

**Regular Board Meeting**

November 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, November 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: 829 462 412#. The purpose of the meeting is:

**Minutes**

Approval of Minutes of the October 26, 2021 Annual Board Meeting

**Conflicts of Interest**

Conflicts with any Items on the Agenda

**New Business****Administrative Committee**

1. Approval of the 2022 Budget
2. Resolution No. 4709 - Certification of Tax Levy

**Credit Committee**

1. Resolution No. 4710 - Approval of 2022 Lease – District Energy – Southport Terminal

**General Matters**

1. Such Other Business That May Come Before the Board

**SAINT PAUL PORT AUTHORITY  
MINUTES OF THE ANNUAL BOARD MEETING  
OCTOBER 26, 2021**

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The annual meeting of the Port Authority Board was held on October 26, 2021 at 2:09 p.m. via Microsoft Teams.

The following Board members were present:

John Bennett	John Marshall	Don Mullin
Matt Slaven	Dai Thao	Rebecca Noecker

Also, present were the following:

Lee Krueger	Todd Hurley	Ann Kosel
Andrea Novak	Bruce Kessel	Dana Krueger
Linda Tran	Kathryn Sarnecki	Pete Klein
Tonya Bauer	Laurie Siever	Monte Hilleman
Eric Larson, City of Saint Paul		

**APPROVAL OF MINUTES**

Commissioner Mullin made a motion to approve the minutes of the September 28, 2021 regular Board meeting. The motion was seconded by Commissioner Thao, submitted to a roll call vote, and carried unanimously.

**CONFLICT OF INTEREST**

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

**NEW BUSINESS**

**ADMINISTRATION**

**ELECTION OF OFFICERS**

Commissioner Noecker made a motion to nominate the following Commissioners. The new officers will assume their roles effective January 1, 2022.

- Chair, John Bennett
- Vice Chair, Nneka Constantino
- Secretary, Don Mullin
- Treasurer, Matt Slaven

The motion was seconded by Commissioner Marshall, submitted to a roll call vote, and carried unanimously.

The following committee chairs were assigned:

- Credit Committee Chair: Don Mullin
- Administrative Chair: Matt Slaven

The following positions will remain the same:

- Assistant Secretary – General Counsel
- Assistant Treasurer – CFO

### **CREDIT COMMITTEE**

#### **RESOLUTION NO. 4708**

#### **PUBLIC HEARING – CREATION OF THE EMERALD ASH BORER (EAB)**

#### **INDUSTRIAL DEVELOPMENT DISTRICT AND APPROVAL OF JOINT POWERS AGREEMENT**

Motion was made by Commissioner Mullin to approve Resolution No. 4708 which was reviewed by the Credit Committee and recommended for approval by the Board.

Chair Bennett stated that in accordance with Minnesota Law, the Port Authority is required to hold a public hearing regarding Resolution No. 4708 and declared the Public Hearing open. He asked if anyone in attendance wished to address the Board. No one came forward and, therefore, Chair Bennett declared the Public Hearing closed and asked to take a roll call vote.

Chair Bennett stated that a roll call vote is required under Chapter 469 and the Commissioners voted as follows:

Commissioner Marshall	- aye	Commissioner Mullin	- aye
Commissioner Slaven	- aye	Commissioner Thao	- aye
Commissioner Noecker	- aye	Chair Bennett	- aye

The motion was submitted to a roll call vote and carried unanimously.

### **GENERAL MATTERS**

There being no further business, the meeting was adjourned at 2:20 p.m.

By \_\_\_\_\_

Its \_\_\_\_\_

## MEMORANDUM

**To:** BOARD OF COMMISSIONERS

**Meeting Date:** November 23, 2021

**From:** Todd P. Hurley

**Subject:** APPROVAL OF 2022 BUDGET

**Action Requested:**

Approval of 2022 Budget for Port Authority Operations.

**Background:**

Attached please find the 2021 Projected Budget Result and the Proposed Operating Budget for the Year Ending December 31, 2022. The Operating and Development budgets cover the revenue and expenses of the Port Authority's daily operations.

**2021 Projected Budget Results**

Operating Revenues are projected to be under budget by \$330,680 while spending is projected to be \$383,500 under budget resulting in a net operating income of \$52,820.

Development Revenues are projected to be under budget by \$95,858 while spending is projected to be \$208,018 under budget resulting in a net operating income of \$112,160.

Overall, the revenue shortfall of \$426,538 combined with managed underspending of \$591,518 resulted in a net operating income of \$164,980.

**2022 Proposed Operating Budget**

The proposed 2022 budget projects revenues in the amount of \$5,562,136 and provides spending authority in the amount of \$5,535,706.

Total revenues are expected to increase by \$431,336 and expenses are budgeted to increase by \$450,486 resulting in a net operating income of \$26,430.

The proposed budget report also contains a variance analysis between the 2021 budget and the 2022 budget.

**Revenue Variances**

**Variance**

**Tax Revenues**

\$120,000

Tax revenues are budgeted to increase by \$120,000. This is a result of the combination of a \$250,000 levy increase, offset by a reduction in tax increment revenue.

**Fiscal and Administrative Fees**

\$355,700

The fee revenue increase is due to the management fees generated at Treasure Island Center combined with increased loan servicing fees.

**Interest on Loans**

(\$240,000)

Interest on loans is expected to decrease \$240,000. This is due to the deferral of interest on TIF Loans combined with the shift from interest to principal as TIF loans are repaid.

Direct Labor (\$210,000)

The decrease in direct labor is due to the deferral of reimbursement to the Port Authority from TIF.

CCP & Other Grant Income \$350,000

Grant income is budgeted to increase by \$350,000 returning the CCP grant amount to historic levels.

**Expense Variances** **Variance**

Personnel Costs \$226,548

Personnel costs are budgeted to increase \$226,548. The increase is due inflationary increases in salary and benefits, and the addition of an administrative assistant position.

Office Rent \$192,334

Expense for office rent is increased by \$192,334. The increase reflects the return to a full year of rent and parking for Port Authority offices at Treasure Island Center.

**Recommendation:**

We recommend approval of the 2022 Budget for Port Authority Operations.

Attachments: 2021 Projected Operating Budget Results  
2021 Projected Development Budget Results  
2022 Port Authority Operating Budget Summary

**SAINT PAUL PORT AUTHORITY**  
**Budgets for the Year Ending December 31, 2021**  
**Projected Operating Budget Results**

	<b>December 31, 2021</b>		
	<b>Budget</b>	<b>Projection</b>	<b>YE Variance</b>
<b>REVENUES:</b>			
Tax revenues	\$ 1,730,000	\$ 1,548,000	\$ (182,000)
Fiscal and administrative fees	542,300	678,000	135,700
Interest on loans	450,000	240,000	(210,000)
Reimbursed direct labor	290,000	218,000	(72,000)
Other operating revenue	277,500	275,986	(1,514)
Interest on investments	2,000	1,134	(866)
CCP & Other Grant income	900,000	900,000	-
<b>Total Revenues</b>	<b>4,191,800</b>	<b>3,861,120</b>	<b>(330,680)</b>
<b>EXPENSES:</b>			
<b>Personnel costs</b>	<b>3,022,530</b>	<b>2,974,707</b>	<b>(47,823)</b>
<b>Professional services:</b>			
Audit fees	56,500	46,200	(10,300)
Attorney costs	270,000	193,000	(77,000)
Other professional fees	189,000	136,252	(52,748)
<b>Total professional services</b>	<b>515,500</b>	<b>375,452</b>	<b>(140,048)</b>
<b>Other general costs:</b>			
Office rent	128,016	53,020	(74,996)
Insurance	105,000	75,222	(29,778)
General & administrative expenses	103,800	58,897	(44,903)
Equipment maintenance	75,574	32,422	(43,152)
Depreciation	105,000	105,000	-
Marketing	91,450	88,650	(2,800)
<b>Total other general costs</b>	<b>608,840</b>	<b>413,211</b>	<b>(195,629)</b>
<b>Total Expenses</b>	<b>4,146,870</b>	<b>3,763,370</b>	<b>(383,500)</b>
<b>Net Operating Income (Loss)</b>	<b>44,930</b>	<b>97,750</b>	<b>52,820</b>

**SAINT PAUL PORT AUTHORITY**  
**Budgets for the Year Ending December 31, 2021**  
**Projected Development Operating Budget Results**

December 31, 2021			
	Budget	Projection	YE Variance
<b>REVENUES:</b>			
Tax revenues	\$ 210,000	\$ 198,298	\$ (11,702)
Land Rents	92,000	95,643	3,643
Fiscal and administrative fees	-	-	-
Interest on loans	250,000	80,000	(170,000)
Reimbursed direct labor	385,000	411,170	26,170
Other operating revenue	-	-	-
Interest on investments	2,000	4,928	2,928
CCP & Other Grant income	-	53,103	53,103
<b>Total Revenues</b>	<b>939,000</b>	<b>843,142</b>	<b>(95,858)</b>
<b>EXPENSES:</b>			
<b>Development</b>	-	-	-
General and Administrative	63,990	48,302	(15,688)
River Shipping	300,000	111,869	(188,131)
Development	335,200	343,906	8,706
Predevelopment	75,000	71,500	(3,500)
Property Maintenance	64,160	154,755	90,595
Interest	100,000	-	(100,000)
<b>Total Expenses</b>	<b>938,350</b>	<b>730,332</b>	<b>(208,018)</b>
<b>Net Operating Income (Loss)</b>	<b>650</b>	<b>112,810</b>	<b>112,160</b>

**SAINT PAUL PORT AUTHORITY**  
**Budgets for the Year Ending December 31, 2022**  
**Budget Summary**


	2021 Budget		
	Operating	Development	Total
<b>REVENUES:</b>			
Tax revenues	\$ 1,730,000	\$ 210,000	\$ 1,940,000
Land Rents		92,000	92,000
Fiscal and administrative fees	542,300	-	542,300
Interest on loans	450,000	385,000	835,000
Reimbursed direct labor	290,000	250,000	540,000
Other operating revenue	277,500	2,000	279,500
Interest on investments	2,000	-	2,000
CCP & Other Grant income	900,000	-	900,000
<b>Total Revenues</b>	<b>4,191,800</b>	<b>939,000</b>	<b>5,130,800</b>
<b>EXPENSES:</b>			
<b>Personnel costs</b>	<b>3,022,530</b>	<b>-</b>	<b>3,022,530</b>
<b>Professional services:</b>			
Audit fees	56,500	-	56,500
Attorney costs	270,000	-	270,000
Other professional fees	189,000	-	189,000
<b>Total professional services</b>	<b>515,500</b>	<b>-</b>	<b>515,500</b>
<b>Other general costs:</b>			
Office rent	128,016	-	128,016
Insurance	105,000	-	105,000
General & administrative expenses	103,800	63,990	167,790
Equipment maintenance	75,574	-	75,574
Depreciation	105,000	-	105,000
Marketing	91,450	-	91,450
<b>Development:</b>	<b>-</b>	<b>-</b>	<b>-</b>
River Shipping	-	300,000	300,000
Development	-	335,200	335,200
Predevelopment	-	75,000	75,000
Property Maintenance	-	64,160	64,160
Interest	-	100,000	100,000
<b>Total other general costs</b>	<b>608,840</b>	<b>938,350</b>	<b>1,547,190</b>
<b>Total Expenses</b>	<b>4,146,870</b>	<b>938,350</b>	<b>5,085,220</b>
<b>Net Operating Income (Loss)</b>	<b>44,930</b>	<b>650</b>	<b>45,580</b>

2022 Budget		
Operating	Development	Total
\$ 1,735,000	\$ 325,000	\$ 2,060,000
-	95,136	95,136
898,000	-	898,000
295,000	300,000	595,000
190,000	140,000	330,000
292,500	17,500	310,000
9,000	15,000	24,000
1,250,000	-	1,250,000
<b>4,669,500</b>	<b>892,636</b>	<b>5,562,136</b>
<b>3,249,078</b>	<b>-</b>	<b>3,249,078</b>
<b>56,500</b>	<b>-</b>	<b>56,500</b>
<b>260,000</b>	<b>-</b>	<b>260,000</b>
<b>165,500</b>	<b>-</b>	<b>165,500</b>
<b>482,000</b>	<b>-</b>	<b>482,000</b>
<b>320,350</b>	<b>-</b>	<b>320,350</b>
<b>117,000</b>	<b>-</b>	<b>117,000</b>
<b>91,800</b>	<b>69,320</b>	<b>161,120</b>
<b>74,140</b>	<b>-</b>	<b>74,140</b>
<b>105,000</b>	<b>-</b>	<b>105,000</b>
<b>110,140</b>	<b>-</b>	<b>110,140</b>
<b>-</b>	<b>-</b>	<b>-</b>
<b>-</b>	<b>286,000</b>	<b>286,000</b>
<b>-</b>	<b>359,000</b>	<b>359,000</b>
<b>-</b>	<b>75,000</b>	<b>75,000</b>
<b>96,878</b>	<b>-</b>	<b>96,878</b>
<b>-</b>	<b>100,000</b>	<b>100,000</b>
<b>915,308</b>	<b>889,320</b>	<b>1,804,628</b>
<b>4,646,386</b>	<b>889,320</b>	<b>5,535,706</b>
<b>23,114</b>	<b>3,316</b>	<b>26,430</b>

Variance		
Operating	Development	Total
\$ 5,000	\$ 115,000	\$ 120,000
-	3,136	3,136
355,700	-	355,700
(155,000)	(85,000)	(240,000)
(100,000)	(110,000)	(210,000)
15,000	15,500	30,500
7,000	15,000	22,000
350,000	-	350,000
<b>477,700</b>	<b>(46,364)</b>	<b>431,336</b>
<b>226,548</b>	<b>-</b>	<b>226,548</b>
<b>-</b>	<b>-</b>	<b>-</b>
<b>(10,000)</b>	<b>-</b>	<b>(10,000)</b>
<b>(23,500)</b>	<b>-</b>	<b>(23,500)</b>
<b>(33,500)</b>	<b>-</b>	<b>(33,500)</b>
<b>192,334</b>	<b>-</b>	<b>192,334</b>
<b>12,000</b>	<b>-</b>	<b>12,000</b>
<b>(12,000)</b>	<b>5,330</b>	<b>(6,670)</b>
<b>(1,434)</b>	<b>-</b>	<b>(1,434)</b>
<b>-</b>	<b>-</b>	<b>-</b>
<b>18,690</b>	<b>-</b>	<b>18,690</b>
<b>-</b>	<b>-</b>	<b>-</b>
<b>-</b>	<b>(14,000)</b>	<b>(14,000)</b>
<b>-</b>	<b>23,800</b>	<b>23,800</b>
<b>-</b>	<b>-</b>	<b>-</b>
<b>96,878</b>	<b>(64,160)</b>	<b>32,718</b>
<b>-</b>	<b>-</b>	<b>-</b>
<b>306,468</b>	<b>(49,030)</b>	<b>257,438</b>
<b>499,516</b>	<b>(49,030)</b>	<b>450,486</b>

## MEMORANDUM

**To:** BOARD OF COMMISSIONERS

**From:** Todd P. Hurley 

**Subject:** **FINAL CERTIFICATION OF TAX LEVY  
RESOLUTION NO. 4709**

**Meeting Date:** November 23, 2021

**Action Requested:**

Approval of the final 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 30<sup>th</sup> of December of each year, the proposed tax levy for taxes levied in the subsequent calendar year.

The recommended 2021 tax levy payable in 2022 is:

1. General Obligation Bond Debt Service	\$3,851,537
2. Mandatory Levy pursuant to Minnesota Statutes Section 469.053, Subdivision 4, at a rate not to exceed .01813% of market value	\$2,256,700
3. Discretionary Levy pursuant to Minnesota Statutes Section 469.053, Subdivision 6. Pledged to industrial redevelopment.	<u>\$ 105,000</u>
<b>TOTAL 2021 TAX LEVY</b>	<u><b>\$6,213,237</b></u>

**Recommendation:**

We recommend approval of the final Truth in Taxation Certification.

**Attachments:** Comparison of Tax Levy  
Resolution

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

**TAX LEVY PAYABLE**

	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>
G.O. Bonds	\$3,851,537	\$3,849,685	\$3,554,391
Mandatory Levy	2,256,700	2,006,700	2,006,700
Discretionary Levy	<u>105,000</u>	<u>105,000</u>	<u>105,000</u>
<b>TOTAL</b>	<b>\$ 6,213,237</b>	<b>\$ 5,961,385</b>	<b>\$ 5,666,091</b>

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

**[FINAL CERTIFICATION OF TAX LEVY]**

WHEREAS, pursuant to Minnesota Statutes Section 275.065, all taxing districts are required to certify the final levy they may impose for the current tax year payable in 2022 prior to December 30, 2021.

NOW THEREFORE, BE IT RESOLVED, that the Port Authority adopts the following as its maximum tax levy for taxes payable in 2022 as follows:

1.	General Obligation Bond Debt Service:	\$3,851,537
2.	Mandatory Levy pursuant to Minnesota Statutes Section 469.053, Subdivision 4, at a rate not to exceed .01813% of market value:	\$2,256,700
3.	Discretionary Levy pursuant to Minnesota Statutes Section 469.053, Subdivision 6, pledged to industrial redevelopment:	<u>\$ 105,000</u>
	TOTAL 2022 TAX LEVY	<u>\$6,213,237</u>

Adopted: November 23, 2021

PORT AUTHORITY OF THE CITY OF  
SAINT PAUL

By \_\_\_\_\_  
Its Chair

ATTEST:

By \_\_\_\_\_  
Its Secretary

## MEMORANDUM

**To:** BOARD OF COMMISSIONERS **Meeting Date:** November 23, 2021  
**From:** Linda K. Williams *lkw*  
**Subject:** APPROVAL OF 2022 LEASE – DISTRICT ENERGY – SOUTHPORT TERMINAL  
RESOLUTION NO. 4710

**Action Requested:**

Approval of a 2022 Lease for the leased premises at 571 Barge Channel Road in Saint Paul at the Southport Terminal with District Energy St. Paul, Inc. (“Tenant”).

**Background:**

The Port Authority has leased 85,075 square feet from Lot 2 and 27,632 square feet from Outlot A (formerly Parcel 3) totaling 112,707 square feet of property in the Southport Terminal in Saint Paul, Minnesota, to Tenant since 1983 (the “Leased Premises”). A map depicting the Leased Premises is attached hereto for your reference. The Leased Premises is primarily used for a maintenance and warehousing facility associated with its downtown operations.

Base Rent for the year ending 12-31-2021 was for 110,657 square feet, which was less square footage due to a temporary construction easement. The construction is now complete and the easement has expired, so the square footage beginning on 1-1-2022 will revert back to the original square footage of 112,707.

The Tenant has requested and the Port Authority is looking for Board approval of a new three-year Lease with two separate additional terms of two years each.

**Lease Terms and Conditions:**

New Proposed Lease: 1/1/2022 to 12/31/2024 with two two-year renewal and rental rate adjustment options through 12/31/28.

Annual rental rate adjustment is 3% per year (with a multiplier of 1.030).

<i>Base Rent for year ending 12/31/2021: \$32,975.79, or \$0.298 psf</i> <i>Base Rent Multiplier beginning 1/1/2022: 1.030</i>
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Base Rent	SF Included	Per SF rate	Period Total
Jan. 1, 2022 - Dec. 31, 2022	112,707	0.307	\$34,601.05
Jan. 1, 2023 – Dec. 31, 2023	112,707	0.316	\$35,615.41
Jan. 1, 2024 – Dec. 31, 2024	112,707	0.326	\$36,742.49

**Recommendation:**

Approval of a 2022 Lease for the leased premises at 571 Barge Channel Road in Saint Paul at the Southport Terminal with District Energy St. Paul, Inc.

Attachment: Map  
Resolution

# Exhibit A

## Southport Terminal

### District Energy Lease Area

Address:  
571 Barge Channel Rd,  
St Paul, MN 55107

Description of Leased Premises  
known as 571 Barge Channel Road

Legal Description: Lot 2 (Parcel 2)  
and Outlot A (formerly Parcel 3),  
Block 1, Southport Addition No.2



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Data contained on this map has not been field verified and should be used as reference only. It is the user's responsibility to field verify all dimensions, features, & locations, etc. to confirm actual design.

The Saint Paul Port Authority expressly 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 losses or damages resulting from reliance on the use of this data.



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**RESOLUTION OF THE  
PORT AUTHORITY OF THE CITY OF SAINT PAUL  
[2022 LEASE –DISTRICT ENERGY – 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 2022 Lease for 112,707 square feet of leased premises at 571 Barge Channel Road in the Southport Terminal with District Energy (the “Tenant”). The rates in the Lease run through December 31, 2024, increasing three percent (3%) per year as set forth below:

<b><u>Base Rent:</u></b>	<b><u>Annual Total Rent</u></b>	<b><u>PSF Rate</u></b>
Jan. 1, 2022 to Dec. 31, 2022	\$34,601.05	0.307
Jan. 1, 2023 to Dec. 31, 2023	\$35,615.41	0.316
Jan. 1, 2024 to Dec. 31, 2024	\$36,742.49	0.326

WHEREAS, the Port Authority acknowledges there are two additional two-year renewal options on the above term, so as to extend the Lease to the year 2028.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE PORT AUTHORITY OF THE CITY OF SAINT PAUL that the proposed 2022 Lease—District Energy—Southport Terminal, as contained in the Memorandum to the Board, 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 2022 Lease—District Energy—Southport Terminal in accordance with the above-referenced terms in form as approved by counsel.

Adopted: November 23, 2021

PORT AUTHORITY OF THE  
CITY OF SAINT PAUL

By \_\_\_\_\_  
Its \_\_\_\_\_

ATTEST:

By \_\_\_\_\_  
Its \_\_\_\_\_