Saint Paul
PORT AUTHORITY

AGENDA

Administrative Committee
Credit Committee
Regular Board Meeting
May 28, 2024

Board Chair Slaven and Committee Chairs Marshall and Mullin are calling a meeting of the Administrative Committee, Credit Committee and Board of Commissioners for **Tuesday, May 28, 2024.**

The Committee meetings will start at 1:30 p.m., and the Board meeting will start at 2:00 p.m. in the Board Room of the Saint Paul Port Authority, **400 Wabasha Street No., Suite 240, St. Paul, MN.**

Administrative Committee

Minutes
Approval of the Minutes from the February 27, 2024 Administrative Committee Meeting

Conflicts of Interest
Conflicts with any Items on the Agenda

New Business
1. Authorization for the Continuation of Capital City Properties

2. Acceptance of the 2023 Audit

Such Other Business That May Come Before the Committee

Credit Committee

Minutes
Approval of the Minutes from the April 30, 2024 Special Credit Committee Meeting

Conflicts of Interest
Conflicts with any Items on the Agenda

New Business
1. Corcoran Industrial Properties, LLC PACE Application – Approval of a $432,700 PACE Trillion BTU Loan

2. Post Office, LLC PACE Application – Approval of a $500,000 PACE Trillion BTU Loan

3. Conveyance of Land to Amani Construction & Development, LLC – Beacon Bluff Business Center

4. Authorization to Accept Grant Funding for the Construction of Serenity Townhomes on Behalf of Amani Construction & Development, LLC

5. Approval of Lease Amendment to include MMB Language for Upper River Services – Barge Terminal 2

6. Approval of Lease Extension for BWC Terminals, LLC – Barge Terminal No. 1

7. Approval of Lease Amendment and Rental Rate Adjustment for the City of Saint Paul Impound Lot – Southport Terminal

8. Approval of Declaration of Covenants – The Heights Residential Lots

9. Support for Creation of 501(c)3 Organization – The Heights Community Energy

Such Other Business That May Come Before the Committee

Regular Board Meeting

Minutes

Approval of the Minutes from the April 30, 2024 Special Board Meeting

Conflicts of Interest

Conflicts with any Items on the Agenda

New Business

Administrative Committee

1. Resolution No. 4779 - Authorization for the Continuation of Capital City Properties

2. Acceptance of the 2023 Audit

Credit Committee

1. Resolution No. 4780 - Public Hearing – Conveyance of Land to Amani Construction & Development, LLC. – Beacon Bluff Business Center

2. Resolution No. 4781 - Authorization to Accept Grant Funding for the Construction of Serenity Townhomes on Behalf of Amani Construction & Development, LLC

3. Resolution No. 4782 - Approval of Lease Amendment to include MMB Language for Upper River Services – Barge Terminal 2

4. Resolution No. 4783 - Approval of Lease Extension for BWC Terminals, LLC - Barge Terminal 1

5. Resolution No. 4784 - Approval of Lease Amendment and Rental Rate Adjustment for the City of Saint Paul Impound Lot – Southport Terminal

6. Resolution No. 4785 - Approval of Declaration of Covenants – The Heights Residential Lots

7. Resolution No. 4786 - Support for Creation of 501(c)3 Organization – The Heights Community Energy

Such Other Business That May Come Before the Board

cc: City Clerk
Reporters

MINUTES

ADMINISTRATIVE COMMITTEE MEETING
FEBRUARY 27, 2024

The meeting of the Port Authority Administrative Committee was held on February 27, 2024, at 1:45 p.m. in the Board Room of the Saint Paul Port Authority, 400 Wabasha Street No., Suite 240, Saint Paul, Minnesota 55102.

The following Committee Members were present:

John Marshall	Matt Slaven	Don Mullin
John Bennett		

Also, present were the following:

Amanda Bauer	Tonya Bauer	Rick Howden
Todd Hurley	Sarah Illi	Bruce Kessel
Annamarie Kosel	Dana Krueger	Emily Lawrence
Kathryn Sarnecki	Laurie Siever	Gao Iab Thao
Eve Turner	Phoua Vang	Kristine Williams
Linda Williams		

Trinidad Uribe, Sprinkler Fitters Local 417
Nelsie Yang, City of Saint Paul
Cheniqua Johnson, City of Saint Paul
Melanie Johnson, City of Saint Paul

APPROVAL OF MINUTES

Committee Member Mullin made a motion to approve the minutes of the January 23, 2024, Administrative Committee meeting. The motion was seconded by Committee Member Slaven and carried unanimously.

CONFLICT OF INTEREST

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

AGENDA ITEMS

ACCEPTANCE OF 2024 LEGISLATIVE PRIORITIES

Ms. Bauer reviewed her memorandum requesting acceptance of the 2024 Legislative Priorities of the Port Authority of the City of Saint Paul.

Committee Member Slaven clarified that at today's meeting the Administrative Committee will vote to accept the 2024 Legislative Priorities, as presented to the Committee, but any acceptance of the 2024 Legislative Priorities would not constitute approval of the application of The Heights Community Energy to the Minnesota Climate Innovation Finance Authority to fund Phase I of the development of an aquifer thermal energy geoexchange, heat pump district energy system at The Heights (the "System"), which would be separately presented to the Committee and Board for requested approval, along with additional information and detail regarding the System.

Committee Member Mullin made a motion to accept the 2024 Legislative Priorities. The motion was seconded by Committee Member Bennett and carried unanimously.

OTHER BUSINESS

There being no further business, the meeting was adjourned at 2:17 p.m.

By: ___________________________
Its: ___________________________

Saint Paul PORT AUTHORITY

MEMORANDUM

To: ADMINISTRATIVE COMMITTEE
BOARD OF COMMISSIONERS

Meeting Date: May 28, 2024

From: Dana J. Krueger DK

Subject: **AUTHORIZATION FOR THE CONTINUATION OF CAPITAL CITY PROPERTIES RESOLUTION NO. 4779**

Action Requested:
Approval of a resolution confirming the Port Authority's desire that Capital City Properties ("CCP") remain in existence and exempt from the statutory requirements identified originally in Port Authority Board Resolution No. 3853 and amended by Resolution No. 3902.

Background:
In 1999, the Minnesota Legislature adopted legislation prohibiting the further creation of nonprofit corporations by political subdivisions and requiring that nonprofit corporations previously created by political subdivisions take certain actions in order to remain in existence. This legislation applies to CCP, which was created as an affiliate of the Port Authority in 1991.

Pursuant to this legislation, the Port Authority and CCP adopted resolutions on October 24, 2000, to provide for the continued existence of CCP, to indicate which specific statutory requirements CCP would be subject to and which it would be exempt from, and to agree to comply with these statutory provisions going forward, a copy of which exemptions are described in Attachment 1 of the Resolution. The periodic supporting resolutions required by this legislation have also been adopted by both the Port Authority and CCP.

Current Status
One of the requirements imposed by the 1999 statute is that nonprofit corporations be audited on an annual basis, and that this audit be presented to the applicable political subdivision at a regularly scheduled meeting. The CCP audit for the year ending December 31, 2023, was presented to the Port Authority and CCP Boards on May 28, 2024.

The 1999 statutes also require that the political subdivision periodically reaffirm the actions originally taken to continue the existence of the nonprofit corporation and the exemption from statutory requirements. This requirement is the subject of this report.

Recommendation:
We recommend approval of a resolution confirming the Port Authority's desire that CCP remain in existence and exempt from the statutory requirements identified originally in Port Authority Board Resolution No. 3853 and amended by Resolution No. 3902.

Attachment: Resolution No. 4779

RESOLUTION OF THE
PORT AUTHORITY OF THE CITY OF SAINT PAUL

[CONTINUATION OF CAPITAL CITY PROPERTIES]

WHEREAS, in the 81st legislative session, the Minnesota Legislature adopted Minn. Stat. §465.719, requiring that political subdivisions, such as the Port Authority of the City of Saint Paul (the "Port Authority") who have either created or have a relationship with a non-profit corporation (such as Capital City Properties ("CCP")) adopt a resolution at a regularly scheduled meeting in order to provide for the continued existence of such non-profit corporation and to specify what authorities and powers the corporation should possess;

WHEREAS, on October 24, 2000, the Port Authority adopted its Resolution No. 3853 (attached hereto) in which the Port Authority provided for the continued existence of CCP, as contemplated by Minn. Stat. §465.719 and for the exemption of CCP from certain statutory requirements otherwise applicable to the Port Authority; which exemptions are described in Attachment 1 attached hereto;

WHEREAS, by Resolution No. 3902 adopted August 28, 2001 (attached hereto), the Port Authority expanded the scope of CCP activities;

WHEREAS, by Resolution Nos. 3930 adopted April 23, 2002; 4010 adopted May 27, 2003; 4087 adopted August 24, 2004; 4164 adopted April 25, 2006; 4216 adopted June 26, 2007; 4261 adopted on June 24, 2008; 4299 adopted on May 26, 2009; 4344 adopted on June 22, 2010; 4382 adopted on May 24, 2011; 4428 adopted on June 26, 2012; 4460 adopted on May 28, 2013; 4503 adopted on June 24 2014; 4541 adopted on May 26, 2015; 4572 adopted on May 24, 2016; 4597 adopted on April 25, 2017; 4626 adopted on April 24, 2018; 4672 adopted on April 28, 2020; and 4716 adopted on April 26, 2022, the Port Authority determined that the exemptions provided for and for the continued existence of CCP in Resolution Nos. 3853 and 3902 should continue to apply to CCP; and

WHEREAS, at the regularly scheduled meeting of the Board of Commissioners of the Port Authority held on April 26, 2022, CCP presented to the Port Authority an audit of its financials for the calendar year ending December 31, 2023, conducted by CliftonLarsonAllen, and the Port Authority has reviewed such audit and the activities of CCP and, on the basis of such review, has determined that the continued existence of CCP under the scope and exemptions provided in Resolution Nos. 3853 and 3902 is appropriate.

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

1. The Port Authority hereby authorizes the continued existence of CCP under the scope and exemptions provided for in Resolution Nos. 3853 and 3902 and fully described in Attachment 1.

2. Port Authority management is hereby authorized and directed to file a certified copy of this resolution with the Secretary of State, as required by Minn. Stat. §465.719, Subdivision 10.

Adopted: May 28, 2024

PORT AUTHORITY OF THE
CITY OF SAINT PAUL

By ____________________________
Its ____________________________

ATTEST:

By ______________________________
Its ______________________________

ATTACHMENT 1

1. Need for Corporation. CCP was created to assist the Port Authority in carrying out its purposes by holding and/or operating repossessed real estate on behalf of the Port Authority, thereby reducing or eliminating from the Port Authority those burdens. Since its creation in 1991, this has proven to be true. CCP, as a separate legal entity, has operated the Radisson Riverfront Hotel and the Radisson City Center Hotel, and is currently in the process of constructing a parking ramp to serve those two facilities, as well as the City of Saint Paul in general. In carrying on these activities, CCP, as a separate legal entity, has insulated the Port Authority from the related liabilities, complications and risks associated with the related businesses. CCP's ownership has allowed the Port Authority to avoid adding as many as 500 private employees to its public payroll and related benefits, and has allowed CCP to negotiate employment and collective bargain agreements, as well as other claims which arise in connection with the ownership and operation of the hotels and parking ramps, maintaining those obligations and responsibilities at a non-public level, protecting the resources and taxing authority of the Port Authority.

2. Board Membership. CCP's Articles of Incorporation require that a majority of CCP's directors be either Port Authority commissioners or employees. The Port Authority believes that it is important to continue this requirement, since this continuity of leadership and management between the Port Authority and CCP helps to ensure that CCP will conduct its activities in a way that is consistent with the goals and priorities of the Port Authority, and in fulfillment of the Port Authority's public purpose objectives.

3. Exemption from certain Laws.

A. Uniform municipal contracting law [Minn. Stat. §471.345] – The Port Authority hereby finds that CCP should be exempt from the uniform municipal contracting law because, in its general activities, CCP is providing for the construction and/or renovation of properties that are private and proprietary in nature, although being operated for a public purpose through repossession or otherwise. CCP is also not financing its construction activities with taxpayer or other public funds, and instead is accessing the revenue bond market for funds necessary for these projects. As a result, the safeguards which would generally be appropriate in a governmental project are not necessary in connection with CCP's activities.

B. Limitation on compensation of employees based on governor's salary [Minn. Stat. §43A.17] – As described above, CCP's activities are generally of a proprietary and private natures, relating to properties that, as a general rule, have come into public ownership through repossession. CCP, as the owner of the Radisson Hotel Riverfront and Radisson City Center Hotel, employees approximately 500 people, pursuant to existing contracts and collective bargaining agreements. These employees are hotel employees, and do not consider themselves government employees. As a result, it would be inappropriate, and noncompetitive, to require that CCP be limited by requirements otherwise imposed on governmental employees. [Note – this exemption only applies to CCP employees, and will not apply to Port Authority employees who might, from time to time, do work for CCP on a contract basis. Port Authority employees, would remain subject to any salary limitation imposed on government employees.]

C. Equitable pay [Minn. Stat. §471.991 to 471.99] – As described above, the employees that work for CCP are, for the most part, union employees entitled to benefits established under collective bargaining agreements negotiated with the unions. As described above, these employees do not consider themselves municipal employees, and should not be entitled to compensation and employment benefits which are generally available only to government employees, and are not generally available in the private sector.

D. Prohibition on acceptance of gifts from interested parties [Minn. Stat. §471.895] – As described above, CCP's employees do not consider themselves to be governmental employees, and are not governmental employees. Instead, they are private employees for all other intents and purposes and should not be subject to gift ban limitations imposed by Minnesota Statutes on governmental employees. Also, as employees of CCP, these employees do not fall within the definition of "local official", and are not in a position to influence the activities of local officials. [Note – this exemption only applies to CCP employees, and will not apply to Port Authority employees who might, from time to time, do work for CCP on a contract basis. Port Authority employees, would remain subject to any gift ban imposed on government employees.]

E. Municipal tort liability [Minn. Stat. §466] – Since CCP is not a governmental entity, and is operating businesses which are, for all intents and purposes, private businesses, CCP should not be allowed to unjustly protect itself and these businesses from tort liability. Instead, the businesses operated by CCP should be required to carry insurance to cover risks, as their competitors do.

F. Identification of owned vehicles [Minn. Stat. §471.346] – The vehicles owned by CCP, or by the businesses operated by CCP, will be owned and operated in connection with the proprietary businesses, and not in direct connection with any municipal or governmental services. These vehicles will include hotel airport vans, which need to be clearly identified as belonging to the hotel. Identification of these vehicles with the Port Authority would cause consumer/user confusion.

G. Itemization and declaration of claims [Minn. Stat. §471-38 to 471.41] – CCP is operating its businesses in a proprietary marketplace. The sheer volume of expenditures, and the timing of such operations, precludes compliance with this statutory requirement. Since claims against CCP's businesses are payable solely out of the revenues of such businesses, standard and prudent operational practices will provide the necessary safeguards, without need for these additional statutory protections.

H. Prohibition on advances of pay, the making or guarantee of loans or the provisions in-kind benefits, unless authorized by law – CCP's relationships with its employees are, for the most part, governed by contract or collective bargaining agreements. CCP is obligated to be competitive within the industry in which these businesses operate, which may require, from time to time, pay advances and other activities which would otherwise be precluded by these requirements. Since CCP's operating revenues come from the operation of the businesses in question, public money is not at risk, and the statutory protections are not necessary. [Note – this exemption only applies to CCP employees, and will not apply to Port Authority employees who might, from time to time, do work for CCP on a contract basis. Port Authority employees, would remain subject to any prohibitions imposed on government employees.]

Resolution No. 3853

RESOLUTION OF THE
PORT AUTHORITY OF THE CITY OF SAINT PAUL

WHEREAS, the Port Authority of the City of Saint Paul ("the Port Authority") is a political subdivision of the state of Minnesota within the meaning of Minnesota Statutes § 465.719, subdivision 1(a).

WHEREAS, on July 30, 1991, Saint Paul Port Authority Properties Corporation, now known as Capital City Properties ("CCP") was formed by Victor P. Reim, James J. Bellus and Kenneth R. Johnson (then the Chair, President and Vice President of the Port Authority, respectively) as a Minnesota non-profit corporation for the purpose of:

(a) aiding, assisting and advising the Port Authority in, and engaging in, the planning for and development and improvement of the Saint Paul area;

(b) providing advice, support, funds, capital, gifts and all other lawful forms of assistance, financial or otherwise, to or for the use of the Port Authority in connection with the development of the Saint Paul area; and

(c) aiding, supporting and assisting, by loans, guaranties, investments and other lawful forms of assistance, other persons or organizations seeking to develop and improve the Saint Paul area.

WHEREAS, at its formation, and continuing today, the Port Authority is the sole member of CCP.

WHEREAS, on July 30, 1991, the Port Authority adopted its Resolution No. 3330 in which the Port Authority:

(a) pledged its full support for the creation and operation of CCP;

(b) approved the Articles of Incorporation of CCP; and

(c) authorized certain financial support for CCP and pledged to work closely with, and provide all assistance to, CCP to ensure its successful operation.

WHEREAS, under the Articles of Incorporation, as amended, the affairs of CCP are to be managed by a board of directors consisting of not less than five nor more than 11 persons, a majority of which shall be either (a) a commissioner or commissioners of the Port Authority or (b) one or more full-time employees of the Port Authority.

WHEREAS, on April 2, 1993, CCP applied to the Internal Revenue Service for recognition of exemption under Section 501(c)(3) by virtue of its relationship with, and activities on behalf of, the Port Authority, which exemption was granted by the Internal Revenue Service on February 2, 1994.

WHEREAS, in the 81st legislative session, the Minnesota Legislature adopted Minn. Stat. §465.717, requiring that political subdivisions, such as the Port Authority, who have either created or have a relationship with a non-profit corporation (such as CCP) adopt a resolution at a regularly scheduled meeting in order to provide for the continued existence of such non-profit corporation.

WHEREAS, the Port Authority wishes to provide for the continued existence of CCP, as contemplated by Minn. Stat. §465.717, pursuant to the terms and conditions described herein.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Port Authority of the City of Saint Paul as follows:

1. The Port Authority hereby finds that CCP has fulfilled the purpose for which it was created, which was to be a supporting organization to the Port Authority, with the intent being that CCP would undertake activities at the request of and under contract with the Port Authority, in carrying out land acquisition, development and property management responsibilities that would otherwise have been undertaken by the Port Authority, and that CCP should continue in existence in order to continue those activities on behalf of the Port Authority. The Port Authority continues to believe the land acquisition, development and property management responsibilities currently carried on by CCP on behalf of the Port Authority are best carried on by CCP for the reasons more specifically stated in Attachment 1 to this resolution.

2. The Port Authority intends that CCP have such power and authority as is granted in its Articles of Incorporation and Bylaws. The Port Authority specifically finds that the authorities and powers of CCP shall not exceed the authorities and powers of the Port Authority, except as provided in paragraphs 4 and 5, below.

3. The Port Authority hereby elects to continue the provisions of the Articles of Incorporation of CCP requiring that a majority of CCP's directors be either Port Authority commissioners or employees, for the reasons more specifically stated in Attachment 1.

4. The Port Authority hereby determines that CCP should comply with every law that applies to the Port Authority, as if CCP is a part of the Port Authority, except for the following laws, from which the Port Authority hereby elects to exempt CCP, for the reasons more specifically set forth on Attachment 1.

- Uniform municipal contracting law [Minn. Stat. §471.345]

- Limitation on compensation of employees based on governor's salary [Minn. Stat. §43A.17]

- Equitable pay [Minn. Stat. §471.991 to 471.99]

- Prohibition on acceptance of gifts from interested parties [Minn. Stat. §471.895]

- Municipal tort liability [Minn. Stat. §466]

- Identification of owned vehicles [Minn. Stat. §471.346

- Itemization and declaration of claims [Minn. Stat. §471-38 to 471.41]

- Prohibition on advances of pay, the making or guarantee of loans or the provisions in-kind benefits, unless authorized by law

5. In connection with the determination made in paragraph 4, above, with respect to the applicability of certain laws to CCP, the Port Authority hereby understands that CCP may not be exempted from the Minnesota Open Meeting Law (Minn. Stat. §471.705), laws governing records management (Minn. Stat. §§138.163 to 138.25) or the Minnesota Government Data Practices Act (Minn. Stat. Chapter 13). In this regard, however, the Port Authority further understands and finds that CCP is entitled to treat the following data as private data under Minn. Stat. §13.02, subdivision 12 or as nonpublic data under Minn. Stat. §13.02, subdivision 9, all data relating either to (a) private businesses consisting of financial statements, credit reports, audits, business plans, income and expense projections, customer lists, balance sheets, income tax returns, and design, market and feasibility studies not paid for with public funds, or (b) enterprises operated by CCP that are in competition with entities offering similar goods and services, so long as the data are not generally known or readily ascertainable by proper means and disclosure of specific data would cause harm to the competitive position of the enterprise or private business, provided that the goods and services do not require a tax levy.

6. The Port Authority hereby undertakes to review the activities of CCP on an annual basis, in connection with the Port Authority's annual review of the CCP audit, and to determine after each such review whether the exemption provided in the preceding paragraph 4 should be continued. Following such review, the Port Authority shall adopt a resolution to continue any exemption which it then deems appropriate to continue, and shall file a certified copy of such resolution with the Secretary of State.

7. Port Authority management is hereby authorized and directed to file a certified copy of this resolution with the Secretary of State, as required by Minn. Stat. §465.717, Subdivision 2.

8. CCP is hereby authorized and directed to adopt and file such amendments to its Articles of Incorporation as may be necessary to make CCP's Articles of Incorporation consistent with this resolution, and to provide for the application of the laws described in paragraphs 4 and 5, above.

Adopted: October 24, 2000

PORT AUTHORITY OF THE CITY
OF SAINT PAUL

By Joan A. Grzywinski
Its Chair

ATTEST:

Kathy Lantry
Its Secretary

Resolution No. 3902

RESOLUTION OF THE
PORT AUTHORITY OF THE CITY OF SAINT PAUL

WHEREAS, in the 81st legislative session, the Minnesota Legislature adopted Minn. Stat. §465.719, requiring that political subdivisions, such as the Port Authority of the City of Saint Paul (the "Port Authority"), who have either created or have a relationship with a non-profit corporation (such as Capital City Properties ("CCP")) adopt a resolution at a regularly scheduled meeting in order to provide for the continued existence of such non-profit corporation and to specify what authorities and powers the corporation should possess.

WHEREAS, on October 24, 2000, the Port Authority adopted its Resolution No. 3853 in which the Port Authority provided: for the continued existence of CCP, as contemplated by Minn. Stat. §465.719; for the exemption of CCP from certain statutory requirements otherwise applicable to the Port Authority; and for CCP to have authorities and powers which do not exceed the authorities and powers of the Port Authority.

WHEREAS, subsequent to the adoption of Resolution No. 3853, the Port Authority has determined that in addition to the powers and authority available to the Port Authority, CCP should retain and have powers which would otherwise be available to a nonprofit corporation, to enter into partnerships, joint ventures and corporate share ownership arrangements, in furtherance of the mission and activities of CCP and the Port Authority.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Port Authority of the City of Saint Paul as follows:

1. The findings and conclusions contained in Resolution No. 3853 are hereby ratified and affirmed, as amended hereby.

2. The Port Authority hereby determines that, in addition to the powers and authorities of the Port Authority, CCP should retain and have the power and authority that a corporation would otherwise have to enter into partnership, joint venture or stock ownership arrangements, as necessary to enable CCP to participate in partnerships, joint ventures or the ownership and operation of other corporations in furtherance of the mission and activities of CCP and the Port Authority, notwithstanding any limitation that would otherwise be imposed on the Port Authority with regard to such activities.

3. Port Authority management is hereby authorized and directed to file a certified copy of this resolution with the Secretary of State, as required by Minn. Stat. § 465.719, Subdivision 2.

Adopted: August 28, 2001

PORT AUTHORITY OF THE CITY
OF SAINT PAUL

By Kathy Kurtz
Its ~~Chair~~ Acting Chair

ATTEST:

Its ~~Secretary~~ Asst. Secretary

PORT AUTHORITY OF THE CITY OF SAINT PAUL

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2023

PORT AUTHORITY OF THE CITY OF SAINT PAUL
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YEAR ENDED DECEMBER 31, 2023

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Port Authority of the City of Saint Paul
Saint Paul, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities, the discretely presented component unit, and the aggregate remaining fund information of the Port Authority of the City of Saint Paul, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Port Authority of the City of Saint Paul's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the aggregate discretely presented component unit, and the aggregate remaining fund information of the Port Authority of the City of Saint Paul, as of December 31, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Port Authority of the City of Saint Paul and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Port Authority of the City of Saint Paul's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Port Authority of the City of Saint Paul's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Port Authority of the City of Saint Paul's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in net OPEB liability (asset), schedule of money-weighted rate of return on plan assets – OPEB, PERA schedule of the Port Authority's share of the net pension liability, and the PERA schedule of the Port Authority's contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2024, on our consideration of the Port Authority of the City of Saint Paul's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Port Authority of the City of Saint Paul's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Port Authority of the City of Saint Paul's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
May 10, 2024

REQUIRED SUPPLEMENTARY INFORMATION

The management of the Port Authority of the City of Saint Paul (the Port Authority) provides this narrative overview and analysis of the Port Authority's financial activities for the fiscal year ended December 31, 2023. We encourage readers to consider this information in conjunction with the complete financial statements presented herein. All amounts, unless otherwise indicated, are presented in thousands of dollars.

The Port Authority's annual report consists of three basic financial statements: the statement of net position, the statement of revenue, expenses, and changes in net position, and the statement of cash flows. These statements focus on the financial condition of the Port Authority, the results of operations, and cash flows of the Port Authority as a whole. In addition, the Statement of Fiduciary Net Position relates to funds deposited with the State of Minnesota Investment Board for future retiree health care costs as well as investment held in trust for the Port's defined contribution pension plan.

STATEMENT OF NET POSITION

	2023	2022
Current and Other Assets	$ 419,603	$ 372,408
Capital Assets and Right-to-Use Assets	17,097	18,398
Total Assets	436,700	390,806
Deferred Outflows of Resources	647	980
Long-Term Liabilities	294,429	255,223
Other Liabilities	37,688	28,126
Total Liabilities	332,117	283,349
Deferred Inflows of Resources	36,482	36,705
Net Position:		
Net Investment in Capital Assets	14,747	15,416
Restricted, Debt Service	74,700	65,708
Unrestricted	(20,699)	(9,392)
Total Net Position	$ 68,748	$ 71,732

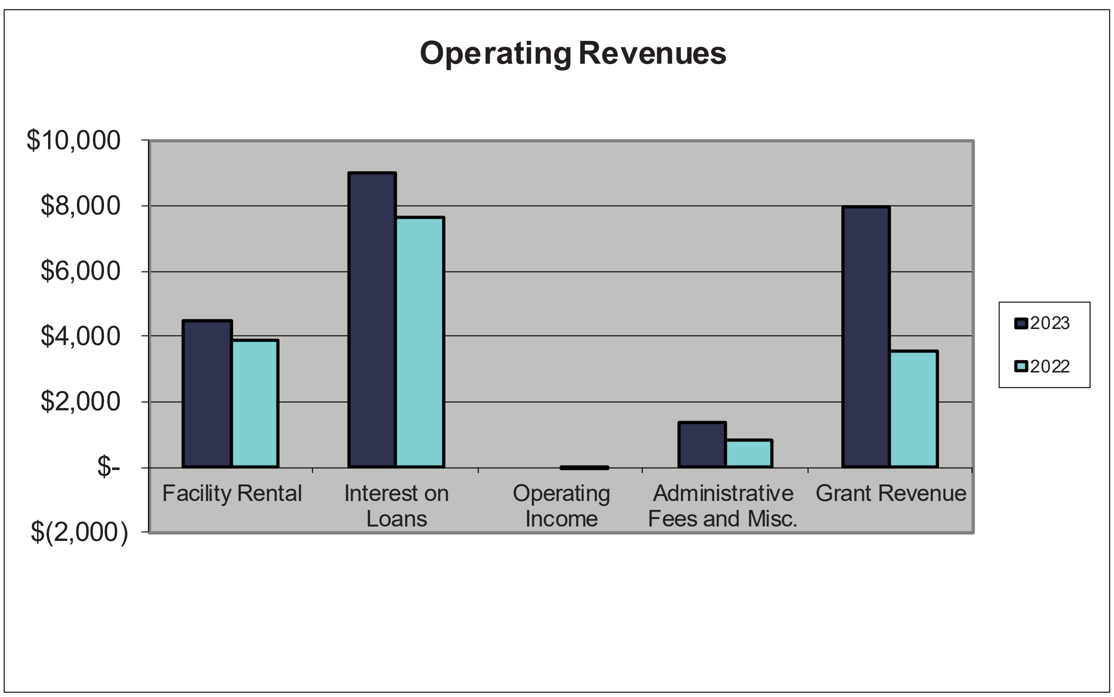
FINANCIAL HIGHLIGHTS

- Total assets were $45.9 million or 11.74% greater than in 2022. Current and Other Assets increased $47.2 million or 12.7% mainly from: 1) loans receivable increased by approximately $27.7 million mainly due to increases in special assessments associated with energy saving projects which were offset by third party loans payable; 2) increase in accounts receivable for service concessions arrangements of $3.7 million due to the implementation of GASB Statement No. 94 which were offset by a related deferred inflow of resources; 3) Increase in property taxes receivable of $6.5 million mainly associated with future levies need to service the $15 million of GO Debt issued to fund the acquisition and development of marginal and blighted property, including The Heights; 4) increase in net reimbursable project costs of $4.5 million as it continues to develop The Heights (the former Hillcrest Golf Course), as well as look for opportunities to develop underutilized property such as a rail line it purchased in 2022 and sold in 2023; 5) cash and cash equivalents, restricted cash and cash equivalents, and investments increased in a net amount of $5.0 million mainly due to 2023 bond proceeds; and 5) minor changes in most of the other assets.

- Deferred Outflows decreased $333 thousand from the prior year as a result of a decrease in deferred outflows associated with the Port Authority's share of the net pension liability of the state administered pension plans.
- Total liabilities increased $48.8 million for a 17.2% increase over 2022. Debt associated with special assessments for third-party energy saving projects and funded by outside parties increased by $30.0 million and the net bonds increased by $10.9 million due to scheduled debt payments and the issuance of the 2023-01 and 2023-02 General Obligation Bonds to fund the acquisition and development of marginal and blighted property, including The Heights.

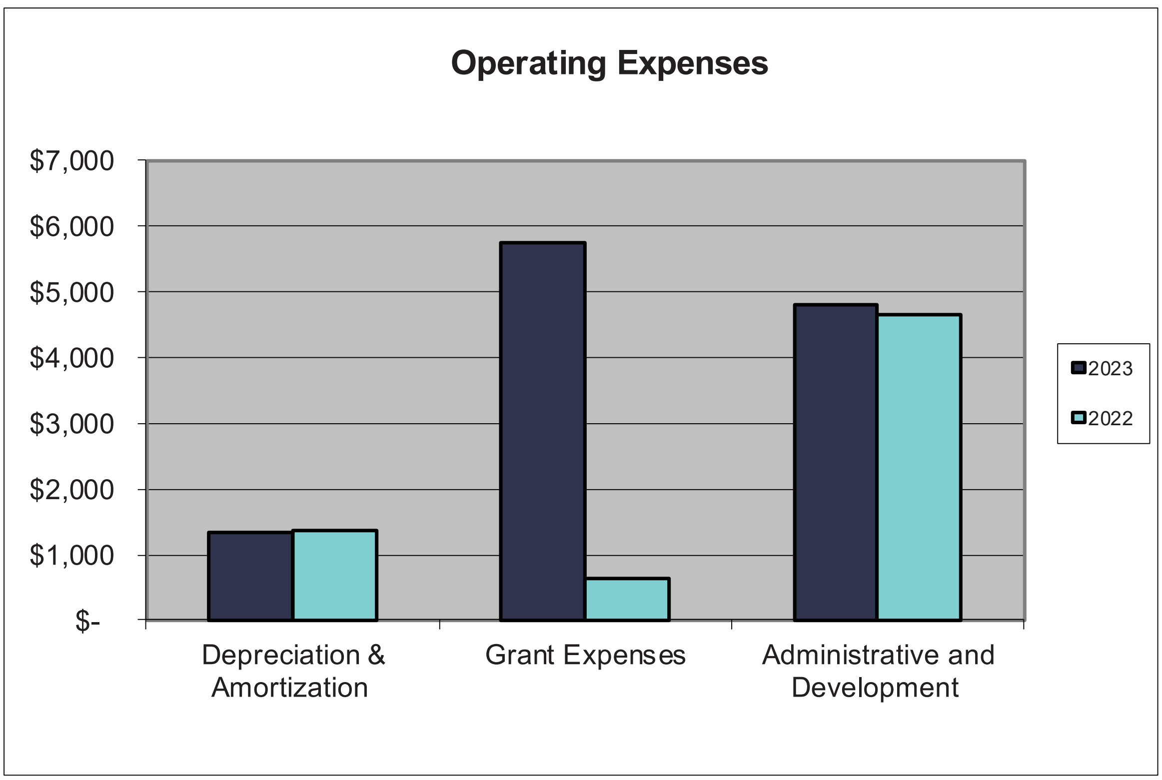
Operating Revenues: Operating revenues increased $6.9 million or 43.7% to $22.8 million in 2023 from $15.9 million 2022. Administrative Fees saw an increase of approximately $542 thousand, or a 63.9% decrease from 2022, and interest on loans servicing fees associated with third party loans is continuing to increase. Grant revenue increased $4.5 million due to State Construction Grant fund passing through the Port Authority to the Minnesota Museum of American Art. The following schedule presents a summary of the revenues for the years ended December 31, 2023 and 2022, and the percentages of increase or decrease in relation to the prior year's revenues.

	2023	Percentage of Total	2022	Percentage of Total	Increase (Decrease) from 2022	Percentage Change
Operating Revenues						
Facility Rental	$ 4,455	19.5 %	$ 3,887	24.5 %	$ 568	14.6 %
Interest on Loans	9,002	39.4	7,632	48.0	1,370	18.0
Operating Income	-	-	(7)	(0.0)	7	(100.0)
Administrative Fees and Misc.	1,390	6.1	848	5.3	542	63.9
Grant Revenue	7,987	35.0	3,529	22.2	4,458	126.3
Total Operating Revenues	$ 22,834	100.0 %	$ 15,889	100.0 %	$ 6,945	43.7 %



Operating Expenses: Operating expenses increased 58.7% to $14.59 million in 2023 from $9.19 million in 2022. Depreciation and amortization expense remained consistent with 2022. Grant expenses increased $5.09 million due to State Construction Grant fund passing through the Port Authority to the Minnesota Museum of American Art. Administrative and Development costs remained relatively consistent, with an increase $156 thousand or 3.4% from the prior year. Revenues pledged to others relates to leased property revenues which are pledged to and passed on to third parties. While the majority of the main lease rate increases annually, a portion of this revenue is based upon volume. In 2023 these revenues and related expenses increased by around $162 thousand or a 6.4% increase from 2022. The following schedule presents a summary of expenses for the years ended December 31, 2023 and 2022, and the percentage change in relation to the prior year's expenses.

	2023	Percentage of Total	2022	Percentage of Total	Increase (Decrease) from 2022	Percentage Change
Operating Expenses:						
Depreciation & Amortization	$ 1,349	9.2 %	$ 1,353	14.7 %	$ (4)	(0.3)%
Grant Expenses	5,737	39.3	651	7.1	5,086	781.3
Administrative and Development	4,812	33.0	4,656	50.6	156	3.4
Revenues Pledged to Others	2,696	18.5	2,534	27.6	162	6.4
Total	$ 14,594	100.0 %	$ 9,194	100.0 %	$ 5,400	58.7 %



Debt Administration: As of December 31, 2023, the Port Authority has various debt issues outstanding. These issues include $57.6 million in general obligation bonds, $14.3 million in revenue bonds, $914 thousand in other development bonds, $2.4 million in GASB Statement No. 87 lease liability, and $218.9 million in promissory notes, for a net increase of $40.8 million from 2022. Notes/loans to third parties associated with financing energy saving projects increased $30.0 million. There were $15.7 million in net bonds proceeds related to the issuance of the 2023-01 and 2023-02 General Obligation Bonds issued to fund the acquisition and development of marginal and blighted property. These increases were partially offset by scheduled payments on the debt. Port Authority's debt is either not rated or, in the case of general obligation debt, is assigned the City of Saint Paul's rating, which is rated AAA by Standard and Poor's Rating Service and Fitch Ratings. The majority of the other bonds, notes and loans were used for energy savings projects, of which most are secured by special assessments on the related projects and are fully offset with loans receivable. See Note 5 for additional information regarding the Port Authority's outstanding debt.

OTHER INFORMATION

Employees: The Port Authority had 19 and 17 regular fulltime employees as of December 31, 2023 and 2022.

Requests for Information: This financial report is designed to provide a general overview of the Port Authority's finances for all those with an interest in the Port Authority's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Port Authority of the City of Saint Paul, Bruce A. Kessel, Chief Financial Officer, 400 Wabasha St. N, Suite 240, Saint Paul, Minnesota 55102.

BASIC FINANCIAL STATEMENTS

PORT AUTHORITY OF THE CITY OF SAINT PAUL
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2023
(IN THOUSANDS)

	Primary Government	Component Unit
ASSETS		
Cash and Cash Equivalents	$ 9,192	$ 1,030
Restricted Cash and Cash Equivalents	8,233	978
Accounts Receivable	5,001	1,387
Lease Receivable, Current	2,541	-
Due from Component Unit	1,812	-
Loans Receivable from Port Authority	-	622
Prepaid Expenses	133	2
Restricted Investments	38,767	-
Investments	-	7,086
Other Assets	329,089	2,579
Net OPEB Asset	9	-
Lease Receivable, Long-Term	24,826	-
Capital Assets:		
Land and Construction in Progress	2,045	-
Other Capital Assets, Net of Depreciation and Amortization	15,052	48,628
Total Assets	436,700	62,312
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows of Resources - Pensions	413	-
Deferred Outflows of Resources - Loss on Debt Refunding	234	-
Total Deferred Outflows of Resources	647	-
LIABILITIES		
Accounts Payable, Accrued Expenses, and Unearned Revenue	3,161	1,530
Accrued Interest Payable	1,263	901
Due to Port Authority	-	1,812
Other Accrued Liabilities	28,236	4
Long-Term Liabilities Due Within One Year	5,028	1,325
Long-Term Liabilities	290,904	49,084
Lease Liability	2,161	-
Net Pension Liability	1,364	-
Total Liabilities	332,117	54,656
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows of Resources - Pensions	575	-
Deferred Inflows of Resources - Leases	27,442	-
Deferred Inflows of Resources - Service Concession Arrangements	8,465	-
Total Deferred Inflows of Resources	36,482	-
NET POSITION		
Net Investment in Capital Assets	14,747	(6,857)
Restricted for:		
Debt Service	74,700	-
Equity On Ice	-	79
Other	-	920
Unrestricted	(20,699)	13,514
Total Net Position	$ 68,748	$ 7,656

See accompanying Notes to Basic Financial Statements.

PORT AUTHORITY OF THE CITY OF SAINT PAUL
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2023
(IN THOUSANDS)

	Primary Government	Component Unit
OPERATING REVENUES		
Revenue Bond Facilities and Loans:		
Facility and Other Rentals	$ 4,455	$ -
Interest on Loans	9,002	-
Operating Income on Owned Facilities	-	5,234
Administrative and Other Fees	1,390	931
Grant Revenues	7,987	2,420
Total Operating Revenues	22,834	8,585
OPERATING EXPENSES		
Administrative and Development	4,812	1,694
Operations of Owned Facilities	-	1,196
Revenues Pledged to Others	2,696	-
Depreciation	1,349	3,448
Grant Expenses	5,737	857
Real Estate Taxes	-	1,090
Total Operating Expenses	14,594	8,285
OPERATING INCOME	8,240	300
NONOPERATING REVENUES (EXPENSES)		
Investment Income	1,648	1,163
Equity Earnings on Joint Ventures	-	438
Debt Service Levies	11,772	-
Miscellaneous Revenue	-	276
Interest Expense on Revenue Bonds and Notes Payable	(10,862)	(4,239)
Fiscal and Development Fees	(13,782)	-
Total Nonoperating Expenses	(11,224)	(2,362)
CHANGE IN NET POSITION	(2,984)	(2,062)
Net Position (Deficit) - Beginning of Year	71,732	9,718
NET POSITION (DEFICIT) - END OF YEAR	$ 68,748	$ 7,656

See accompanying Notes to Basic Financial Statements.

PORT AUTHORITY OF THE CITY OF SAINT PAUL
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2023
(IN THOUSANDS)

CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers and Users	$	4,456
Grant Receipts		7,987
Other Operating Receipts		22,212
Payments for Administrative and Development Expenses		(46,311)
Payments to Employees		(591)
Grant Expenses and Other Payments for Operations		(5,737)
Net Cash Used by Operating Activities		(17,984)
CASH FLOWS FROM NONCAPITAL FINANCIAL ACTIVITIES		
Proceeds for Issuance of Debt		52,250
Principal Paid on Debt		(22,211)
Interest and Paying Agent Fees on Bonds		(25,082)
Receipts from Debt Service Levies		5,269
Net Cash Provided by Noncapital Financial Activities		10,226
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds for Issuance of Debt		15,650
Acquisition of Capital Assets		(49)
Principal Paid on Capital Debt		(4,457)
Net Cash Provided by Capital and Related Financing Activities		11,144
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Income		1,648
Purchase of Investments		(493)
Proceeds from the Sale of Investments		7,426
Net Cash Provided by Investing Activities		8,581
NET INCREASE IN CASH AND CASH EQUIVALENTS		11,967
Cash and Cash Equivalents - January 1		5,458
CASH AND CASH EQUIVALENTS - DECEMBER 31	$	17,425
RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Income	$	8,240
Adjustments to Reconcile Operating Income to Net Cash Used by Operating Activities:		
Depreciation		1,349
Changes in Assets and Liabilities:		
Decrease in Receivables		(3,703)
Increase in Prepaids		80
Increase in Loans Receivable		(50,125)
Decrease in Lease Receivable		2,608
Decrease in Other Assets		15,492
Decrease in Net OPEB Asset		(9)
Decrease in Deferred Outflows		333
Decrease in Payables		2,013
Increase in Other Liabilities		5,995
Increase in Net OPEB Liability		(34)
Decrease in Lease Deferred Inflows		(2,575)
Decrease in Other Deferred Inflows		2,352
Net Cash Used by Operating Activities	$	(17,984)
NONCASH FINANCING ACTIVITIES		
Bond Premium Amortization	$	425

See accompanying Notes to Basic Financial Statements.

PORT AUTHORITY OF THE CITY OF SAINT PAUL
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2023
(IN THOUSANDS)

	OPEB Irrevocable Trust	Defined Contribution Pension Trust
ASSETS		
Restricted Investments	$ 647	$ 1,128
NET POSITION		
Restricted for Pension Benefits	-	1,128
Restricted for OPEB	647	-
Total Net Position	$ 647	$ 1,128

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED DECEMBER 31, 2023
(IN THOUSANDS)

	OPEB Irrevocable Trust	Defined Contribution Pension Trust
ADDITIONS		
Contributions - Employer	$ 38	$ 17
Contributions - Individuals	-	11
Earnings on Investments	52	88
Total Additions	90	116
DEDUCTIONS		
Benefits Paid to Plan Members	38	4
Administrative Expenses	-	4
Total Deductions	38	8
NET INCREASE IN NET POSITION	52	108
Net Position - Beginning of Year	595	1,020
NET POSITION - END OF YEAR	$ 647	$ 1,128

See accompanying Notes to Basic Financial Statements.

NOTE 1 NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Organization

The Port Authority of the City of Saint Paul (a component unit of the City of Saint Paul, Minnesota) (the Port Authority) is a body corporate of the state of Minnesota and a redevelopment agency within the meaning of Minnesota statutes. The Port Authority is an enterprise fund and accounts for operations similar to private business enterprises, where the intent is that the costs to provide services on a continuing basis be financed or recovered primarily through user charges. The Port Authority's purpose is to increase the volume of commerce and employment in the City of Saint Paul (the City) and the East Metro Area of the Twin Cities through the creation of development districts and the acquisition and construction of industrial, commercial, and other revenue-producing projects. The Port Authority finances this development in order to expand the tax base and create job opportunities.

Financial Reporting Entity

The powers of the Port Authority are vested in the seven-member board of commissioners, the members of which are nominated by the Mayor and confirmed by the City Council of the City of Saint Paul. Once appointed, the board of commissioners exercises all oversight responsibilities, including, but not limited to, matters of personnel, management, finance, and budget. The accompanying financial statements present the Port Authority and its component unit, an entity for which the Port Authority is considered to be financially accountable. The discretely presented component unit, described below, is reported in a separate column in the government-wide financial statements to emphasize that is it legally separated from the Port Authority.

Certain Port Authority bond issues have been backed by the full faith and credit of the City. This general obligation pledge has allowed the Port Authority to obtain lower borrowing costs for the purpose of financing redevelopment projects. Governmental Accounting Standards Board (GASB) Codification 2100 states that a primary government that appoints a voting majority of an organization's officials and is obligated in some manner for the debt of that organization is financially accountable for that organization. Based on this criterion, the Port Authority is considered a discretely presented component unit of the City and is included in its basic financial statements.

Discretely Presented Component Unit

Capital City Properties (CCP) is a Minnesota nonprofit corporation established in 1991 for the purpose of performing the functions and carrying out certain public purposes of the Port Authority. All of the members of the board of directors of CCP are either commissioners or staff of the Port Authority. CCP participates in various joint ventures. CCP separately issues its own financial statements which may be obtained by writing to CCP at 400 Wabasha St. N, Suite 240, Saint Paul, Minnesota 55102.

NOTE 1 NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting

The Port Authority's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The GASB is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations).

The Port Authority utilizes the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows.

The Port Authority excludes from its basic financial statements all debt considered conduit debt as well as the related assets and operations. The Port Authority defines conduit debt as "no-commitment" debt for which the Port Authority has no further obligation, as defined by governmental accounting standards generally accepted in the United Stated of America. See Note 11 for further information related to no-commitment debt.

Adoption of New Accounting Standards

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*

In March 2020, the GASB issued GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This standard provides accounting and financial reporting requirements for public-private and public-public partnership arrangements (PPPs) that either meet the definition of an SCA or are not within the scope of Statement 87, as amended. This standard also provides guidance for accounting and financial reporting for availability payment arrangements (APAs), which are arrangements in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

The Port Authority adopted the requirements of the guidance effective January 1, 2023, and has applied the provisions of this standard to the beginning of the period of adoption.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This standard defines a subscription-based information technology arrangement (SBITA); establishes that a SBITA results in a right-to- use subscription asset (an intangible asset) and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA.

The Port Authority adopted the requirements of the guidance effective January 1, 2023, and has applied the provisions of this standard to the beginning of the period of adoption. As the Port Authority did not identify any arrangements that qualified as a long-term SBITA, this new accounting standards did not have any effect on the financial statements.

NOTE 1 NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Accounting Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities, and deferred inflows and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Ultimate results could differ from those estimates.

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents include demand deposit and savings accounts, money market funds, and commercial paper with original maturities of three months or less. Some cash of the discretely presented component unit is deposited with the Port Authority's deposits and invested on a short-term basis in checking, savings, and money market accounts. Interest income earned as a result of the pooling is distributed based on the investment fund balances for the proprietary funds. All of the Port Authority's cash and cash equivalents are restricted by bond indentures and/or board resolutions.

Restricted Investments

Restricted investments are reported at fair market value, with the unrealized gains and losses reported as a component of investment income, except for debt securities that have a remaining maturity at the time of purchase of one year or less, which are reported at amortized cost. All investments and earnings attributable to these restricted funds are accounted for directly by the Port Authority and are restricted in accordance with the provisions of bond indentures and a board resolution for operations and payments of debt service on the bonds. The funds and accounts the Port Authority is required to maintain are as follows:

- **Operations:** Pursuant to Board of Commissioners Resolution Number 3300 dated February 19, 1991, the Port Authority established an operating reserve account to enable the Port Authority to continue to carry out the covenants made with holders of bonds issued pursuant to certain bond financing programs. The reserve account is reviewed periodically, to determine whether the reserve is adequate.

- **Development programs:** Amounts have been restricted for the project-specific purposes.

Unamortized Bond Discounts and Premiums

Unamortized bond discounts and premiums are amortized over the life of the related debt.

NOTE 1 NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Assets

Other assets consist of reimbursable project costs, future tax levies receivable, levied taxes receivable, and loans receivable (see Note 3).

Reimbursable project costs represent costs incurred by the Port Authority for specific projects that will be repaid in the future through various funding sources (tax increment financing, bond proceeds, state or federal grants, etc.). The Port Authority assesses the collectability of these costs on a project-by-project basis and reserves an amount as uncollectible based on known factors related to future funding sources and the estimated timing of collection.

The Port Authority records a receivable for future tax levies related to various bonds that are issued to finance projects. The bonds issued establish an irrevocable levy which creates a legally enforceable claim for repayment of the outstanding bond proceeds.

Capital Assets

Properties and facilities are capitalized and reported at cost or estimated historical cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materiality extend its life are not capitalized. Donated capital assets are recorded at acquisition value at the date of donation. Rental income is recorded for all properties and facilities under as applicable under GASB Statement No. 87. Land and construction in progress are not depreciated. Depreciation and amortization are computed on the straight-line method over the estimated useful lives of the assets, as follows:

Land Improvements – Including Steam Utility System	10 to 40 Years
Furniture, Fixtures, and Equipment	3 to 5 Years

Right-to-use lease assets are initially measured at the present value of payments expected to be made during the lease term, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Impairment of Capital Assets

The Port Authority reviews its capital assets for recoverability whenever events or changes in circumstances suggest that the service utility of a capital asset may have significantly or unexpectedly declined, indicating that an impairment of its capital assets has occurred. If impairment has occurred, the estimated impairment is based on the diminished service utility of the capital asset. To date, management has determined that no impairment of long-lived assets exists.

NOTE 1 NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments, and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The Port Authority also has a defined contribution plan for which a pension trust is reported in the fiduciary financial statements. See Note 9 for more details on the defined contribution plan.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB asset, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Port Authority's irrevocable OPEB trust and additions to/deductions from the Port Authority's irrevocable OPEB trust's fiduciary net position have been determined on the same basis as they are reported by the Port Authority's irrevocable OPEB trust. For this purpose, Port Authority recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Leases

The Port Authority determines if an arrangement is a lease at inception. Lessee leases are included in right-to-use assets and lease liabilities in the statements of net position. See Note 1 – Capital Assets for more on accounting policies related to lessee leases. Lessor arrangements are included in lease receivables and deferred inflows of resources in the statements of net position and fund financial statements.

Lease receivables represent the Port Authority's claim to receive lease payments over the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease receivables are recognized at commencement date based on the present value of expected lease payments over the lease term, reduced by any provision for estimated uncollectible amounts. Interest revenue is recognized ratably over the contract term.

Deferred inflows of resources related to leases are recognized at the commencement date based on the initial measurement of the lease receivable, plus any payments received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The deferred inflows related to leases are recognized as lease revenue in a systematic and rational manner over the lease term.

NOTE 1 NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

The Port Authority has elected to recognize payments received for short-term leases with a lease term of 12 months or less as revenue as the payments are received. These leases are not included as lease receivables or deferred inflows on the statements of net position and fund financial statements.

NOTE 2 DEPOSITS AND INVESTMENTS

Deposits

In accordance with applicable Minnesota state statutes, the Port Authority maintains deposits at financial institutions authorized by the board of commissioners. All such depositories are members of the Federal Reserve System. Minnesota Statutes require that all deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or corporate surety bonds.

Authorized collateral includes: U.S. Government treasury bills, notes, and or bonds; securities issued by a U.S. Government agency; general obligations of local governments rated "A" or better; revenue obligations of a state or local government rated "AA" or better; irrevocable standby letters of credit issued by a Federal Home Loan Bank; and time deposits insured by a federal agency. Minnesota Statutes require securities pledged as collateral held in safekeeping in a restricted account at the Federal Reserve Bank or at an account at a trust department of a commercial bank or other financial institution not owned or controlled by the depository.

Custodial Credit Risk - Deposits – In the case of deposits, custodial risk is the risk that in the event of bank failure, the Port Authority's deposits may not be returned to it. The Port Authority's deposit policy does not provide additional restrictions beyond Minnesota State Statutes. At year-end, the carrying amount of the Port Authority's deposits was entirely covered by federal depository insurance or by surety bonds and collateral in accordance with Minnesota Statutes.

Investments

The Port Authority may also invest idle funds as authorized by Minnesota Statutes as follows:

- Direct obligations or obligations guaranteed by the United States or its agencies.
- Shares of investment companies registered under the Federal Investment Company Act of 1940 and with the highest credit rating, is rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of 13 months or less.

(ALL AMOUNTS IN THOUSANDS)

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (Continued)

- General obligations rated "A" or better; revenue obligations rated "AA" or better.
- General obligations of the Minnesota Housing Finance Agency rated "A" or better.
- Obligations of a school district with an original maturity not exceeding 13 months which is (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to Minn. Stat. § 126C.55.
- Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
- Commercial paper issued by United States corporations or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies and maturing 270 days or less.
- Guaranteed investment contracts guaranteed by United States commercial banks or domestic branches of foreign banks, or United States insurance companies if similar debt obligations of the issuer or the collateral pledged by the issuer is in one of the top two rating categories.
- Repurchase or reverse purchase agreements and security lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding $10,000, a primary reporting dealer in U.S. Government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.

The Port Authority held the following investments as of December 31, 2023:

Investment Type	Fair Value
U.S. Treasury Notes	$ 12,565
Federal Home Loan Mortgage Corp. (Freddie Mac)	324
Federal National Mortgage Assoc. (Fannie Mae)	591
Federal Home Loan Bank	185
Total Investments at Fair Value	$ 13,665

Investment Type	Amortized Cost
First American Government Obligations: Class D Money Market	$ 10,428
4M - External Investment Pools	14,674
Total Investments at Amortized Cost	$ 25,102

(ALL AMOUNTS IN THOUSANDS)

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (Continued)

The OPEB Irrevocable Trust Fund held the following investments as of December 31, 2023:

Investment Type	Amortized Cost
MN SBI Non-Retirement Bond Fund	$ 408
MN SBI Non-Retirement Equity Fund	100
MN SBI Non-Retirement Money Market Fund	139
Total Investments at Amortized Cost	$ 647

MN SBI investments are subject to the policies and procedures established by the Minnesota State Board of Investment. They have no restrictions or limitations on withdrawals other than requiring a five-business day notice. The investment in the 4M external investment pool is with the 4M Fund which his regulated by Minnesota Statutes and the board of directors of the League of Minnesota Cities.

The Defined Contribution Pension Trust Fund held the following investments as of December 31, 2023:

Investment Type	Fair Value
T. Rowe Price Large Cap Value, DFE Number 900	$ 226
Dodge & Cox Intl Stock Fund DFE Number 900	34
Amer Funds New World Fund, R6 DFE Number 900	7
Janus Henderson Triton N DFE Number 900	22
Am Funds Europacific GR R6 DFE Number 900	19
Pioneer Brand Bond Y DFE Number 900	10
JPMorgan Large Cap Growth, DFE Number 900	125
Fidelity Total Market Index DFE Number 900	12
Am Cent SM Cap Val R6 DFE Number 900	22
MN Life Guaranteed Return Acct	651
Total Investments at Fair Value	$ 1,128

Interest Rate Risk – As a means of managing its exposure to fair value losses arising from increasing interest rates, it is the Port Authority's practice to match maturities to its liquidity needs. The Port Authority establishes benchmarks that reflect its expected cash flow needs and minimize interest rates that are materially longer or shorter than those established by the benchmarks chosen. Maximum duration of the portfolio is 120% of the benchmark duration.

(ALL AMOUNTS IN THOUSANDS)

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (Continued)

The Port Authority's schedule of the average maturities by investment type as of December 31, 2023 is as follows:

Investment Type	Investment Maturities (In Years) Less than 1	1-5	6-10	More Than 10	No Maturity	Total
U.S. Treasury Notes	$ 3,019	$ 6,930	$ 2,616	$ -	$ -	$ 12,565
Government-Sponsored Enterprises:						
Federal Home Loan Mortgage Corp (Freddie Mac)	82	181	36	25	-	324
Federal National Mortgage Assoc. (Fannie Mae)	102	419	43	27	-	591
Federal Home Loan Bank	49	108	28	-	-	185
First American Government Obligations: Class D						
Money Market	-	-	-	-	10,428	10,428
4M - External Investment Pools	-	-	-	-	14,674	14,674
Total	$ 3,252	$ 7,638	$ 2,723	$ 52	$ 25,102	$ 38,767

The OPEB Irrevocable Trust Fund's schedule of the average maturities by investment type as of December 31, 2023 is as follows:

Investment Type	Investment Maturities (In Years) No Maturity
MN SBI Non-Retirement Bond Fund	$ 408
MN SBI Non-Retirement Equity Fund	100
MN SBI Non-Retirement Money Market Fund	139
Total	$ 647

The Defined Contribution Pension Trust Fund's schedule of the average maturities by investment type as of December 31, 2023 is as follows:

Investment Type	Investment Maturities (In Years) No Maturity
T. Rowe Price Large Cap Value, DFE Number 900	$ 226
Dodge & Cox Intl Stock Fund DFE Number 900	34
Amer Funds New World Fund, R6 DFE Number 900	7
Janus Henderson Triton N DFE Number 900	22
Am Funds Europacific GR R6 DFE Number 900	19
Pioneer Brand Bond Y DFE Number 900	10
JPMorgan Large Cap Growth, DFE Number 900	125
Fidelity Total Market Index DFE Number 900	12
Am Cent SM Cap Val R6 DFE Number 900	22
MN Life Guaranteed Return Acct	651
Total	$ 1,128

(ALL AMOUNTS IN THOUSANDS)

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (Continued)

Credit Risk – As a means of managing its exposure that an issuer of a debt security will not fulfill its obligation, it is the Port Authority's practice to follow state law, which limits investments in authorized securities to certain credit risk ratings and maturities. It is the Port Authority's policy that securities must carry an A- or higher long-term rating by one rating agency or the highest quality short-term rating (without regard to modifiers) by two of the following rating agencies: *Standard & Poors*, *Fitch*, or *Moody's*. The Port Authority's investments at December 31, 2023 carried the following ratings:

	Credit Risk (Lowest rating from Moody's, S&P and Fitch Ratings)				
Investment Type	AAA/Aaa	AA+/Aa1	A	NR or NA	Total
U.S. Treasury Notes	$ -	$ -	$ -	$ 12,565	$ 12,565
Government-Sponsored Enterprises:					
Federal Home Loan Mortgage Corp (Freddie Mac)	-	47	-	277	324
Federal National Mortgage Assoc. (Fannie Mae)	-	396	-	195	591
Federal Home Loan Bank	-	136	-	49	185
First American Government Obligations: Class D					
Money Market	-	-	-	10,428	10,428
4M - External Investment Pools	-	-	-	14,674	14,674
Total	$ -	$ 579	$ -	$ 38,188	$ 38,767

The OPEB Irrevocable Trust Fund's investments at December 31, 2023 carried the following ratings:

Investment Type	Credit Risk Not Rated
MN SBI Non-Retirement Bond Fund	$ 408
MN SBI Non-Retirement Equity Fund	100
MN SBI Non-Retirement Money Market Fund	139
Total	$ 647

The Defined Contribution Pension Trust Fund's investments at December 31, 2023 carried the following ratings:

Investment Type	Credit Risk Not Rated
T. Rowe Price Large Cap Value, DFE Number 900	$ 226
Dodge & Cox Intl Stock Fund DFE Number 900	34
Amer Funds New World Fund, R6 DFE Number 900	7
Janus Henderson Triton N DFE Number 900	22
Am Funds Europacific GR R6 DFE Number 900	19
Pioneer Brand Bond Y DFE Number 900	10
JPMorgan Large Cap Growth, DFE Number 900	125
Fidelity Total Market Index DFE Number 900	12
Am Cent SM Cap Val R6 DFE Number 900	22
MN Life Guaranteed Return Acct	651
Total	$ 1,128

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (Continued)

Custodial Credit Risk – For an investment, the custodial credit risk is that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Port Authority will not be able to recover the value of its investments that are in the possession of another party. The Port Authority requires all securities purchased to be made in such a manner so that the securities are registered in the Port Authority's name or are in the possession of the Port Authority or a third-party custodian in the Port Authority's name.

Concentration of Credit Risk – The Port Authority diversifies its portfolio in order to minimize the impact of losses from any one individual issuer. It is the Port Authority's policy to limit the amount invested in any one issuer at the time of the purchase, excluding securities of the U.S. Government and government sponsored enterprise securities. There were no violations of the policy during the year.

At December 31, 2023, the Port Authority had not invested more than 5% of the Port Authority's investments in any particular issuer.

At December 31, 2023, the OPEB Irrevocable Trust Fund had not invested more than 5% of its Fund's investments any particular issuer.

At December 31, 2023, the Defined Contribution Pension Trust Fund had not invested more than 5% of its Fund's investments any particular issuer.

Fair Value Measurements

The Port Authority uses fair value measurements to record fair value adjustments to certain asset and liabilities and to determine fair value disclosures.

The Port Authority follows an accounting standard which defines fair value, establishes framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. In accordance with this standard, the Port Authority has categorized its investments, based on the priority of inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quotes and prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

(ALL AMOUNTS IN THOUSANDS)

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Fair Value Measurements (Continued)

Financial assets and liabilities recorded on the combined statements of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities.

Level 2 – Financial assets and liabilities are valued based on quoted prices for similar assets or inputs that are observable, either directly or indirectly, for substantially the full term through corroboration with observable market data.

Level 3 – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset.

Assets of the Port Authority measured at fair value on a recurring basis are as follows:

Investment Type	Level 1	Level 2	Level 3	Total
U.S. Treasury Notes	$ 12,565	$ -	$ -	$ 12,565
Government-sponsored Enterprises:				
Federal Home Loan Mortgage Corp (Freddie Mac)	-	324	-	324
Federal National Mortgage Assoc. (Fannie Mae)	-	591	-	591
Federal Home Loan Bank	-	185	-	185
Total Investments Measured at Fair Value	$ 12,565	$ 1,100	$ -	$ 13,665

The OPEB Irrevocable Trust Fund did not have any assets which were measured at fair value.

Assets of the Defined Contribution Pension Trust Fund measured at fair value on a recurring basis are as follows:

Investment Type	Level 1	Level 2	Level 3	Total
T. Rowe Price Large Cap Value, DFE Number 900	$ 226	$ -	$ -	$ 226
Dodge & Cox Intl Stock Fund DFE Number 900	34	-	-	34
Amer Funds New World Fund, R6 DFE Number 900	7	-	-	7
Janus Henderson Triton N DFE Number 900	22	-	-	22
Am Funds Europacific GR R6 DFE Number 900	19	-	-	19
Pioneer Brand Bond Y DFE Number 900	10	-	-	10
JPMorgan Large Cap Growth, DFE Number 900	125	-	-	125
Fidelity Total Market Index DFE Number 900	12	-	-	12
Am Cent SM Cap Val R6 DFE Number 900	22	-	-	22
MN Life Guaranteed Return Acct	651	-	-	651
Total Investments Measured at Fair Value	$ 1,128	$ -	$ -	$ 1,128

(ALL AMOUNTS IN THOUSANDS)

NOTE 3 OTHER ASSETS

Other assets consist of the following at December 31, 2023:

Reimbursable Project Costs	$ 23,792
Future Tax Levies	73,179
Loans Receivable	236,986
Allowance for Uncollectible Amounts	(4,868)
Total	$ 329,089

NOTE 4 CAPITAL ASSETS

Capital asset additions, retirements, and balances for the year ended December 31, 2023 were as follows:

	Balance at Beginning of Year	Increases	Decreases	Balance at End of Year
Business-Type Activities:				
Capital Assets, Not Being Depreciated:				
Land	$ 2,045	$ -	$ -	$ 2,045
Capital Assets, Being Depreciated:				
Land Improvements	47,123	-	-	47,123
Furniture and Equipment	2,417	48	-	2,465
Total Capital Assets, Being Depreciated	49,540	48	-	49,588
Accumulated Depreciation for:				
Land Improvements	34,328	1,017	-	35,345
Furniture and Equipment	1,338	107	-	1,445
Total Accumulated Depreciation	35,666	1,124	-	36,790
Total Capital Assets, Being Depreciated, Net	13,874	(1,076)	-	12,798
Intangible Right-to-Use Assets:				
Leased Buildings and Improvements	2,704	-	-	2,704
Less Accumulated Amortization	225	225	-	450
Net Intangible Right-to-Use Assets	2,479	(225)	-	2,254
Business-Type Activities Capital Assets, Net	$ 18,398	$ (1,301)	$ -	$ 17,097

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(ALL AMOUNTS IN THOUSANDS)

NOTE 5 REVENUE BONDS AND NOTES PAYABLE

Unless otherwise noted below, all obligations are in the name of the Port Authority of the City of Saint Paul with interest due semi-annually and principal due in varying installments. At December 31, 2023, revenue bonds and notes payable consisted of the following:

Description	Amount
General Obligation Debt:	
2.0% to 3.625% Taxable Bonds, Series 2013-1, with principal due through 2038 for financing the acquisition, remediation and improvement of blighted and marginal land for redevelopment.	$ 5,470
2.0% to 3.0% Refunding Bonds, Series 2014-1, with principal due through 2024, backed by the full faith and credit of the City of Saint Paul.	975
1.0% to 2.9%, Taxable General Obligation Bonds, Series 2016-2, with principal due through 2029, for financing the acquisition, remediation, and improvement of blighted and marginal land for redevelopment, backed by the full faith and credit of the City of Saint Paul.	4,230
2.0% to 4.0%, Tax Exempt General Obligation Refunding Bonds, Series 2016-3, with principal due through 2029, backed by the full faith and credit of the City of Saint Paul.	3,325
1.6% to 2.72%, Taxable General Obligation Bonds, Series 2019-1, with principal due through 2040, for financing the acquisition of the former Hillcrest Golf Course in preparation for redevelopment, backed by the full faith and credit of the City of Saint Paul.	6,510
5.0% Tax Exempt General Obligation Bonds, Series 2019-2 , with principal due through 2044, for financing the acquisition of the former Hillcrest Golf Course in preparation for redevelopment, backed by the full faith and credit of the City of Saint Paul.	2,440
3.0% Taxable General Obligation Refunding Bonds, Series 2019-3, with principal due through 2030, backed by the full faith and credit of the City of Saint Paul.	3,635
4.0% to 5.0% Tax-Exempt General Obligation Bonds (Sustainability Bonds), Series 2022-1, with principal due through 2037, backed by the full faith and credit of the City of Saint Paul.	10,020
3.0% Taxable General Obligation Bonds (Sustainability Bonds), , Series 2022-2, with principal due through 2030, backed by the full faith and credit of the City of Saint Paul.	6,020
5.0% to 5.2% Taxable General Obligation Bonds, Series 2023-1, with principal due through 2039, backed by the full faith and credit of the City of Saint Paul.	10,000
5.0% Tax-Exempt General Obligation Bonds, Series 2023-2, with principal due through 2041, backed by the full faith and credit of the City of Saint Paul.	5,000
Revenue Bonds:	
4.02% Taxable Revenue Bonds Series 2013-6, with principal due through 2039, for the financing of a new multi-purpose regional ballpark.	6,580
Bonds Collateralized by Tax Increment Financing:	
4.25% Tax Exempt Tax Increment Revenue Bonds, Series 2017-6, with principal due through 2027, for the Riverbend project.	692
6.25% Limited Taxable Tax Increment Revenue Notes, Series 2011-2, with principal due in 2021, for Energy Lane.	222
Limited Bonds Collateralized by Future Tax Levies:	
5.0% Tax-Exempt Limited Tax-Supported Refunding Bonds, Series 2017-1, with principal due through 2037.	7,720
Other Debt:	
Other Notes and Loans Payable	218,892
Lease Liability	2,351
	294,082
Plus: Unamortized Bond Premium	4,011
Less: Current Maturities	(5,028)
Total	$ 293,065

(ALL AMOUNTS IN THOUSANDS)

NOTE 5 REVENUE BONDS AND NOTES PAYABLE (CONTINUED)

The Port Authority's lending and development programs are primarily financed by the issuance of various forms of revenue bonds or notes, which are collateralized based upon the circumstances under which the bonds were issued. The Port Authority's revenue bond and note agreements include various restrictions and covenants.

Scheduled maturities of long-term obligations for the years ending December 31 are as follows:

	Bonds Payable		
Year Ending	Principal	Interest	Total
2024	$ 4,838	$ 2,750	$ 7,588
2025	4,538	2,694	7,232
2026	4,205	2,540	6,745
2027	4,223	2,395	6,618
2028	4,280	2,244	6,524
2029-2033	20,395	8,867	29,262
2034-2038	21,380	4,343	25,723
2039-2043	8,400	760	9,160
2044-2048	580	15	595
Total	$ 72,839	$ 26,608	$ 99,447

	Notes and Loans Payable		
Year Ending	Principal	Interest	Total
2024	$ -	$ -	$ -
2025	-	-	-
2026	-	-	-
2027	-	-	-
2028	218,348	-	218,348
2029-2033	544	-	544
Total	$ 218,892	$ -	$ 218,892

Long-term liability activity for the year ended December 31, 2023 was as follows:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds Payable:					
General Obligation Bonds	$ 45,840	$ 15,000	$ 3,215	$ 57,625	$ 3,765
Taxable Revenue Bonds	6,870	-	290	6,580	300
Development Revenue Bonds	1,295	-	381	914	363
Limited Tax Supported Bonds	8,110	-	390	7,720	410
Bond Premiums	3,786	650	425	4,011	-
Total Bonds Payable	65,901	15,650	4,701	76,850	4,838
Notes and Loans Payable	188,853	52,250	22,211	218,892	-
Lease Liability	2,532	-	181	2,351	190
Total Long-Term Liabilities	$ 257,286	$ 67,900	$ 27,093	$ 298,093	$ 5,028

NOTE 6 RELATED PARTY TRANSACTIONS

As discussed in Note 1, CCP's corporate purpose is to perform functions and carry out certain public purposes of the Port Authority. In conjunction with this purpose, CCP makes periodic grants to the Port Authority. During 2023, these grants totaled $857.

In 2011, the Port Authority refinanced its series 2003-1 Taxable Tax Increment Revenue Note. CCP purchased the series 2011-2 Taxable Tax Increment Revenue Refunding Note of $1,740 with a final maturity in 2031. Under the terms of the note, annual payment will be made from available tax increment from the Energy Lane Business Center Tax Increment Financing District. In 2023, principal and interest payments were $135 and $24, respectively, resulting in an outstanding balance of $222 at December 31, 2023.

NOTE 7 DEFINED BENEFIT PENSION PLANS

A. Plan Description

The Port Authority participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA's defined benefit pension plans are established and administered in accordance with *Minnesota Statutes*, Chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

General Employees' Retirement Plan

All full-time and certain part-time employees of the Port Authority are covered by the General Employees Plan. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

B. Benefits Provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state Legislature. Vested, terminated employees who are entitled to benefits, but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service.

General Employees Plan Benefits

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2 percent for each of the first 10 years of service and 1.7 percent for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7 percent for all years of service.

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

General Employees Plan Benefits (continued)

For members hired prior to July 1, 1989 a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. In 2023, legislation repealed the statute delaying increases for members retiring before full retirement age.

C. Contributions

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature.

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.5% of their annual covered salary in calendar year 2023 and the Port Authority was required to contribute 7.5% for Coordinated Plan members. The Port Authority’s contributions to the General Employes Fund for the year ended December 31, 2023 were $170. The Port Authority’s contributions were equal to the required contributions as set by state statute.

(ALL AMOUNTS IN THOUSANDS)

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs

General Employees Fund Pension Costs

At December 31, 2022, the Port Authority reported a liability of $1,364 for its proportionate share of the General Employees Fund's net pension liability. The Port Authority's net pension liability reflected a reduction due to the State of Minnesota's contribution of $16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the Port Authority totaled $38.

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Port Authority's proportionate share of the net pension liability was based on the Port Authority's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2022, through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. The Port Authority's proportionate share was 0.0244% at the end of the measurement period and 0.0275% for the beginning of the period.

Port Authority's Proportionate Share of the Net Pension Liability	$ 1,364
State's Proportionate Share of the Net Pension Liability Associated with the Port Authority	38
Total	$ 1,402

For the year ended December 31, 2023, the Port Authority recognized pension expense of $224 for its proportionate share of the General Employees Plan's pension expense. In addition, the Port Authority recognized an additional $0.2 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of $16 million to the General Employees Fund.

(ALL AMOUNTS IN THOUSANDS)

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

General Employees Fund Pension Costs (Continued)

At December 31, 2023, the Port Authority reported its proportionate share of General Employees Fund's deferred outflows of resources and deferred inflows of resources from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	$ 45	$ 9
Changes in Actuarial Assumptions	221	374
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	51
Changes in Proportion and Differences Between Port Authority Contributions and Proportionate Share of Contributions	52	141
Port Authority Contributions Subsequent to the Measurement Date	95	-
Total	$ 413	$ 575

A total of $95 reported as deferred outflows of resources related to pensions resulting from Port Authority contributions to General Employees Fund subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to General Employees Fund pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expenses Amount
2023	$ 13
2024	(226)
2025	(15)
2026	(29)

Total Pension Expense

The total pension expense for all plans recognized by the Port Authority for the year ended December 31, 2023 was $225.

(ALL AMOUNTS IN THOUSANDS)

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

E. Long-Term Expected Return on Investment

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	33.50 %	5.10%
International Equity	16.50	5.30%
Fixed Income	25.00	0.75%
Private Markets	25.00	5.90%
Totals	100.00 %	

F. Actuarial Assumptions

The total pension liability in the June 30, 2023, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 7.0 percent. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 7.0 percent was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25 percent for the General Employees Plan. Benefit increases after retirement are assumed to be 1.25 percent for the General Employees Plan.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.0 percent after 27 years of service.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table.

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2023:

(ALL AMOUNTS IN THOUSANDS)

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

F. Actuarial Assumptions (Continued)

Changes in Actuarial Assumptions:

- The investment return assumption and single discount rate were changed from 6.5 percent to 7.00 percent.

Changes in Plan Provisions:

- An additional one-time direct state aid contribution of $170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, non-compounding benefit increase of 2.5 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

G. Discount Rate

The discount rate used to measure the total pension liability in 2023 was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

H. Pension Liability Sensitivity

The following presents the Port Authority's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the Port Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

Description	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
GERF Discount Rate	6.00%	7.00%	8.00%
Port Authority's Proportionate Share of the GERF Net Pension Liability	$ 2,414	$ 1,364	$ 501

I. Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in a separately issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at www.mnpera.org.

(ALL AMOUNTS IN THOUSANDS)

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS PAYABLE

Single Employer Retiree Healthcare Benefit Program

Plan Description: The Port Authority employees hired prior to January 1, 2002 and retiring after 20 or more years of service are eligible for up to $300 per month toward the cost of health insurance. Employees who retired prior to 1996 are reimbursed for 100% of the cost of health insurance for themselves and their spouse. At December 31, 2023, there were eleven beneficiaries receiving benefits. In addition, there are five current employees that may become eligible for benefits in the future.

Effective September 1, 2018, the Port Authority established an OPEB Irrevocable Trust Fund pursuant to Minnesota Statute Section 471.6175 with the Minnesota Public Employees Retirement Association serving as the administrator. The plan does not issue a stand-alone financial report.

Contributions and Funding Policy: Retiree health care benefits are currently funded based on the benefit disclosed above on a pay-as-you-go basis. The board of commissioners may change the funding policy at any time.

Net OPEB Liability: As the Port Authority had fewer than 100 employees as of December 31, 2023, the Port Authority's net OPEB liability was measured as of December 31, 2023 and the total OPEB liability used to calculate the net OPEB liability was determined by through the use of the alternative measurement method as of that date.

Actuarial Assumptions: The total OPEB liability in the December 31, 2023 alternative measurement method valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified. The Port Authority has estimated the liability associated with this benefit using an alternative valuation method that takes into account the existing age of the individuals, their years of service and life expectancy, probability of receiving a benefit, a health care cost trend factor of 6.3%, 3.0% rate of inflation, and a 2.5% discount rate.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These asset class estimates are combined to produce the portfolio long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage (or target allocation, if available). Best estimates of rates of return for each major asset class included in the OPEB plan's asset allocation as of the measurement date are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
MN State Board of Investment Non-Retirement Bond Fund	50.00 %	5.25 %
MN State Board of Investment Non-Retirement Equity Fund	25.00	8.00
MN State Board of Investment Non-Retirement Money Market Fund	25.00	1.25
Total	100.00 %	

(ALL AMOUNTS IN THOUSANDS)

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS PAYABLE (CONTINUED)

Single Employer Retiree Healthcare Benefit Program (Continued)

For the year ended December 31, 2023 the annual money weighted rate of return on investments, net of investment expense, was 8.21%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Changes in the Net OPEB Liability: The following table summarized the changes in the plan's total OPEB liability, plan fiduciary net position, and the related net OPEB liability:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Liability (Asset) (a) - (b)
Balances at December 31, 2022	$ 629	$ 595	$ 34
Changes for the Year:			
Service Cost	47	-	47
Contributions-Employer	-	38	(38)
Net Investment income	-	52	(52)
Benefit Payments	(38)	(38)	-
Net Changes	9	52	(43)
Balances at December 31, 2023	$ 638	$ 647	$ (9)

There were no significant plan and assumption changes which occurred in 2023.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates: The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.5%) or 1-percentage-point higher (3.5%) than the current discount rate:

	1% Decrease (1.5%)	Discount Rate (2.5%)	1% Increase (3.5%)
Net OPEB Liability (Asset)	$ 59	$ (9)	$ (68)

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.3%) or 1-percentage-point higher (7.3%) than the current healthcare cost trend rates:

		Healthcare Cost	
	1% Decrease (5.3%)	Current Trend Rates (6.3%)	1% Increase (7.3%)
Net OPEB Liability (Asset)	$ (9)	$ (9)	$ (10)

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS PAYABLE (CONTINUED)

Single Employer Retiree Healthcare Benefit Program (Continued)

OPEB Plan Fiduciary Net Position: Detailed information about the OPEB plan's fiduciary net position is available on the statement of fiduciary net position and the statement of changes in fiduciary net position, as listed in the table of contents of these financial statements. The OPEB plan does not issue separate financial statements.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: For the year ended December 31, 2023, the Port Authority recognized OPEB expense of $38. At December 31, 2023, the Port Authority reported no deferred outflows of resources and deferred inflows of resources related to OPEB.

NOTE 9 OTHER PENSION BENEFITS PAYABLE

The Port Authority sponsors a Section 414(d) single employer defined contribution pension benefit plan covering all full-time employees who were hired prior to June 30, 2003 and did not elect to participate in the General Employees Fund. Employee participation in the plan is mandatory, and employees are required to contribute 6.50% of their salary. The Port Authority provides a contribution of 7.50%. Total contributions for the years ended December 31, 2023, 2022, and 2021 were approximately $17, $16, and $16, respectively. The Port Authority's President and Chief Financial Officer have been appointed as the pension plan's trustees, and, therefore, it is reported within the financial statements as a defined contribution pension trust fund. There are currently seven plan members, of which, four are active, contributing employees and three are retirees.

NOTE 10 LEASE RECEIVABLE

The Port Authority, acting as lessor, leases land and shoreline for barge terminal and fleeting purposes along the Mississippi River under long-term, non-cancelable lease agreements. The lease terms expire at various dates through 2050 and provide for renewal options ranging from one year to ten years. The leases carry an interest rate of 2.5%. During the year ended December 31, 2023, the Port Authority recognized $2,575 and $132 in lease revenue and interest revenue, respectively, pursuant to these contracts.

(ALL AMOUNTS IN THOUSANDS)

NOTE 10 LEASE RECEIVABLE (CONTINUED)

Total future minimum lease payments to be received under the lease agreement are as follows:

Year Ending	Principal	Interest	Total
2024	$ 2,541	$ 195	$ 2,736
2025	2,477	257	2,734
2026	2,509	330	2,839
2027	2,517	402	2,919
2028	1,930	364	2,294
2029-2033	7,734	2,121	9,855
2034-2038	4,031	1,760	5,790
2039-2043	1,815	1,146	2,961
2044-2048	1,456	1,242	2,698
2049-2053	357	357	714
Total Minimum Lease Payments	$ 27,367	$ 8,174	$ 35,540

NOTE 11 LEASE LIABILITY

The Port Authority leases office facilities for under a long-term, non-cancelable lease agreement. The discount rate applied to the leas was the Port incremental borrowing rate as of January 1, 2022 of 2.25% The lease term expires on December 31, 2033.

Total future minimum lease payments under the lease agreement are as follows:

Year Ending	Principal	Interest	Total
2024	$ 190	$ 50	$ 240
2025	199	46	245
2026	209	42	250
2027	218	37	255
2028	228	32	260
2029-2033	1,307	75	1,381
Total Minimum Lease Payments	$ 2,351	$ 282	$ 2,631

NOTE 12 COMMITMENTS AND CONTINGENCIES

Grants: The Port Authority receives financial assistance from numerous federal, state, and local governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Such audits could result in a liability to the Port Authority.

Tax Increment Financing: The Port Authority receives incremental property tax revenue generated by some or all of the value of certain development sites. These funds are used to repay existing tax increment bonds as well as related administrative and economic development activities. The terms of each financing plan are unique for each project as are the tax increment revenues derived from the project. The adequacy of tax increment revenues to meet debt service requirements is dependent upon a number of variables, the outcome of which cannot be predicted with certainty.

Risk Management: The Port Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors or omissions; and general liability, for which the Port Authority carries insurance and also requires lessees, payers under loans receivable, or property managers (in the case of real estate owned and operated) to carry commercial insurance. The Port Authority has not reduced insurance coverage requirements in the past year, and no claims have been paid by the Port Authority in any of the three preceding years.

Capital Assets: The Port Authority has pledged the revenues from certain of its assets, generally those in its barge terminals, to a bond program; the ongoing lease payments associated with these leases are recorded in the financial statements as revenue with an offsetting expense for the payment to the revenue bond program. In addition, if the Authority sells any of these pledged assets before September 1, 2032, the net proceeds from the sale is also pledged to the revenue bond program. No such sales are currently contemplated and therefore no liability is recorded.

Other Contingencies: In the normal course of its business, the Port Authority is subject to contingencies relating to the performance and completion of contracts, environmental matters, and claims of others. In the opinion of management and internal legal counsel, the ultimate settlement of known claims or disputes will not adversely affect the financial position or results of operations of the Port Authority.

NOTE 13 NO-COMMITMENT DEBT

The Port Authority has issued certain limited-obligation revenue bonds from the following financing sources:

Authority Resolution No. 876: The Common Revenue Bond Fund (Resolution 876) of the Port Authority of the City of Saint Paul (the 876 Bond Fund) includes balances and transactions relating to projects financed by bonds issued under Resolution 876. All debt service on revenue bonds issued under Resolution 876 is payable solely and exclusively from amounts specifically pledged, including amounts to be received under leases or loan agreements and account earnings.

These debt obligations are collateralized by all of the 876 Bond Fund assets and the related proceeds from operations and sale of 876 Bond Fund facilities. The 876 Bond Fund is managed by the Port Authority; however, these obligations are not secured by the credit of the Port Authority.

The 876 Bond Fund did not have adequate cash to pay the full principal amount due on December 1, 2004. Since then it has not made full debt service payments and it is unlikely full principal and interest payments will be made in the future.

The Port Authority and a group of bond holders entered into a mediated settlement which clarified various issues related to the 876 bonds, the pledged revenues and the maturity date of the bonds. The settlement was approved by the Ramsey County District Court in late 2011. As part of the Settlement, US Bank was appointed to act as the Trustee.

Conduit Financings: Conduit Financings represent bonds issued for project financings which are collateralized by the related amounts to be received under leases, loan agreements and property taxes.

None of the debt obligations issued from the above financing sources are secured by the credit of the Port Authority. The Port Authority is not obligated in any manner for repayment of this debt and, accordingly, it is not reported as liabilities in the accompanying financial statements. The aggregate amount of outstanding debt for the 876 Bond Fund and Conduit Financing obligations debt issues was $196,022 at December 31, 2023.

NOTE 14 TAX ABATEMENTS

The Port Authority has entered into various agreements under Minnesota Statutes Section 469.174, Subdivision 10, and Section 469.175, which allow for certain entities to develop tax increment financing plans. As part of developing tax increment financing (TIF) plans, the Port Authority identifies TIF districts for the purpose of financing redevelopment, housing, or economic development through the use of tax increment generated from the captured net tax capacity in the TIF district. The Port Authority has the following types of TIF districts:

Redevelopment Districts – These districts must, per state statue, be parcels with 70% of the area occupied by buildings, streets, utilities, parking lots, or other similar structures with more than 50% of those structures being substandard and requiring substantial renovation or clearance or be properties consisting of vacant, unused, underused, or inappropriately used rail yards, rail storage facilities, or excessive or vacated railroad rights-of-way.

Economic Development Districts – These districts must, per state statute, be areas which consist of projects which the Port Authority finds to be in the public interest because it will discourage commerce, industry, or manufacturing from moving their operations to another state or municipality, result in increased employment in the state, or result in preservation and enhancement of the tax base of the state.

Hazardous Substance Subdistricts – These subdistricts are created, per state statute, within a TIF district and are made up of any parcels within the TIF district that are designated hazardous substance sites or are contiguous to the hazardous substance sites. Development or redevelopment of these sites would not reasonably be expected to occur solely through private investment and tax increment otherwise available.

As part of the tax increment financing plans, the Port Authority enters into agreements with developers and other entities for Taxable Tax Increment Revenue Notes or Pay-As-You-Go TIF Notes. Under these agreements, the Port Authority pledges a certain percentage of future tax increment revenue received from the TIF district in return for agreed upon improvements or development activities to be performed within the TIF district by the other entity. Each Pay-As-You-Go TIF Note contains a principal amount and the Notes terminate at the earlier of the date on which the entire principal has been paid in full or a termination date included in the agreement. Once the termination date is reached, the Port Authority has no more liability to make payments on the Note, regardless of whether or not the principal had been paid in full.

During fiscal year 2023, the Port Authority had five such Pay-As-You-Go TIF Notes in place and made payments totaling $542 from tax increments received from the TIF Districts. The five agreements call for between 25% and 95% of the tax increments collected to be returned to the developer and have termination dates ranging from 2024 to 2044.

NOTE 15 PUBLIC-PRIVATE AND PUBLIC-PUBLIC PARTNERSHIPS

For many years the Port Authority has owned and operated Energy Park Utility Company (EPUC), which provides heating and cooling services through the operation of a hot and chilled-water system to business and residences located in Energy Park, an industrial and residential development district located in Saint Paul. In December 2021, the Port Authority entered into an agreement with DE Energy Park, LLC (District Energy) to provide them the right to use the EPUC facilities, equipment, machinery, real property, customer and operating contracts, business information, and real estate and operation of the business. The initial term of the agreement is twenty years, expiring on December 21, 2041, but includes a 10-year optional extension to be agreed upon by both parties.

Under the agreement the Port Authority would convey to District Energy the rights and related obligations to provide the heating and cooling services to Energy Park through the use of the existing EPUC facilities in exchange for quarterly installment payments, totaling $170 thousand a year, and an initial payment sufficient to defease the full amount of the existing bonds outstanding which were issued by the Port Authority to upgrade the facilities in 2013, as well as several smaller loans and liabilities outstanding. District Energy would then be responsible for operating the facilities and collecting fees from the customers within Energy Park. The agreement also requires District Energy to operate the facilities under the existing franchise agreement with the City of Saint Paul, which includes rate restrictions and other guidelines for its operations. Upon termination of the agreement, all facilities, equipment and real property included in the agreement must be returned to the Port Authority in proper working condition subject to normal wear and tear related to the useful life of the property. All of these conditions result in the agreement being considered a service concession arrangement.

District Energy's upfront payment to the Port Authority included the following:

1) $7,070 in proceeds from bonds issued by District Energy were placed into an irrevocable escrow to provide sufficient amounts to make future payments of EPUC's outstanding bonds, series 2012-3 and 2012-4, this constituting a defeasance of the bonds.
2) $913 was paid to EPUC and was then used to purchase equipment from Capital City Properties (CCP) which EPUC had been leasing from CCP.
3) $291 was paid to EPUC and subsequently used to pay the remaining outstanding balance of a loan payable to CCP.
4) $88 was paid to EPUC and subsequently used to pay the remaining outstanding balance on an intrafund loan with the St. Paul Port Authority.

In accordance with GASB 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements,* the transferor entity (Port Authority) should record a deferred inflows of resources for the difference between the up-font payment and any contractual obligations (liabilities) as well as a receivable and related deferred inflows of resources for present value of the recurring installment payments.

NOTE 15 PUBLIC-PRIVATE AND PUBLIC-PUBLIC PARTNERSHIPS (CONTINUED)

As such, the Port Authority has recorded a receivable for the recurring cashflow in the amount of $2,160 and a deferred inflow for the net up-front payment and related to the receivable in the net amount of $8,465 as of December 31, 2023, to be recognized as revenue over the term of the agreement. The discount rate used to measure the receivable was 5.0%.

Because the agreement requires that all facilities, equipment, and real property be returned to the Port Authority at the termination of the agreement in proper working condition, subject to normal wear and tear, the Port Authority is including these assets in the financial statements and the assets are continuing to be depreciated. The Port Authority reports the Energy Park's related capital assets with a carrying amount of $8,056 million at year-end.

REQUIRED SUPPLEMENTARY INFORMATION

PORT AUTHORITY OF THE CITY OF SAINT PAUL
SCHEDULE OF CHANGES IN NET OPEB LIABILITY (ASSET)
YEAR ENDED DECEMBER 31, 2023
(ALL AMOUNTS IN THOUSANDS)

	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service Cost	$ 47	$ 51	$ 13	$ 28	$ 108	$ 18
Benefit Payments	(38)	(36)	(35)	(39)	(45)	(34)
Net Change in Total OPEB Liability	9	15	(22)	(11)	63	(16)
Total OPEB Liability - Beginning	629	614	636	647	584	601
Total OPEB Liability - Ending (a)	$ 638	$ 629	$ 614	$ 636	$ 647	$ 584
Plan Fiduciary Net Position						
Contributions - Employer	$ 38	$ 36	$ 10	$ 20	$ 45	$ 634
Net Investment Income	52	(76)	14	48	56	(3)
Benefit Payments	(38)	(36)	(35)	(39)	(45)	(34)
Net Change in Plan Fiduciary Net Position	52	(76)	(11)	29	56	597
Plan Fiduciary Net Position - Beginning	595	671	682	653	597	-
Plan Fiduciary Net Position - Ending (b)	$ 647	$ 595	$ 671	$ 682	$ 653	$ 597
Net OPEB Liability (Asset) - Ending (a) - (b)	$ (9)	$ 34	$ (57)	$ (46)	$ (6)	$ (13)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	101.41%	94.52%	109.20%	107.15%	100.86%	102.14%
Covered-Employee Payroll	$ 2,419	$ 2,207	$ 2,203	$ 2,015	$ 1,999	$ 1,934
Net OPEB Liability as a Percentage of Covered-Employee Payroll	(0.37)%	1.56 %	(2.57)%	(2.26)%	(0.28)%	(0.65)%

	2023	2022	2021	2020	2019	2018
Actuarially Determined Contribution (ADC)	N/A	N/A	N/A	N/A	N/A	N/A
Contributions in Relation to the ADC	N/A	N/A	N/A	N/A	N/A	N/A
Contribution Deficiency (Excess)	N/A	N/A	N/A	N/A	N/A	N/A
Covered-Employee Payroll	$ 2,419	$ 2,207	$ 2,203	$ 2,015	$ 1,999	$ 1,934
Contributions as a Percentage of Covered-Employee Payroll	1.57%	1.63%	0.45%	0.99%	2.25%	32.78%

The Port Authority of the City of Saint Paul implemented GASB Statement No. 75 in fiscal year 2018, and the above table will be expanded to 10 years of information as the information becomes available.

PORT AUTHORITY OF THE CITY OF SAINT PAUL
SCHEDULE OF MONEY-WEIGHTED RATE OF RETURN ON PLAN ASSETS – OPEB
DECEMBER 31, 2023
(ALL AMOUNTS IN THOUSANDS)

Year	Annual Money-Weighted Rate of Return, Net of Investment Expense
2023	8.21%
2022	-11.55%
2021	2.00%
2020	7.07%
2019	9.03%
2018	-0.88%

The Port Authority of the City of Saint Paul implemented GASB Statement No. 75 in fiscal year 2018, and the above table will be expanded to 10 years of information as the information becomes available.

PORT AUTHORITY OF THE CITY OF SAINT PAUL
PERA SCHEDULE OF THE PORT AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
YEAR ENDED DECEMBER 31, 2023
(ALL AMOUNTS IN THOUSANDS)

	Measurement Date									
	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Port Authority's Proportion of the Net Pension Liability	0.0244%	0.0275%	0.0257%	0.0256%	0.0231%	0.0215%	0.0212%	0.0237%	0.0251%	0.0267%
Port Authority's Proportionate Share of the Net Pension Liability	$ 1,364	$ 2,178	$ 1,098	$ 1,535	$ 1,277	$ 1,193	$ 1,353	$ 1,924	$ 1,301	$ 1,254
State's Proportionate Share of the Net Pension Liability Associated with the Port Authority	38	64	34	47	40	39	17	-	-	-
Total	$ 1,402	$ 2,242	$ 1,132	$ 1,582	$ 1,317	$ 1,232	$ 1,370	$ 1,924	$ 1,301	$ 1,254
Port Authority's Covered Payroll	$ 2,008	$ 1,998	$ 1,851	$ 1,827	$ 1,634	$ 1,444	$ 1,365	$ 1,472	$ 1,476	$ 1,382
Port Authority's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	67.93%	109.01%	59.32%	84.02%	78.15%	82.62%	99.12%	130.71%	88.14%	90.74%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.10%	76.67%	87.00%	79.06%	80.20%	79.50%	75.90%	68.90%	78.20%	78.20%

PORT AUTHORITY OF THE CITY OF SAINT PAUL
PERA SCHEDULE OF THE PORT AUTHORITY'S CONTRIBUTIONS
YEAR ENDED DECEMBER 31, 2023
(ALL AMOUNTS IN THOUSANDS)

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily Required Contribution	$ 170	$ 145	$ 151	$ 137	$ 133	$ 115	$ 105	$ 103	$ 114	$ 105
Contributions in Relation to the Statutorily Required Contribution	(170)	(145)	(151)	(137)	(133)	(115)	(105)	(103)	(114)	(105)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Port Authority's Covered Payroll	2,271	1,932	2,020	1,820	1,777	1,528	1,401	1,374	1,522	1,443
Contributions as a Percentage of Covered Payroll	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.25%	7.25%	7.25%

CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS

General Employees Fund

2023 Changes
Changes in Actuarial Assumptions:

- The investment return assumption and single discount rate were changed from 6.5 percent to 7.00 percent.

Changes in Plan Provisions:

- An additional one-time direct state aid contribution of $170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, non-compounding benefit increase of 2.5 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

2022 Changes
Changes in Actuarial Assumptions:

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

Changes in Plan Provisions:

- There were no changes in plan provisions since the previous valuation.

2021 Changes
Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

Changes in Plan Provisions:

- There were no changes in plan provisions since the previous valuation.

2020 Changes

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.

CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2020 Changes (Continued)
Changes in Actuarial Assumptions (Continued)

- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions

- Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019 Changes
Changes in Actuarial Assumptions

- The morality projection scale was changed from MP-2017 to MP-2018.

Changes in Plan Provisions

- The employer supplemental contribution was changed prospectively, decreasing from $31.0 million to $21.0 million per year. The State's special funding contribution was changed prospectively, requiring $16.0 million due per year through 2031.

2018 Changes
Changes in Actuarial Assumptions

- The morality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.00% per year through 2044 and 2.50% per year thereafter to 1.25% per year.

CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2018 Changes (Continued)
Changes in Plan Provisions

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Postretirement benefit increases were changed from 1.00% per year with a provision to increase to 2.50% upon attainment of 90.00% funding ratio to 50.00% of the Social Security Cost of Living Adjustment, not less than 1.00% and not more than 1.50%, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes
Changes in Actuarial Assumptions

- The combined service annuity (CSA) loads were changed from 0.80% for active members and 60.00% for vested and nonvested deferred members. The revised CSA load are now 0.00% for active member liability, 15.00% for vested deferred member liability, and 3.00% for nonvested deferred member liability.
- The assumed postretirement benefit increase rate was changed for 1.00% per year for all years to 1.00% per year through 2044 and 2.50% per year thereafter.

Changes in Plan Provisions

- The State's contribution for the Minneapolis Employees Retirement Fund equals $16,000,000 in 2017 and 2018, and $6,000,000 thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from $21,000,000 to $31,000,000 in calendar years 2019 to 2031. The state's contribution changed from $16,000,000 to $6,000,000 in calendar years 2019 to 2031.

CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2016 Changes:
Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.00% per year through 2035 and 2.50% per year thereafter to 1.00% per year for all years.
- The assumed investment return was changed from 7.90% to 7.50%. The single discount rate changed from 7.90% to 7.50%.
- Other assumptions were changed pursuant to the experience study June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015 Changes:
Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.00% per year through 2030 and 2.50% per year thereafter to 1.00% per year through 2035 and 2.50% per year thereafter.

Changes in Plan Provisions:

- Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by $1.1 billion and increased the fiduciary plan net position by $892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of $6.0 million, which meets the special funding situation definition, was due September 2015.

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Board of Commissioners
Port Authority of the City of Saint Paul
and Capital City Properties
Saint Paul, Minnesota

We have audited the financial statements of the business-type activities, the discretely presented component units, and the aggregate remaining fund information of Port Authority of the City of Saint Paul (the Port Authority) and Capital City Properties (a component unit of the Port Authority) as of and for the year ended December 31, 2023, and have issued our report thereon dated May 10, 2024. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as well as certain information related to the planned scope and timing of our audit in our engagement letters dated January 3, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings or issues

Qualitative aspects of accounting practices

<u>*Accounting policies*</u>

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Port Authority of the City of Saint Paul and Capital City Properties are described in Note 1 to the financial statements.

As described in Note 1, the Port Authority and Capital City Properties changed accounting policies related to subscription-based information technology arrangements (SBITAs), public-private and public-public partnerships (PPPs), and availability payment arrangements (APAs) by adopting Statement of Governmental Accounting Standards Board (GASB Statement) No. 96, *Subscription-Based Information Technology Arrangements* and GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements,* in 2023. As the Port Authority and Capital City Properties did not have any applicable long-term SBITAs, GASB Statement No, 96 did not have any effect on the financial statements. The Port Authority did have an agreement that qualified as a PPP which resulted in an increase in receivables and deferred inflows of resources in the amount of $2,159,695.

We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

<u>*Accounting estimates*</u>

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no accounting estimates affecting the financial statements which were particularly sensitive or required substantial judgments by management.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Significant unusual transactions

We identified no significant unusual transactions.

Difficulties encountered in performing the audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has determined that the effects of uncorrected misstatement are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The following summarizes uncorrected misstatement of the financial statements:

- 2023 expenses are overstated $2,473,170 to correct an immaterial prior period overstatement to long-term taxes receivable related to the 2022 bond premiums.

Uncorrected misstatements or the matters underlying uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even if management has concluded that the uncorrected misstatement is immaterial to the financial statements under audit.

Corrected misstatements

None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with management

For purposes of this communication, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Management representations

We have requested certain representations from management that are included in the management representation letter dated May 10, 2024.

Management consultations with other independent accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Significant issues discussed with management prior to engagement

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the entity's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

Audits of group financial statements

We noted no matters related to the group audit that we consider to be significant to the responsibilities of those charged with governance of the group.

Required supplementary information

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

Supplementary information in relation to the financial statements as a whole

With respect to the schedule of expenditures of federal awards (SEFA) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the SEFA to determine that the SEFA complies with the requirements of the Uniform Guidance, the method of preparing it has not changed from the prior period or the reasons for such changes, and the SEFA is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the SEFA to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated May 10, 2024.

* * *

This communication is intended solely for the information and use of the board of commissioners and management of Port Authority of the City of Saint Paul and Capital City Properties and is not intended to be, and should not be, used by anyone other than these specified parties.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
May 10, 2024

PORT AUTHORITY OF THE CITY OF SAINT PAUL

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2023

PORT AUTHORITY OF THE CITY OF SAINT PAUL
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YEAR ENDED DECEMBER 31, 2023

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Commissioners
Port Authority of the City of Saint Paul
Saint Paul, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities, the discretely presented component unit, and the aggregate remaining fund information of the Port Authority of the City of Saint Paul (a component unit of the City of Saint Paul, Minnesota) (the Port Authority), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Port Authority's basic financial statements and have issued our report thereon dated May 10, 2024. The financial statements of Capital City Properties, a discretely presented component unit of the Port Authority, were not audited in accordance with *Government Auditing Standards*. This report does not include the results of the testing of internal control over financial reporting or compliance and other matters reported on for the discretely presented component unit.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Port Authority of the City of Saint Paul's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Port Authority of the City of Saint Paul's internal control. Accordingly, we do not express an opinion on the effectiveness of Port Authority of the City of Saint Paul's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Port Authority of the City of Saint Paul's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
May 10, 2024

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Board of Commissioners
Port Authority of the City of Saint Paul
Saint Paul, Minnesota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Port Authority of the City of Saint Paul's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Port Authority of the City of Saint Paul's major federal programs for the year ended December 31, 2023. Port Authority of the City of Saint Paul's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Port Authority of the City of Saint Paul complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative* Requirements*, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Port Authority of the City of Saint Paul and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Port Authority of the City of Saint Paul's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Port Authority of the City of Saint Paul's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Port Authority of the City of Saint Paul's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Port Authority of the City of Saint Paul's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Port Authority of the City of Saint Paul's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of Port Authority of the City of Saint Paul's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Port Authority of the City of Saint Paul's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-001 to be a material weakness.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on Port Authority of the City of Saint Paul's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Port Authority of the City of Saint Paul's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Board of Commissioners
Port Authority of the City of Saint Paul

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the business-type activities, the aggregate remaining fund information, and the discretely presented component unit of the Port Authority of the City of Saint Paul (a component unit of the City of Saint Paul, Minnesota) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Port Authority of the City of Saint Paul's basic financial statements. We have issued our report thereon, dated May 10, 2024, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
May 10, 2024

PORT AUTHORITY OF THE CITY OF SAINT PAUL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2023

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Assistance Listing Number	Total Federal Expenditures
U.S. Department of Energy:			
MN Dept. of Commerce			
ARRA - State Energy Program	CFMS B38838	81.041	$ 3,275,948
Total Expenditures of Federal Awards			$ 3,275,948

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Port Authority of the City of Saint Paul (the Port Authority) under programs of the federal government for the year ended December 31, 2023. The information presented in this schedule is presented in accordance with the requirements Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Port Authority of the City of Saint Paul, it is not intended to and does not present the financial position, change in net position, or cash flows of the Port Authority of the City of Saint Paul.

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Port Authority of the City of Saint Paul does not charge indirect costs to its federal programs and therefore does not utilize the de minimus indirect cost rate allowed under the Uniform Guidance.

NOTE C STATE ENERGY PROGRAM

The amount reported on the financial statements for the ARRA-State Energy Program (81.041) for the Port Authority is the administrative and collection costs. Below is a summary of the loan activity during fiscal year 2023.

	State Energy Program
Loans Receivable Beginning	$ 12,128,716
New Loans Issued	3,275,948
Loan Repayments	(2,140,981)
Loans Receivable Ending	$ 13,263,683

PORT AUTHORITY OF THE CITY OF SAINT PAUL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2023

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified

2. Internal control over financial reporting:

   - Material weakness(es) identified? ______ yes __x__ no
   - Significant deficiency(ies) identified? ______ yes __x__ none reported

3. Noncompliance material to financial statements noted? ______ yes __x__ no

Federal Awards

1. Internal control over major federal programs:

   - Material weakness(es) identified? __x__ yes ______ no
   - Significant deficiency(ies) identified? ______ yes __x__ none reported

2. Type of auditors' report issued on compliance for major federal programs: Unmodified

3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ______ yes __x__ no

Identification of Major Federal Programs

Program	ALN
U.S. Department of Energy:	
ARRA - State Energy Program	81.041

Dollar threshold used to distinguish between Type A and Type B programs: $ 750,000

Auditee qualified as low-risk auditee? ______ yes __x__ no

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported.

Section III – Findings and Questioned Costs – Major Federal Programs

2023-001

Federal agency: U.S. Department of Energy
Federal program title: ARRA – State Energy Program
Assistance Listing Number: 81.041
Pass-Through Agency: Minnesota Department of Commerce
Pass-Through Number(s): CFMS B38838
Award Period: N/A – Revolving Loan
Type of Finding:

- Material Weakness in Internal Control over Compliance

Criteria or specific requirement: Item 5c. of Exhibit A of the State of Minnesota Intergovernmental Unit Agreement with the Port Authority states that in the performance of its duties, the Port shall not make any loan to or contract with any party that is debarred or suspended or is otherwise excluded from or ineligible for participation in Federal assistance programs under Executive Order 12549, "Debarment and Suspension."

Condition: During testing of the suspension and debarment requirements with regards to new loans entered into during the year, it was noted that the formal documentation of proper suspension and debarment procedures was not retained in all cases.

Questioned costs: None.

Context: Of the five loans that were selected for testing, we noted two which did not contain formal documentation for suspension and debarment procedures.

Cause: The Port Authority experienced turnover among personnel that performed and retained documentation of the suspension and debarment checks.

Effect: A lack of proper controls related to suspension and debarment could potentially result in issuing a loan to an entity that is debarred or suspended from participation in federal assistance programs and therefore could result in questioned costs incurred.

Repeat finding: This is not a repeat finding.

Recommendation: We recommend that the Port re-implement its previous controls of using a tracking checklist and retaining timestamped screenshots of SAM.gov prior to funding any State Energy Program loan.

Views of responsible officials: There is no disagreement with the audit finding.

Section IV – Minnesota Legal Compliance

2023-002 – Prompt Payment of Bills

Criteria or specific requirement: Minnesota Statute §471.425 subdivision 2, requires municipalities and governmental entities to pay each vendor obligation according to the terms of the contract, or if no contract terms apply, within the standard payment period, which is defined as within 35 days from the date of receipt for municipalities which have regularly scheduled board meetings at least once a month, unless the entity has a good faith dispute for the obligation.

Condition/Context: We noted one disbursement out of twenty-two tested which was not paid within the standard payment period.

Cause: The late payment appeared to be a simple oversite.

Effect: The Port Authority was not in compliance with state statutes related to payment of local government bills.

Recommendation: We recommend the Port Authority make every effort possible to ensure that invoices are paid within the statutory requirements.

Views of responsible officials: Management agrees with the finding and recommendation and will continue to review the process of paying invoices and bills.

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INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE

Board of Commissioners
Port Authority of the City of Saint Paul
and Capital City Properties
Saint Paul, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, the discretely presented component unit, and the aggregate remaining fund information of the Port Authority of the City of Saint Paul (a component unit of the City of Saint Paul) and its component unit (Capital City Properties) (collectively, the Organization) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements, and have issued our report thereon dated May 10, 2024.

In connection with our audit, we noted that the Organization failed to comply with provisions of the claims and disbursements section of *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, in so far as they relate to accounting matters as described in the Schedule of Findings and Questioned Costs as item 2023-002. Also, in connection with our audit, nothing came to our attention that caused us to believe that the Organization failed to comply with the provisions of the contracting – bid laws, depositories of public funds and public investments, conflicts of interest, miscellaneous provisions, and tax increment financing sections of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters,. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the entity's noncompliance with the above-referenced provisions, insofar as they relate to accounting matters.

The Organization's written response to the legal compliance findings identified in our audit are described in the Schedule of Findings and Questioned Costs. The Organization's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

The purpose of this report is solely to describe the scope of our testing of compliance relating to the provisions of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions* and the results of that testing, and not to provide an opinion on compliance. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
May 10, 2024

MINUTES

SPECIAL CREDIT COMMITTEE MEETING
APRIL 30, 2024

The special meeting of the Port Authority Credit Committee was held on April 30, 2024, at 1:45 p.m. in the Board Room of the Saint Paul Port Authority, 400 Wabasha Street, Suite 240, Saint Paul, Minnesota 55102.

The following Committee Members were present:

Don Mullin	Matt Slaven	John Bennett
John Marshall	Angela Riffe	

Also, present were the following:

Jan Almquist	Amanda Bauer	Tonya Bauer
Todd Hurley	Holly Huston	Sarah Illi
Bruce Kessel	Annamarie Kosel	Dana Krueger
Emily Lawrence	Laurie Siever	Gao Thao
Nikki Tix	Kristine Williams	JP Yohannes
Ayesha Kahn, City of Saint Paul		

APPROVAL OF MINUTES

Committee Member Riffe made a motion to approve the minutes of the March 26, 2024 regular Credit Committee meeting. The motion was seconded by Committee Member Marshall and carried unanimously.

CONFLICTS OF INTEREST

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

AGENDA ITEMS

APPROVAL OF LEASE AMENDMENT AND RENTAL RATE ADJUSTMENT FOR HAWKINS, INC. – RED ROCK TERMINAL

Ms. Kristine Williams reviewed Ms. Linda Williams' memorandum with the Committee seeking approval of a Lease Amendment and Rental Rate Adjustment for Hawkins, Inc. ("Tenant") to extend the term of the Tenant's lease of land (the "Lease") in the Red Rock Terminal located at 1425 Red Rock Road in Saint Paul, Minnesota for five years and to adjust the rental rates under the Lease. Committee Member Slaven made a motion to approve the request. The motion was seconded by Committee Member Bennett and carried unanimously.

APPROVAL TO USE TAX INCREMENT FINANCING BALANCE FOR THE HEIGHTS INFRASTRUCTURE

Ms. Huston reviewed her memorandum with the Committee requesting approval to use tax increment financing balances ("TIF Balances"), pursuant to a previously approved Spending Plan, for the construction and installation of infrastructure at the Port Authority's development project located at 2200 Larpenteur Avenue East in the East Side neighborhood of Saint Paul, also known as The Heights. Committee Member Riffe made a motion to approve the request. The motion was seconded by Committee Member Slaven and carried unanimously.

QUARTERLY REPORT ON OUTSIDE FUNDED PACE LOANS

Ms. Huston provided the Committee with the Quarterly Report on Outside Funded PACE Loans. Chair Mullin thanked Ms. Huston for her report.

There being no further business, the meeting was adjourned at 1:53 p.m.

By: ___________________________________

Its: ___________________________________

Saint Paul
PORT AUTHORITY

MEMORANDUM

To: CREDIT COMMITTEE **Meeting Date:** May 28, 2024

From: Holly Huston HKH

Subject: **CORCORAN INDUSTRIAL PROPERTIES, LLC PACE APPLICATION APPROVAL OF A $432,700 PACE TRILLION BTU LOAN**

Action Requested:

Provide approval for the Port Authority of the City of Saint Paul (the "Port Authority") to initiate a PACE Trillion BTU loan for approximately $432,700 to Corcoran Industrial Properties, LLC ("Project") to add solar to the property located in Loretto, Minnesota.

Background:

Corcoran Industrial Properties, LLC, 9520 County Road 19, Loretto, MN 55357 (the "Property"). Corcoran Industrial Properties, LLC leases the entire property to Doboszenski & Son's, a company specializing in excavating, earthwork, site development, and crushing business since 1977.

Proposed Project:

The project will add 149 KW solar panels to the property.

Use of Funds	
Solar	$432,700
Total Use	**$432,700**
Sources	
Trillion BTU Loan	$432,700
Total Sources	**$432,700**

Financial Analysis:

Corcoran Industrial Properties, LLC is valued at $3,193,000 and the Property is subject to an outstanding mortgage of $1,166,544. The financial ratios meet the Trillion BTU Loan program standards.

Debt Service Coverage:	2.72	Trillion Standard of at Least:	1.15
Debt-to-Equity:	2.67	Trillion Standard of less Than:	4.00
Loan to Value:	50%	Industry Standard of less Than:	80%

Loan Terms:

Source of Funds:	Trillion BTU - Statewide
Collateral:	PACE Assessment
Use of Funds:	Solar
Amount of Loan:	$432,700
Rate:	5.5%
Term:	10 years
Assessment Start:	2025

Eligibility:

☒ Loan amount is less than or equal to 20% of the property's assessed or appraised value.
20% (appraisal $3,193,000 20% = $638,600)

☒ Energy Audit provided.
Annual energy savings $22,629 in 20 years or less.
Estimate = 19 years

☒ Davis Bacon applies.

☒ Licensed Contractor.

Workforce Implications:

5 FTE for construction jobs.

Policy Exceptions:

No.

Recommendation

We recommend approval for the Port Authority to initiate a PACE Trillion BTU loan for approximately $432,700 to Corcoran Industrial Properties, LLC to add solar to the property located in Loretto, Minnesota.

Saint Paul
PORT AUTHORITY

MEMORANDUM

To: CREDIT COMMITTEE **Meeting Date:** May 28, 2024

From: Holly Huston HH

Subject: **POST OFFICE, LLC PACE APPLICATION**
APPROVAL OF A $500,000 PACE TRILLION BTU LOAN

Action Requested:
Provide approval for the Port Authority of the City of Saint Paul (the "Port Authority") to initiate a PACE Trillion BTU loan for approximately $500,000 to Post Office, LLC ("Post Office") to add energy efficient HVAC, lighting, and solar to the property located in St. Cloud, Minnesota.

Background:
Post Office owns 720 Germain St W, St. Cloud, MN 56301 (the "Property"). The Property was originally built in 1939 by the U.S. Postal Service (USPS). The building was sold in 2021 to Post Office and was purchased to lease office space, specifically, potential tenant AcraSearch who was looking for a larger space for their digital archival record company. The building has other tenant contracts beginning in 2024, with an anticipated rental income of $275,000.

Proposed Project:
The proposed improvements include a 149-kw solar panel installation on the rooftop.
Three air-handling units will be upgraded in the building. The energy improvement will include upgraded chiller and hot water pumps, lighting, and a control system.

Use of Funds	
Solar	$94,500
HVAC	$204,272
Lighting	$201,228
Total Use	**$500,000**
Sources	
Trillion BTU Loan	$500,000
Total Sources	**$500,000**

Financial Analysis

Post Office obtained an appraisal for the Property with a valuation of $3,950,000, and the Property is subject to an outstanding mortgage of $1,148,037. The financial ratios meet the Trillion BTU Loan program standards.

Debt Service Coverage:	1.74	Trillion Standard of at Least:	1.15
Debt-to-Equity:	3.42	Trillion Standard of less Than:	4.00
Loan to Value:	42%	Industry Standard of less Than:	80%

Loan Terms:

Source of Funds:	Trillion BTU - Statewide
Collateral:	PACE Assessment
Use of Funds:	HVAC, Lighting, Solar
Amount of Loan:	$500,000
Rate:	5.5%
Term:	10 years
Assessment Start:	2025

Eligibility:

☒ Loan amount is less than or equal to 20% of property's assessed or appraised value.
20% (appraisal $3,950,000 20% = $790,000)

☒ Energy Audit provided.
Annual energy savings $28,507

☒ Energy savings pays back the loan in 20 years or less.
Estimate = 17.5 years

☒ Davis Bacon applies.

☒ Licensed Contractor

Workforce Implications:

5 FTE for construction jobs.

Policy Exceptions:

No.

Recommendation

We recommend approval for the Port Authority to initiate a PACE Trillion BTU loan for approximately $500,000 to Post Office to add energy-efficient HVAC, lighting, and solar to the property located in St. Cloud, Minnesota.

Saint Paul
PORT AUTHORITY

MEMORANDUM

To: CREDIT COMMITTEE
BOARD OF COMMISSIONERS

Meeting Date: May 28, 2024

From: Kristine Williams

Subject: <u>**Credit Committee**</u>
CONVEYANCE OF LAND TO AMANI CONSTRUCTION & DEVELOPMENT, LLC
BEACON BLUFF BUSINESS CENTER

<u>**Board of Commissioners**</u>
PUBLIC HEARING – CONVEYANCE OF LAND TO AMANI CONSTRUCTION & DEVELOPMENT, LLC – BEACON BLUFF BUSINESS CENTER

RESOLUTION NO. 4780

Action Requested:
Approval of the conveyance of a 0.65-acre parcel of land to Amani Construction & Development, LLC ("Amani" or "Buyer") located at the Beacon Bluff Business Center.

Background:
Attached is a memorandum outlining the terms for a land conveyance transaction with Amani for property located at the Beacon Bluff Business Center. The proposed buyer is a minority-owned, emerging developer in the residential market. Amani has successfully completed affordable housing projects in Minneapolis and St. Paul and intends to construct for-sale affordable townhomes on the Beacon Bluff parcel in partnership with Rondo Community Land Trust.

The proposed project will employ a land trust model to ensure long term affordability and sustainable ownership within the community. The proposal includes seventeen to nineteen units including four 4-bedroom units for large or multigenerational families.

Beacon Bluff Parcel 9 is a small remnant parcel within the Beacon Bluff Business Center unsuitable for industrial development due to its size and proximity to existing single family homes.

Recommendation:
We recommend approval of the conveyance of a parcel of land to Amani located at the Beacon Bluff Business Center.

Attachments: Memorandum
Site Plan
Resolution

Saint Paul PORT AUTHORITY

MEMORANDUM

SAINT PAUL PORT AUTHORITY
LAND CONVEYANCE TRANSACTION

Action Requested:
To approve the conveyance of real property from the Port Authority of the City of Saint Paul (the "Port Authority" or "Seller"), located at the northeast corner of Bush Avenue and Cypress Street, for the construction of a for-sale affordable townhome development consisting of at least seventeen (17) townhome units.

Development Officer:
Kristine Williams

Grantee:
Amani Construction & Development, LLC

Grantee Address:
1007 W Broadway
Minneapolis, MN 55411

Location of Property to be Conveyed:
The site is located at the northeast corner of Bush Avenue and Cypress Street and measures approximately 0.65 acres.

Conveyance Structure:
Conveyance of land via Limited Warranty Deed. The property is being sold for $1.00, plus Buyer obligations that include adherence to the Beacon Bluff protective covenants. Both Buyer and Seller have conditions that must be met prior to transferring title of the real estate. Buyer's contingencies include site and building approvals, its Board approval, and financing. The Seller's contingencies include Board approval, approval of the Buyer's site and architectural design, and Buyer's financing.

The contingency period for the transaction is 180 days after the effective date of the Purchase Agreement with closing to take place no later than 60 days after the Buyer and Seller have waived contingencies.

Other terms and conditions of the proposed purchase agreement include:

A. The Buyer has agreed to analyze and implement sustainable design concepts, as appropriate, into the design of their facility.
B. The Buyer has agreed to pay an initial $2,000 earnest money deposit ("Earnest Money") which is to be held by Seller until the end of the Contingency Period. At the end of such period, the Ernest Money shall become non-refundable.

C. Buyer has agreed to pay prevailing wages, or more, for all skilled and unskilled labor for the proposed construction and enter into a Project Labor Agreement.

Nature of Intended Use:
A for-sale townhome development of at least seventeen (17) townhomes including four 4-bedroom units for large and multigenerational families. The project is being developed in partnership with Rondo Community Land Trust to ensure long-term affordability and sustainable home ownership within the community.

Business Subsidy Agreement
This is residential development. There is no Business Subsidy Agreement required for this transaction.

Exception from Port's Development Criteria/Covenants:
The Port Authority's development criteria ("Development Criteria") were developed for, and applicable to, our light industrial business centers and anticipate those land uses, building forms, and workforce characteristics. This project is a residential development and will generally not conform to the Development Criteria. The project will adhere to the Restrictive Covenants on the property, to the extent they are not incompatible with the use type proposed. As described, the project conforms to the site's zoning (B3) and direction from the Beacon Bluff Community Advisory Committee.

Development Officer's Comments:
The need for quality affordable housing is especially significant on the East Side of Saint Paul. The creation of urban affordable infill housing at Beacon Bluff helps further activate the site and serve the community in ways not previously envisioned. The site was guided for residential uses in the community engagement process and by the consensus recommended Development Concept from the 3M/Beacon Bluff Community Advisory Committee. With Amani's mission and successful track record in affordable housing development, the Port Authority believes this project will be a true asset to the community.

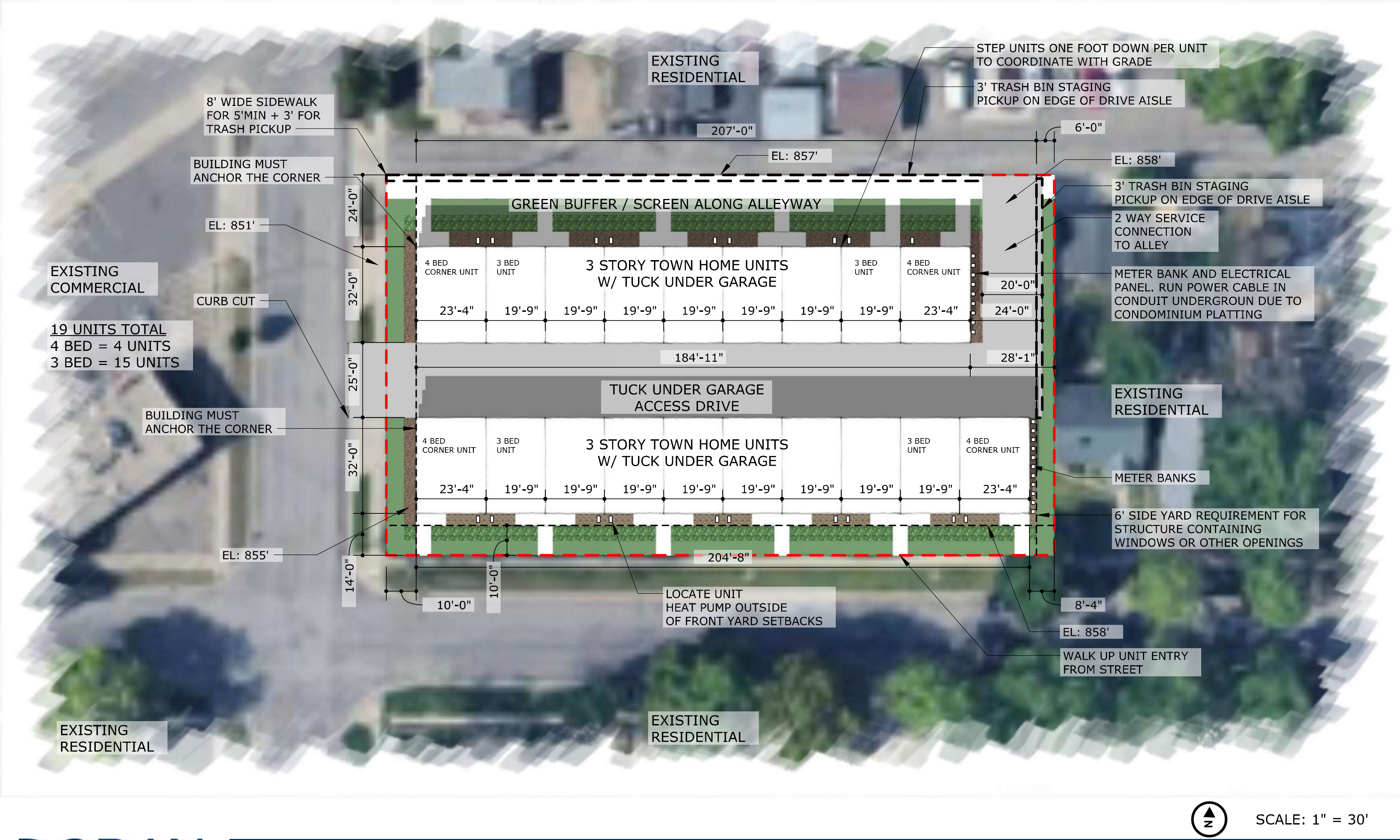
SCALE: 1" = 30'

DORAN ARCHITECTURE

Zero Bush Avenue Townhomes, Saint Paul

EXISTING SITE PLAN

April 10, 2024



DORAN ARCHITECTURE

Zero Bush Avenue Townhomes, Saint Paul

PROPOSED SITE PLAN

April 10, 2024

DORAN
ARCHITECTURE

Zero Bush Avenue Townhomes, Saint Paul OVERALL

April 10, 2024

RESOLUTION OF THE
PORT AUTHORITY OF THE CITY OF SAINT PAUL

[PUBLIC HEARING – CONVEYANCE OF LAND TO AMANI CONSTRUCTION & DEVELOPMENT, LLC – BEACON BLUFF BUSINESS CENTER]

WHEREAS, The Port Authority of the City of Saint Paul (the "Port Authority"), pursuant to Minnesota Statutes, Section 469.065, did place a notice, a copy of which with proof of publication is on file in the office of the Port Authority, of a public hearing on the proposed conveyance of property owned by the Port Authority in a legal newspaper, said hearing to be held to determine whether it is in the best interests of the port district of Saint Paul and the people thereof and in furtherance of the general plan of port improvement and industrial development to convey real estate located in the Beacon Bluff Business Center on the northeast corner of Bush Avenue and Cypress Street and known as Parcel 9 in Saint Paul, Minnesota (the "Property");

WHEREAS, the Port Authority did conduct a public hearing pursuant to said notice on May 28, 2024, at which hearing all taxpayers in the port district, both for and against the conveyance, were allowed to state their views;

WHEREAS, Amani Construction & Development, LLC (“Amani”) has entered into a Purchase Agreement to purchase the Property which is owned by the Port Authority;

WHEREAS, it is in the best interests of the port district and the people of the East Side neighborhood of Saint Paul, and in furtherance of the mission and vision of the Port Authority, to serve the community with an affordable housing development;

WHEREAS, the Port Authority has investigated the facts of the proposal with said investigation including the terms and conditions of said agreement, the proposed use of the Property, and the relationship thereof to the port district of Saint Paul and the redevelopment projects of the Port Authority in general; and

WHEREAS, the proposal presented meets the terms and conditions set forth by the Port Authority as its guide in determining if such proposals are in the best interests of the port district and the public.

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 of the East Side neighborhood of Saint Paul, and in furtherance of the mission and vision of the Port Authority to enter into said agreement to convey the Property;

2. That the actions of the President of the Port Authority in causing public notice of the proposed conveyance, and in describing the terms and conditions of such conveyance, which have been available for inspection by the public at the office of the Port Authority from and after the publication of notice of hearing, are in all respects ratified and confirmed; and

3. That the President of the Port Authority is hereby authorized to complete and execute the purchase agreement relating to the transaction contemplated herein in substantially the form as is on file in the office of the Port Authority, and the proper Port Authority officers are hereby authorized to complete and execute all documents necessary to convey title and effectuate the transaction described herein in form as approved by counsel.

Adopted: May 28, 2024

PORT AUTHORITY OF THE
CITY OF SAINT PAUL

By_____________________________________
Its Chair

Attest:

By_________________________________
Its Secretary

Saint Paul PORT AUTHORITY

MEMORANDUM

To: CREDIT COMMITTEE
BOARD OF COMMISSIONERS

Meeting Date: May 28, 2024

From: Rick W. Howden

Subject: **AUTHORIZATION TO ACCEPT GRANT FUNDING FOR THE CONSTRUCTION OF SERENITY TOWNHOMES ON BEHALF OF AMANI CONSTRUCTION & DEVELOPMENT, LLC**
RESOLUTION NO. 4781

Action Requested:

The Port Authority of the City of Saint Paul (the "Port Authority") seeks authorization to accept grant funding from the Metropolitan Council's Local Housing Incentives Account ("LHIA") on behalf of Amani Construction & Development, LLC ("Amani") for a townhome development to be constructed on Beacon Bluff Parcel 9 in Saint Paul, Minnesota (the "Property").

Background:

LHIA grants support the production and preservation of affordable rental and ownership housing to help municipalities meet their negotiated Livable Communities Act housing goals. Grant funds cover gap financing costs such as acquisition, demolition, site preparation, and other construction costs.

LHIA funding is pooled with various sources of affordable housing funding through Minnesota Housing. Since LHIA is a much smaller source of funding and often cannot make projects "whole" without additional state resources, LHIA applications are generally evaluated after Minnesota Housing has begun prioritizing their investments. Occasionally a project that does not receive an award from Minnesota Housing will still be awarded LHIA funds, which was the case for Amani.

Amani will collaborate with Rondo Community Land Trust to ensure long-term affordability and sustainable homeownership within the community. Amani's development, Serenity Townhomes, is anticipated to include 19 units, of which LHIA funds are requested to fund the construction of four 4-bedroom end units. Amani is committed to ensuring sustainability and energy efficiency in every unit, adhering to the Department of Energy Zero Energy Ready Home program. Energy-efficient homes feature superior insulation, high performance windows, and energy-efficient appliances, not only reducing utility costs but also leaving a smaller carbon footprint for a more sustainable future.

The Metropolitan Council approved an award for Serenity Townhomes on January 10, 2024 in the amount of $270,000, which is based upon the donated land value that counts toward the 50/50 match requirements of the program. Staff are bringing it forward concurrently with the conveyance of land to Amani also before the Board this month for approval. If approved, the Port

Authority will enter into a Compliance, Reporting, and Reimbursement Agreement with Amani Construction & Development, LLC.

Recommendation:

Authorization to accept grant funding from LHIA for a townhome development anticipated to be constructed by Amani on the Property.

Attachments: Resolution

RESOLUTION OF THE
PORT AUTHORITY OF THE CITY OF SAINT PAUL

[AUTHORIZATION TO ACCEPT GRANT FUNDING FOR THE CONSTRUCTION OF SERENITY TOWNHOMES ON BEHALF OF AMANI CONSTRUCTION & DEVELOPMENT, LLC]

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

WHEREAS, the Port Authority's Board of Commissioners (the "Board") are appointed by the Mayor of the City of Saint Paul subject to the approval of the Council of the City of Saint Paul;

WHEREAS, two of the Port Authority Commissioners must be members of the Council of the City of Saint Paul;

WHEREAS, said members of the Council of the City of Saint Paul serve on the Port Authority Board so long as they continue to be members of the Council of the City of Saint Paul;

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

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

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;

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 the Port Authority has undertaken numerous redevelopment projects in the City of Saint Paul;

WHEREAS, a development authority, such as the Port Authority, is eligible to accept project funding from the Metropolitan Council's Local Housing Incentives Account ("LHIA") grant program on behalf of cities participating in the Livable Communities Act's Housing Incentive Program for 2023, provided the project is located in a participating municipality as determined by the Metropolitan Council;

WHEREAS, the City of Saint Paul is a participant in the Livable Communities Act's Local Housing Incentives Account Program for 2023 as determined by the Metropolitan Council;

WHEREAS, the Port Authority acknowledges LHIA grants are intended to fund projects or project components that support the production and preservation of affordable rental and ownership housing;

WHEREAS, Amani Construction & Development, LLC ("Amani") intends to construct a townhome development on the Port Authority's Beacon Bluff Parcel 9 located in St. Paul, Minnesota (the "Amani Project"), contingent upon the separate approval of the Port Authority Board;

WHEREAS, Amani previously applied for LHIA grant funding in the amount of $270,000 (the "Grant") to support the Amani Project;

WHEREAS, the Metropolitan Council approved the Grant award to Amani in January 2024, and Amani has requested that the Port Authority accept and manage the Grant on Amani's behalf;

WHEREAS, the Port Authority has the legal authority to apply for financial assistance, and the institutional, managerial, and financial capability to ensure adequate project administration;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE PORT AUTHORITY OF THE CITY OF SAINT PAUL that the President is hereby authorized on behalf of the Port Authority to accept the Grant funding on behalf of Amani for the Amani Project.

BE IT FURTHER RESOLVED that the Port Authority will be the grantee, agrees to act as legal sponsor to administer and be responsible for grant funds expended for the Amani Project, may enter into an agreement with the Metropolitan Council for the Amani Project, and certifies that it will comply with all applicable laws and regulations as stated in all contract agreements.

BE IT FURTHER RESOLVED that the President of the Port Authority is hereby authorized to execute such agreements as are necessary to accept the Grant on behalf of Amani, to obligate Amani to comply with the terms of the Grant funding, and to allow the Port Authority to assist Amani with the management of the grant funding, all in forms approved by counsel.

I certify that the above resolution was adopted by the Board of Commissioners of the Port Authority of the City of Saint Paul on May 28, 2024.

PORT AUTHORITY OF THE
CITY OF SAINT PAUL

By ______________________________
Its Chair

ATTEST:

By ______________________________
Its Secretary

Saint Paul PORT AUTHORITY

MEMORANDUM

To: CREDIT COMMITTEE
BOARD OF COMMISSIONERS

Meeting Date: May 28, 2024

From: Linda K. Williams lkw

Subject: **APPROVAL OF LEASE AMENDMENT TO INCLUDE MMB LANGUAGE FOR UPPER RIVER SERVICES – BARGE TERMINAL 2**
RESOLUTION NO. 4782

Action Requested:

Approval of a Lease Amendment for Upper River Services ("URS") to include specific language required by the Minnesota Office of Management and Budget ("MMB") in URS's lease for its facility located in Barge Terminal No. 2.

Background:

The Port Authority of the City of Saint Paul (the "Port Authority") and URS entered into that certain Contingent Land and Barge Fleeting Lease on July 25, 2011 ("Lease"), for a parcel of land and fleeting area located in Barge Terminal No. 2 at 40 State Street, Saint Paul, Minnesota ("Leased Premises").

MMB oversees the administration of the MnDOT Port Development Assistance Program ("PDAP") Grant Program. In funding projects located on leased property, MMB requires specific lease language, approved by the landlord and tenant, relating to the use of State General Obligation Bond proceeds for improvements at Minnesota's public port facilities.

URS has been awarded a PDAP Grant to fund dockwall rehabilitation at the Leased Premises (the "Grant"). As a condition of the Grant, the Lease must be amended for the Port Authority and URS to clarify and establish that the Leased Premises and improvements to be financed by the Grant are used for public purposes and according to a Governmental Program in compliance with Minnesota Statues Section 16A.695 (the "Act") and the Fourth Order Amending Order of the Commissioner of Finance Relating to Use and Sale of State Bond Financed Property dated July 30, 2012, to ensure that State General Obligation Bonds are used solely for the purposes delineated in the Act and to ensure that the interest to be paid on such bonds is and will continue to be exempt from federal income taxation.

This MMB-required language is now standard in Port Authority river terminal leases, but because the Lease was originally signed in 2011, which pre-dated the development of this required language, the Lease now needs to be updated in order to receive the Grant funding.

Recommendation:

We recommend approval of a Lease Amendment for URS to include specific language required by MMB for its lease of the Leased Premises.

Attachment: Resolution

Resolution No. 4782

RESOLUTION OF THE
PORT AUTHORITY OF THE CITY OF SAINT PAUL

[LEASE AMENDMENT TO INCLUDE MMB LANGUAGE FOR UPPER RIVER SERVICES – BARGE TERMINAL 2]

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

WHEREAS, the Port Authority and Upper River Services ("Tenant") are parties to that certain Contingent Land and Barge Fleeting Lease on July 25, 2011 ("Lease"), for a parcel of land and fleeting area located in Barge Terminal No. 2 at 40 State Street, Saint Paul, Minnesota ("Leased Premises");

WHEREAS, URS has been awarded grant funding ("Grant Funding") under the Minnesota Department of Transportation's Port Development Assistance Program ("PDAP") to fund dockwall rehabilitation at the Leased Premises;

WHEREAS, as a condition of the Grant Funding, Minnesota Office of Management and Budget ("MMB"), which oversees the administration of the PDAP program, requires that the Lease must clarify and establish that the land and improvements to be financed by the Grant Funding are used for public purposes and according to a Governmental Program in compliance with Minn. Stat. §16A.695 (the "Act") and the Fourth Order Amending Order of the Commissioner of Finance Relating to Use and Sale of State Bond Financed Property dated July 30, 2012 and to ensure that State General Obligation Bonds are used solely for the purposes delineated in the Act and to ensure that the interest to be paid on such bonds is and will continue to be exempt from federal income taxation; and

WHEREAS, Tenant's Lease must be amended to incorporated such MMB-required language (the "Lease Amendment") in order for Tenant to receive the Grant Funding.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE PORT AUTHORITY OF THE CITY OF SAINT PAUL the Lease Amendment as described herein is hereby approved.

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 the Lease Amendment in accordance with the above-referenced terms and the Memorandum presented to the Board in a form as approved by counsel.

Adopted: May 28, 2024

PORT AUTHORITY OF THE CITY OF SAINT PAUL

By_____________________________________
Its _____________________________________

ATTEST:

By ___________________________________
Its ___________________________________

Saint Paul
PORT AUTHORITY

MEMORANDUM

To: CREDIT COMMITTEE
BOARD OF COMMISSIONERS

Meeting Date: May 28, 2024

From: Kristine Williams

Subject: **APPROVAL OF LEASE EXTENSION FOR BWC TERMINALS, LLC – BARGE TERMINAL NO. 1 RESOLUTION NO. 4783**

Action Requested:
Approval of a lease extension for BWC Terminals, LLC ("Tenant") to extend the current term of lease at 2175, 2229, 2145 and 2209 Childs Road located in Barge Terminal No. 1, Saint Paul, Minnesota (the "Leased Premises").

Background:
Tenant, or its predecessors, have been leasing approximately 408,813 square feet at this location in Barge Terminal No. 1 since 1976 (the "Lease") from the Port Authority of the City of Saint Paul (the "Landlord). The Leased Premises is used as a port facility for storing, processing, and transloading agricultural commodities. Tenant is the successor to Westway Terminal Company, Inc. and shares office space and equipment at the Leased Premises with Westway Terminal Company, LLC, also a successor to Westway Terminal Company, Inc.

The term of the current Lease began on July 1, 1999 and ends on June 30, 2024 (the "Lease Term"). The proposed extension of the Lease is intended to extend the term of the existing Lease for one (1) year through June 30, 2025 ("Lease Extension") and does not otherwise modify any other terms of the Lease. This Lease Extension allows Landlord and Tenant to continue negotiating the terms of a new lease which will be brought back to this Board for approval.

Lease Term:
Original Lease Term: July 1, 1999 through June 30, 2024
Extension of Lease Term: July 1, 2024 through June 30, 2025

Rates for Extension of Lease Term:
Rental Rate: Continued at 2.5% increase per year

Base Rent:	Annual	Monthly	PSF
July 1, 2024 to June 30, 2025	$122,979.11	$10,248.26	$0.3008

Recommendation:
Approval of a Lease Extension for Tenant to extend the current Lease Term of the Leased Premises located in Barge Terminal No. 1.

Attachment: Resolution

RESOLUTION OF THE
PORT AUTHORITY OF THE CITY OF SAINT PAUL

[LEASE EXTENSION FOR BWC TERMINALS, LLC – BARGE TERMINAL NO. 1]

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

WHEREAS, the Landlord has a current lease with BWC Terminals, LLC (the "Tenant") dated July 1, 1999, with a term that expires on June 30, 2024 (the "Lease") to lease 408,813 acres of land in Barge Terminal No. 1 at 2175, 2229, 2145 and 2209 Childs Road, Saint Paul, Minnesota (the "Leased Premises").

WHEREAS, Landlord and Tenant have negotiated a one (1) year extension of the current Lease through June 30, 2025 (the "Lease Extension") in order to allow additional time for continued negotiations of the terms of a new lease.

WHEREAS, the Lease Extension is only intended to extend the term of the existing Lease for one (1) year and does not otherwise modify any other terms of the Lease.

WHEREAS, rates for the Lease Extension will continue at the current 2.5% increase per year rate, as follows:

Base Rent:	Annual	Monthly	PSF
July 1, 2024 to June 30, 2025	$122,979.11	$10,248.26	$0.3008

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE PORT AUTHORITY OF THE CITY OF SAINT PAUL that the terms of Lease Extension as contained in the Memorandum to the Board are hereby approved.

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 the Lease Extension in accordance with the above-referenced terms in form as approved by counsel.

Adopted: May 28, 2024

PORT AUTHORITY OF THE CITY OF SAINT PAUL

By____________________________________
Its ____________________________________

ATTEST:

By _________________________________
Its _________________________________

Saint Paul
PORT AUTHORITY

MEMORANDUM

To:	CREDIT COMMITTEE BOARD OF COMMISSIONERS	**Meeting Date:**	May 28, 2024
From:	Kristine Williams		
Subject:	**APPROVAL OF LEASE AMENDMENT AND RENTAL RATE ADJUSTMENT FOR THE CITY OF SAINT PAUL IMPOUND LOT – SOUTHPORT TERMINAL** **RESOLUTION NO. 4784**		

Action Requested:

Approval of a Lease Amendment and Rental Rate Adjustment ("Lease Amendment") for the Port Authority of the City of Saint Paul (the "Port Authority" or "Landlord") to adjust the term, rental rates, and tonnage (per car) rates for land in the Southport Terminal leased by the City of Saint Paul ("Tenant") located at 40 State Street, Saint Paul, Minnesota (the "Leased Premises").

Background:

Tenant and the Port Authority entered into a lease on December 1, 2014, for approximately 9.1 acres of land at the Leased Premises (the "Lease"), and Tenant has been leasing the Leased Premises since the 1970s. The Leased Premises is used for the storage of impounded motor vehicles and other property impounded in accordance with state and local laws and regulations. This proposed Lease Amendment does not otherwise modify any other terms of the Lease.

The Landlord does not intend to renew this Lease at the end of the Lease term, instead allowing this land to be utilized by a future tenant focused on river commerce. The Port Authority staff is working closely with the Tenant and the Saint Paul Police Department (the "SPPD") to identify an alternative location for the Tenant to operate an impound lot. Since late last year, the Landlord has been working with the Tenant and the SPPD regarding the future of this site and to negotiate an appropriate adjustment to the rental rates, which ran through December 31, 2023. Due to the complicated nature of relocating this use and the lengthy negotiations of the renewal rates, part of the agreement is to keep January-May, 2024 rates the same as the 2023 rates and to begin the rental rate increase effective June 1, 2024.

Lease Term:

Original Lease Term:	December 1, 2014 through December 31, 2033
Rental Rate Adjustment Term:	June 1, 2024 through December 31, 2033 ("Rental Rate Adjustment Term")

Negotiated Rental Rate and Tonnage Adjustment for Renewal Term:

Annual Rental Rate Adjustment:	4.0% per year
Tonnage (per car) Adjustment:	$2.50/car for annual tonnage (annual increase of $0.50 per car)

Saint Paul PORT AUTHORITY

MEMORANDUM

Base Rent:	**Annual**	**Monthly**	**PSF**
*** Begin calculations from 396,352 sq ft; $124,059.76 (psf of $0.3130), $2.00 per car tonnage*			
January 1, 2024 to May 31, 2024		*$10,338.31*	*$0.3130*
June 1, 2024 to December 31, 2024		*$10,751.85*	*$0.3255*
January 1, 2025 to December 31, 2025	$134,183.04	$11,181.92	$0.3385
January 1, 2026 to December 31, 2026	$139,550.36	$11,629.20	$0.3521
January 1, 2027 to December 31, 2027	$145,132.37	$12,094.36	$0.3662
January 1, 2028 to December 31, 2028	$150,937.67	$12,578.14	$0.3662
January 1, 2029 to December 31, 2029	$156,975.17	$13,081.26	$0.3808
January 1, 2030 to December 31, 2030	$163,784.35	$13,604.52	$0.4119
January 1, 2031 to December 31, 2031	$169,784.35	$14,148.70	$0.4284
January 1, 2032 to December 31, 2032	$176,575.72	$14,714.64	$0.4455
January 1, 2033 to December 31, 2033	$183,638.75	$15,303.23	$0.4633

Recommendation:

Approval of a Lease Amendment for the Port Authority to amend the Lease to adjust the term, rental rates, and tonnage (per car) rates for the Leased Premises.

Attachment: Resolution

RESOLUTION OF THE
PORT AUTHORITY OF THE CITY OF SAINT PAUL

[LEASE AMENDMENT, RENEWAL AND RENTAL RATE ADJUSTMENT CITY OF SAINT PAUL IMPOUND LOT – SOUTHPORT TERMINAL]

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

WHEREAS, the Port Authority has negotiated certain terms to be incorporated into a Lease Amendment and Rental Rate Adjustment ("Lease Amendment") to continue leasing 9.1 acres of land in the Southport Terminal at 40 State Street in Saint Paul, Minnesota (the "Leased Premises") to the City of Saint Paul (the "Tenant") pursuant to the Lease between the Port Authority and Tenant dated December 1, 2014 through December 31, 2033 (the "Lease").

WHEREAS, rental rates for the last ten years of the Lease have been agreed upon as part of a negotiation between the Landlord and Tenant with a 4.0% per year increase beginning June 1, 2024 through December 31, 2033 ("Rental Rate Adjustment Term"). The first five months of 2024 will remain at the previous rental rate.

Base Rent:	**Annual**	**Monthly**	**PSF**
*** Begin calculations from 396,352 sq ft; $124,059.76 (psf of $0.3130), $2.00 per car tonnage*			
January 1, 2024 to May 31, 2024		*$10,338.31*	*$0.3130*
June 1, 2024 to December 31, 2024		*$10,751.85*	*$0.3255*
January 1, 2025 to December 31, 2025	$134,183.04	$11,181.92	$0.3385
January 1, 2026 to December 31, 2026	$139,550.36	$11,629.20	$0.3521
January 1, 2027 to December 31, 2027	$145,132.37	$12,094.36	$0.3662
January 1, 2028 to December 31, 2028	$150,937.67	$12,578.14	$0.3662
January 1, 2029 to December 31, 2029	$156,975.17	$13,081.26	$0.3808
January 1, 2030 to December 31, 2030	$163,784.35	$13,604.52	$0.4119
January 1, 2031 to December 31, 2031	$169,784.35	$14,148.70	$0.4284
January 1, 2032 to December 31, 2032	$176,575.72	$14,714.64	$0.4455
January 1, 2033 to December 31, 2033	$183,638.75	$15,303.23	$0.4633

WHEREAS, tonnage (per car) fees during the Rental Rate Adjustment Term will be paid at a rate of $2.50/per car for annual tonnage.

WHEREAS, at the end of the Lease, the Tenant will have no options to renew, and Landlord is currently working closely with the Tenant to identify an alternative location for the Tenant to operate an impound lot.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE PORT AUTHORITY OF THE CITY OF SAINT PAUL that the terms of Lease Amendment as contained in the Memorandum to the Board are hereby approved.

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 the Lease Amendment in accordance with the above-referenced terms in form as approved by counsel.

Adopted: May 28, 2024

PORT AUTHORITY OF THE CITY OF SAINT PAUL

By_____________________________________
Its _____________________________________

ATTEST:

By __________________________________
Its __________________________________

Saint Paul PORT AUTHORITY

MEMORANDUM

To: CREDIT COMMITTEE
BOARD OF COMMISSIONERS

Meeting Date: May 28, 2024

From: Kathryn L. Sarnecki

Subject: **APPROVAL OF DECLARATION OF COVENANTS - THE HEIGHTS RESIDENTIAL LOTS RESOLUTION NO: 4785**

Action Requested:
Approval of the development covenants for the residential sites, buildings, and landscaping design, for residential development at The Heights.

Background:
For each of its Business Centers, the Port Authority of the City of Saint Paul (the "Port Authority") has tailored protective covenants to address specific site, building, and landscape design related items.

Attached is the Port Authority staff's recommendation for a recorded covenant and associated design guidelines for residential land development at The Heights. The Heights strives to be an inclusive, equitable, and regenerative development. The Covenants will be recorded with each property's land title in the real estate records of the Ramsey County Recorder's Office.

The Covenants were developed through partnership and community input. The Port Authority partnered with D2 Greater Eastside Community Council and Councilmember Yang's office to host numerous community meetings, conducted community surveys, brought in consultants to gather public opinions, and hosted a series of focused workgroups. These included the Urban Design Workgroup, Sustainability Workgroup, Housing Workgroup, Outdoor Spaces Workgroup, and Public Art Workgroup. The formal workgroup efforts consisted of 28 meetings and well over 100 hours of co-creation, ideation, refinement, and consensus building with the stakeholders. Many of these recommendations were incorporated directly into the covenants or the Design Guidelines and Requirements documents.

Key community needs identified through the community engagement process include:

- Building Neighborhood Pride
    - Strengthen connectivity for people of all ages
    - Green spaces, trails, amenities designed for community enjoyment
    - Indoor space for public to use/gather
    - Celebration of diverse cultures
    - Bringing more art to community/faces of buildings
    - Create a safe environment

- Pushing for a Carbon-Free Community
  - Energy efficiency and onsite energy generation
  - LEED for Communities Certification
  - Clean water features
- Wide range of housing options for all ages and all incomes and family types

Recommendation:

Approval of the development covenants for the residential sites, buildings, and landscaping design, for residential development at the Heights.

Attachments: Covenants
Resolution

Resolution No. 4785

RESOLUTION OF THE
PORT AUTHORITY OF THE CITY OF SAINT PAUL

[APPROVAL OF DECLARATION OF COVENANTS – THE HEIGHTS RESIDENTIAL LOTS]

WHEREAS, the Port Authority of the City of Saint Paul (the "Port Authority) is committed to the development of The Heights business center located in an East Side neighborhood of Saint Paul, Minnesota ("The Heights");

WHEREAS, for each of the Port Authority's business centers, the Port Authority develops covenants, which address specific site, building, and landscape design and other issues related to the business center;

WHEREAS, attached hereto as Exhibit A are covenants applicable to the residential lots at The Heights (the "Covenants") recommended by staff and which have been presented to the Board of Commissioners of the Port Authority;

WHEREAS, the purpose of the Covenants for the residential lots is to guide desired residential land development within The Heights, which includes addressing certain design, architectural features, and other site plan components into each project developed in order to foster neighborhood pride, safe environments, and equity, cultures, art and diversity in income and family types, in order to yield the highest positive impact possible for the surrounding neighborhoods, as well as ensure the construction of high-performance, energy-efficient buildings that help prevent climate change; and

WHEREAS, the Port Authority believes that the Covenants for the residential lots are achievable and will serve to enhance the environment in the neighborhood vicinity of The Heights.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE PORT AUTHORITY OF THE CITY OF SAINT PAUL, that the Covenants are approved in substantially the form attached as Exhibit A. The Covenants may be modified with such necessary and appropriate variations, omissions, and inserts as do not materially change the substance thereof or that the President, or anyone acting under his direction, shall reasonably determine are needed to achieve the purposes set forth herein; and

BE IT FURTHER RESOLVED, that the President or anyone acting under his direction is hereby authorized to take such actions and execute any and all necessary documents reasonably required to apply the Covenants to the residential lots in The Heights.

Adopted: May 28, 2024

PORT AUTHORITY OF THE CITY OF SAINT PAUL

By____________________________________
Its Chair

Attest:

By__________________________________
Its Secretary

Attachment: Covenants to The Heights Residential Lots

Exhibit A
to
Resolution
(Approval of Declaration of Covenants – The Heights Residential Lots)

{Attached}

[Above Space Reserved for Recording Data]

Saint Paul, MN

DECLARATION OF RESTRICTIONS AND COVENANTS
THE HEIGHTS

THIS DECLARATION (the "Declaration") is made this __ day of June, 2024 (the "Effective Date"), by the PORT AUTHORITY OF THE CITY OF SAINT PAUL, a Minnesota public body corporate and politic ("Declarant").

WITNESSETH

WHEREAS, Declarant is the owner of real property situated in the City of Saint Paul (the "City"), Minnesota, legally described in Exhibit A-1 attached hereto and depicted in Exhibit B attached hereto (the "Property"); and

WHEREAS, Declarant intends to develop the Property and adjacent land as a mixed use development to be known as "The Heights" (the "Development"), subject to certain use restrictions and design guidelines; and

WHEREAS, Declarant seeks to guide the future development and use of the Property and the Development by future owners of the Property, or portions thereof (each such owner, together with its successors and assigns and all other future owners of the Property, an "Owner", and each portion of the Property, a "Development Parcel"), in order to preserve and maintain the value of the Property, the Development and the surrounding community. In particular, Declarant seeks to utilize new concepts of integration of housing, workplaces, energy efficiency and sustainable design as contributing factors to the total community of the Development.

WHEREAS, Declarant intends for the Development Parcels legally described on Exhibit A-2 to be developed into multifamily housing (collectively, the "Multifamily Development Parcels") by multiple future owners (collectively, the "Multifamily Owners").

WHEREAS, Declarant intends for the Development Parcels legally described on Exhibit A-3 to be developed in phases (each, a "Phase") into low-density housing units, consisting of single family homes, twin homes and town homes (collectively, the "Low-Density Development Parcels") by a future owner (the "Low-Density Owner").

NOW THEREFORE, Declarant makes the following declarations as to limitations, restrictions and uses to which the Property may be put and specifies that such declarations shall constitute covenants to run with the Property.

ARTICLE 1
PROHIBITED USES

1.1 Nuisance. No noxious or offensive trade or activity shall be conducted upon any Development Parcel, nor shall anything be done thereon which shall constitute a public nuisance by reason of excessive emissions of odors, dust, fumes, smoke, or noise.

1.2 Uses. Use of the Property shall be consistent with existing City zoning. No portion of the Property shall be used for automobile wrecking purposes or the commercial storage or salvage of used materials, wastepaper, scrap paper, rags, scrap metal, bottles, or junk. No Development Parcel shall be used for self-storage or outdoor storage uses. No Development Parcel shall be property tax-exempt, except for those that have entered into a Payment In Lieu of Taxes (PILOT) agreement with Declarant and Ramsey County.

ARTICLE 2
DESIGN GUIDELINES

2.1 Heights Design Guidelines. Declarant has developed a set of design guidelines (the "Heights Design Guidelines") to guide its design review under Article 7 below and to assist Owners in the initial development and subsequent alteration of the Property. The Heights Design Guidelines are subject to change from time to time as determined by Declarant in its sole discretion. Each Owner shall comply with the Heights Design Guidelines, except where a waiver has been granted. A current version of the Heights Design Guidelines shall be made available on Declarant's website and shall be available upon request to Declarant. With respect to any changes to the Heights Design Guidelines, the revised Heights Design Guidelines shall be applicable only to new improvements or alterations first proposed pursuant to Section 7 below following the adoption of such revised Heights Design Guidelines.

2.2 Applicability. With respect to the Low-Density Development Parcels, the Heights Design Guidelines and requirements of this Declaration do not apply to interior repair, maintenance, replacement, construction, remodeling or the like, but the Heights Design Guidelines do and will apply to all exterior work on such Low-Density Development Parcels.

ARTICLE 3
SUSTAINABILITY

3.1 Purpose. In order to advance Declarant's mission to mitigate the effects of climate change through sustainable development and reduce energy use and carbon dioxide ("CO2") emissions, Declarant has created the Heights Design Guidelines to address: Leadership in Energy and Environmental Design ("LEED") Certification, energy efficient design and operations, electrification, renewable energy, embodied carbon, electric vehicle infrastructure, and construction and building waste management.

3.2 Reporting. The United States Environmental Protection Agency has created the "Energy Star Portfolio Manager," an energy management tool. Declarant has created an Energy Star Portfolio Manager for the Development. On an annual basis, each Owner shall provide, or authorize the providing of, a whole-building energy consumption, on-site energy generation, electrical demand, and water use report to the Energy Star Portfolio Manager for its Development Parcel (or such other energy management tool as determined by Declarant) showing monthly usage data. All Owners or the HOA may authorize its applicable utility providers to provide such data directly to Declarant in the manner reasonably prescribed by Declarant and communicated to the Owners.

ARTICLE 4
LANDSCAPING & SNOW REMOVAL

4.1 General Requirements. Each Owner shall, in connection with the construction of the initial improvements to be constructed on any Development Parcel, landscape its Development Parcel in accordance with a landscape plan (a "Landscape Plan") prepared by a licensed landscape architect and approved by Declarant pursuant to the design review process set forth in Article 7. Each Landscape Plan shall indicate the type, size, quantity, and placement of all plant materials proposed by the Owner and shall include information regarding the landscaping budget and biodiversity plans. Areas for snow storage on Multifamily Development Parcels shall be identified on the Landscape Plan. Use of the front setback area of the lot or any other area not designated for snow storage in the approved Landscape Plan is prohibited. Snow on the Low-Density Development Parcels may be moved to the areas on the side and adjacent to sidewalks, driveways, and alleys in compliance with City regulations.

4.2 Maintenance. The landscaped areas of each Development Parcel and the street frontage boulevard areas shall be maintained in a neat and sightly manner. All plant material shall be properly planted and maintained in an organized and manicured manner pursuant to the maintenance requirements of Article 6. Where the term manicured is used, it shall mean that planting beds and turf transitions are neatly edged, and that ground layer plantings do not intrude upon walkways, drives, or curbs.

ARTICLE 5
FENCING

5.1 Types of Fences. Various types of fencing may be used depending on the location of each Development Parcel in accordance with the Heights Design Guidelines. All fencing plans must be approved by Declarant pursuant to the design review process set forth in Article 7. Declarant shall use the Heights Design Guidelines as the basis for its review of all fencing plans.

ARTICLE 6
MAINTENANCE

6.1 Common Area Maintenance. Declarant shall provide for the maintenance of the Common Areas and each Owner shall pay to Declarant such Owner's Proportionate Share of the Operating Expenses therefor, all in accordance with the provisions of Exhibit C attached hereto and incorporated herein by reference). All capitalized terms used herein which are defined in Exhibit C shall have the definitions given to such terms therein.

6.2 Lien for Common Area Maintenance. Declarant shall have a lien upon each Development Parcel for any such assessment levied for Operating Expenses from the time such assessment becomes payable. Declarant shall give any mortgagees, trustees or other holders of any security interest in a Development Parcel ("Holder"), by certified or registered mail or overnight courier, a copy of any notice of failure served upon the Owner of the respective Development Parcel at the same time such notice is served upon such Owner. If such Owner does not cure the failure within the time provided for in this Declaration, such Holder shall have until the later of: (a) thirty (30) days after the date Declarant provides notice of the failure, or (b) thirty (30) days after the Owner's cure period for such failure expires, to cure the failure prior to default; provided, however, that if such failure is of a nature or type not reasonably curable within the applicable 30-day period pursuant to clause (a) or (b) above, Holder shall have such additional time as is reasonable to effect the cure thereof, not to exceed an additional thirty (30) days, so long as such Holder undertakes curative action within the applicable 30-day period pursuant to clause (a) or (b) above and thereafter diligently pursues such cure to completion. Declarant shall have no obligation to provide a Holder with the notice or curative rights provided in this Section 6.2 if Declarant does not have record or actual notice of the mailing address for such Holder.

6.3 Parcel Maintenance. Each Owner shall be responsible for maintaining its Development Parcel(s) in a manicured, well-kept manner. Landscape maintenance shall include, but not be limited to, mowing, pruning, watering, fertilizing, mulching of planting beds, plant replacement, litter collection, and other activities needed to keep the parcel neat and orderly, and to keep the plants healthy and in vigorous growing condition. Except where the City provides otherwise such as in City Code, each Owner shall be responsible for maintenance, repair, and replacement of all private sidewalks and private paved areas on its Development Parcel, such as walkways, parking lots, alley ways, and loading areas, including prompt removal of snow and ice from such areas. Each owner shall also be responsible for clearing and maintaining public sidewalks free of debris, snow, ice, or obstructions on its Development Parcel.

ARTICLE 7
DESIGN REVIEW

7.1 Purpose. Certain aspects of design and development (beyond technical criteria) are not easily prescribed by rules and regulations. Among these are such intangibles as the spatial relationships of structures and open spaces, the architectural compatibility of buildings, the patterns of human activity, and a general interpretation of the design framework as applied to the development of each Development Parcel. Such matters require the timely exercise of judgment by those familiar with the Development's goals and qualified to evaluate the design of development proposals. Therefore, improvements to be constructed on the Property shall be subject to review by Declarant for compliance with the Heights Design Guidelines, which shall guide the placement, design and maintenance of buildings, improvements, open spaces, landscaping and other matters impacting the Property. Improvements for which Declarant approval is required shall be reviewed for compliance with the Heights Design Guidelines in existence as of the date the preliminary plans were submitted to Declarant for approval. Changes to the Heights Design Guidelines shall not require changes in construction of plans previously approved by Declarant.

7.2 Prohibition on Construction or Alterations. Except as expressly provided in this Article, no structure, building, addition, deck, patio, wall, enclosure, window, exterior door, sign, display, decoration, exterior color change, topographical or landscaping change, exterior antenna, stormwater facility, fence, ground source heating/cooling facility, utilities or any other exterior improvements above or below ground to, or alteration or demolition of, any building or any other improvement on the Property which is visible from the exterior of the building or any interior alteration to any building which would cause the building to be out of compliance with this Declaration or the approved Plans (as defined below) for the building (collectively referred to as "Alterations"), shall be commenced, erected or maintained, unless and until the plans and specifications describing the nature, kind, shape, height, color, materials and locations of the Alterations shall have been approved in writing by Declarant. Notwithstanding the above, the Multifamily and Low Density Owners may erect and maintain displays and decoration permitted by City code. If any such improvement or alteration is not addressed by the Heights Design Guidelines, this Section 7 shall not apply with respect to those portions of the improvement or alteration not addressed by the Heights Design Guidelines, but shall be completed in compliance with all City regulations.

7.3 Design Review Process. The design review process includes three stages with the end result of an Approval Letter provided by Declarant and is required for all initial construction and any subsequent Alterations. In some cases, additional informal meetings or submittals may be required, based on unique project circumstances. The review process is as follows:

7.3.1 Concept Design Phase: Owner or prospective purchaser is encouraged to schedule an initial meeting (or meetings, if necessary) with Declarant as early in design as feasible to establish an understanding of this Declaration and the required process (the "Concept

Design Phase"). During the Concept Design Phase, the Owner shall present its concept design to Declarant. The concept design shall provide and show all information specified and required in the Heights Design Guidelines. Declarant must approve in writing the Owner's concept design before the Declarant will accept the Owner's submission for Preliminary Plans Review (as defined below).

7.3.2. Preliminary Design Phase: Based on the concept design approved by Declarant during the Concept Design Phase, the Owner shall submit to Declarant its preliminary plans for the proposed initial construction or Alterations on its Development Parcel for review by the Declarant (the "Preliminary Plans Review"). At this stage, such plans shall provide and show all the information, drawings, and data specified and required in the Heights Design Guidelines and such other information as may be reasonably requested by Declarant. Declarant must approve in writing the Owner's preliminary plans before Declarant will accept the Owner's submission for Final Plans Review (as defined below).

7.3.3. Final Design Phase: Based on the preliminary plans approved by Declarant and at least thirty (30) days before the proposed commencement of any construction, renovation or alteration of any improvements (including landscaping, grading, and installation of drainage facilities) upon any part of the Property, the Owner shall submit to Declarant its Plans (as defined below) for the proposed initial construction or Alteration for final review by Declarant (the "Final Plans Review").

7.3.4. Approval Letters: The Declarant will review the final submitted documentation and, if it deems that the design conforms with this Declaration and the Heights Design Guidelines, it will issue a written approval (an "Approval Letter") indicating conformance or describing in reasonable specificity the reasons for any non-approval.

7.4 Contacting Declarant and Submission of Materials. For all matters related to the design review described in this Section 7 or other inquiries related to this Declaration, and for submission of all materials required or requested hereunder, communication and submittals should be directed to the following:

Saint Paul Port Authority
400 N. Wabasha Street, #240
Saint Paul, MN 55102
Attn: President /CEO

7.5 Plans and Documentation of Design Guidelines. As used herein, "Plans" shall mean a set of plans and specifications signed by an architect, landscape architect, and/or appropriate engineers and shall be on a common and consistent scale. The Plans for any improvements, renovations or alterations shall include each of the following, unless otherwise waived in writing by Declarant during the design review process or deemed inapplicable due to the nature or scope of the planned improvements, and the Plans for any initial construction shall include, at a minimum:

7.5.1. Site Plan Review Application. A completed "Site Plan Review Application" form if and as required by the City of St. Paul.

7.5.2. Project Narrative. A project description/overview narrative as required by the City of St. Paul. This narrative should include a description of how the project will meet the major requirements of this Declaration, as well as describing any proposed deviations.

7.5.3. Submittal Requirements. All surveys, plans, maps, exhibits, reports, memos, studies, and applications listed on the City of St. Paul's form "Submittal Requirements" checklist (such documents are listed on the City of St. Paul's Site Plan Review Application). If an item from the checklist is not applicable, an explanation should be given in the comment column of the form.

7.5.4. Sign Plans. If there will be signage on the Development Parcel, signage design documents, which shall include scaled elevation drawings, plans indicating the placement and size of any proposed sign, together with a detailed drawing of the proposed sign.

The above documentation in total shall describe and depict the project's conformance with the Heights Design Guidelines for the Development Parcel's zoning.

7.6 Waivers. Declarant may in its sole and absolute discretion grant waivers from the strict application of any provision of the Heights Design Guidelines.

For initial construction on the Property, an Owner's submittal of Plans to Declarant for review shall be deemed an application and Declarant's issuance of an Approval Letter for any Plans that are not in compliance with the provisions of this Declaration or the Heights Design Guidelines shall be deemed approval of a waiver pursuant to this section. For subsequent Alterations to the Property that vary from the strict application of the Heights Design Guidelines, the Owner must file with Declarant a waiver application in writing, signed by an authorized Owner representative, and specifying the nature of the waiver requested with supporting documentation.

All reasonable third-party out-of-pocket expenses Declarant reasonably incurs to review an Owner's waiver application shall be paid by Owner, and Declarant may require an upfront payment of a reasonable estimate of such expenses before the application will be considered by the Declarant. Unless expressly provided otherwise in writing, waivers granted by Declaration with respect to physical or structural alterations and improvements shall run with the land and benefit successor-in-interest thereto. Any waiver granted by Declarant with respect to the use of a Development Parcel or personal property thereon shall be personal to such Owner and shall not run with the land and shall not benefit successors-in-interest unless the written waiver is duly executed by Declarant and is recorded with the Ramsey County Recorder's Office. Declarant's grant of a waiver for an Owner shall not and does not constitute a waiver to any other Owner or to any other alteration or improvement on the applicable Development Parcel.

ARTICLE 8 ENFORCEMENT

8.1 Default; Right of Enforcement. This Declaration is for the mutual benefit of Declarant and all Owners. Declarant and any Owner of any Development Parcel shall have the right to enforce the requirements of this Declaration on any other Owner. This Declaration shall run with and be binding upon the Property. Any breach or violation of this Declaration constitutes a default (an "Event of Default") if such breach or violation remains uncured for a period of thirty (30) days (or such reasonable period if the nature of the breach is such that it requires longer than thirty (30) days to cure) following the breaching party's receipt of written notice from the non-breaching party detailing the breach or violation. Any Event of Default shall be enforceable by specific performance, injunctive relief, declaratory judgment, and/or money damages by reason of the breach of these standards. Notwithstanding anything to the contrary, consequential, punitive or exemplary damages shall not be available as a remedy under this Declaration.

8.2 Choice of Law, Jurisdiction, and Venue. This Declaration shall be governed by and in accordance with the laws of the State of Minnesota. Any and all legal actions, claims, or disputes alleging any default of the Declaration shall be initiated, filed, and venued exclusively in the State of Minnesota, Ramsey County, and shall not be removed therefrom to any other federal or state court.

8.3 Compliance With Existing Ordinances and Codes. The scope and terms of this Declaration are considered as supplemental to the requirements of any existing zoning ordinance and building code of the City or other governmental authority having jurisdiction. The Declarant's design review process will not be a substitute for the normal plan review of applicable public authorities having jurisdiction.

8.4 Responsibility for Informing. Each Owner is solely responsible for informing its third-party developers, designers, contractors, and subcontractors of the terms of this Declaration. Declarant assumes no responsibility for informing such parties of the terms of this Declaration.

8.5 Prevailing Party Attorneys' Fees. An Owner and/or Declarant if it is the prevailing party shall be entitled to recover its attorneys' fees incurred in enforcing the terms of this Declaration.

8.6 Severability. If it is determined by a court of competent jurisdiction that any provision(s) of this Declaration are unenforceable or unlawful, the remainder of this Declaration shall remain in full force and effect.

[Signature Page Follows]

IN WITNESS WHEREOF, this instrument has been executed on the day and year first above written.

PORT AUTHORITY OF THE
CITY OF SAINT PAUL

By:________________________________
Name: ______________________________
Title:________________________________

STATE OF MINNESOTA)
) ss.
COUNTY OF RAMSEY)

The foregoing instrument was acknowledged before me this ___ day of __________, 202__, by ________________, the ______________ of the PORT AUTHORITY OF THE CITY OF SAINT PAUL, a Minnesota public body corporate and politic.

____
Notary Public
My commission expires: __________

THIS INSTRUMENT WAS DRAFTED BY
AND WHEN RECORDED RETURN TO:

Port Authority of the City of Saint Paul
Attention: General Counsel
400 Wabasha Street North #240
St. Paul, MN 55102

EXHIBIT A-1

Legal Description of the Property

The property located in the City of Saint Paul, Ramsey County, Minnesota legally described as:

Lot 1, Block 11, Lot 1, Block 10, Lot 1, Block 9, Lot 1, Block 8, Lot 1, Block 7, Lot 1, Block 6, Lot 1, Block 5, Lot 1, Block 4, Lot 1, Block 3 and Outlot D, the Heights Addition

Ramsey County, Minnesota
Torrens Property

EXHIBIT A-2

Legal Description of the Multifamily Development Parcels

The property located in the City of Saint Paul, Ramsey County, Minnesota legally described as:

Lot 1, Block 11, Lot 1, Block 10, Lot 1, Block 9, Lot 1, Block 8, Lot 1, Block 7 and Outlot D, the Heights Addition

Ramsey County, Minnesota
Torrens Property

EXHIBIT A-3

Legal Description of the Low-Density Development Parcels

The property located in the City of Saint Paul, Ramsey County, Minnesota legally described as:

Lot 1, Block 6, Lot 1, Block 5, Lot 1, Block 4, Lot 1, Block 3, the Heights Addition

Ramsey County, Minnesota
Torrens Property

EXHIBIT B

Depiction of Property

<u>EXHIBIT C</u>
OPERATING EXPENSES

<u>ARTICLE 1</u>
DEFINITIONS

1.1. "*Common Areas*" means: (a) Outlots A through C, E, and F, inclusive ("*Common Area Outlots*"), and (b) the entrance features, stormwater ponds and all related structures and improvements, wetlands, landscaping berms, public art installations, passive open space, interpretive areas, public amenities, driveways, roads, sidewalks, trails, and electrical, plumbing, gas, and other utility lines installed to provide service to the Development as a whole and as generally depicted on <u>Schedule 1.1</u> attached hereto ("*Additional Common Areas*"), all as identified in: (x) that certain Official Plat of THE HEIGHTS, prepared by Max L. Stanislowski as of September 26, 2023 and recorded in the Office of the Registrar of Titles of Ramsey County, Minnesota on September 27, 2023 as Document Number 2761923, (x) Hillcrest Master Plan, Approved by the Saint Paul City Council on June 1, 2022, Resolution PH 22-128, which includes site development plans, (y) construction/building plans and permits on file with the City of Saint Paul, and (z) Capital Improvements as they are constructed and completed.

1.2. "*Capital Improvements*" means, collectively, Discretionary Capital Improvements and Essential Capital Improvements.

1.3. "*Discretionary Capital Improvements*" means a capital improvement, upgrade, addition, betterment, replacement, reconfiguration or installation on, of or to any Initial Improvement or other portion of the Common Areas that is not an Essential Capital Improvement.

1.4. "*Essential Capital Improvements*" means capital repairs or maintenances of the Capital Improvements that are: (a) necessary, in the reasonable discretion of Declarant, to permit the safe use of the Capital Improvements by the Owners and their designees, whether or not required by governmental mandate, or (b) required to cause the Capital Improvements to comply with any local, state or federal law, ordinance, regulation, rule, or similar legal requirements to which the Capital Improvements are subject.

1.5. "*Initial Improvements*" means all actions, events, liabilities, obligations, costs and expenses associated with the improvement, grading, utilities, easements, restrictive covenants, declarations, construction, building, signage, monuments, drafting, negotiation, review, design, inspection, assessment, approval, permitting and other activities conducted by Declarant in connection with completing the Common Areas as identified and defined above.

1.6. *"Initial Reserves"* means the sum of $50,000.00.

1.7. "*Operating Expenses*" means all of Declarant's operating costs and expenses of whatever kind or nature paid or incurred in the operation and maintenance of the Common Areas, including without limitation a reasonable management fee and the Reserves, all computed on the accrual basis and in accordance with the terms of this Declaration. Notwithstanding the preceding, Operating Expenses shall not include those costs and expenses, and shall be subject to the limitations and qualifications, set forth on <u>Schedule 1.5</u> attached hereto.

1.8. "*Operating Year*" shall mean each calendar year or such other period of twelve (12) months as hereafter may be adopted by Declarant as its fiscal year for this purpose.

1.9. "*Owner*" shall have the meaning ascribed to such term in the Declaration.

1.10. "*Owner's Proportionate Share*" shall mean the percentage ascribed to each Development Parcel on <u>Schedule 1.10</u> attached hereto.

1.11. *"Reserves"* shall mean the reserves maintained by Declarant in a segregated account for purposes of funding Capital Improvements or unanticipated Operating Expenses. Reserve estimates will be included in the annual Budget provided by Declarant and paid as part of each Owner's Proportionate Share of Operating Expenses.

<u>ARTICLE 2</u>
OPERATING EXPENSES

2.1. Except as otherwise set forth herein, beginning on January 1, 2026 (the date that the Initial Improvements are projected to be completed by Declarant), each Owner shall pay the Owner's Proportionate Share of Operating Expenses for the 2026 Operating Year and each Operating Year thereafter. Each Owner shall fund such Owner's Proportionate Share of the Initial Reserves upon closing on the acquisition of a Development Parcel. Thereafter, Reserves will be paid as part of Operating Expenses.

2.2. At least thirty (30) days before the commencement of each Operating Year, Declarant shall provide each Owner with a written statement projecting such Owner's Proportionate Share of Operating Expenses for upcoming Operating Year ("*Budget*"). The Budget shall contain sufficient detail to support the Budget and the Operating Expenses, including any Reserves, Declarant expects to incur during the applicable Operating Year to keep the Common Areas in good condition and repair. Commencing on the first day of the first quarter following receipt of the Budget and continuing until receipt by an Owner of the Budget of the next Operating Year, such Owner shall pay to Declarant each quarter, at the start of the quarter, an amount equal to one-fourth (1/4th) of such Owner's Proportionate Share of Operating Expenses for the Operating Year as estimated in the Budget. If Declarant shall fail to timely provide a Budget for any Operating Year, the Owner shall not be released from its obligation to pay such Owner's Proportionate Share of Operating Expenses but shall continue to pay based on the most recently provided Budget until such time as the Declarant provides a new Budget.

2.3. Any of the Owners shall have thirty (30) days after the receipt of each Budget to advise Declarant, in writing, of any aspect thereof to which that Owner objects (a "*Budget Objection*"). Any Budget Objection shall identify with reasonable detail the objection(s) contained therein and propose the Budget adjustment(s) that, if made by Declarant, would be acceptable to such Owner to resolve the subject Budget Objection. If any of the Owners fail to timely provide a Budget Objection, then such Budget shall be binding on such Owner subject to, and without waiving, the reconciliation process set forth in Section 4.1 and Section 4.2. If any of the Owners timely provides a Budget Objection, then Declarant and such Owner shall have thirty (30) days from delivery of such written notice to work in good faith to adjust the Budget ("*Adjustment Period*"). If Declarant and such Owner cannot mutually adjust the Budget during the Adjustment Period, then such Owner and Declarant shall submit the dispute to mediation by a mutually acceptable mediator for resolution. If such Owner and Declarant cannot agree on a mutually acceptable mediator within five (5) days after the Adjustment Period, each participant shall select a mediator and the selected mediators will together select a mediator to mediate the dispute. While the dispute is in mediation, such Owner shall pay the amounts required of such Owner under the Budget approved for the previous Operating Year. The cost of such mediation shall be shared evenly between the parties involved therein, and final determination of such mediation with respect to the Budget Objection shall be conclusive and binding on the parties involved therein. Multiple Owners may, but need not, join in making a single Budget Objection. If multiple Owners make separate Budget Objections that contain one (1) or more materially identical objections ("*Identical Objection(s)*"), then such Budget Objections shall be addressed in a single mediation in accordance with the terms of this Section 2.3, it being agreed that if multiple Budget Objections propose different adjustments or resolutions for the same Identical Objections, then the mediator shall, with respect to each of the Identical Objections, select from among the multiple Budget Objections whichever single Budget Objection the mediator determines contains the most correct resolution for such Identical Objection.

2.4. Declarant shall, as soon as possible after the close of each such Operating Year, and in no case more than ninety (90) days thereafter, provide each Owner with a statement of the actual Operating Expenses for such period ("*Reconciliation Statement*"). Any underpayment by an Owner during such Operating Year due to the fact that projected Operating Expenses were less than actual Operating Expenses shall be paid to Declarant within thirty (30) days after Owner's receipt of a statement for such deficiency. Any overpayment by an Owner during such Operating Year due to the fact that projected Operating Expenses were greater than actual Operating Expenses shall be either: (a) credited to the next Operating Expenses payable by said Owner under this Exhibit C or (b) refunded to said Owner if no Operating Expenses are then due and payable.

ARTICLE 3
DECLARANT AS OWNER

3.1. In determining Operating Expenses for any Operating Year, Declarant shall pay the Owner's Proportionate Share of Operating Expenses for any Development Parcels owned by Declarant during such period.

ARTICLE 4
AUDIT

4.1. Each Owner shall have the right to examine, audit and photocopy Declarant's books and records relating to said Owner's Proportionate Share of Operating Expenses for any Operating Year for a period of three (3) months following the date that Owner receives the applicable Reconciliation Statement; provided, however, that: (a) any Owner may exercise such right only once per twelve (12) month period, and (b) if requested by the Declarant the requesting Owner signs a confidentiality agreement in form satisfactory to Declarant in its reasonable discretion prior to accessing Declarant's books and records. Any Owner who wishes to perform said audit shall give Declarant not less than thirty (30) days' prior written notice of its intention to examine and audit such books and records, and such examination and audit shall take place at the offices of Declarant located in the City of St. Paul, Minnesota. If such examination and audit shows that an additional sums are due from an Owner for such Operating Year, then such Owner shall pay such sum to Declarant within thirty (30) days after the conclusion of such examination and audit. If such examination and audit shows that a refund is due from Declarant to an Owner for such Operating Year, then Declarant shall either: (y) credit such amount to the next Operating Expenses payable by said Owner under this Exhibit C or (z) refund the amount to said Owner within thirty (30) days after the conclusion of such examination and audit if no Operating Expenses are then due and payable. The audit shall be performed by a certified public accountant, on a non-contingent fee basis, at the sole cost of the requesting Owner, except as set forth in Section 4.2. If an Owner does not elect to exercise its right to examine and audit Declarant's books and records for any Operating Year within the time period provided for by this Article 4, said Owner shall have no further right to challenge its Proportionate Share of Operating Expenses for the applicable Operating Year.

4.2. If, as a result of the audit process set forth in Section 4.1 the actual total Operating Expenses (not merely an individual Owner's Proportionate Share of Operating Expenses) establishes a total overcharge by 5% or more given the total charged Operating Expenses, then Declarant shall pay the auditing Owner or Owners: (y) the amount owed under Section 4.1, together with a reasonable interest factor thereon at a rate equal to the lesser of: (i) eight percent (8%) per annum, or (ii) the "Prime Rate" of interest as published by the largest United States Bank Holding Company established at and beginning to accrue on the date such installment payments were originally due and owing for the Owners' Proportionate Share of Operating Expenses pursuant to the subject Budget and continuing to accrue through the date paid in fact; and (z) the reasonable Owner's certified public accountant fees and costs.

ARTICLE 5
LOW-DENSITY DEVELOPMENT PARCELS

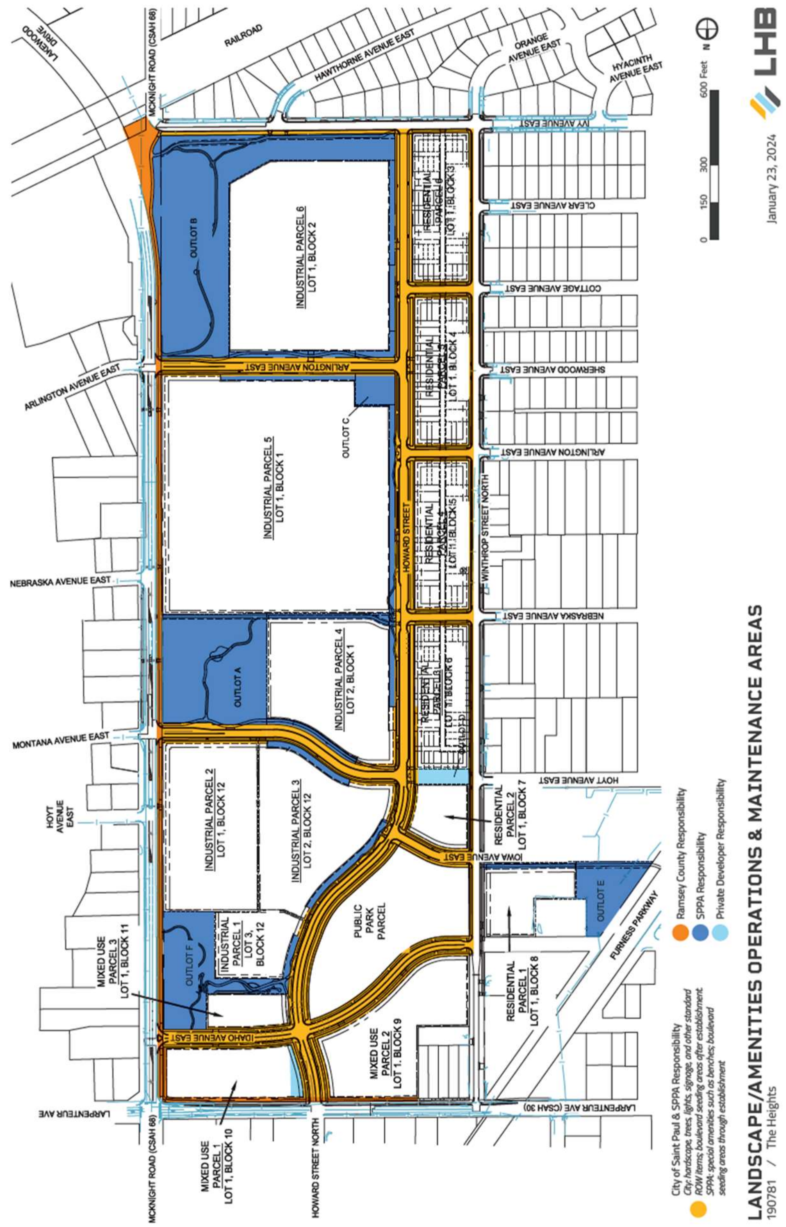
5.1. For purposes of timely facilitating the payment of Operating Expenses and other rights and obligations of the Low-Density Owners under this Declaration, all amounts due, and actions permitted or required by the Low-Density Owners, shall initially be directed to, and performed or observed by, the Low-Density Homeowners' Association ("*HOA*") on behalf of the Low-Density Owners.

5.2. The HOA also be deemed an "Owner" and, for purposes of this Declaration, (a) shall be the primarily responsible for exercising, performing and observing the rights, obligations and covenants charged to the Low-Density Owners, and (b) only the HOA shall have the rights granted to the Low-Density Owners in Articles 2 and 4 above.

5.3. If, at any time, any one or more Low-Density Development Parcels, or portions thereof, are not governed by the HOA, then such individual Low-Density Owners shall be individually responsible for performing and observing the obligations and covenants charged to such Owners, and permitted to individually exercise the rights granted to such Owners under this Declaration.

SCHEDULE 1.1

DEPICTION OF ADDITIONAL COMMON AREAS



SCHEDULE 1.5
OPERATING EXPENSE EXCLUSIONS

A. Declarant may contract for a person or persons to undertake all or a portion of the maintenance management functions for the Common Areas, but in no event shall Declarant's total management fees exceed five percent (5%) of the total Operating Expenses (exclusive of the total management fees) incurred by Declarant in any Operating Year.

B. Except for the reasonable management fee set forth in (A) above, any: (i) costs attributable to Declarant's general overhead or administrative expenses, or (ii) any undocumented costs, all of which shall be deemed to have been captured in the reasonable management fees set forth in (A) above.

C. Costs incurred by Declarant with respect to any portion of the Common Areas prior to January 1, 2026 or completion of the Initial Improvements, whichever is later.

D. Beginning on the first full Operating Year, costs in any subsequent Operating Year, which exceed one hundred five percent (105%) of the costs in the immediately preceding Operating Year, Declarant may not collect in that Operating Year. Rather, Declarant may seek payment for those uncollected Operating Year costs (with no interest) over subsequent Operating Years subject to this paragraph's Operating Year cap for each subsequent Operating Year until paid in full.

E. Costs of constructing the Initial Improvements or correcting latent or patent defects therein.

F. Costs of acquiring and constructing any Discretionary Capital Improvements or correcting latent or patent defects therein, as opposed to the cost of maintaining or repairing any Discretionary Capital Improvements, which shall be governed by Section H below.

G. Any costs not associated with Common Areas.

H. Costs incurred by Declarant for Capital Improvements; provided, however, that, to the extent permitted by the then-applicable Operating Year cap set forth in Section D above, Declarant shall be permitted to include the costs of Capital Improvements as Operating Expenses if Declarant amortizes such costs on a straight-line basis over the useful life thereof in accordance with generally accepted accounting principles, together with a reasonable interest factor not to exceed the lesser of: (i) eight percent (8%) per annum, or (ii) the "Prime Rate" of interest as published by the largest United States Bank Holding Company by assets on the day Declarant made payment in full on such Capital Improvements.

I. Costs which: (i) any Owner pays directly (other than as Owner's Percentage Share of Operating Expenses), or (ii) relate to services that are provided directly to an Owner or less than all Owners.

J. Costs incurred by Declarant that are reimbursed by, or remedied at the expense of, any party other than Declarant, such as insurance proceeds or third-party warranties, after the exercise of diligent efforts to obtain such reimbursement or remedy (other than as Owner's Percentage Share of Operating Expenses). Such reimbursements shall not be considered in an Owner's audit of Operating Expenses until actually received by Declarant.

K. Costs incurred by Declarant to comply with laws relating to the removal, treatment, encapsulation, containment or remediation of hazardous materials which were present at or about the Development prior to the date of this Declaration or which were brought, released, discharged, stored or otherwise introduced by Declarant or its agents, employees or contractors at or about the Development after the date of this Declaration.

L. Contributions to Reserves, except to the extent permitted by the then-applicable Operating Year cap set forth in Section D above.

SCHEDULE 1.10

OWNER'S PROPORTIONATE SHARE

	Development Parcel	Owner's Proportionate Share
A.	Lot 1, Block 3	1.40%
B.	Lot 1, Block 4	1.07%
C.	Lot 1, Block 5	0.97%
D.	Lot 1, Block 6	1.47%
E.	Lot 1, Block 7 & Outlot D	3.47%
F.	Lot 1, Block 8	4.00%
G.	Lot 1, Block 9	11.65%
H.	Lot 1, Block 10	6.63%
I.	Lot 1, Block 11	2.67%
	TOTAL:	**33.33%**

Saint Paul
PORT AUTHORITY

MEMORANDUM

To: CREDIT COMMITTEE
BOARD OF COMMISSIONERS

Meeting Date: May 28, 2024

From: Kathryn L. Sarnecki

Subject: **SUPPORT FOR CREATION OF 501(C)3 ORGANIZATION – THE HEIGHTS COMMUNITY ENERGY**
RESOLUTION NO. 4786

Action Requested:

We request approval for a resolution in support of (1) the creation of a new non-profit company, The Heights Community Energy, Inc. ("HCE") and its development of a geothermal heating and cooling system (the "System") at The Heights redevelopment project, located at 2200 Larpenteur Avenue East in the East Side neighborhood of Saint Paul, Minnesota ("The Heights"); and (2) HCE's application for recognition as a 501(c)(3) tax-exempt organization with the Internal Revenue Service.

Background:

The 2040 Saint Paul Comprehensive Plan identifies the former Hillcrest Golf Course, now known by the Port Authority of the City of Saint Paul (the "Port Authority") as, The Heights, as an opportunity site with potential features such as higher-density mixed-use development or employment centers with increased full-time living wage job intensity.

In 2019, the Port Authority purchased The Heights site, and the City of Saint Paul (the "City") commenced a master planning process to determine the future uses and layout for The Heights, which has resulted in the Hillcrest Master Plan passed by the City Council in 2022.

The community, the Hillcrest Master Plan, and the Port Authority support sustainability goals for The Heights that integrate with the ecology of the site, support responsible material, and waste stream management, and pursue effective, integrated, and visible stormwater management. This comprehensive sustainability plan includes certification at the Platinum level for LEED for Communities. The Heights has the goal of creating a carbon-free community and has identified a district ground source energy (geothermal) as a key component to reducing energy needs for The Heights and providing a path towards carbon free.

Current Status:

HCE, being led by Ever-Green Energy with support from District Energy Saint Paul, is entering into a Development Agreement with the Port Authority, in which HCE shall commit to install, own, operate, and maintain the System at The Heights. HCE intends to submit its application for recognition under Internal Revenue Code Section 501(c)(3), as its public purpose will be to assist the City and Port Authority with furthering the environmental goals of reduction of fossil fuels by providing public utility services in a low-carbon or carbon-free manner via the System, consistent with the Port Authority's redevelopment goals for The Heights. The Port Authority feels that the creation of HCE will relieve the Port Authority of a portion of its burden to provide a carbon neutral heating and cooling source at The Heights.

Recommendation:

Approval of a resolution in support of (1) the creation of HCE and its development of the System at The Heights; and (2) HCE's application for recognition as a 501(c)(3) tax-exempt organization with the Internal Revenue Service.

Attachment: Resolution

Resolution No. 4786

RESOLUTION OF THE
PORT AUTHORITY OF THE CITY OF SAINT PAUL

[SUPPORT FOR THE CREATION OF 501(C)3 ORGANIZATION
-- THE HEIGHTS COMMUNITY ENERGY, INC.]

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

WHEREAS, the Port Authority's Board of Commissioners ("Board") is appointed by the Mayor of the City of Saint Paul (the "City") subject to the approval of the Council of the City of Saint Paul, and two of the Port Authority Commissioners must be members of the City Council;

WHEREAS, the 2040 Saint Paul Comprehensive Plan identifies the former Hillcrest Golf Course located at 2200 Larpenteur Avenue East in the East Side neighborhood of Saint Paul, Minnesota, now known by the Port Authority as, The Heights redevelopment project ("The Heights") as an opportunity site with potential features such as higher-density mixed-use development or employment centers with increased full-time living wage job intensity;

WHEREAS, the City commenced a master planning process in 2019 to determine the future uses and layout for The Heights, which has resulted in a Hillcrest Master Plan passed by the City Council in 2022;

WHEREAS, the Port Authority has undertaken numerous redevelopment projects of industrial sites in the City and is committed to the redevelopment of The Heights and advancing sustainable development in such redevelopment in accordance with the mission of the Port Authority;

WHEREAS, the Hillcrest Master Plan and the Port Authority support sustainability goals for the redevelopment of The Heights that integrate with the ecology of the site, support responsible material and waste stream management, and pursue effective, integrated, and visible stormwater management;

WHEREAS, The Heights Community Energy, Inc. ("The Heights Community Energy") has been incorporated as a Minnesota nonprofit corporation, to be operated exclusively for charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, to assist the City and the Port Authority in their goal of reducing greenhouse gas emissions, with the expectation that The Heights Community Energy will design, construct, and operate an aquifer energy storage system at The Heights (the "System") to serve The Heights community and other nearby customers as the System may efficiently and economically allow;

WHEREAS, The Heights Community Energy is not yet recognized under Internal Revenue Code 501(c)(3), and intends to submit its application for recognition, understanding the process may take several months to a year to complete; and

WHEREAS, the Port Authority understands that the public purpose of The Heights Community Energy is to further the environmental goals of reduction of fossil fuels by providing public utility services in a low-carbon or carbon-free manner consistent with the Port Authority's redevelopment goals for The Heights.

NOW THEREFORE, BE IT RESOLVED, that the Port Authority hereby acknowledges its support for the proposed System and the application of The Heights Community Energy for recognition as a 501(c)(3) tax-exempt organization with the Internal Revenue Service, and determines that The Heights Community Energy's efforts to build and operate the System at The Heights would, upon completion, relieve the Port Authority of a portion of its burden to meet the sustainability, greenhouse gas reduction, and renewable energy goals for the redevelopment of The Heights;

BE IT FURTHER RESOLVED, that the Port Authority supports the formation of The Heights Community Energy and its development of an environmentally sustainable, cost-efficient energy System at The Heights, and

BE IT FURTHER RESOLVED, that the Port Authority hereby recognizes its right to appoint a designee to serve on the Board of Directors of The Heights Community Energy under its Bylaws, should such an appointee be necessary.

I certify that the above resolution was adopted by the Board of Commissioners of the Port Authority of the City of Saint Paul on May 28, 2024.

PORT AUTHORITY OF THE
CITY OF SAINT PAUL

By ___________________________________
Its Chair

ATTEST:

By ___________________________________
Its Secretary

Saint Paul PORT AUTHORITY

MINUTES

SPECIAL BOARD MEETING
APRIL 30, 2024

The special meeting of the Port Authority Board was held on April 30, 2024, at 2:00 p.m. in the Board Room of the Saint Paul Port Authority, 400 Wabasha Street, Suite 240, Saint Paul, Minnesota 55102.

The following Board members were present:

Matt Slaven	Don Mullin	John Bennett
John Marshall	Nneka Constantino	

Also, present were the following:

Jan Almquist	Amanda Bauer	Tonya Bauer
Rick Howden	Todd Hurley	Holly Huston
Sarah Illi	Bruce Kessel	Annamarie Kosel
Dana Krueger	Emily Lawrence	Laurie Siever
Gao Thao	Nikki Tix	Kristine Williams
JP Yohannes		

Angela Riffe, City of Saint Paul
Ayesha Kahn, City of Saint Paul
Andrew Kasid, Ever-Green Energy
Mike Auger, Ever-Green Energy
Ken Smith, Ever-Green Energy

APPROVAL OF MINUTES

Commissioner Constantino made a motion to approve the minutes of the March 26, 2024 regular Board meeting. The motion was seconded by Commissioner Marshall and carried unanimously.

CONFLICT OF INTEREST

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

NEW BUSINESS

CREDIT COMMITTEE

RESOLUTION NO. 4777
APPROVAL OF LEASE AMENDMENT AND RENTAL
RATE ADJUSTMENT FOR HAWKINS, INC. – RED ROCK TERMINAL

Motion was made by Commissioner Mullin to approve Resolution No. 4777, which was reviewed by the Credit Committee and recommended for approval by the Board. The motion was seconded by Commissioner Bennett and carried unanimously.

RESOLUTION NO. 4778
APPROVAL TO USE TAX INCREMENT
FINANCING BALANCE FOR THE HEIGHTS INFRASTRUCTURE

Motion was made by Commissioner Mullin to approve Resolution No. 4778, which was reviewed by the Credit Committee and recommended for approval by the Board. The motion was seconded by Commissioner Bennett and carried unanimously.

GENERAL MATTERS

Such Other Business That May Come Before the Board

GEOTHERMAL AT THE HEIGHTS

Messrs. Auger, Smith, and Kasid provided the Board with a high-level presentation on The Heights Community Energy, Inc. ("HCE") and the proposed geothermal energy system, including, but not limited to, the geothermal energy network, aquifer thermal energy storage technology, business and operating structure of HCE, and project costs.

There being no further business, the meeting was adjourned at 2:50 p.m.

By ________________________________

Its ________________________________