



Minnesota Regional Transit
Board: Records.

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REGIONAL TRANSIT BOARD
ROLL CALL AND ATTENDANCE SHEET

DATE: June 17, 1988

BOARD OR COMMITTEE: Special Board

MEMBER NAME	PRESENT	VOTE	VOTE	VOTE	VOTE	VOTE
Chairman	✓					
Doris Caranicas	✓					
Ruth Franklin	absent					
Carole Faricy	✓					
Alison Fuhr	absent					
Rochelle Graves						
George Isaacs	✓					
Paul Joyce	✓					
Edward Kranz	✓					

REGIONAL TRANSIT BOARD

TO: Chairman and Members of the Regional Transit Board
FROM: Gregory Andrews, *COA* Executive Director
DATE: June 16, 1988
SUBJECT: Revised Amendment to Mears Park Centre Lease

The staffs of the Regional Transit Board (RTB), Metropolitan Council (MC), and Metropolitan Waste Control Commission (MWCC), including Charles Weaver, legal counsel to the RTB, and Charles Ferrell, Faegre and Benson, representing the metro agencies, have been working with the building developer, Ameritas, Inc., and the St. Paul Port Authority to refine the agencies' recently approved lease amendments. Each agency has its own lease with Ameritas and the three agencies have coordinated discussions with Ameritas for the entire project.

At the board meeting of May 16, 1988, the board authorized the chairman and executive director to amend the lease with Ameritas, Inc. for Mears Park Centre offices and, further, authorized the executive director to enter into an agreement with the Metropolitan Council for shared use of common space on the first and second floors. The proposed lease amendment at that time incorporated changes as approved by the Office Space Policymakers Committee on May 9, 1988. The lease amendment remains substantially the same as discussed on May 16, 1988 except for the following revisions:

1. The lease term would be extended by one year for a total length of eleven years. The eleventh year lease rate would be \$19.80 per square foot, and the terms and conditions of the lease remain in effect for the final year. *\$ 19.00 in 10th year*
2. The three agencies would pay an operating cost allowance of \$15,000 per year for ten years to be paid jointly to the Port Authority and Ameritas. Ameritas would reimburse the agencies for the total cost allowance of \$150,000 in equal installments in the tenth and eleventh years of the lease. For the board, this would amount to \$1,591.84 in each year and a reimbursement of \$15,918.40. *- \$1,500 - \$1,600*
3. The three agencies would agree to a revised occupancy cost expense stop of 5.49 per square foot. This would allow the amount the agencies contribute to cover operating expenses to increase, up to \$54,060 per year. Ameritas would then reimburse the agencies for the total amount of this additional stop allowance. This would result in a reimbursement of up to \$378,000, payable in equal installments in years ten and eleven. The RTB's share of this would be up to \$5,737, for which the board reimbursement would amount to \$40,114.34. In addition, the definition of the basis for calculating the cap on expenses has also been rewritten. This redefinition of the base will result in a cap based on four percent of the gross rent in the preceding year.

Regional Transit Board Members
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4. Specific dates for completion of certain building work have been included in this lease amendment.
5. The parking deck would be increased to three levels and would accommodate all parking previously included in "associated" parking facilities. All other terms and conditions of parking would remain as per original lease. A letter of understanding, separate from the lease, would require interim parking facilities during deck construction, particularly to accommodate handicapped parking needs. Structure is planned to be constructed in twelve weeks, and the amendment provides for damages to be paid to the agencies if the ramp is not completed within 14 weeks.

All other terms and conditions previously agreed upon would be incorporated into the final lease amendment. The three agencies would continue to lease 106,000 square feet of space, beginning at the originally agreed-upon rate of \$12 per square feet for the entire project.

RECOMMENDATION

That the Regional Transit Board approve the lease amendment in accordance with the revisions as outlined in the June 16, 1988 memorandum to the board.

GLA/mf



A John McDonald Enterprise

June 16, 1988

Regional Transit Board
Mr. Elliott Perovich
Mr. Greg Andrews
Mears Park Centre
230 East 5th Street
St. Paul, Minnesota 55101

Gentlemen,

The purpose of this letter is to put on record my sincere regret for the unsavory situation which developed over your office space in my Park Centre building last week.

I took no pleasure in denying your agency possession of its new offices, but from the outset of these lease negotiations I have been forced to deal with all three agencies at once and when the impasse developed in our negotiations, I had no alternative but to protect my best interest.

As a show of good faith and in order to restore the Regional Transit Board to its "previous position," I hereby offer to reimburse the \$22,000 of salaries and wages which were lost during our impasse in the manner discussed previously.

Naturally, this offer has to be contingent on the acceptance and execution of our last lease amendment which was submitted today and a cessation and dismissal with prejudice of all legal actions between us.

Let me share with you an unfortunate truth. I do not believe that we would be looking at a final resolution of all the complex lease issues with all the agencies today had the Regional Transit Board not gone ahead with their planned move in. It was the resulting litigation and the obvious horror of any more of it that brought all parties to the table. This is probably not a consoling thought but Greg Andrews' courage is admired by my camp.

In closing I would like to assure you that whilst a tenant in my property, I will do everything in my power to provide you with the most pleasant and productive environment possible.

Assuring you of my best attention at all times.

Sincerely,

C. John McDonald

CJM/ebh