

Regular Board Meeting

August 22, 2023 - 2:00 p.m.

400 Wabasha Street No., Suite 240 | Saint Paul, MN 55102

Chair Slaven is calling a meeting of the Board of Commissioners for **Tuesday, August 22, 2023, at 2:00 p.m.** in the Board Room of the Saint Paul Port Authority, 400 Wabasha Street No., Suite 240, St. Paul, MN.

The attendance for one or more of the Commissioners at the August 22, 2023 meeting will be by telephone conference. Accordingly, for this Board meeting, any person from the public may also participate by telephone conference, from a different location than the physical location of the meeting. Members of the public may monitor this meeting by calling 651-395-7858, Conference ID: 947 917 248#.

The purpose of the meeting is:

Minutes

Approval of the Minutes from the July 25, 2023 Regular Board Meeting

Conflicts of Interest

Conflicts with any Items on the Agenda

Administration

1. Reappointment of Board Members

New Business

Credit Committee

1. Resolution No. 4749 - Public Hearing – Approval of the Issuance of Conduit Revenue Bonds by the Port Authority of the City of Saint Paul for the Benefit of District Energy St. Paul, Inc.

Administrative Committee

1. Resolution No. 4750 - Energy Park Utility Company Franchise Approval of Rates
2. Resolution No. 4751 - Preliminary Certification of Tax Levy

General Matters

Such Other Business That May Come Before the Board

1. Introduction of New Employee, Kristine Williams

**SAINT PAUL PORT AUTHORITY
MINUTES OF THE REGULAR BOARD MEETING
JULY 25, 2023**

The regular meeting of the Port Authority Board was held on July 25, 2023, at 2:02 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 attended in person:

Matt Slaven	Don Mullin	John Marshall
John Bennett	Amy Brendmoen	

Also, present were the following:

Todd Hurley	Bruce Kessel	Emily Lawrence
Cathy Mohr	Andrea Novak	Amanda Bauer
Dana Krueger	Holly Huston	Annamarie Kosel
Rick Howden	Linda Williams	Laurie Siever

Phoua Vang
Gao lab Thao, Right Track Intern
Ayesha Khan, City of Saint Paul
Frankie Buettner, St. Paul Ward 5 Intern

APPROVAL OF MINUTES

Commissioner Mullin made a motion to approve the minutes of the June 27, 2023, regular Board meeting. The motion was seconded by Commissioner Bennett and carried unanimously.

CONFLICT OF INTEREST

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

NEW BUSINESS

CREDIT COMMITTEE

RESOLUTION NO. 4748

ACCOUNTS RECEIVABLE WRITE-OFF POLICY FOR THE PORT AUTHORITY OF THE CITY OF SAINT PAUL

Motion was made by Commissioner Mullin to approve Resolution No. 4748 which was reviewed by the Credit Committee and recommended for approval by the Board. The motion carried unanimously.

GENERAL MATTERS

EPMA UPDATE – UNITED VILLAGE

Ms. Sarah Illi and Mr. Rick Howden provided the Board with an Environmental Project Management Agreement (EPMA) update on United Village.

There being no further business, the meeting was adjourned at 2:30 p.m.

By _____

Its _____

To: CREDIT COMMITTEE
BOARD OF COMMISSIONERS

Meeting Date: August 22, 2023

From: Holly Huston 

Subject: Credit Committee
APPROVAL OF THE ISSUANCE OF CONDUIT REVENUE BONDS BY THE PORT AUTHORITY OF THE CITY OF SAINT PAUL FOR THE BENEFIT OF DISTRICT ENERGY ST. PAUL, INC.

Board of Commissioners
PUBLIC HEARING - RESOLUTION NO. 4749

APPROVAL OF THE ISSUANCE OF CONDUIT REVENUE BONDS BY THE PORT AUTHORITY OF THE CITY OF SAINT PAUL FOR THE BENEFIT OF DISTRICT ENERGY ST. PAUL, INC

Action Requested:

Approval of the issuance of conduit revenue bonds by the Port Authority of the City of Saint Paul (the "Port Authority") for the benefit of District Energy Saint Paul, Inc. ("District Energy").

Public Purpose:

The bond proceeds will be used to enhance the local district heating and cooling systems of District Energy, that service downtown and the surrounding area.

Business Subsidy:

This proposal does not involve a business subsidy.

Background:

District Energy is a 501(c)(3) non-profit company that provides energy services to 200 buildings with nearly 32 million square feet in downtown Saint Paul. It has been operating since 1983 and continues to steadily grow.

On September 27, 2022, the Board granted preliminary approval to issue tax-exempt bonds up to \$30M and authorization for application for up to \$15,000,000 allocation of bonding authority from the Minnesota Management and Budget, Treasury Division for Section 142 exempt public facility bonds; and declaration of intent to reimburse prior expenditures.

On August 7, 2023 and August 4, 2023, respectively, notice of the public hearing on the proposal for the issuance of revenue bonds for the benefit of District Energy was published in the Legal Ledger and Pioneer Press. The public hearing is being held at the Port Authority Board meeting, August 22, 2023, at or after 2pm.

An application to DEED as required under Minnesota Statutes, Section 469.152-165 as part of the conduit bonding process for this project and these bonds, to be used by DEED to track jobs and other economic activity tied to private activity bonds will be submitted after the public hearing.

This action is a culmination of the prior actions, allowing the Port Authority to issue conduit revenue bonds to finance certain improvements and enhancements to the local hot water district system and the local chilled water district cooling system throughout downtown Saint Paul and the surrounding area.

Proposal:

Type of Bonds:

Port Authority of the City of Saint Paul, Conduit Revenue Bonds

\$5,000,000 District Energy Revenue Bonds, Series 2023-3 (501(c)(3) Non-AMT)

\$5,000,000 District Energy Revenue Bonds, Series 2023-4 (AMT)

The total not to exceed \$10,000,000.

Bond Purpose:

Finance certain improvements and enhancements to the local hot water district system and the local chilled water district cooling system throughout downtown Saint Paul and the surrounding area.

- Finance capital improvements to heating plant.
- Finance capital improvements to the cooling plants.
- Finance capital interest on the bonds and necessary reserves.
- Pay costs of issuance of bonds.

Rate: Not to exceed 7%

Security: District Energy has pledged its gross revenues to secure any obligations issued and has also granted a mortgage on its Heating Plant and Cooling Plant. There is no financial recourse to the Port Authority.

Term: 20 years

Issuer: Port Authority of the City of Saint Paul

Issuer Counsel: Taft Stettinius & Hollister LLP

Borrower: District Energy St. Paul, Inc.

Property: District Energy's heating and cooling system in Saint Paul

Underwriter: Piper Sandler & Co

Underwriter's Counsel: Dorsey & Whitney

Bond Counsel: Ballard Spahr LLP

Trustee: US Bank

Workforce Implications: No direct implications other than construction jobs.

Policy Exceptions:

None.

Recommendation:

We recommend approval of the issuance of conduit revenue bonds by the Port Authority of the City of Saint Paul for the benefit of District Energy St. Paul, Inc.

**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 duly organized and existing under the Constitution and laws of the State of Minnesota; and

WHEREAS, under the Minnesota Municipal Industrial Development Act, Minnesota Statutes, Sections 469.152-469.1655, as amended (the "Act"), the Port Authority, is authorized to issue revenue bonds to finance or refinance, in whole or in part, the costs of the acquisition, construction, improvement, or extension of revenue producing enterprises, whether or not operated for profit; and

WHEREAS, District Energy St. Paul, Inc., a Minnesota nonprofit corporation (the "Corporation"), has requested that the Port Authority issue one or more series of tax-exempt conduit revenue bonds, in multiple series, to be designated as follows (or such other designation as necessary): (i) District Energy Revenue Bonds, Series 2023-3 (501(c)(3) Non-AMT) (the "Series 2023-3 Bonds"); and (ii) District Energy Revenue Bonds, Series 2023-4 (AMT) (the "Series 2023-4" and, collectively with the Series 2023-3 Bonds, the "Series 2023 Bonds"), and loan the proceeds derived from the sale of the Series 2023 Bonds to the Corporation, pursuant to a Loan Agreement, dated on or after September 1, 2023 (the "Loan Agreement"), between the Port Authority and the Corporation, to finance the Series 2023 Project (defined below); and

WHEREAS, the Corporation has represented to the Port Authority that it is proposing to utilize the proceeds of the Series 2023 Bonds in order to: (i) fund certain improvements and enhancements to the local hot water district heating system and its heating plant (the "Heating Plant") and the local chilled water district cooling system and its cooling plants (the "Cooling Plants") (the "Series 2023 Project"); (ii) finance capitalized interest on the Series 2023 Bonds for a period of time; (iii) fund a deposit to a reserve account; and (iv) pay costs of issuance for the Series 2023 Bonds; and

WHEREAS, the Series 2023 Bonds are proposed to be issued under the terms of this resolution and a Bond Indenture of Trust, to be dated on or after September 1, 2023 (the "Bond Indenture"), between the Port Authority and U.S. Bank Trust Company, National Association, as bond trustee (the "Bond Trustee"); and

WHEREAS, the payment obligations of the Corporation under the Loan Agreement and the Bond Indenture will be secured by one or more obligations of the Corporation to be issued under the terms of a supplement to an Amended and Restated Master Trust Indenture, dated as of October 1, 2015 (as amended and supplemented from time to time, the "Master Indenture"), between the Corporation, as obligated group representative, and U.S. Bank Trust Company, National Association (successor-in-interest to U.S. Bank National Association), as master trustee (the "Master Trustee"); and

WHEREAS, under the terms of the Master Indenture, the Corporation has pledged its gross revenues to secure any obligations issued under the Master Indenture and the Corporation has also granted a mortgage on its Heating Plant and Cooling Plant to the Master Trustee as security for all obligations issued under the Master Indenture; and

WHEREAS, the Series 2023 Bonds proposed to be issued by the Port Authority to finance the Series 2023 Project and the related costs will constitute revenue obligations secured solely by: (i) the revenues derived from the Loan Agreement (which includes the revenues pledged under the obligation(s) issued by the Corporation under the Master Indenture); (ii) other revenues pledged to or otherwise received by the Corporation, except for those revenues necessary for ordinary operational expenses and required under Minnesota law; and (iii) other security provided or arranged by the Corporation; and

WHEREAS, the Series 2023 Bonds will be sold to and/or placed by Piper Sandler & Co. (the "Underwriter") pursuant to one or more Bond Purchase Contracts or Placement Agent Agreements (the "Bond Purchase Contract"); and

WHEREAS, pursuant to Section 469.154, subdivision 4, of the Act, prior to submitting an application to the Minnesota Department of Employment and Economic Development ("DEED") for approval of the Series 2023 Project, the Board of Commissioners of the Port Authority must conduct a public hearing on the proposal to undertake and finance the Series 2023 Project; and

WHEREAS, under the terms of Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), the conduit revenue bonds may not be issued as tax-exempt bonds unless a public hearing is held in accordance with the requirements of Section 147(f) of the Code and Treasury Regulations, Section 5f.103-2; and

WHEREAS, following the publication of a notice (the "Public Notice") of a public hearing in the *Legal Ledger* and the *Saint Paul Pioneer Press*, the official newspapers of the Port Authority, on August 7, 2023 and August 4, 2023, respectively, at least fourteen (14) days before the regularly-scheduled meeting of the Port Authority on August 22, 2023 and on the website of the Port Authority, on August 17, 2023, before the regularly-scheduled meeting of the Port Authority on August 22, 2023, the Board of Commissioners conducted a public hearing at which a reasonable opportunity was provided for interested individuals to express their views on the proposal by the Corporation to undertake and finance the Series 2023 Project and the proposed issuance of the Series 2023 Bonds; and

WHEREAS, the Public Notice included a general description of the Series 2023 Project, the maximum aggregate face amount of the Series 2023 Bonds to be issued with respect to the Series 2023 Project, the identity of the owner, operator, or manager of the Series 2023 Project (the Corporation), the location of the Series 2023 Project by street address or the general location, and a statement that a draft copy of the proposed application to DEED for the Series 2023 Project, together with all attachments and exhibits, will be available for inspection from the Port Authority; and

NOW, THEREFORE, BE IT RESOLVED THAT:

1. For the purposes set forth above, there is hereby authorized the issuance, sale, and delivery of the Series 2023 Bonds, in one or more series of tax-exempt bonds, in an original aggregate principal amount not to exceed \$10,000,000. If the Series 2023 Bonds are issued in more than one series of tax-exempt bonds, the separate series shall be separately designated as set forth above or in such other manner as is deemed appropriate by the Chair of the Port Authority (or any Commissioner), and the President of the Port Authority (collectively, the "Port Authority Officials"), in their discretion. The Series 2023 Bonds shall be issued under the terms of this resolution and the Bond Indenture. The Series 2023 Bonds shall bear interest at fixed rates established by the terms of the Bond Indenture; provided that the combined net interest

cost on the Series 2023 Bonds shall not exceed 7.00%. The Series 2023 Bonds shall be designated, shall be numbered, shall be dated, shall mature, shall be subject to redemption or tender prior to maturity, shall be in such form, and shall have such other terms, details, and provisions as are prescribed in the Bond Indenture and Bond Purchase Contract, in the form now on file with the Port Authority, with the amendments referenced herein. The Port Authority hereby authorizes one or more of the Series 2023 Bonds to be issued as “tax-exempt bonds,” the interest on which is excluded from gross income for federal and State of Minnesota income tax purposes.

All of the provisions of the Series 2023 Bonds, when executed as authorized herein, shall be deemed to be a part of this resolution as fully and to the same extent as if incorporated verbatim herein and shall be in full force and effect from the date of execution and delivery thereof. The Series 2023 Bonds shall be substantially in the forms in the Bond Indenture on file with the Port Authority, which forms are hereby approved, with such necessary and appropriate variations, omissions, and insertions (including changes to the aggregate principal amount of each series of Series 2023 Bonds, the stated maturities of each series of Series 2023 Bonds, the principal amount of Series 2023 Bonds maturing on each maturity date, the interest rates on the Series 2023 Bonds, and the terms of redemption of the Series 2023 Bonds) as the Port Authority Officials, in their discretion, shall determine. The execution of the Series 2023 Bonds with the manual or facsimile signatures of the Port Authority Officials and the delivery of the Series 2023 Bonds by the Port Authority shall be conclusive evidence of such determination.

2. The Series 2023 Bonds shall be special limited obligations of the Port Authority payable solely from the revenues provided by the Corporation pursuant to the Loan Agreement and from the revenues and security pledged, assigned, and granted pursuant to the following documents: (i) one or more obligations issued by the Corporation under the terms of the Master Indenture as amended by one or more supplemental indentures thereto; and (ii) mortgages previously granted by the Corporation to the Master Trustee, as amended and as such will be amended in connection with the issuance of the Series 2023 Bonds (as amended, collectively, the “Mortgages”). The proceeds of the Series 2023 Bonds will be subject to the provisions of a tax compliance certificate or tax certificate, to be dated on or after September 1, 2023 (the “Tax Certificate”), executed and delivered by the Corporation with an Authority Endorsement to the Tax Certificate to be executed and delivered by the Port Authority Officials on behalf of the Port Authority (the “Tax Endorsement”).

All of the provisions of the Bond Indenture, when executed as authorized herein, shall be deemed to be a part of this resolution as fully and to the same extent as if incorporated verbatim herein and shall be in full force and effect from the date of execution and delivery thereof. The Bond Indenture shall be substantially in the form on file with the Port Authority, which is hereby approved, with such necessary and appropriate variations, omissions, and insertions as do not materially change the substance thereof, or as the Port Authority Officials, in their discretion, shall determine, and the execution thereof by the Port Authority Officials shall be conclusive evidence of such determination.

3. The loan repayments to be made by the Corporation under the Loan Agreement are fixed to produce revenues sufficient to provide for the prompt payment of principal of, premium, if any, and interest on the Series 2023 Bonds issued under this resolution when due, and the Loan Agreement also provides that the Corporation is required to pay all expenses of the operation and maintenance of the Series 2023 Project, including, but without limitation, adequate insurance thereon and insurance against all liability for injury to persons or property arising from the operation thereof, and all lawfully imposed taxes and special assessments

levied upon or with respect to the Series 2023 Project and payable during the term of the Loan Agreement.

4. As provided in the Loan Agreement, the Series 2023 Bonds shall not be payable from or charged upon any funds other than the revenue pledged to their payment, nor shall the Port Authority or the City be subject to any liability thereon, except as otherwise provided in this paragraph. No holder of the Series 2023 Bonds shall ever have the right to compel any exercise by the Port Authority or the City of any taxing powers to pay the Series 2023 Bonds or the interest or premium thereon, or to enforce payment thereof against any property of the Port Authority or the City except the interests of the Port Authority in the Loan Agreement and the revenues and assets thereunder, which will be assigned to the Bond Trustee under the terms of the Bond Indenture. The Series 2023 Bonds shall recite that the Series 2023 Bonds are issued pursuant to the Act, and that the Series 2023 Bonds, including interest and premium, if any, thereon, are payable solely from the revenues and assets pledged to the payment thereof, and the Series 2023 Bonds shall not constitute a debt of the Port Authority or the City within the meaning of any constitutional or statutory limitations.

5. The Board of Commissioners of the Port Authority hereby authorizes the Port Authority Officials to execute and deliver the Bond Indenture, the Loan Agreement, the Tax Endorsement, Bond Purchase Contract and any other documents required by the Underwriter and the Corporation in connection with the issuance of the Series 2023 Bonds (collectively, the "Financing Documents"). The Port Authority Officials are also authorized and directed to execute and deliver the Series 2023 Bonds in accordance with the terms of the Master Indenture, the Bond Indenture, and the Bond Purchase Contract, which shall provide the terms and conditions, covenants, rights, obligations, duties, and agreements of the owners of the Series 2023 Bonds, the Port Authority, the Underwriter, and the Bond Trustee. All of the provisions of the Financing Documents to which the Port Authority is a party, when executed and delivered as authorized herein, shall be deemed to be a part of this resolution as fully and to the same extent as if incorporated verbatim herein and shall be in full force and effect from the date of execution and delivery thereof. The Financing Documents to which the Port Authority is a party shall be substantially in the forms on file with the Port Authority which are hereby approved, with such omissions and insertions as do not materially change the substance thereof, or as the Port Authority Officials, in their discretion, shall determine, and the execution of the Financing Documents to which the Port Authority is a party by the Port Authority Officials shall be conclusive evidence of such determination.

6. The Port Authority Officials and other officers, employees, and agents of the Port Authority are hereby authorized to execute and deliver, on behalf of the Port Authority, the Financing Documents to which it is a party and such other documents as are necessary or appropriate in connection with the issuance, sale, and delivery of the Series 2023 Bonds, including various certificates of the Port Authority, one or more Information Return for Tax-Exempt Private Activity Bond Issues, Form 8038, a certificate as to arbitrage and rebate, and similar documents. The Port Authority hereby approves the execution and delivery by the Bond Trustee of the Bond Indenture and all other instruments, certificates, and documents prepared in conjunction with the issuance of the Series 2023 Bonds that require execution by the Bond Trustee. The Bond Trustee is hereby appointed as bond registrar and paying agent with respect to the Series 2023 Bonds. The Port Authority hereby authorizes Ballard Spahr LLP, as bond counsel to the Corporation, to prepare, execute, and deliver its approving legal opinion with respect to the Series 2023 Bonds.

7. The Port Authority has not participated in the preparation of the Preliminary Official Statement or the Official Statement relating to the offer and sale of the Series 2023

Bonds (collectively, the “Official Statement”), and has made no independent investigation with respect to the information contained therein (other than with respect to information provided under the captions “ISSUER” and “ABSENCE OF LITIGATION - Issuer,” as it relates to the Port Authority), including the appendices thereto, and the Port Authority assumes no responsibility for the sufficiency, accuracy, or completeness of such information. Subject to the foregoing, the Port Authority hereby consents to the distribution and the use by the Underwriter of the Official Statement in connection with the offer and sale of the Series 2023 Bonds. The Official Statement is the sole material consented to by the Port Authority for use in connection with the offer and sale of the Series 2023 Bonds.

8. Except as otherwise provided in this resolution, all rights, powers, and privileges conferred and duties and liabilities imposed upon the Port Authority or the Board of Commissioners by the provisions of this resolution or of the aforementioned documents shall be exercised or performed by the Port Authority or by such members of the Board of Commissioners, or such officers, board, body, or agency thereof as may be required or authorized by law to exercise such powers and to perform such duties.

No covenant, stipulation, obligation, or agreement herein contained or contained in the aforementioned documents shall be deemed to be a covenant, stipulation, obligation, or agreement of any member of the Board of Commissioners of the Port Authority, or any officer, agent, or employee of the Port Authority in that person's individual capacity, and neither the Board of Commissioners of the Port Authority nor any officer or employee executing the Series 2023 Bonds shall be liable personally on the Series 2023 Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

No provision, covenant, or agreement contained in the aforementioned Financing Documents, the Series 2023 Bonds or in any other document relating to the Series 2023 Bonds, and no obligation therein or herein imposed upon the Port Authority or the breach thereof, shall constitute or give rise to any pecuniary liability of the Port Authority or any charge upon its general credit or taxing powers. In making the agreements, provisions, covenants, and representations set forth in such documents, the Port Authority has not obligated itself to pay or remit any funds or revenues, other than funds and revenues derived from the Loan Agreement which are to be applied to the payment of the Series 2023 Bonds, as provided therein and in the Bond Indenture.

9. Except as herein otherwise expressly provided, nothing in this resolution or in the aforementioned documents expressed or implied, is intended or shall be construed to confer upon any person or firm or corporation, other than the Port Authority or any holder of the Series 2023 Bonds issued under the provisions of this resolution, any right, remedy, or claim, legal or equitable, under and by reason of this resolution or any provisions hereof, this resolution, the aforementioned documents and all of their provisions being intended to be and being for the sole and exclusive benefit of the Port Authority and any holder from time to time of the Series 2023 Bonds issued under the provisions of this resolution.

10. In case any one or more of the provisions of this resolution, other than the provisions contained in Section 8 hereof, or of the aforementioned documents, or of the Series 2023 Bonds issued hereunder shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this resolution, or of the aforementioned documents, or of the Series 2023 Bonds, but this resolution, the aforementioned documents, and the Series 2023 Bonds shall be construed and endorsed as if such illegal or invalid provisions had not been contained therein.

11. The Series 2023 Bonds, when executed and delivered, shall contain a recital that they are issued pursuant to the Act, and such recital shall be conclusive evidence of the validity of the Series 2023 Bonds and the regularity of the issuance thereof, and that all acts, conditions, and things required by the laws of the State of Minnesota relating to the adoption of this resolution, to the issuance of the Series 2023 Bonds, and to the execution of the aforementioned documents to happen, exist, and be performed precedent to the execution of the aforementioned documents have happened, exist, and have been performed as so required by law.

12. The officers of the Port Authority, Taft Stettinius & Hollister LLP (as "Issuer's Counsel"), other attorneys, engineers, and other agents or employees of the Port Authority and Ballard Spahr LLP as bond counsel are hereby authorized to do all acts and things required of them by or in connection with this resolution, the aforementioned documents, and the Series 2023 Bonds for the full, punctual, and complete performance of all the terms, covenants, and agreements contained in the Series 2023 Bonds, the aforementioned documents, and this resolution. In the event that for any reason any of the Port Authority Officials is unable to carry out the execution of any of the documents or other acts provided herein, such documents may be executed and such actions may be taken by any official or employee of the Port Authority or the City delegated the duties of any such Port Authority Official with the same force and effect as if such documents were executed and delivered by such Port Authority Official.

13. The Corporation has agreed and it is hereby determined that any and all costs incurred by the Port Authority in connection with the Series 2023 Project will be paid by the Corporation, including the costs and expenses of Issuer's Counsel and the Port Authority's initial and ongoing annual issuance fees for the Series 2023 Bonds (which will be shared equally with the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota). It is understood and agreed that the Corporation shall indemnify, defend and hold harmless the Port Authority against all liabilities, losses, damages, costs and expenses (including reasonable attorney's fees and expenses incurred by the Port Authority) arising with respect to the Series 2023 Project or the Series 2023 Bonds, as provided for and agreed to by and between the Corporation and the Port Authority in the Loan Agreement.

14. The authority to approve, execute and deliver future amendments to the Financing Documents entered into by the Port Authority in connection with the issuance of the Series 2023 Bonds and consents required under the Financing Documents is hereby delegated to the Port Authority Officials, subject to the following conditions: (a) such amendments or consents do not require the consent of the respective holders of the Series 2023 Bonds or such consent has been obtained; (b) such amendments or consents do not materially adversely affect the interests of the Port Authority; (c) such amendments or consents do not contravene or violate any policy of the Port Authority, and (d) such amendments or consents are acceptable in form and substance to the counsel retained by the Port Authority to review such amendments. The authorization hereby given shall be further construed as authorization for the execution and delivery of such certificates and related items as may be required to demonstrate compliance with the agreements being amended and the terms of this Resolution. The execution of any instrument by the Port Authority Officials shall be conclusive evidence of the approval of such instruments in accordance with the terms hereof.

15. This Resolution shall be in full force and effect from and after its passage.

Adopted: August 22, 2023

PORT AUTHORITY OF THE CITY OF
SAINT PAUL

By _____

Its _____

ATTEST

By _____

Its _____

MEMORANDUM

To: ADMINISTRATIVE COMMITTEE
BOARD OF COMMISSIONERS

Meeting Date: August 22, 2023

From: Peter M. Klein 

Subject: ENERGY PARK UTILITY COMPANY FRANCHISE APPROVAL OF RATES
RESOLUTION NO. 4750

Action Requested:

Approval of Schedule A – Energy Park Utility Company (EPUC) rates effective October 1, 2023.

Background:

The EPUC Franchise Ordinance Section 6(e) requires the Port Authority Board to approve any changes in the schedule of rates and charges. The rates typically change each year based on the budgeted costs of operating EPUC. The customers of EPUC acknowledged the Franchise Agreement and the periodic change in rates in the First Amendment to the Hot and Chilled Water Service Agreement. The rates effective October 1, 2023, reflect the budgeted costs for 2023-2024.

The Port Authority entered into a long-term lease at the end of 2021, with a subsidiary of District Energy Saint Paul, to manage and operate EPUC. The Port Authority maintained control of setting future rates and the Port Authority Board is required to approve all rate changes. That is what this action accomplishes.

Proposal:

Attached please find Schedule A, which includes a complete list and the methodology for establishing the new rates effective October 1, 2023. In summary, new rates will be:

	<u>Current Charges</u>	<u>Proposed Charges 10/01/2023</u>	<u>% Change</u>
Demand Charge (\$/MMBtu/Mo):			
Heating Demand Charge	\$1,797.00	\$1,851.00	3.00%
Chilled Water Demand Charge	\$1,892.00	\$1,949.00	3.00%
Hot Water Commodity Charge Base (\$/MMBtu)	\$ 3.80	\$ 3.80	0.00%
Chilled Water Commodity Charge Base (\$/MMBtu)	\$ 3.73	\$ 3.73	0.00%
Fuel Adjustment Charge – Difference Between Actual Cost and Base Variable Cost (\$/MMBtu)		Varies	

MEMORANDUM

Rate increases from 2013 – 2023 have ranged from 1.74% to 4.2% with an average increase of 2.90%. The last rate increase took effect on October 1, 2022.

Recommendation:

We recommend approval of Schedule A – Energy Park Utility Company (EPUC) rates effective October 1, 2023.

Attachments: Schedule A
 Resolution

SCHEDULE A (AMENDED)
to
ENERGY PARK UTILITY COMPANY FRANCHISE
granted to the
SAINT PAUL PORT AUTHORITY
by the
CITY OF SAINT PAUL

(C.F. No. 05-344, § 2, 5-11-05; Ord No. 10-59, § 1, 1-12-11; Ord 16-11, § 1, 6-22-16; Ord 21-44, § 1, 11-10-21)

COMPANY CHARGES: Pursuant to the Energy Park Utility Company Franchise, the following rates shall be effective beginning October 1, 2023 and shall remain in effect until superseded:

FIXED CUSTOMER CHARGE: Customer Charge \$100.00 per month per Customer.

DEMAND CHARGE: Beginning on October 1, 2023, the Demand Charge portion of the Hot Water and Chilled Water rate schedules shall be as follows:

i)	Budgeted Operating Expenses (10/1/23 to 9/30/24)	\$1,079,769
ii)	All Debt Service Costs and Requirements	919,957
iii)	Fixed Reimbursement	<u>0</u>
	Subtotal	\$1,999,726
	Multiplied By	1
iv)	Budgeted demand revenues before Reserve for Repairs, Replacements, Modifications, and Expansions	\$1,999,726
	Divided By	<u>95.00%</u>
	Budgeted Total Demand Revenues	\$2,104,975
	Divided by Budgeted Cooling Energy Demand (Total MMBtuh)	<u>573.108</u>
	Chilled Water Demand Charge (\$ per MMBtuh per Month)	\$1,949.00
	Divided by Budgeted Heating Energy Demand (Total MMBtuh)	<u>533.676</u>
	Heating Demand Charge (\$ per MMBtuh per Month)	\$1,851.00

COMMODITY CHARGE: The Hot Water Commodity Charge is \$3.80 per MMBtu, and the Chilled Water Commodity Charge is \$3.73 per MMBtu.

FUEL ADJUSTMENT CHARGE: The commodity portion of the Hot Water and Chilled Water rate schedules will be adjusted upward or downward each month based on the difference between actual variable costs and base variable costs. (The base variable costs built are \$3.80 per MMBtu for Hot Water and \$3.73 per MMBtu for Chilled Water.) Actual variable costs will be computed each month by dividing the cost of fuel (electricity, gas, oil, propane and any other fuel) plus water treatment expenses to operate the central energy plant by sales made during the corresponding month. The fuel adjustment charge applied to each customer's bill will be the difference between actual variable costs and base variable costs (expressed dollars per MMBtu) multiplied by that customer's heating or cooling energy use during the corresponding month. Actual variable costs for the current month will not be known at the time of billing; and, therefore, for the purpose of computing the fuel adjustment charge, actual variable costs shall be deemed to be the average monthly actual variable costs over the preceding twelve (12) months.

ADMINISTRATIVE SERVICES CHARGE: The Administrative Services Charge shall be established pursuant to the Energy Park Utility Company Franchise.

BILLING ADMINISTRATIVE SERVICE CHARGE: The Billing Administrative Service Charge is that part of the rate schedule to be paid by Customers who desire to have their total monthly bill subdivided and billed directly to tenants based on allocation factors or submeters. The Billing Administrative Service Charge is \$75.00 per month per bill.

LATE FEE: The Company may charge a late payment penalty of five (5) percent of the total amount due which may be added to bills which are not paid within twenty-one (21) days of the billing date.

SURCHARGE: All rates for providing Chilled Water and Hot Water services will be subject to the City of Saint Paul franchise fee and other appropriate state and local taxes. Residential, commercial and industrial bills shall be subject to separate charges.

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

[ENERGY PARK UTILITY COMPANY FRANCHISE – 2023 RATE SCHEDULE]

WHEREAS, the City of Saint Paul granted the Port Authority of the City of Saint Paul, doing business as Energy Park Utility Company, a franchise for providing hot and chilled water in the Energy Park Industrial District in 1982;

WHEREAS, the Energy Park Utility Company franchise ordinance requires the Port Authority Board to approve any changes in the schedule of rates and charges; and

WHEREAS, Port Authority staff has proposed a new rate structure reflecting the proposed 2023-2024 budget as set forth in Schedule A attached hereto.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE PORT AUTHORITY OF THE CITY OF SAINT PAUL, that the rates for the Energy Park Utility Company as set forth in Schedule A are hereby adopted effective October 1, 2023; and

BE IT FURTHER RESOLVED, that the President on behalf of the Port Authority is hereby authorized and directed to file the proposed rate schedule with supporting information with the City Clerk of the City of Saint Paul for approval of the rates pursuant to the Energy Park Utility Company franchise ordinance.

Adopted: August 22, 2023

PORT AUTHORITY OF THE
CITY OF SAINT PAUL

By _____

Its _____

ATTEST:

By _____


Its _____

Attachment: Schedule A

MEMORANDUM

To: ADMINISTRATIVE COMMITTEE
BOARD OF COMMISSIONERS

Meeting Date: August 22, 2023

From: Bruce Kessel 

Subject: PRELIMINARY CERTIFICATION OF TAX LEVY
RESOLUTION NO. 4751

Action Requested:

Approval of the preliminary Truth in Taxation Certification.

Background:

Minnesota Truth in Taxation Law provides that special taxing districts including port authorities, counties, municipalities, and school districts must certify to the County Auditor, by the 15th of September of each year, the proposed tax levy for taxes levied in the subsequent calendar year.

The recommended tax levy payable in 2024 is:

1. General Obligation Bond Debt Service	\$5,526,343(a)
2. Mandatory Levy pursuant to Minnesota Statutes Section 469.053, Subdivision 4, at a rate not to exceed .01813% of market value	\$2,756,700
3. Discretionary Levy pursuant to Minnesota Statutes Section 469.053, Subdivision 6. Pledged to industrial redevelopment.	<u>\$ 105,000</u>
TOTAL TAX LEVY PAYABLE IN 2024	<u>\$8,388,043</u>

(a) Includes preliminary estimate of \$1,055,000 for 2023 GO Bonds; will be adjusted to actual.

Recommendation:

We recommend approval of the preliminary Truth in Taxation Certification.

Attachments: Comparison of Tax Levy
Resolution

PORT AUTHORITY OF THE CITY OF SAINT PAUL
COMPARISON OF TAX LEVY

TAX PAYABLE YEAR / *LEVY YEAR*

	<u>2024/2023</u>	<u>2023/2022</u>	<u>2022/2021</u>
G.O. Bonds	\$5,526,343(a)	\$5,527,399	\$3,851,537
Mandatory Levy	2,756,700	2, 506,700	2, 256,700
Discretionary Levy	<u>105,000</u>	<u>105,000</u>	<u>105,000</u>
TOTAL	\$ 8,388,043	\$ 8,139,099	\$ 6,213,237

(a) Includes preliminary estimate of \$1,055,000 for 2023 GO Bonds; will be adjusted to actual.

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

[PRELIMINARY CERTIFICATION OF TAX LEVY]

WHEREAS, pursuant to Minnesota Statutes Section 275.065, all taxing districts are required to certify the preliminary levy they may impose for the current tax year payable in 2024 prior to September 15, 2023.

NOW THEREFORE, BE IT RESOLVED, that the Port Authority adopts the following as its maximum tax levy for taxes payable in 2024 as follows:

1.	General Obligation Bond Debt Service:	\$5,526,343(a)
2.	Mandatory Levy pursuant to Minnesota Statutes Section 469.053, Subdivision 4, at a rate not to exceed .01813% of market value:	\$2,756,700
3.	Discretionary Levy pursuant to Minnesota Statutes Section 469.053, Subdivision 6, pledged to industrial redevelopment:	<u>\$ 105,000</u>
	TOTAL 2024 TAX LEVY	<u>\$8,388,043</u>

(a) Includes preliminary estimate of \$1,055,000 for 2023 GO Bonds; will be adjusted to actual.

Adopted: August 22, 2023

PORT AUTHORITY OF THE CITY OF
SAINT PAUL

By _____
Its Chair

ATTEST:

By _____
Its Secretary