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TECHNOLOGY Offspring of parking-ramp developer launch incubator for Internet firms

DIANA WATTERS



Jack Geller's grandsons Randy Geller, left, and Todd Geller are branching out from their real estate roots, which run deep along St. Paul's Wabasha Street, background.

Ramping up to the Internet

By Dirk DeYoung
Managing editor

The family business started nearly 60 years ago when a Russian immigrant named Jack Geller, armed with a shoebox to collect money, opened a parking lot at Kellogg and Wabasha in downtown St. Paul.

Today, Jack Geller's sons own or operate several downtown parking ramps, while his grandsons are branching into the world of Internet startups and venture capital.

Those grandsons, cousins Randy and Todd Geller, have formed Victory Capital Corp. to, in part, open an incubator for budding Internet companies in the family-owned Grace Building at Wabasha Street and Seventh Place Mall. The project, called the St. Paul Business Development Center, offers small, totally

wired offices at below-market rental rates. In exchange, Victory Capital gets warrants for stock in the companies, an arrangement that few, if any, other Twin Cities landlords are offering.

They're involved in other ventures as well, including buying industrial real estate in the suburbs and working with their family to spruce up and expand the downtown parking business. They also run a unique business, called Voyd Trailer, that leases out semi-trailers to companies for temporary storage space.

The Geller cousins didn't start their careers in the family business, but each came back after only a few years away. Randy Geller, 34, got his master's in finance from Columbia University in New York, then joined the Marshall Financial Group in Minneapolis, a consulting firm specializing in corporate

turnarounds.

While he said he learned a lot in that job, he was an employee who wanted to be a business owner. "I realized at a very young age that it's very difficult for a young person to get equity with the big guys," Randy Geller said.

So he looked to the family business, which had some aging parking ramps, and decided that the firm itself needed his turnaround talents. So he joined the family business in 1993, put together a renovation plan for the ramps and worked on leasing up the family's other holdings, which included relatively small downtown St. Paul office buildings.

Todd Geller, 28, took his career into real estate for nearly five years after college, becoming regional investment officer in Minneapolis for Chicago-based

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First Industrial Realty Trust. He helped the firm acquire a significant portfolio of industrial properties in the Twin Cities as well as in Southwestern cities, such as Denver and Salt Lake City.

When stock in real estate investment trusts (REITs) took a dive in 1998, First Industrial lost its ability to buy property and Geller was soon out of a job as part of a restructuring.

The city of St. Paul helped pull him back into the family business. To make room for the new Lawson Software tower, the city condemned two family-owned properties: the Garrick parking ramp and the Albrechts Building.

That produced \$5.5 million in cash that the family needed to spend on real estate within three and a half years or face a hefty tax bill. "The one person in the family with experience in that was Todd," Randy said.

So he leveraged those funds to purchase the 86,000-square-foot Hale Avenue Business Center in Oakdale and a 103,000-square-foot warehouse in New Hope formerly occupied by Dakota Growers Pasta Co. The Gellers plan to add between 80,000 and 100,000 square feet to that warehouse, and they're looking for more acquisitions along the same vein.

In addition, the Geller family is contemplating building on top of their Victory Ramp on Wabasha, Randy Geller said. Possible add-ons include an extended-

stay hotel, more parking or office space. "It's exciting to take a building my grandfather built and add to its value," he added.

But the main focus for Randy and Todd Geller is the Business Development Center. Their partners in the venture are St. Paul Business Ventures, a nonprofit organization that strives to launch high-tech startups in St. Paul and keep them there, and Genesis Business Centers, a firm that manages two other business incubators in the Twin Cities.

Their goal is to create the same kind of atmosphere that thrives in the Cybervillage in the Lowertown part of downtown St. Paul. And they and their partners believe their building is ripe for that, since it's wired with high-speed Internet access, is a block away from the new Lawson Software headquarters and offers parking in the Lawson ramp, which the Geller family manages.

"St. Paul can be very attractive to information technology companies," said Harlan Jacobs, president and founder of Genesis.

So far, the business center has one tenant in the 13,500-square-foot incubator space, called netbriefings.com. The firm, which now has a couple of offices in the building, does video conferencing over the Internet with the capability to do business presentations and poll those present.

The Gellers are pursuing five other firms who may be interested in space there.

And right now, they're thriving off the passion those entrepreneurs bring to their businesses. "It makes us excited about coming to work and having fun here," Todd Geller said. ■

Developers hope to get stock in startups

Here's what the St. Paul Business Development Center provides:

- Office and possible assembly space in downtown St. Paul in exchange for reduced rent and company stock warrants
- Volunteer mentors and advisers from St. Paul Business Ventures, a nonprofit organization supported by businesses and individuals, focused on starting and retaining high-tech firms in St. Paul
- Access to other entrepreneurial support and networks through St. Paul Business Ventures and Genesis Business Centers.
- A preferred position to be considered for funding from the St. Paul Capital Fund, a for-profit venture fund that is being launched by St. Paul Business Ventures with the goal of raising \$1 million from banks, businesses and individuals by the end of 1999

— Dirk DeYoung

Company founder started by parking cars

Sometime in the 1940s, Jack Geller, an immigrant from Russia, bought a plot of land just off Kellogg at Wabasha in downtown St. Paul and started parking cars. When his lot filled up, he had extra space across the river. In those days, he could get away with telling some businessman his car was across the bridge, but he could take Mrs. Smith's car across and just leave it there, said Geller's grandson Randy Geller.

The elder Geller, who died in 1980 at age 68, slowly amassed real estate in downtown St. Paul under the business name Victory Auto Parking, eventually owning property on almost every block, Randy Geller said. He struck a deal in 1956 with First Bank to build the three-story Victory Ramp at Fourth and Wabasha, complete

with valet parking. In 1967, he added five floors.

Other holdings included the Garrick Ramp, which Jack Geller built in 1958, the Albrechts Building and the Grace Building.

After Jack Geller's death, his sons Ron and Loren took over the business, now called Victory Parking Inc., diversifying by buying several buildings that house Tires Plus and Goodyear stores around the Twin Cities, Randy Geller said.

Randy, Ron's son, joined the family operation in 1993, and Todd Geller, Loren's son, joined last year. Together they formed Victory Capital Corp., partially for succession reason, and continue diversifying the family's holdings.

— Dirk DeYoung