Saint Paul
PORT AUTHORITY

AGENDA

Regular Board Meeting

July 23, 2019 - 2:00 p.m.
380 St. Peter Street, Suite 850 l Saint Paul, MN 55102

Minutes

Approval of Minutes from the June 18, 2019 Special Board Meeting

Conflicts of Interest

Conflicts with any Items on the Agenda

New Business

Credit Committee

1. Resolution No. 4654 - 2019 Lease Amendment and Rental Rate Adjustment – Contanda Terminals, LLC at Barge Terminal No. 1

2. Resolution No. 4655 - Compliance with Grant Requirements for Minnesota's Port Development Assistance Program for a Direct Barge-Rail-Truck Transload Facility at the Southport Terminal

3. Resolution No. 4656 - Compliance with Grant Requirements for Minnesota's Port Development Assistance Program for a Barge Receiving System at Barge Terminal No. 1

General Matters

1. Legislative update by Fryberger Law Firm
2. Such Other Business That May Come Before the Board

SAINT PAUL PORT AUTHORITY
MINUTES OF THE REGULAR BOARD MEETING
JUNE 18, 2019

The regular meeting of the Port Authority Board was held on June 18, 2019, at 2:13 p.m. in the Board Room of the Saint Paul Port Authority located at 380 St. Peter Street, Suite 850, Saint Paul, Minnesota 55102.

The following Board Members were present:

John Bennett	Paul Williams	John Marshall
Mitra Jalali Nelson	Don Mullin, via phone	Dai Thao, via phone

Also present were the following:

Lee Krueger	Todd Hurley	Dana Krueger
Monte Hilleman	George Hoene	Kathryn Sarnecki
Bruce Kessel	Ann Kosel	David Johnson
Andrea Novak	Michael Linder	Tonya Bauer
Pete Klein	Sarah Savela	Linda Williams
Deb Forbes	Laurie Siever	

Eric Larson, General Counsel, City of Saint Paul
Mariam Khayr, Right Track Intern
Will Greiner, KSTP-TV
Paul Johnson
Fue Thao

APPROVAL OF MINUTES

Commissioner Marshall made a motion to approve the minutes of the May 28, 2019 Regular Board meeting. The motion was seconded by Commissioner Mullin. Chair Bennett stated that a roll call vote is required under Minnesota's Open Meeting Law and the Commissioners voted as follows:

Commissioner Williams	- aye	Commissioner Constantino	- aye
Commissioner Nelson	- aye	Commissioner Thao	- aye
Commissioner Mullin	- aye	Commissioner Marshall	- aye
Chair Bennett	- aye		

The motion carried unanimously.

CONFLICT OF INTEREST

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

NEW BUSINESS

CREDIT COMMITTEE

RESOLUTION NO. 4652
PURCHASE OF LAND – 112 ACRES LOCATED AT 2200 LARPENTEUR AVENUE EAST, SAINT PAUL, MN – FORMER HILLCREST GOLF CLUB

Motion was made by Commissioner Williams to approve Resolution No. 4652 which was reviewed by the Credit Committee and recommended for approval by the Board. As required under Minnesota's Open Meeting Law, a roll call vote was taken, and the Commissioners voted as follows:

Commissioner Williams	- aye	Commissioner Constantino	- aye
Commissioner Nelson	- aye	Commissioner Thao	- aye
Commissioner Mullin	- aye	Commissioner Marshall	- aye
Chair Bennett	- aye		

The motion carried unanimously.

RESOLUTION NO. 4653
ISSUANCE OF $10,000,000 OF G.O. BONDS – HILLCREST REDEVELOPMENT PROJECT

Motion was made by Commissioner Williams to approve Resolution No. 4653 which was reviewed by the Credit Committee and recommended for approval by the Board. As required under Minnesota's Open Meeting Law, a roll call vote was taken, and the Commissioners voted as follows:

Commissioner Williams	- aye	Commissioner Constantino	- aye
Commissioner Nelson	- aye	Commissioner Thao	- aye
Commissioner Mullin	- aye	Commissioner Marshall	- aye
Chair Bennett	- aye		

The motion carried unanimously.

GENERAL MATTERS

There being no further business, the meeting was adjourned at 2:19 p.m.

By _____

Its _____

/amk

Saint Paul
PORT AUTHORITY

MEMORANDUM

To: BOARD OF COMMISSIONERS **Meeting Date:** July 23, 2019

From: Kathryn L. Sarnecki

Subject: **2019 LEASE AMENDMENT AND RENTAL RATE ADJUSTMENT – CONTANDA TERMINALS, LLC AT BARGE TERMINAL NO. 1**
RESOLUTION NO. 4654

Action Requested:
Approval of a 2019 lease amendment and rental rate adjustment for leased premises at 2145, 2175, 2209 and 2229 Childs Road in Barge Terminal No. 1 with Contanda Terminals, LLC, formerly known as Westway Terminal Company, LLC ("Tenant").

Background:
The Port Authority leases 408,813 square feet at 2145, 2175, 2209 and 2229 Childs Road in Barge Terminal No. 1 in Saint Paul, Minnesota to Contanda Terminals, LLC, formerly known as Westway Terminal Company, LLC extending to June 30, 2024 (the "Leased Premises"). A map depicting the Leased Premises is attached hereto for your reference. The Leased Premises is primarily used for shipping, warehousing, process handling liquid or dry agricultural commodities and oils, fertilizers, asphalt and ethylene glycol.

Lease Terms and Conditions:
Current Term: Through June 30, 2019
Final Option to Renew: Five-year period to June 30, 2024
Proposed Five-Year Rental Rate: July 1, 2019 through June 30, 2024

Annual rental rate adjustment will remain at 2.5% per year (with a multiplier of 1.025), and starts at approximately $0.26 per square foot, which is in line with other tenants at Barge Terminal 1.

Base Rent	Annual Rent	Square Feet Included
July 1, 2019 – June 30, 2020	$108,695.61	408,813
July 1, 2020 – June 30, 2021	$111,413.00	408,813
July 1, 2021 – June 30, 2022	$114,198.33	408,813
July 1, 2022 – June 30, 2023	$117,053.29	408,813
July 1, 2023 – June 30, 2024	$119,979.62	408,813

Tonnage fees will remain at $0.12 per ton of loaded product, pursuant to the method of measurement in the original Leases.

These rental rates are in line with the other comparable leases in our river terminals. All the base rent from this lease and half of the tonnage will go to 876 bondholders. The other half of the tonnage will go to our River Maintenance Fund.

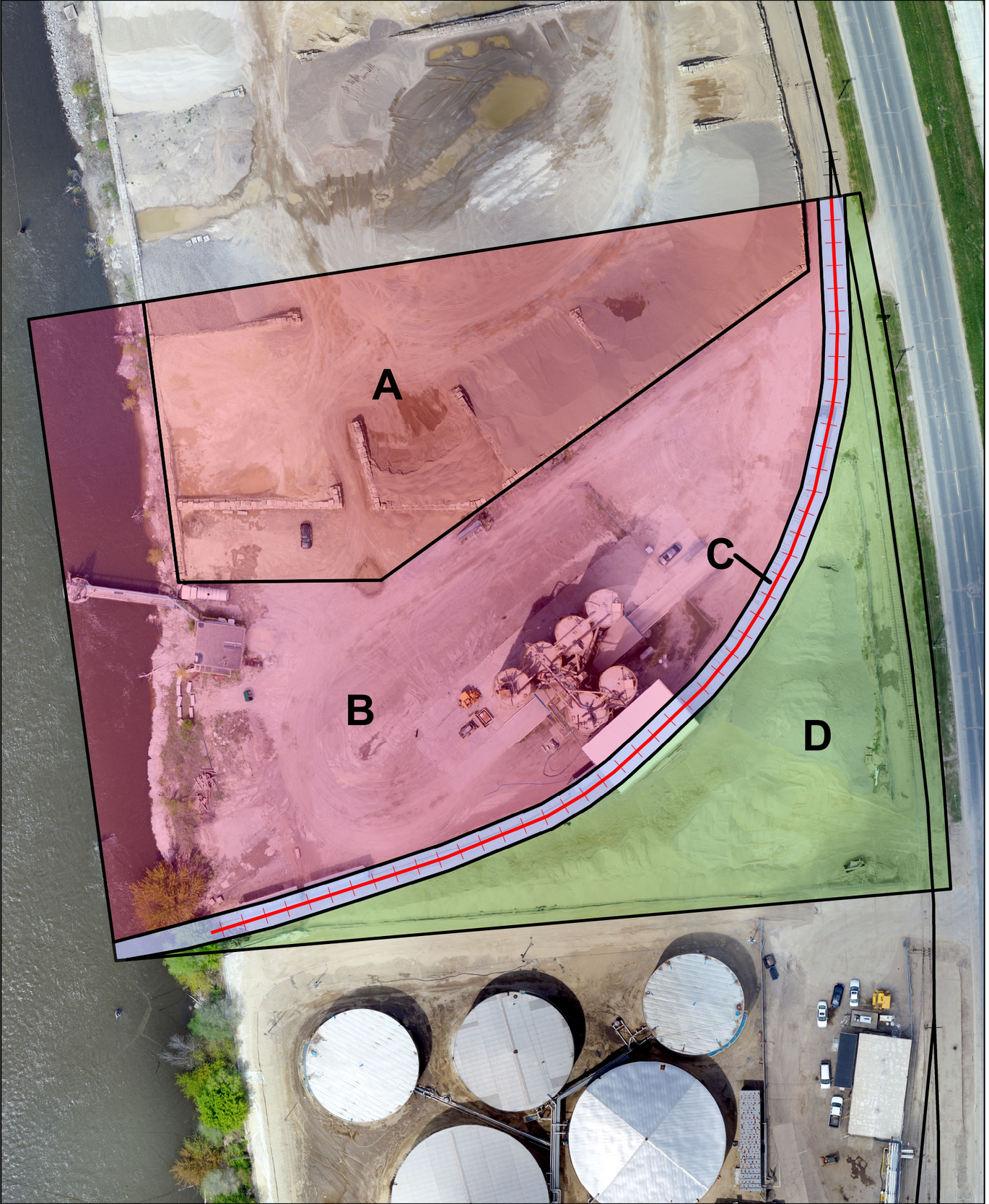
Tenant Improvements:

Pursuant to the agreement in the current Lease, it was Tenant's responsibility to invest at least $1.6 million in capital improvements at the leased premises. Over the last five years, Tenant has invested over $3.2 million on the property, including: Biodiesel storage and loading, boiler replacement, and containment berm repairs.

Recommendation:

We recommend approval for the 2019 lease amendment and rental rate adjustment for the Leased Premises at 2145, 2175, 2209 and 2229 Childs Road in Barge Terminal No. 1 with Contanda Terminals, LLC, formerly known as Westway Terminal Company, LLC

Attachment: Map
Resolution



Barge Terminal 1
2145 Childs Road

	Square Footage	Acreage
A = Bulk Silos Sublease to Agg. Ind.	55,382 SF	1.27
B = Bulk Silos	93,066 SF	2.14
C = Bulk Silos 50% / Contanda 50%	11,430 SF	0.26
D = Contanda	78,697 SF	1.12
Site total	**208,575 SF**	**4.79**

	Square Footage	Acreage
Bulk Silos, LLC, Formerly known as Altus		
A + B + 50% of C	154,163	3.54
Contanda Lease		
D + 50% of C	54,412	1.25

A: Aggregate Industries - Subleased from Bulk Silos, LLC

B: Bulk Silos, LLC, Formerly known as Altus

D: Contanda

C: 50% Contanda, 50% Bulk Silos 11,430 SF (railroad spur)

Railroad

0 37.5 75 150 225 300 Feet

N W E S

Data contained on this map has not been field verified and should be used as reference only. It is the user's responsibility for field verifying elevations, locations, dimensions, etc. to conduct detail design.

The Saint Paul Port Authority specially disclaims all warranties, expressed or implied, including but not limited to implied warranties of fitness for a particular purpose, with respect to the information contained on this map. The Saint Paul Port Authority shall have no liability with respect to any loss or damage directly or indirectly arising out of the use of this data.

Saint Paul PORT AUTHORITY

Resolution No. 4654

RESOLUTION OF THE
PORT AUTHORITY OF THE CITY OF SAINT PAUL

[2019 LEASE AMENDMENT AND RENTAL RATE ADJUSTMENT – CONTANDA TERMINALS, LLC AT BARGE TERMINAL NO. 1]

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

WHEREAS, the Port Authority wants to enter into a 2019 Lease Amendment and Rental Rate Adjustment for leased premises at 2145, 2175, 2209 and 2229 Childs Road in Barge Terminal No. 1 with Contanda Terminals, LLC, formerly known as Westway Terminal Company, LLC (the "Tenant"), which adjusts the rates in the Lease through June 30, 2024 as set forth below:

Base Rent	Annual Rent	Square Feet Included
July 1, 2019 – June 30, 2020	$108,695.61	408,813
July 1, 2020 – June 30, 2021	$111,413.00	408,813
July 1, 2021 – June 30, 2022	$114,198.33	408,813
July 1, 2022 – June 30, 2023	$117,053.29	408,813
July 1, 2023 – June 30, 2024	$119,979.62	408,813

WHEREAS, tonnage fees will remain at $0.12 per ton of loaded product, pursuant to the method of measurement in the original Lease.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE PORT AUTHORITY OF THE CITY OF SAINT PAUL that the proposed 2019 Lease Amendment and Rental Rate Adjustment, as contained in the Memorandum to the Board, is hereby approved; and

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

Adopted: July 23, 2019

PORT AUTHORITY OF THE CITY OF SAINT PAUL

By_____
Its _____

ATTEST:

By _____
Its _____

Saint Paul
PORT AUTHORITY

MEMORANDUM

To: BOARD OF COMMISSIONERS **Meeting Date:** July 23, 2019

From: Ava Langston-Kenney

Subject: **COMPLIANCE WITH GRANT REQUIREMENTS FOR MINNESOTA'S PORT DEVELOPMENT ASSISTANCE PROGRAM FOR A DIRECT BARGE-RAIL-TRUCK TRANSLOAD FACILITY AT THE SOUTHPORT TERMINAL**
RESOLUTION NO. 4655

Action Requested:
Amendment of Resolution No. 4643 to include specific language required by the Minnesota Office of Management and Budget to document full funding of the required 20% matching funds and any additional funds for final design and construction of a Direct Barge-Rail-Truck Transload Facility located in the Southport Terminal.

Background:
On January 22, 2019 The Board approved Resolution 4643 (Attachment 1) which authorized the Port Authority to accept, receive and administer funding from the Minnesota Port Development Assistance Program for a grant in the amount of $1,818,050 for final design and construction of a Direct Barge-Rail-Truck Transload Facility located in the Southport Terminal at Alter Logistics, 801 Barge Channel Road, Saint Paul, Minnesota. The Port Authority has routinely accepted letters of Funding Commitment from our tenants as acceptable documentation that the remaining costs of the project, often an amount in excess of the required 20% match, are fully funded. For this project, Alter committed $780,271, 43% of the grant amount, plus any potential overages beyond the $2,598,000 total Project Cost estimate (Attachment 2).

This year the Minnesota Office of Management and Budget (MMB), which oversees the administration of the MNDOT PDA Grant Program, requires that PDA Grant Recipients document that the matching funds and any necessary costs to complete the project are available by providing financial statements indicating that the funds have been deposited into a segregated account, or by resolution containing specific language, committing funds to the project. Staff has selected the latter as the best way for the Port Authority to meet this MMB requirement.

Port Authority staff proposes to commit through the River Maintenance Fund, $780,271 as its share of local funds needed to fully fund the project with up to $363,610 to be used as a match for bond funded work and up to $416,661 to be used for the completion of the project. The River Maintenance Fund currently contains approximately $1,500,000 and is replenished through fleeting, tonnage and related tenant fees at a rate of approximately $300,000 per year. In addition, Alter's contribution to the project will replenish the River Maintenance Fund.

Recommendation:

We recommend approval to amend Resolution No. 4643 to include specific language required by the Minnesota Management and Budget Office to document the full funding requirements necessary to accept the PDA Grant of $1,818,050 for the final design and construction of a Direct Barge-Rail-Truck Transload Facility located in the Southport Terminal at Alter Logistics, 801 Barge Channel Road, Saint Paul, Minnesota.

Attachments: Resolution
January 22, 2019 Board Memo and Resolution
Letter of Commitment from Alter Logistics

Resolution No. 4655

RESOLUTION OF THE
PORT AUTHORITY OF THE CITY OF SAINT PAUL

[COMPLIANCE WITH GRANT REQUIREMENTS FOR MINNESOTA'S PORT DEVELOPMENT ASSISTANCE PROGRAM FOR A DIRECT BARGE-RAIL-TRUCK TRANSLOAD FACILITY AT THE SOUTHPORT TERMINAL]

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

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

WHEREAS, the Port Authority's Board of Commissioners are appointed by the Mayor of the City of Saint Paul 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 Council of the City of Saint Paul.

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

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).

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

WHEREAS, the Port Authority desires to request and accept a grant from the Minnesota Port Development Assistance (PDA) Program in the amount of $1,818,050 for a direct barge-rail-truck transload facility at the Southport Terminal, Alter Logistics, 801 Barge Channel Road, Saint Paul, Minnesota.

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 encouraged and authorized to request and accept, if awarded, a grant from the Minnesota Port Development Assistance (PDA) Program in the amount of $1,818,050 for a direct barge-rail-truck transload facility located in the Southport Terminal.

BE IT FURTHER RESOLVED, that the Port Authority authorizes the execution of the General Obligation Bond Grant Agreement with the State of Minnesota to enable the receipt of the awarded funding.

BE IT FURTHER RESOLVED, that pursuant to Minnesota Statute Chapter 469, particularly sections 469.055 and 469.056, the Port Authority has the legal authority to enter in to said agreement with the State Department of Transportation and Canada.

BE IT FURTHER RESOLVED, that the Port Authority as a part of its 2019 Fiscal Year budget, has committed up to $780,271 as its share of local funds needed to fully fund the project with up to $363,610 to be used as a match for bond funded work and up to $416,661 to be used for the completion of the project.

BE IT FURTHER RESOLVED, that the Port Authority agrees to cover any costs that exceed the amount of funds provided by the state necessary to complete the project.

BE IT FURTHER RESOLVED, that the President or anyone acting under his direction is hereby authorized and directed to execute any and all necessary documents to complete the grant application and secure its receipt, including any matching fund requirements.

Adopted: _____, 2019

PORT AUTHORITY OF THE CITY OF SAINT PAUL

By _____
Its _____

ATTEST:

By _____
Its _____

Saint Paul
PORT AUTHORITY

MEMORANDUM

To: BOARD OF COMMISSIONERS **Meeting Date:** January 22, 2019

From: Ava Langston-Kenney

Subject: **ACCEPTANCE OF GRANT FUNDING FROM MINNESOTA'S PORT DEVELOPMENT ASSISTANCE PROGRAM FOR A DIRECT BARGE-RAIL-TRUCK TRANSLOAD FACILITY AT SOUTHPORT TERMINAL WITH ALTER LOGISTICS COMPANY**
RESOLUTION NO. 4643

Action Requested:
Approval for the Port Authority to accept, receive and administer funding from the Minnesota Port Development Assistance Program for a grant in the amount of $1,818,050 for final design and construction of a Direct Barge-Rail-Truck Transload Facility located in the Southport Terminal, Alter Logistics Company, 801 Barge Channel Road, Saint Paul, Minnesota.

Background:
Commercial navigation on the Mississippi River enhances our regional economy by providing a cost effective, environmentally sound way to transport commodities to global markets. This project will increase the Port Authority's capacity to provide terminal access for river shipping.

The Minnesota Port Development Assistance (PDA) Program has provided the Port Authority with grant dollars for capital improvements in the Saint Paul Harbor since 1996. The Ports & Waterways Section of MNDOT administers the Program which is funded by State Legislature. The grant requires a minimum local match of 20% of the improvement cost.

This Project proposes to:

- Rehabilitate an existing rail spur
- Install a new rail spur
- Install a reinforced load/unloading pad and associated road paving to improve traffic circulation within the Project. See Attachment 1 - A map, depicting the project site and its surrounding area.

The facility currently has some limited rail access and is served by the Union Pacific Railroad, a Class 1 rail line. Installing a new rail spur and rehabilitating the existing rail spur would greatly enhance the terminal's ability to transload to/from barge and rail for all commodities/freight as well as provide the ability to move oversized freight unable to be trucked over long distances on the highway system. Alter Logistics is leasing approximately 22.33 acres of land from the Port Authority in Southport Terminal. Their lease runs from April 1, 1981 through March 31, 2021 with eight five-year renewal options and one final four-year renewal option that would extend their lease to March 31, 2035.

The Port Authority is working with Alter Logistics concerning funding for all Project costs not covered by the PDA grant; thus, more than meeting the 20% match required by the PDA grant. The Port Authority does not anticipate participating in the Project costs. In the event the Port Authority would need to do so, the Port Authority will use its River Maintenance funds.

Accordingly, this Project adds to Southport Terminal's capacity to move overweight[EDL1] and oversize freight directly from a barge to rail as well as to a truck, providing maximum intermodal flexibility to the terminal. The Project has the added advantage of reducing fugitive dust and idling CO2 and NOx emissions, which improve the air quality for terminal workers and the surrounding community.

This Project is the first phase of a larger Southport Terminal Intermodal Improvement Project.

Projected Construction Transload Facility Cost:

SOURCE OF FUNDS	**COST**
PDA Grant	$ 1,818,050
Alter Logistics	$ 681,950[1]
SPPA River Maintenance Funds	
Total Project Estimated Cost	$ 2,500,000

Recommendation:

Approval for the Port Authority to accept, receive and administer $1,818,050 of grant funds awarded by the Port Development Assistance Program for the construction of a new rail spur extension, rehabilitation of a connecting rail spur, and paving of a reinforced load/unloading pad including associated circulation road paving at the Southport Terminal – Alter Logistics, 801 Barge Channel Road, Saint Paul, Minnesota.

Attachments: Map
Resolution

[1]The projected costs are initial estimates subject to securing a construction bid and a resulting construction contract, these and other construction-related details are still to be determined. As a result, Alter Logistics' actual contribution may well vary from this estimate.

SPPA Southport Terminal Alter Direct Barge-Rail-Truck Transload Facility

Data contained on this map has not been field verified and should be used as reference only. It is the user's responsibility for field verifying elevations, locations, dimensions, etc. to conduct detail design.

The Saint Paul Port Authority specially disclaims all warranties, expressed or implied, including but not limited to implied warranties of fitness for a particular purpose, with respect to the information contained on this map. The Saint Paul Port Authority shall have no liability with respect to any loss or damage directly or indirectly arising out of the use of this data.

N W E S

Project Area

Saint Paul PORT AUTHORITY

RESOLUTION OF THE
PORT AUTHORITY OF THE CITY OF SAINT PAUL

[ACCEPTANCE OF GRANT FUNDING FROM MINNESOTA'S PORT DEVELOPMENT ASSISTANCE PROGRAM FOR A DIRECT BARGE-RAIL-TRUCK TRANSLOAD FACILITY AT THE SOUTHPORT TERMINAL]

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

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

WHEREAS, the Port Authority's Board of Commissioners are appointed by the Mayor of the City of Saint Paul 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 Council of the City of Saint Paul.

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

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).

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

WHEREAS, the Port Authority desires to request and accept a grant from the Minnesota Port Development Assistance (PDA) Program in the amount of $1,818,050 for a direct barge-rail-truck transload facility at the Southport Terminal, Alter Logistics, 801 Barge Channel Road, Saint Paul, Minnesota.

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 encouraged and authorized to request and accept, if awarded, a grant from the Minnesota Port Development Assistance (PDA) Program in the amount of $1,818,050 for a direct barge-rail-truck transload facility located in the Southport Terminal.

BE IT FURTHER RESOLVED, that the President or anyone acting under his direction is hereby authorized and directed to execute any and all necessary documents to complete the grant application and secure its receipt, including any matching fund requirements.

Adopted: January 22, 2019

PORT AUTHORITY OF THE CITY OF SAINT PAUL

By _____
Its Chair

ATTEST:

By _____
Its Secretary

ALTER

LOGISTICS COMPANY

2117 State Street, Suite 300 Bettendorf, IA 52722-5172
(563) 344-5111

January 23, 2019

Ms. Ava Langston-Kenney
Project Manager
Saint Paul Port Authority
380 Saint Peter Street #850
Saint Paul, MN 55102

RE: MNDOT Grant Agreement – PDA Program

Dear Ava:

I am writing to advise that Alter Logistics Company will commit to fund all project costs over $1,818,050 for the rail improvement project at our facility located in the Southport Industrial District.

Please let me know if you need any additional information in this regard.

Best regards,

Jeffrey D. Goldstein
Chairman, Chief Executive Officer

JDG/cmw

Saint Paul
PORT AUTHORITY

MEMORANDUM

To: BOARD OF COMMISSIONERS **Meeting Date:** July 23, 2019

From: Ava Langston-Kenney

Subject: **COMPLIANCE WITH GRANT REQUIREMENTS FOR MINNESOTA'S PORT DEVELOPMENT ASSISTANCE PROGRAM FOR A BARGE RECEIVING SYSTEM AT BARGE TERMINAL NO. 1**
RESOLUTION NO. 4656

Action Requested:
Amendment of Resolution No. 4644 to include specific language required by the Minnesota Office of Management and Budget to document full funding of the required 20% matching funds and any additional funds required to complete a new Barge Receiving System located at Barge Terminal No. 1.

Background:
On January 22, 2019 The Board approved Resolution 4644 (Attachment 1) which authorized the Port Authority to accept, receive and administer funding from the Minnesota Port Development Assistance Program for a grant in the amount of $2,590,000 for construction of a new Barge Receiving System located at Barge Terminal No. 1, Bulk Silos, LLC (formerly known as BThree, LLC and formerly doing business as Altus Materials), 2145 Childs Road, Saint Paul, Minnesota. The Port Authority has routinely accepted letters of Funding Commitment from our tenants as acceptable documentation that the remaining costs of the project, often an amount in excess of the required 20% match, are fully funded. For this project, Cemstone, the parent company, has committed $648,000, 25% of the grant amount, plus any potential overages beyond $3,200,000 total Project Cost estimate (Attachment 2).

This year the Minnesota Office of Management and Budget (MMB), which oversees the administration of the MNDOT PDA Grant Program, requires that PDA Grant Recipients document that the matching funds and any necessary costs to complete the project are available by providing financial statements indicating that the funds have been deposited into a segregated account, or by resolution containing specific language, committing funds to the project. Staff has selected the latter as the best way for the Port Authority to meet this MMB requirement.

Port Authority staff proposes to commit through the River Maintenance Fund $648,000 as its share of local funds needed to fully fund the project. The River Maintenance Fund currently contains approximately $1,500,000 and is replenished through fleeting, tonnage and related tenant fees at a rate of approximately $300,000 per year. In addition, Cemstone's contribution to the project will be used to offset/replenish the River Maintenance Fund so that there is no overall decrease of funds available for future projects.

Recommendation:

We recommend approval to amend Resolution No. 4644 to include specific language required by the Minnesota Management and Budget Office to document the full funding requirements necessary to accept the PDA Grant of $2,590,000 for construction of a new Barge Receiving System located at Barge Terminal No. 1, at Bulk Silos, LLC.

Attachments: Resolution
January 22, 2019 Board Memo and Resolution
Letter of Commitment from Cemstone

Resolution No. 4656

RESOLUTION OF THE
PORT AUTHORITY OF THE CITY OF SAINT PAUL

[COMPLIANCE WITH GRANT REQUIREMENTS FOR
MINNESOTA'S PORT DEVELOPMENT ASSISTANCE PROGRAM
FOR A BARGE RECEIVING SYSTEM AT BARGE TERMINAL NO. 1]

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

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

WHEREAS, the Port Authority's Board of Commissioners are appointed by the Mayor of the City of Saint Paul 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 Council of the City of Saint Paul.

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

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).

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

WHEREAS, the Port Authority desires to request and accept a grant from the Minnesota Port Development Assistance (PDA) Program in the amount of $2,590,000 for a barge receiving system at Barge Terminal No. 1, BThree, LLC, 2145 Childs Road, Saint Paul, Minnesota.

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 encouraged and authorized to request and accept, if awarded, a grant from the Minnesota Port Development Assistance (PDA) Program in the amount of $2,590,000 for a barge receiving system at Barge Terminal No. 1.

BE IT FURTHER RESOLVED, that The Port Authority authorizes the execution of the General Obligation Bond Grant Agreement with the State of Minnesota to enable the receipt of the awarded funding.

BE IT FURTHER RESOLVED, that pursuant to Minnesota Statute Chapter 469, particularly sections 469.055 and 469.056, the Port Authority has the legal authority to enter in to said agreement with the State Department of Transportation and Canada.

BE IT FURTHER RESOLVED, that the Port Authority as a part of its 2019 Fiscal Year budget, has committed up to $648,000 as its share of local funds needed to fully fund the project with up to $518,000 to be used as a match for bond funded work and up to $130,000 to be used for the completion of the project.

BE IT FURTHER RESOLVED, that the Port Authority agrees to cover any costs that exceed the amount of funds provided by the state necessary to complete the project.

BE IT FURTHER RESOLVED, that the President or anyone acting under his direction is hereby authorized and directed to execute any and all necessary documents to complete the grant application and secure its receipt, including any matching fund requirements.

Adopted: _____, 2019

PORT AUTHORITY OF THE CITY OF SAINT PAUL

By _____
Its _____

ATTEST:

By _____
Its _____

Saint Paul
PORT AUTHORITY

MEMORANDUM

To: BOARD OF COMMISSIONERS **Meeting Date:** January 22, 2019

From: Ava Langston-Kenney

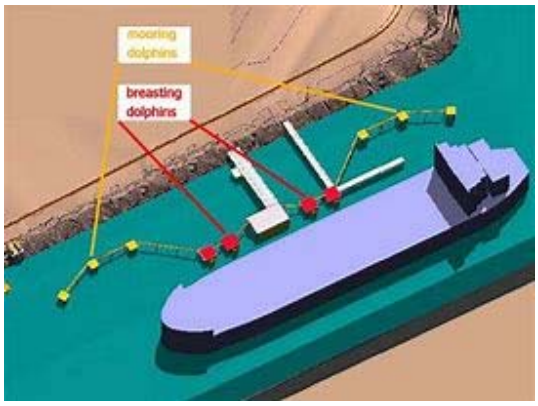
Subject: **ACCEPTANCE OF GRANT FUNDING FROM MINNESOTA'S PORT DEVELOPMENT ASSISTANCE GRANT PROGRAM FOR A BARGE RECEIVING SYSTEM AT BARGE TERMINAL NO. 1 WITH BTHREE, LLC**
RESOLUTION NO. 4644

Action Requested:
Approval for the Port Authority to accept, receive and administer funding from the Minnesota Port Development Assistance Program for a grant in the amount of $2,590,000 for construction of a new Barge Receiving System located at Barge Terminal No. 1, BThree, LLC, 2145 Childs Road, Saint Paul, Minnesota.

Background:
Commercial navigation on the Mississippi River enhances our regional economy by providing a cost-effective, environmentally-sound way to transport commodities to global markets. This project will increase the Port Authority's capacity to provide terminal access for river shipping.

The Minnesota Port Development Assistance (PDA) Program has provided the Port Authority with grant dollars for capital improvements in the Saint Paul Harbor since 1996. The Ports & Waterways Section of MNDOT administers the Program which is funded by State Legislature. The grant requires a minimum local match of 20% of the improvement cost.

This Project includes the installation of a new barge receiving system complete with a new bulkhead (dockwall) equipment platform, two barge breasting dolphins, (illustrated below), as



well as, the construction of a new barge access bridge and walkway and a new underground pneumatic transport pipeline from the waterfront to the storage tanks located at the tenant site at 2145 Childs Road in Barge Terminal No. 1. See Attachment 1 - A map depicting the project site and its surrounding area.

Constructing the Barge Receiving System at Barge Terminal No. 1 will provide a water-borne commodities/freight-handling system where the old loading cell is no longer useable. Installation of this new system and equipment will increase Barge Terminal No. 1's capacity for barge unloading, adding an estimated 65,000-110,000 tons of cementitious commodity materials transferred each year. BThree, LLC is leasing approximately 3.5 acres of land from the Port Authority in Barge Terminal No. 1. Their lease runs from January 1, 2016 through December 31, 2025 with two five-year renewal options that would extend their lease to 2035. This Project will position this important inland river terminal to take full advantage of economic development opportunities in the long term.

Overall Project Budget:

SOURCE OF FUNDS	**Barge Receiving System**
PDA Grant	$ 2,590,000
BThree, LLC	$ 648,000
SPPA River Maintenance Funds	
Total Project Estimate	$ 3,238,000

Recommendation:

Approval for the Port Authority of the City of Saint Paul to accept, receive and administer $2,590,000 of grant funds awarded by the Port Development Assistance Program for the construction of a new Barge Receiving System located in Barge Terminal No. 1, BThree, LLC, 2145 Childs Road, Saint Paul, Minnesota.

Attachments: Map
Resolution

SPPA: PDAP-BT1 Barge Receiving System Project Area

Data contained on this map has not been field verified and should be used as reference only. It is the user's responsibility for field verifying elevations, locations, dimensions, etc. to conduct detail design.

The Saint Paul Port Authority specially disclaims all warranties, expressed or implied, including but not limited to implied warranties of fitness for a particular purpose, with respect to the information contained on this map. The Saint Paul Port Authority shall have no liability with respect to any loss or damage directly or indirectly arising out of the use of this data.

N W E S

SPPA: PDAP-BT1 Barge Receiving System Project Area

Project Area

Saint Paul PORT AUTHORITY

RESOLUTION OF THE
PORT AUTHORITY OF THE CITY OF SAINT PAUL

[ACCEPTANCE OF GRANT FUNDING FROM MINNESOTA'S PORT DEVELOPMENT ASSISTANCE PROGRAM FOR A BARGE RECEIVING SYSTEM AT BARGE TERMINAL NO. 1 WITH BTHREE, LLC]

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

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

WHEREAS, the Port Authority's Board of Commissioners are appointed by the Mayor of the City of Saint Paul 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 Council of the City of Saint Paul.

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

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).

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

WHEREAS, the Port Authority desires to request and accept a grant from the Minnesota Port Development Assistance (PDA) Program in the amount of $2,590,000 for a barge receiving system at Barge Terminal No. 1, BThree, LLC, 2145 Childs Road, Saint Paul, Minnesota.

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 encouraged and authorized to request and accept, if awarded, a grant from the Minnesota Port Development Assistance (PDA) Program in the amount of $2,590,000 for a barge receiving system at Barge Terminal No. 1.

BE IT FURTHER RESOLVED, that the President or anyone acting under his direction is hereby authorized and directed to execute any and all necessary documents to complete the grant application and secure its receipt, including any matching fund requirements.

Adopted: January 22, 2019

PORT AUTHORITY OF THE CITY OF SAINT PAUL

By _____
Its _____

ATTEST:

By _____
Its _____

CEMSTONE

September 26, 2018

Mr. Lee J. Krueger, President
Saint Paul Port Authority
380 St. Peter Street, Suite 850
Saint Paul, MN 55102-1313

Dear Mr. Krueger,

In regards to the 2018 Port Development Assistance Grant Application by the Saint Paul Port Authority Grant to support the Barge Receiving System Improvement Project at Barge Terminal One, Cemstone Products Company is willing to commit $648,000 towards the project and any potential overages beyond the $3.2 M estimate.

We believe this to be an extremely worthwhile project that will compliment and increase existing business at the facility as well as bring those large oversized project moves that are not currently being handled in the St. Paul Region.

Thank you and best regards,

Tim Becken
Senior Vice President
Cemstone Products Company