #2 will remain fixed at \$1,864.10 per month.

WHEREAS, per the original Lease, tonnage fees will be set at \$.05/ton for the first 150,000 tons, and \$.03/ton for all tonnage thereafter, outbound tonnage only.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE PORT AUTHORITY OF THE CITY OF SAINT PAUL, that the proposed Lease Renewal/Amendment and Rental Rate Adjustment, as contained in the Memorandum to the Board, is hereby approved; and

BE IT FURTHER RESOLVED, that the President of the Port Authority, or anyone acting under his direction, is hereby authorized and directed to execute on behalf of the Port Authority a Lease Renewal/Amendment in accordance with the above-referenced terms in form as approved by counsel.

Adopted: January 24, 2017

PORT AUTHORITY OF THE  
CITY OF SAINT PAUL

By \_\_\_\_\_  
Its Chair


ATTEST:

By \_\_\_\_\_  
Its Secretary

# SAINT PAUL PORT AUTHORITY

## MEMORANDUM

TO: BOARD OF COMMISSIONERS  
(Regular Meeting of January 24, 2017)      DATE: January 19, 2017

FROM: Lee J. Krueger 

SUBJECT: **MIDWAY SHOPPING CENTER  
APPROVAL TO ENTER INTO A MASTER LEASE AGREEMENT  
WITH RK MIDWAY SHOPPING CENTER, LLC  
RESOLUTION NO. 4592**

### Action Requested:

We are recommending approval for the Saint Paul Port Authority to enter into the proposed Master Lease Agreement with RK Midway Shopping Center, LLC materially consistent with the terms and conditions set forth as follows.

### Background:

Attached is a memo outlining the proposed terms we are seeking to complete this transaction.

### Recommendation:

We recommend approval of this action.

LJK: amk

Attachments

**SAINT PAUL PORT AUTHORITY / RK MIDWAY SHOPPING CENTER, LLC**  
**MASTER LEASE TRANSACTION**

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**Action Requested:** We are recommending approval for the Saint Paul Port Authority to enter into the proposed Master Lease Agreement with RK Midway Shopping Center, LLC materially consistent with the terms and conditions set forth as follows.

**SPPA Contact:** Lee J. Krueger

**Master Tenant:** Port Authority of the City of Saint Paul

**Master Landlord:** RK Midway Shopping Center, LLC

**Location of Property to be Leased:**

The project will consist of the existing Midway Shopping Center, approximately 15.6 acres currently owned by RK Midway. The project will facilitate the Major League Soccer project and will likely be a mixed-use development in a commercial district. The buildings will most likely have tenants leasing space consisting of housing, retailers, restaurants, medical office, entertainment, and athletic facilities, as consistent with the City's Master Plan for the area.

**Background:**

Under a proposed Master Lease Agreement, the Port Authority will have a period of 120 days to perform due diligence to determine the financial viability of the Master Lease Agreement arrangement and the potential cost of any environmental remediation required in connection with the redevelopment. It is the Port Authority's intent to use this period of time to complete a joint venture with a development partner that will complete the redevelopment of the shopping center site.

Assuming the Master Lease Agreement is not terminated, the Master Lease Agreement will then be assigned to Capital City Properties, which would then assign the Master Lease Agreement to a joint venture. Hereafter, the Port Authority and Capital City Properties are collectively referred to as "CCP".

The joint venture will take the form of a limited liability company (LLC) formed under Minnesota law. The members of the LLC will be (i) Capital City Properties, and (ii) a partner to be determined. CCP's ownership percentage is still to be determined. Any joint venture proposal will be presented to the CCP Board for approval.

**Lease Structure:**

A summary of a proposed Master Lease Agreement, anticipated to be dated February 1, 2017, is as follows:

- A. **Property:** The parcel is noted on the attached site plan and measures approximately 15.6 acres, and is adjacent to the bus barn site along University Avenue and I-94.
  
- B. **Term:** 52 years

- C. Annual Rent: A negotiated rent, based on the existing revenues collected from the shopping center's current tenants, for years one through five, with a three percent (3%) increase for years six through ten, and five percent (5%) for each five-year period thereafter. The rent obligation will not be backed by a full faith and credit pledge nor the taxing authority of the Port Authority.
- D. Deposit: None
- E. Closing Date: Immediately upon execution of negotiated Master Lease Agreement.
- F. Port Authority Contingencies:
- a. Joint Venture Agreement. The Port Authority as Master Tenant intends to enter into a joint venture (or similar) agreement with a commercial development partner as part of the redevelopment of the shopping center property. Master Tenant does not intend to trigger commencement of the Master Lease Agreement after the due diligence period unless (i) Master Tenant has entered into such a joint venture (or similar) agreement with a development partner(s) and (ii) the Master Lessor and either the Master Tenant or the development partner have entered into an agreement for the joint development of Parcels 1 and 5, as reflected on the site plan (collectively, the "Snelling Parcels"). The development partners will undertake all the Master Lease Agreement financial responsibilities and exposures.
  - b. Soccer Stadium Project Approvals/No Defaults. On or before the "Due Diligence Deadline", all necessary permits, consents and approvals for the construction and development of the soccer stadium project shall have been received and/or issued, and there shall be no default by the proposed tenant of the soccer stadium under any agreement entered into with the City of Saint Paul or any other governmental entity in connection therewith. If Master Tenant fails to so terminate the Master Lease Agreement by such date, the Master Lease Agreement will remain in full force and effect notwithstanding the failure of this contingency.
  - c. Mortgagee Consent. If the existing lender has not consented to the Master Lease Agreement before the effective date, and such consent has not been obtained on or before the due diligence deadline, then either party shall have the right to terminate the Master Lease Agreement by written notice to the other party given prior to the date on which consent is given.
  - d. Environmental Project Management Agreement. The parties acknowledge that Master Tenant has agreed to act as project manager in connection with the environmental remediation of the Met Council property on which (most of) the proposed soccer stadium will be located pursuant to the terms of a certain Environmental Project Management Agreement, (the "Met Council Property Environmental Project Management Agreement"). The obligations of both Master Tenant and Master Lessor under the Master Lease Agreement are contingent on agreement being reached on a similar Environmental Project Management Agreement for the shopping center property which provides, in relevant part (i) for an environmental assessment (Phase I and any Phase II testing recommended by Master Tenant's environmental consultant) and (ii) that Master Tenant shall accept the shopping center property in its then current "As Is" environmental condition.

If such an agreement has not been consummated on or before the due diligence deadline, then either Master Lessor or Master Tenant shall have the right to terminate the Master Lease Agreement by written notice given to the other party prior to the satisfaction of this condition.

e. Financial Due Diligence. If for any reason Master Tenant is dissatisfied with its Due Diligence Investigation or the shopping center property or determines that the transaction contemplated hereby is not economically feasible, Master Tenant shall have the right to terminate this Master Lease Agreement by written notice to Master Lessor given prior to the expiration of the Due Diligence Period.

G. Purchase Option. The Master Lease Agreement will contain an option to purchase the shopping center site from the Master Lessor (the Purchase Option). The Purchase Option price will increase periodically, as set forth in the Master Lease Agreement. The Purchase Option will be assigned by CCP to the joint venture. Any member of the partnership can exercise the purchase option by written notice to the other members. Each member will then have a "tag along" right to participate in the purchase of the site, which right will be exercised by written notice to the other members given within 30 days after the initial exercise notice. Each member electing to participate in the purchase will be required to contribute a pro rata portion of the capital necessary to consummate the purchase. The members electing to participate in the purchase shall buy out the non-electing members' interest in the joint venture at the time of purchase of the site for the then current "book value" of such non-electing member's interest. The purchase option will include any prepayment penalty.

H. Transaction Expenses: Both the Master Landlord and the Master Tenant will be responsible for their own transaction costs.

**Public Purpose:**

The site lies within the Port Authority's Midway Industrial Development District (formed in September 2016 with Port Authority Resolution No. 4583). A redevelopment of the subject parcel will advance the Port Authority's commercial redevelopment efforts in the area and can help serve as an additional catalyst for development within Saint Paul's Midway Business District, and fits within the Port Authority's mission to remediate marginal property, increase the City's tax base, and create good quality jobs.

**Recommendation:**

We are recommending approval for the Saint Paul Port Authority to enter into the proposed Master Lease Agreement with RK Midway Shopping Center, LLC materially consistent with the terms and conditions set forth above.

LJK:amk

Attachments



UNIVERSITY AVE.

# PROPOSED RIGHTS-OF-WAY AND AREAS

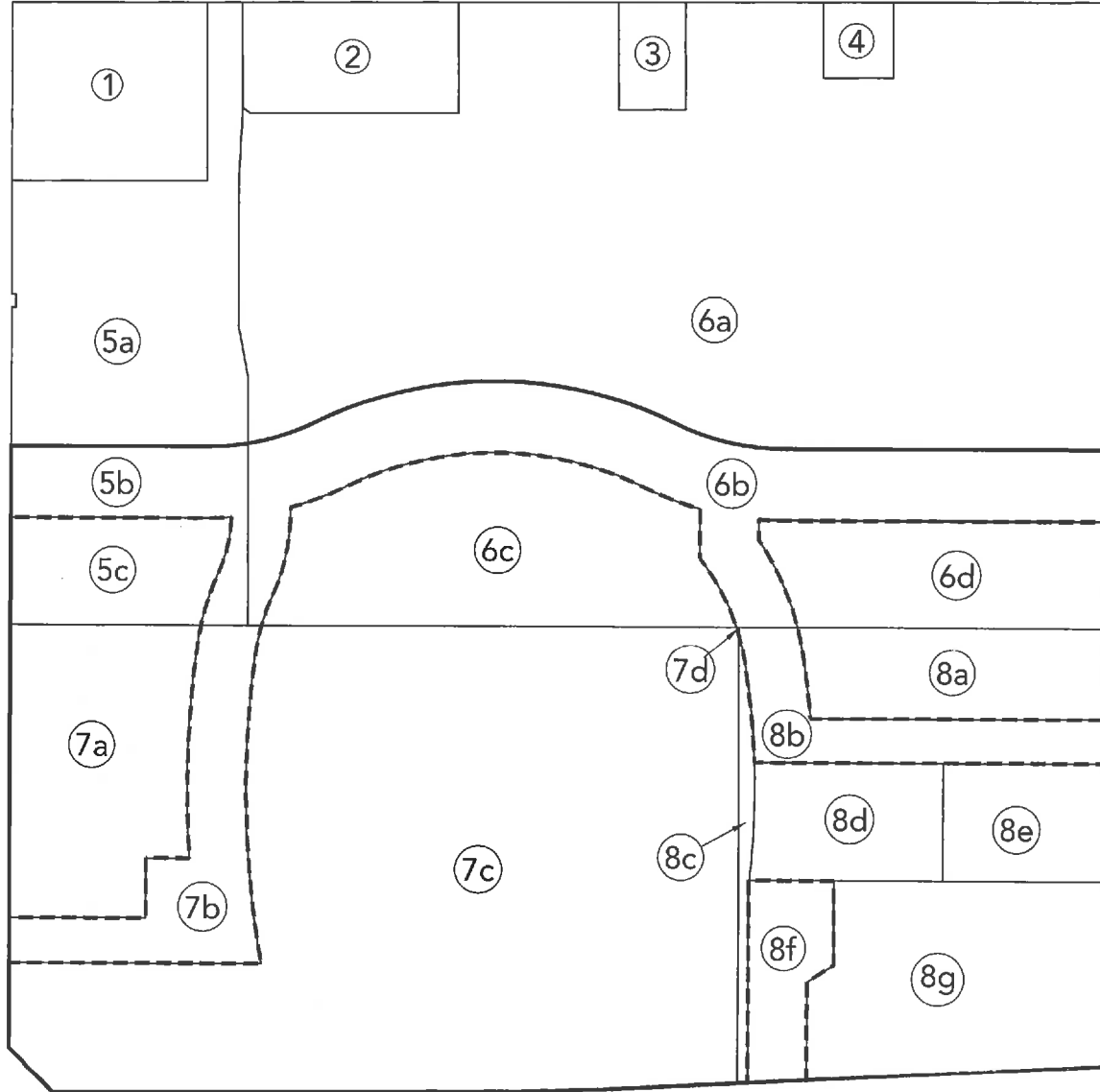
April 19, 2016

## LEGEND

- RAP BOUNDARY
- - - - - PROPOSED STREET R.O.W.

SNELLING AVE.

PASCAL ST. N




ST. ANTHONY AVE.

1	44,000 +/- sf	7a	63,560 +/- sf
2	30,021 +/- sf	7b	39,233 +/- sf
3	9,049 +/- sf	7c	323,528 +/- sf
4	6,647 +/-sf	7d	14 +/- sf
5a	85,007 +/- sf	8a	35,134 +/- sf
5b	25,428 +/- sf	8b	26,870 +/- sf
5c	28,020 +/- sf	8c	6,361 +/- sf
6a	416,999 +/- sf	8d	27,931 +/- sf
6b	92,913 +/- sf	8e	24,612 +/- sf
6c	82,170 +/- sf	8f	17,981 +/- sf
6d	44,728 +/- sf	8g	69,959 +/- sf

# Midway Shopping Center



**RK Midway Shopping Center**

 Midway Shopping Center

**RESOLUTION OF THE  
PORT AUTHORITY OF THE CITY OF SAINT PAUL**

**[MIDWAY SHOPPING CENTER]**

WHEREAS, the Port Authority staff has entered into negotiations to acquire as a tenant via a master lease use, occupancy, and rights to redevelopment approximately 15.6 acres of real estate and its facilities located at the southeast corner of Snelling Avenue and University Avenue, commonly referred to as the Midway Shopping Center; and

WHEREAS, the Shopping Center is located within the Port Authority's Midway Industrial Development District; and it is in the best interests of the port district and the people thereof, and in furtherance of the general plan of port improvement and industrial development, to approve the transaction substantially in the form as set forth in the Board Memorandum.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE PORT AUTHORITY OF THE CITY OF SAINT PAUL:

1. That the Board of Commissioners of the Port Authority hereby finds, determines and declares that it is for the best interests of the port district and the people thereof, and in furtherance of the general plan of industrial development, to enter into the Master Lease materially consistent with the terms and conditions set forth in the Board Memorandum; and

2. That the President of the Port Authority is hereby authorized and directed to complete and execute said agreement, and relatedly the proper Port Authority officers are hereby authorized and directed to complete and execute all necessary documents in the form as approved by counsel.

Adopted: January 24, 2017

PORT AUTHORITY OF THE  
CITY OF SAINT PAUL

By \_\_\_\_\_  
Its Chair

Attest:

By \_\_\_\_\_  
Its Secretary