

Regular Board Meeting

March 23, 2021 - 2:00 p.m.

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

Chair Bennett is calling a meeting of the Board of Commissioners for Tuesday, March 23, 2021 at 2:00 p.m. Chair Bennett has determined, due to the emergency declared by the Governor of Minnesota and the Mayor of Saint Paul regarding the COVID-19 health pandemic, that it is not practical nor prudent for the Saint Paul Port Authority Board and members of the staff to meet in-person or pursuant to Minnesota Statutes, Section 13D.02. In light of the COVID-19 health pandemic, it is not feasible for any member of the Saint Paul Port Authority Board and staff to be present at the regular location, and all staff and Board members of the Saint Paul Port Authority will attend this meeting by telephone or other electronic means.

It is also not feasible for members of the public to attend the meeting at its regular location due to the health pandemic and emergency. Accordingly, no meeting will be held at the Saint Paul Port Authority offices which are located at 400 Wabasha Street No., Suite 240, St. Paul, MN. Members of the public may monitor this meeting remotely at 651-395-7858, Conference ID: 925 850 374#. The purpose of the meeting is:

Minutes

Approval of Minutes of the February 23, 2021 Regular Board Meeting/Closed Session Meeting

Conflicts of Interest

Conflicts with any Items on the Agenda

New Business

Credit Committee


1. Resolution No. 4693 - 2021 Lease Renewal and Rental Rate Adjustment – Alter Logistics Company – Southport Terminal

General Matters

1. Such Other Business That May Come Before the Board

MEMORANDUM

To: BOARD OF COMMISSIONERS **Meeting Date:** March 23, 2021

From: Kathryn L. Sarnecki 

Subject: 2021 LEASE RENEWAL AND RENTAL RATE ADJUSTMENT – ALTER LOGISTICS COMPANY – SOUTHPORT TERMINAL RESOLUTION NO. 4693

Action Requested:

Approval of a 2021 lease renewal and rental rate adjustment for leasing 801, 781, 751 and 0 Barge Channel Road in the Southport Terminal with Tenant, Alter Logistics Company d/b/a Alter River Terminal Saint Paul ("Alter" or "Tenant").

Background:

In 1981 the Saint Paul Port Authority (the "Port Authority") entered into a Lease with Alter for approximately 972,653 square feet of land in the Port Authority's Southport Terminal area consisting of property located at the following addresses: 801 Barge Channel Road, 781 Barge Channel Road, 751 Barge Channel Road and 0 Barge Channel Road. The Leased Premises was replatted in 2020, and due to more accurate survey of the riverbank, the available leasehold area has decreased by a total of 7,209 square feet. The new square footage being leased is 965,444 (22.16 acres). The legal descriptions for the Leased Premises have been updated to reflect the updated plat and will be incorporated into the Lease Renewal. Attached for your reference is a copy of the updated plat of the Leased Premises.

Alter is planning a \$20 Million investment to expand their shipping terminal operations (i.e. handling products for third parties). To make additional space for terminal movements and storage, Alter will move their scrap operations to an adjacent property. This will allow for a large investment at the site consisting of a new state of the art fertilizer facility, installation of additional rail to allow for increased transfer of products from barge to rail or vice versa in an increased capacity, and a new site-wide stormwater management system. With these improvement Alter estimates they may be able double the amount of tonnage moved through their leased area.

Original Lease: 4/1/1981 to 3/31/2006

Renewals: 8 options, each for a period of 5 years; and one final option for a term of 4 years

Renewal Options Expire: 3/31/2050

Proposed 5-Year Renewal
Rental Rate Adjustment: 4/1/2021 through 3/31/2026

Annual rental rate adjustments are flat for 2 years then 2% per year thereafter.

MEMORANDUM

Base Rent	SF	Period Total	Quarterly	PSF
4/1/2021 – 3/31/2022	965,444	\$212,719.21	\$53,179.80	0.2203
4/1/2022 – 3/31/2023	965,444	\$212,719.21	\$53,179.80	0.2203
4/1/2023 – 3/31/2024	965,444	\$216,973.60	\$54,243.40	0.2247
4/1/2024 – 3/31/2025	965,444	\$221,313.07	\$55,328.27	0.2292
4/1/2025 – 3/31/2026	965,444	<u>\$225,739.33</u>	\$56,434.83	0.2338
Total (over 5 years)		\$1,089,464.41		

Tonnage Rent:

Tenant will pay inbound tonnage rates at \$0.10 per ton for the first 200,000 tons and \$0.05 per ton for 200,001+ tons. The Tenant shall guarantee a minimum tonnage payment for 300,000 tons per year (for an annual minimum of \$25,000 to be paid in tonnage fees).

Real Estate Taxes.

Real estate taxes will continue to be handled per the existing Lease. Tenant shall pay all real estate taxes and assessments billed by the county, city or any other regulatory authority. The county assesses a personal property tax to businesses leasing land from the Port Authority. Tenant shall pay directly to taxing authority.

Tenant's Improvements.

The Lease requires Tenant to invest in property improvements no less than **\$2,000,000** over the course of the 5-year lease renewal term. Tenant has provided to the Landlord capital improvements to be implemented over the 5-year rental period. Said capital improvements are proposed to include a new fertilizer building and offload system, stormwater management and new rail capacity to create a barge-rail transload facility. These projects are an estimated **\$20,000,000** capital investment by the tenant over the next 5 years. The monetary requirement triggering that any and all Tenant improvements (but not repairs or equipment purchased) first be submitted to the Port Authority for prior approval will increase from \$100,000 to \$500,000, so any approval over \$500,000 should not be unreasonably withheld, conditioned or delayed.

Operating Covenant:

Tenant shall be required to continuously operate, subject to periods of temporary closure for upgrades or improvements, or as required by law or Executive Order.

Common Area Maintenance Expenses:

Common Area Maintenance expenses will continue to be handled per the existing Lease. If Landlord assumes common area maintenance costs and/or responsibilities, including common area insurance and stormwater management, Landlord shall operate, maintain, repair and replace the common areas of the Premises and Tenant shall pay its pro-rata share.

MEMORANDUM

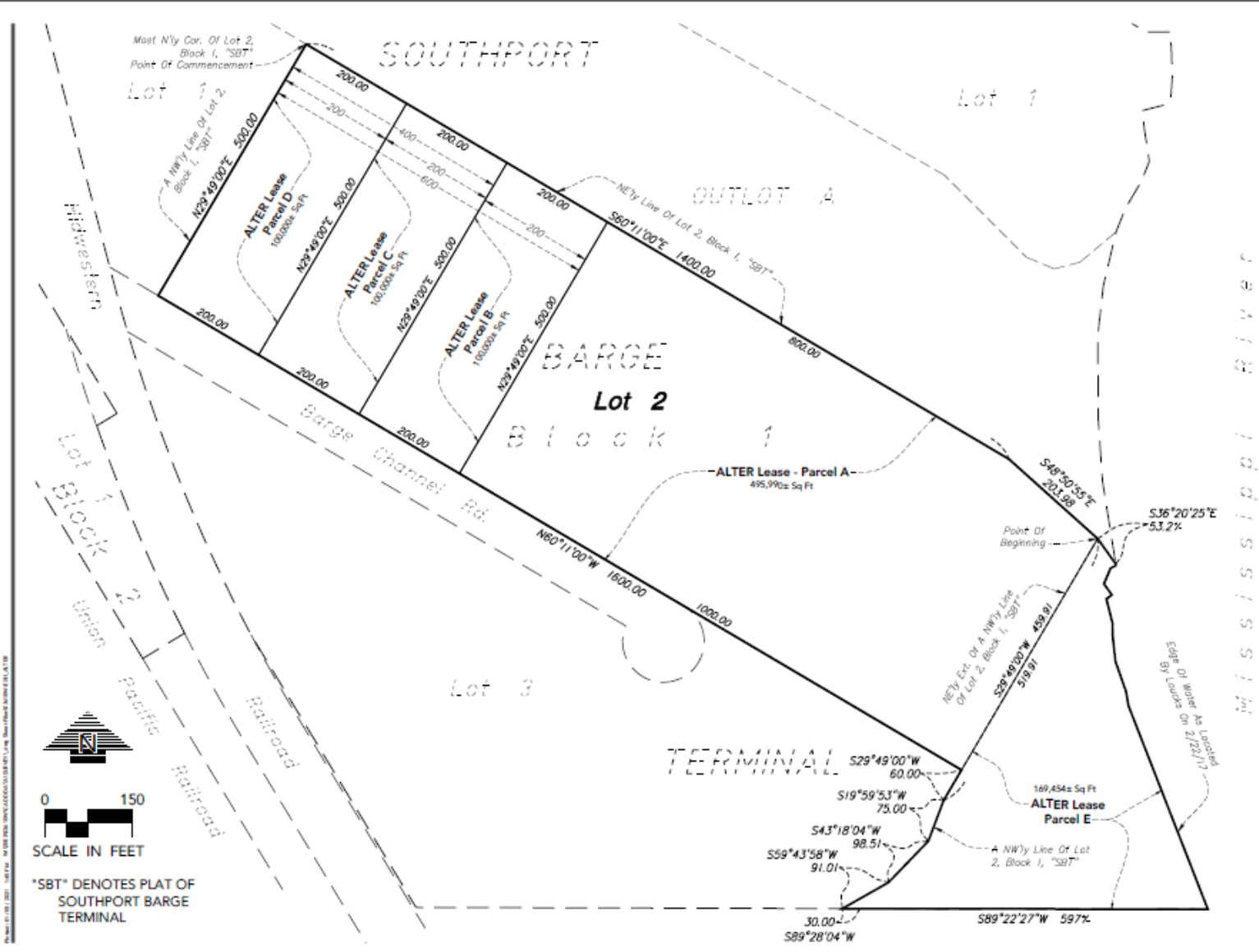
Tenant's Maintenance Responsibilities.

Tenant shall be responsible to maintain and repair, in good order and condition the Premises, including all building maintenance, screening and landscaping, stormwater management, regular dockwall maintenance and inspection, for property which exclusively serves the Premises. Tenant will conduct dockwall inspections, at Tenant's expense, a minimum of once every 5 years or more as needed. The last inspection was completed in 2019 by AMI Engineers.

Recommendation:

Approval of a 2021 lease renewal and rental rate adjustment for leasing 801, 781, 751 and 0 Barge Channel Road in the Southport Terminal with Tenant, Alter Logistics Company d/b/a Alter River Terminal Saint Paul.

Attachment: Updated Plat
Resolution



SOUTHPORT BARGE TERMINAL
SAINT PAUL, MN

SAINT PAUL PORT AUTHORITY
1601 WEST PETER STREET
SAINT PAUL, MN 55102

LOUCKS
PLANNING
CIVIL ENGINEERING
LAND SURVEYING
LANDSCAPE ARCHITECTURE
ENVIRONMENTAL
7200 Hennick Lane, Suite 300
Maple Grove, MN 55347
763.424.3300
www.loucks.com

CADD QUALIFICATION
I certify that the person(s) listed below are qualified to prepare and/or check the CADD for this project. The person(s) listed below are qualified to prepare and/or check the CADD for this project. The person(s) listed below are qualified to prepare and/or check the CADD for this project.

PROFESSIONAL SIGNATURE
I certify that the survey, plan or report was prepared by me or under my direct supervision and that I am a duly licensed and in good standing member of the Minnesota Board of Professional Engineers, Architects, and Surveyors.

QUALITY CONTROL

License No.	4998
Date	03/01/21
Loecks Project No.	23-0100
Project Lead	MLS
Drawn By	SM
Checked By	MCS
Field Crew	N/A

ALTER LEASE EXHIBIT
2 OF 2

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

**[2021 LEASE RENEWAL AND RENTAL RATE ADJUSTMENT
– ALTER LOGISTICS COMPANY – 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 Port Authority wants to enter into a 2021 Lease Renewal and Rental Rate Adjustment for the leased premises at 801, 781, 751 and 0 Barge Channel Road in the Southport Terminal with Tenant, Alter Logistics Company d/b/a Alter River Terminal Saint Paul (the “Tenant”), which adjusts the rates in the Lease through March 31, 2026 as set forth below:

Base Rent	Square Feet	Period Total	Quarterly	Per Square Foot
4/1/2021 – 3/31/2022	965,444	\$212,719.21	\$53,179.80	0.2203
4/1/2022 – 3/31/2023	965,444	\$212,719.21	\$53,179.80	0.2203
4/1/2023 – 3/31/2024	965,444	\$216,973.60	\$54,243.40	0.2247
4/1/2024 – 3/31/2025	965,444	\$221,313.07	\$55,328.27	0.2292
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Total (over 5 years)		\$1,089,464.41		

WHEREAS, the Port Authority acknowledges there are four additional five-year renewal options and one final option for a term of four years on the above, so as to extend the Lease to the year 2050.

WHEREAS, Tenant’s responsibility to invest \$2M in capital improvements to the Leased Premises over the course of the 5-year renewal term will be met once they complete construction of a new fertilizer building and offload system, stormwater management and new rail capacity to create a barge-rail transload facility estimated to cost \$20M.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE PORT AUTHORITY OF THE CITY OF SAINT PAUL that the proposed 2021 Lease Renewal 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 2021 Lease Renewal and Rental Rate Adjustment in accordance with the above-referenced terms in form as approved by counsel.

Adopted: March 23, 2021

PORT AUTHORITY OF THE
CITY OF SAINT PAUL

By _____
Its _____

ATTEST:

By _____
Its _____