



**AGENDA
BOARD MEETING
SEPTEMBER 26, 2017 - 2:00 P.M.**

LOCATION: 380 St. Peter Street, Suite 850, Saint Paul, MN 55102

MINUTES

1. Approval of the Minutes from the August 22, 2017 Regular Board Meeting

CONFLICT OF INTEREST

NEW BUSINESS

CREDIT COMMITTEE

1. **Resolution No. 4607** Approval of the Issuance of up to \$1,850,000 of Tax-Exempt Tax Increment Revenue Refunding Bonds – Series 2017-6
2. **Resolution No. 4608** **Public Hearing** - District Energy St. Paul, Inc. – Preliminary Authorization for an Approximate \$25,000,000 Tax-Exempt and Taxable Bond Issue
3. **Resolution No. 4609** **Revised From Credit Committee Memo** - Award of Contract for Construction of PW-1066 Flood Repairs; Red Rock Terminal; DR-4182-MN

GENERAL MATTERS

1. Such Other Business as May Come Before the Board

**PORT AUTHORITY OF THE CITY OF SAINT PAUL
MINUTES OF THE REGULAR BOARD MEETING
AUGUST 22, 2017**

The regular meeting of the Port Authority Board was held on August 22, 2017 at 2:35 p.m. in the Board Room of the Saint Paul Port Authority located at 380 St. Peter Street, Suite 850, Saint Paul, Minnesota.

The following Commissioners were present:

John Bennett	Paul Williams	Dan Bostrom
Dai Thao	John Marshall	Don Mullin

Also present were the following:

Lee Krueger	Laurie Hansen	Pete Klein
Bruce Kessel	Michael Linder	Andrea Novak
Dana Krueger	Sarah Savela	Laurie Siever
Ann Kosel		
Eric Larson, General Counsel, City of Saint Paul		

ADMINISTRATION

ELECTION OF OFFICER

Acting Chair Bennett opened the floor up for nominations for the vacant position of Chair of the Port Authority's Board of Commissioners.

Commissioner Williams made a motion to nominate Commissioner Bennett as the Chair of the Port Authority's Board of Commissioners. The motion was seconded by Commissioner Thao, submitted to a vote and carried unanimously.

Chair Bennett opened the floor up for nominations for the vacant position of Vice Chair of the Port Authority's Board of Commissioners.

Commissioner Bostrom made a motion to nominate Commissioner Williams as the Vice Chair of the Port Authority's Board of Commissioners. The motion was seconded by Commissioner Marshall, submitted to a vote and carried unanimously.

APPROVAL OF MINUTES

Motion was made by Commissioner Bostrom to approve the minutes of the Board meeting held on July 25, 2017. The motion was seconded by Commissioner Thao, submitted to a vote and carried unanimously.

CONFLICT OF INTEREST

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

NEW BUSINESS

CREDIT COMMITTEE

JUNE 2017 YEAR-TO-DATE FINANCIAL STATEMENTS

Motion was made by Commissioner Williams to accept the June 2017 year-to-date financial statements which were reviewed by the Credit Committee and recommended for approval by the Board. The motion was seconded by Commissioner Thao, submitted to a vote and carried unanimously.

**RESOLUTION NO. 4603
PRELIMINARY CERTIFICATION OF TAX LEVY**

Motion was made by Commissioner Williams to approve Resolution No. 4603 which was reviewed by the Credit Committee and recommended for approval by the Board. The motion was seconded by Commissioner Thao, submitted to a vote and carried unanimously.

**RESOLUTION NO. 4604
MINNESOTA MUSEUM OF AMERICAN ART – SPECIAL APPROPRIATION GRANT**

Motion was made by Commissioner Williams to approve Resolution No. 4604 which was reviewed by the Credit Committee and recommended for approval by the Board. The motion was seconded by Commissioner Thao, submitted to a vote and carried unanimously.

**RESOLUTION NO. 4605
APPROVAL OF THE USE OF THE ECONOMIC
DEVELOPMENT INCENTIVE FUND AS A LOSS RESERVE FOR
PACE LOANS ASSUMED OR DIRECTLY FUNDED BY FINANCIAL INSTITUTIONS**

Motion was made by Commissioner Williams to approve Resolution No. 4605 which was reviewed by the Credit Committee and recommended for approval by the Board. The motion was seconded by Commissioner Marshall, submitted to a vote and carried unanimously.

RESOLUTION NO. 4606
ACCEPTANCE OF A \$3,000,000 LOAN/GRANT FROM THE KRESGE
FOUNDATION ALONG WITH PORT AUTHORITY LOSS PAYEE OBLIGATION

Motion was made by Commissioner Williams to approve Resolution No. 4606 which was reviewed by the Credit Committee and recommended for approval by the Board. The motion was seconded by Commissioner Mullin, submitted to a vote and carried unanimously.

GENERAL MATTERS

There being no further business, the meeting was adjourned at 2:48 p.m.

By: _____

Its: _____


/amk

SAINT PAUL PORT AUTHORITY

MEMORANDUM

TO: BOARD OF COMMISSIONERS
(Regular Meeting of September 26, 2017)

DATE: September 20, 2017

FROM: Laurie J. Hansen 

SUBJECT: APPROVAL OF THE ISSUANCE OF UP TO \$1,850,000 OF TAX-EXEMPT
TAX INCREMENT REVENUE REFUNDING BONDS - SERIES 2017-6
RESOLUTION NO. 4607

Action Requested:

Approval of the issuance of Series 2017-6 bonds to refund the Series 2007-5 Tax-Exempt Tax Increment Revenue Bonds (Riverbend – Lot 1).

Public Purpose:

The refunding will result in interest savings and will shorten the maturity by five years. As a result, we will be able to accelerate payments on subordinate debt.

Business Subsidy:

N/A

Background:

The Series 2007-5 bonds were issued to refund an existing outstanding Riverbend revenue note and to provide funding for additional tax increment eligible costs for further development of the TIF district.

These bonds have an average coupon of 6.375% and a final maturity date of February 1, 2032.

Current Status:

An RFP was issued to local banks requesting bids to refund the outstanding bonds. With less than \$2 million of debt, a public bond issuance was not cost effective. The winning proposal was submitted by Anchor Bank with an interest rate of 4.25%. The net present value of the savings is \$469,000 and is greater than 20%. This results in a final maturity date of no later than February 1, 2027 or five years sooner.

Proposal:

Bonds/Note Up to \$1,850,000 of tax-exempt tax increment revenue refunding bonds.

The debt service would have a senior lien of Riverbend tax increment generated by lot 1, building 1 and 2.

BOARD OF COMMISSIONERS

September 20, 2017

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Rate: 4.25%

Maturity: February 1, 2027

Lender: Anchor Bank

Borrower: Saint Paul Port Authority
Tax Increment Revenue Bonds

Bond Counsel: Kutak Rock

Financial Advisor: PFM Financial Advisor, LLC

Disclosure:

The Port Authority Commissioners by SEC rules are obligated to disclose any risks or facts you may be aware of that would affect the probability of repayment of this note.

Recommendation:

We recommend approval of the issuance of Series 2017-6 bonds to refund the Series 2007-5 Tax-Exempt Tax Increment Revenue Bonds (Riverbend – Lot 1).

LJH:amk
Attachment

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

[TAX INCREMENT REVENUE REFUNDING NOTE - SERIES 2017-6]

WHEREAS, the Board of Commissioners of the Port Authority of the City of Saint Paul (the “**Port Authority**”) has previously created the River Bend Redevelopment Tax Increment Financing District, and a hazardous substance subdistrict therein (the “**Tax Increment District**”); and

WHEREAS, the Port Authority has previously issued its \$2,685,000 Tax Exempt Tax Increment Revenue Bonds (River Bend Project – Lot 1), Series 2007-5 (the “**Prior Bonds**”) in order to provide long-term financing for the costs associated with the buildings and improvements of approximately 21 acres of land in the Tax Increment District for use as office/warehouse space (the “**Project**”); and

WHEREAS, Port Authority has decided to issue and sell, with the advice of PFM Financial Advisors LLC (the “**Municipal Advisor**”), up to \$1,850,000 Tax Increment Revenue Refunding Note (River Bend Project – Lot 1), Series 2017-6 (the “**Note**”), and use the proceeds to currently refund the Prior Bonds on or around October 3, 2017, in order to achieve debt service savings; and

WHEREAS, the Note will be secured by a pledge of tax increments generated by the Project pursuant to Minnesota Statutes, Section 469.177; and

WHEREAS, Port Authority management and Credit Committee recommend approval of this resolution.

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

1. Authorization. On the basis of information available to the Port Authority, the Port Authority hereby finds that the issuance of the Note is authorized pursuant to Minnesota Statutes, Sections 469.174 to 469.1794 (the “**Act**”). For the purpose of currently refunding the Prior Bonds, paying certain costs of issuance and other expenses in connection with the issuance of the Note, the Port Authority hereby authorizes the issuance, sale and delivery of the Note in a principal amount not exceeding \$1,850,000. The Note shall be issued in the final principal amount, bear interest at the rate, mature and be subject to prepayment, and have such other terms as shall be determined by the President and the Chief Financial Officer of the Port Authority. The Note shall be dated, and in such form and shall have such other terms and details as may be provided in the Note Documents, as described below. The sale of the Note is subject to approval by resolution of the City Council, as required by Minnesota Statutes, Section 469.084, Subd. 11.

2. Security. The Note shall be secured by a pledge by the Port Authority of tax increments received from the Tax Increment District, as further described in the Note Documents.

3. Execution of Note Documents. The President or the Chief Financial Officer of the Port Authority are authorized and directed to execute the following documents in connection with the issuance of the Note (all together, the “**Note Documents**”):

(a) The Loan Agreement, between the Port Authority and Anchor Bank, N.A. (the “**Purchaser**”), in substantially the form on file with the Port Authority as of the date hereof, subject to modifications approved by the President and Chief Financial Officer;

(b) The Note, in substantially the form on file with the Port Authority as of the date hereof, subject to modifications approved by the President and the Chief Financial Officer;

(c) Various documents in form and substance approved by the President and Chief Financial Officer evidencing the purchase of the Note by the Purchaser and providing for the specific terms of the Note; and

(d) An arbitrage or tax certificate, an issuer's certificate, IRS Form 8038-G and such other documents or certificates as may be necessary or convenient in connection with the issuance of the Note and refunding of the Prior Bonds.

4. Findings. The Port Authority hereby finds, determines and declares that:

(a) The issuance and sale of the Note, the execution and delivery by the Port Authority of the Note Documents and the performance of the covenants and agreements of the Port Authority in the Note Documents and of all other acts and things required under the Constitution and laws of the State of Minnesota to make the Note Documents and the Note valid and binding obligations of the Port Authority in accordance with their terms, are authorized by the Act; and

(b) It is in the best interest of the Port Authority that the Note be issued pursuant to the Note Documents in order to currently refund the Prior Bonds and achieve debt service savings.

5. Revenue Obligation. The Note will not be payable from or a charge upon any funds of the Port Authority other than the revenues pledged to the payment thereof under the Note Documents; no holder of the Note shall ever have the right to compel any exercise by the Port Authority or the City of its taxing powers to pay the Note or the interest or any premium thereon, or to enforce payment thereof against any property of the Port Authority or the City except the tax increment pledged by the Port Authority to the payment of the Note; the Note shall not constitute a charge, lien or encumbrance, legal or equitable, upon any property of the Port Authority or the City except the interests of the Port Authority expressly pledged to the payment thereof under the Note Documents; the Note shall recite that the principal of and interest thereon are payable solely from the revenues pledged to the payment thereof; and the Note shall

not constitute an indebtedness of the Port Authority or the City within the meaning of any constitutional or statutory debt limitation.

6. Tax-Exemption. The Note is to be issued as a tax-exempt essential function bond. The Port Authority hereby covenants not to use the Project or to cause or permit it to be used, in such a manner as to cause the Note to be a "private activity bond" within the meaning of Sections 103 and 141 through 150 of the Internal Revenue Code of 1986, as amended (the "Code"). To this end, the Port Authority covenants and agrees that at no time shall payment of principal of, or interest on, more than five percent (5%) of the proceeds of the Note be (under the terms of the Note or any underlying arrangement) directly or indirectly (a) secured by any interest in property used or to be used for a private business use (or by any interest in payments in respect of such property), or (b) derived from payments (whether or not to the Port Authority) in respect of property (or borrowed money) used or to be used for a private business use, all within the meaning of Section 141(b)(2) of the Code. In addition, the Port Authority shall comply with all other requirements necessary under the Code to establish and maintain the exclusion from gross income under Section 103 of the Code of the interest on the Note, including without limitation (c) requirements relating to temporary periods for investments, (d) limitations on amounts invested at a yield greater than the yield on the Note, and (e) the rebate of excess investment earnings to the United States. The Chief Financial Officer of the Port Authority is hereby authorized and directed to retain such consultants and/or attorneys necessary, from time to time, to make any rebate required calculations required by Section 148 of the Code, and the applicable Treasury Regulations.

7. Other Signers; Effect of Execution. In the absence or unavailability of either the President or Chief Financial Officer, any other officer of the Port Authority may execute the Note Documents. The execution of any instrument by the appropriate officer or officers of the Port Authority herein authorized shall be conclusive evidence of the approval of such documents by the Port Authority in accordance with the terms thereof. The execution of any documents necessary for the transaction herein described by the individuals who were at the time of execution thereof the authorized officers of the Port Authority shall bind the Port Authority, notwithstanding that such individuals or any of them has ceased to hold such office or offices prior to the authentication and delivery of the Note.

8. Transcript of Proceedings. The President and other officers of the Port Authority are authorized and directed to prepare and furnish to the Purchaser and bond counsel certified copies of the proceedings and records of the Port Authority relating to the issuance of the Note and other transactions herein contemplated, and such other affidavits and certificates as may be required to show the facts relating to the legality of the Note and the other transactions herein contemplated as such facts appear from the books and records in the officers' custody and control or as otherwise known to them; and all such certified copies, certificates and affidavits, including any heretofore furnished, shall constitute representations of the Port Authority as to the truth of all statements contained therein.

9. Future Amendments. The authority to approve, execute and deliver future amendments to Note Documents entered into by the Port Authority in connection with the issuance of the Note and the other transactions herein contemplated, is hereby delegated to

the President of the Port Authority, provided that: (a) such amendments do not require the consent of the holder of the Note or, if required, such consent has been obtained; (b) such amendments do not materially adversely affect the interests of the Port Authority; (c) such amendments do not contravene or violate any policy of the Port Authority; and (d) such

amendments are acceptable in form and substance to bond counsel. The execution of any instrument by the President of the Port Authority shall be conclusive evidence of the approval of such instrument in accordance with the terms hereof.

10. Limitation. No covenant, obligation or agreement contained herein or in any Note Document shall be deemed to be a covenant, 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 nor any officer executing the Note shall be liable personally on the Note or be subject to any personal liability or accountability by reason of the issuance thereof.

Adopted: September 26, 2017

PORT AUTHORITY OF THE
CITY OF SAINT PAUL

By: _____
Its Chair


ATTEST

By: _____
Its: Secretary

SAINT PAUL PORT AUTHORITY

MEMORANDUM

TO: BOARD OF COMMISSIONERS
(Regular Meeting of September 26, 2017) **DATE:** September 21, 2017

FROM: Peter M. Klein 

SUBJECT: **PUBLIC HEARING - DISTRICT ENERGY ST. PAUL, INC. – PRELIMINARY AUTHORIZATION FOR AN APPROXIMATE \$25,000,000 TAX-EXEMPT AND TAXABLE BOND ISSUE
RESOLUTION NO. 4608**

Action Requested:

Preliminary approval for the issuance of approximately \$25,000,000 of conduit revenue bonds for District Energy St. Paul, Inc.

Public Purpose:

Bond proceeds will provide funding necessary for District Energy to:

- Expand the distribution system
- Enhance the District Heating Plant
- Refinance existing bonds

Business Subsidy:

N/A

Background:

Attached is a report outlining the terms of the tax-exempt and taxable bond issue.

Disclosure:

The Port Authority Commissioners by SEC rules are obligated to disclose any risks of facts you may be aware of that would affect the probability of repayment of these bonds.

Recommendation:

We recommend the preliminary approval for the issuance of approximately \$25,000,000 of tax-exempt and taxable conduit bonds.

PMK:djk

Attachment

**PORT AUTHORITY OF THE CITY OF SAINT PAUL
ISSUANCE OF BONDS – DISTRICT ENERGY ST. PAUL, INC.**

<u>Action Requested:</u>	Approval of preliminary resolution authorizing the issuance of an approximate \$25,000,000 conduit bond issue for District Energy St. Paul, Inc.
<u>Project Summary:</u>	Series 2017-3 (501(c)(3)) \$ 7,400,000 Series 2017-4 (AMT) \$ 6,000,000 Series 2017-5 (Taxable) \$11,600,000
<u>Type:</u>	Adjustable rate industrial development revenue tax-exempt bonds and fixed-rate industrial development revenue taxable bonds. Series 3 and 4 are tax-exempt and Series 5 is taxable.
<u>Term:</u>	Series 2017-3 – 25 years Series 2017-4 – 23 years Series 2017-5 – 20 years
<u>Issuer:</u>	Saint Paul Port Authority
<u>Issuer’s Counsel:</u>	Briggs and Morgan, PA
<u>Borrower:</u>	District Energy St. Paul, Inc.
<u>Trustee:</u>	U.S. Bank National Association
<u>Underwriter:</u>	Piper Jaffray & Co.
<u>Borrower’s Counsel:</u>	Barnes & Thornburg LLP
<u>Underwriter’s Counsel:</u>	Kennedy & Graven
<u>Bond Counsel:</u>	Barnes & Thornburg LLP
<u>The Company:</u>	District Energy St. Paul, Inc. is a 501(c)(3) non-profit company that provides heating services to 190 buildings with over 31 million building square feet in Saint Paul. It was incorporated in 1979 and has operated since 1983, formerly using the name District Heating, LLC.
<u>The Project:</u>	The bond proceeds will be loaned to the borrower and used to refinance existing debt, construct additional distribution lines and plant improvements.

**Estimated Sources
and Uses of Funds:**

Sources of Funds

Bond Proceeds \$25,000,000

Use of Funds

Construction \$12,750,000
Refinancing 8,500,000
Capitalized Interest 850,000
Debt Service Reserve 2,100,000
Cost of Issuance 400,000

Total \$25,000,000

The Bonds:

The bonds will be issued in three series in the approximate total principal amount of \$25,000,000. The estimated yield-to-maturity for the tax-exempt 501(c)(3) bonds is 3.9% and 4.25% for the AMT bonds. The estimated yield-to-maturity for the taxable bonds is 4.3%. The taxable bonds may be placed privately and should that occur, the Port Authority would not issue them and would not have any involvement with that portion of the funding.

Fees:

The Port Authority will receive a fee of .35% of the principal amount of the bonds at closing and .25% of the outstanding principal amount of the bonds annually thereafter.

Conduit Financing:

The bonds will be a conduit financing of the Port Authority and will not constitute or give rise to a liability of the Port Authority, the City of Saint Paul, or the State of Minnesota or a charge against their general credit or taxing powers.

Loan Agreement:

Under the Indenture, the Port Authority has pledged its interest in the Loan Agreement to the trustee to secure the bonds. The trustee is authorized to exercise the rights of the Port Authority and to enforce the obligations of the borrower under the Loan Agreement.

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

**[DISTRICT ENERGY ST. PAUL, INC.
TAX-EXEMPT AND TAXABLE CONDUIT BOND ISSUE]**

WHEREAS, the Port Authority of the City of Saint Paul (the "Port Authority"), in accordance with Minnesota Statutes, Sections 469.152 through 469.1655, as amended (the "Act"), has been requested by District Energy St. Paul, Inc., a Minnesota nonprofit corporation (the "Borrower"), to issue one or more series of taxable or tax-exempt conduit revenue bonds (the "Bonds") and loan the proceeds derived from the sale of the Bonds to the Borrower, pursuant to the terms of a revenue or loan agreement (the "Loan Agreement") between the Port Authority and the Borrower in order to: (i) finance improvements to its heating and cooling distribution system and its heating and cooling plants located in the City of Saint Paul, Minnesota (the "City"); (ii) fund deposits to one or more reserve accounts; and (iii) pay the costs of issuing the Bonds (collectively, the "Project").

WHEREAS, the Project will be owned and operated by the Borrower.

WHEREAS, the Port Authority gave its preliminary approval and indicated its intention to issue the Bonds to provide funds to the Borrower to fund the Project in a resolution, adopted on June 27, 2017.

WHEREAS, the Bonds proposed to be issued by the Port Authority to finance the Project will constitute revenue bonds secured solely by: (i) the revenues derived from the Loan Agreement; (ii) other revenues pledged to or otherwise received by the Borrower, except for those revenues necessary for ordinary operational expenses and required under Minnesota law; (iii) certain reserve funds to be held by a trustee for the benefit of the holders of the Bonds; and (iv) other security provided or arranged by the Borrower.

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 Project, the Board of Commissioners of the Port Authority must conduct a public hearing on the proposal to undertake and finance the Project.

WHEREAS, a notice of such public hearing must be published at least once not less than 14 days, nor more than 30 days, prior to the date fixed for the public hearing in the official newspaper of the Port Authority and in a newspaper of general circulation in the City and such notice must state the time and place of the public hearing, the general nature of the Project, and an estimate of the principal amount of the Bonds to be issued to finance the Project.

WHEREAS, such notice must state that a draft copy of the proposed application to DEED, together with all attachments and exhibits, will be available for public inspection following the publication of the notice and must specify the place and times where and when it will be so available.

WHEREAS, Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), and regulations promulgated thereunder, requires that prior to the issuance of the Bonds, this Board of Commissioners approve the bonds after conducting a public hearing thereon preceded by publication of a notice of public hearing (in the form required by Section 147(f) of the Code and applicable regulations) in a newspaper of general circulation at least 14 days prior to the public hearing date.

WHEREAS, pursuant to the Act and the Code, a notice of public hearing in the form required by the Act and Section 147(f) of the Code was published in the Legal Ledger, the official newspaper of the Port Authority, on September 11, 2017, and in the Pioneer Press, a newspaper of general circulation in the City, on September 7, 2017.

WHEREAS, the Board of Commissioners conducted a public hearing this date with respect to the proposal to undertake and finance the Project and the issuance of the Bonds, as requested by the Borrower.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The Port Authority hereby grants preliminary approval for the issuance of the Bonds for the purposes referenced in this resolution and in an aggregate principal amount not to exceed \$25,000,000, subject to the approval of the Project by DEED, as required by the Act and subject to the mutual agreement of the Port Authority, the Borrower, and the initial purchaser(s) of the Bonds as to the details of the Bonds and provisions for their payment. In all events, it is understood, however, that the Bonds shall not constitute a pecuniary liability or charge, lien or encumbrance, legal or equitable, upon any funds, assets, taxing powers, or any other property of the Port Authority or of the City except the Port Authority's interest in the Loan Agreement; and the Bonds, when, as, and if issued, shall recite in substance that the Bonds, including interest thereon, are payable solely from the revenues received from the Loan Agreement and other property pledged to the payment thereof, and shall not constitute general or moral obligations of the Port Authority or of the City. The Bonds shall not constitute a debt of the Port Authority or the City within the meaning of any constitutional or statutory limitation. The holder(s) of the Bonds shall never have the right to compel any exercise of the taxing power of the Port Authority or the City to pay the outstanding principal of the Bonds, or the interest thereon, or to enforce payment thereof against any property of the Port Authority or the City.

2. It is hereby found and determined that the Project furthers the purposes stated in Section 469.152 of the Act and the Project constitutes a "project" within the meaning of Section 469.153, subdivision 2(b) of the Act.

3. In accordance with Section 469.154 of the Act, the Port Authority may cooperate with the Borrower in submitting the proposal for the financing of the Project to DEED, including the execution of necessary documentation by Port Authority officials. The Borrower has agreed to pay all costs incurred by the Port Authority in connection with the financing of the Project. The President of the Port Authority is hereby authorized to execute a Memorandum of Understanding with the Borrower regarding the issuance of the Bonds, the payment of costs, and related matters.

4. In accordance with Section 469.154, subdivision 7, of the Act, the officers, employees, and agents of the City are hereby authorized and directed to encourage the Borrower to provide employment opportunities to economically disadvantaged or unemployed individuals. Such individuals may be identified by such mechanisms as are available to the Borrower, such

as a first source agreement in which the Borrower agrees to use a designated State employment office as a first source for employment recruitment, referral, and placement.

5. The Borrower shall pay to the Port Authority any and all costs incurred by the Port Authority in connection with, the Bonds or the financing of the Project, whether or not the financing of the Project is approved by DEED, whether or not the financing is carried to completion, and whether or not the Bonds or operative instruments are executed and delivered. The Borrower shall also comply with the Port Authority's deposit and fee policies respecting such revenue bond issues.

6. The adoption of this resolution does not constitute a guaranty or firm commitment that the Port Authority will issue the Bonds as requested by the Borrower. The Port Authority retains the right in its sole discretion to withdraw from participation and accordingly not to issue the Bonds, or issue the Bonds in an amount less than the amount referred to herein, should the Port Authority at any time prior to issuance thereof determine not to issue the Bonds, or to issue the Bonds in an amount less than the amount referred to in paragraph 1 hereof, or should the parties to the transaction be unable to reach agreement as to the terms and conditions of any of the documents required for the transaction.

7. This resolution shall be in full force and effect from and after its passage.

Adopted: September 26, 2017

PORT AUTHORITY OF THE
CITY OF SAINT PAUL

By _____
Its _____

ATTEST:


By _____
Its _____

SAINT PAUL PORT AUTHORITY

MEMORANDUM

TO: BOARD OF COMMISSIONERS
(Regular Meeting of September 26, 2017)

DATE: September 21, 2017

FROM: Kathryn L. Samecki 

SUBJECT: REVISED FROM CREDIT COMMITTEE MEMO¹ - AWARD OF CONTRACT FOR CONSTRUCTION OF PW-1066 FLOOD REPAIRS; RED ROCK TERMINAL; DR-4182-MN
RESOLUTION NO.: 4609

Action Requested:

Authorization to award a contract, contingent upon funding, to the lowest responsive and responsible bidder for construction of the PW-1066 Flood Repairs at Red Rock Terminal in response to 2014 flood event identified as DR-4182-MN.

Public Purpose:

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 retain and enhance the Port Authority's capacity to provide terminal access for river shipping.

Background:

The Port Authority of the City of Saint Paul (the "Port Authority") has received bids for repairs due to 2014 flooding at our Red Rock terminal in the areas currently leased to Gavilon, LLC ("Gavilon").

The contemplated work is located at the terminus of Red Rock Road, Saint Paul, Minnesota. Please see the attached map as a reference.

The project consists of repairs of the following items:

- 3A-1: Sheet Pile & Channel Repairs
- 3A-3: Guide Post Repair
- 3A-4: Scour Remediation
- 3A-5: Fender Repairs
- 3A-6: Weep Hole Repair (Cleanout)

The City of Saint Paul Contract and Analysis Services conducted a public bidding process on behalf of the Port Authority and opened sealed bids on September 13, 2017.

[1 This Board Memorandum is provided in redline form so that the Commissioners can see the differences between what was presented to the Credit Committee and what is now before the Board.](#)

BOARD OF COMMISSIONERS

September 21, 2017

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A tabulation of the bids follows:

<u>Company</u>	<u>Bid Amount</u>
J. F. Brennan Company, Inc.	\$495,764
L.S. Marine, Inc.	\$504,740
Pember Companies, Inc	No bid

J.F. Brennan Company, Inc. is the apparent low bidder. With the award of the contract, work may begin in October 2017 and is expected to be complete by April 30, 2018.

The Port Authority has received approval from the Federal Emergency Management Agency (FEMA) and Minnesota Department of Homeland Security and Environmental Management (HSEM) to reimburse us for these repairs under DR-4182-MN as outlined in project worksheet PW-1066. The bid amounts, however, are higher than the previously authorized funding amounts. We ~~will~~, therefore, have and will continue to seek approval from FEMA and HSEM for the full project funding, which initially we understood was a reasonable expectation. ~~There will be no net cost to the Port Authority for this contract.~~

Subsequent to the September 19, 2017 Credit Committee meeting, Port Authority staff was informed that although FEMA and HSEM can review for an increased funding scope there is no guarantee of additional funding for this project. Staff was told that, presently, FEMA and HSEM are subject to a freeze on all additional project funding due to the current disaster responses underway along the Gulf coast. Staff will continue to pursue reimbursement for this work from FEMA and HSEM for the full contract amount, but believe in the importance of continuing with the project even if the reimbursement amount does not increase above what has been previously approved by FEMA and HSEM. Therefore, the Port Authority may need to fund up to \$300,000 of project costs out of our river maintenance budget, which is adequate to cover these costs.

Recommendation:

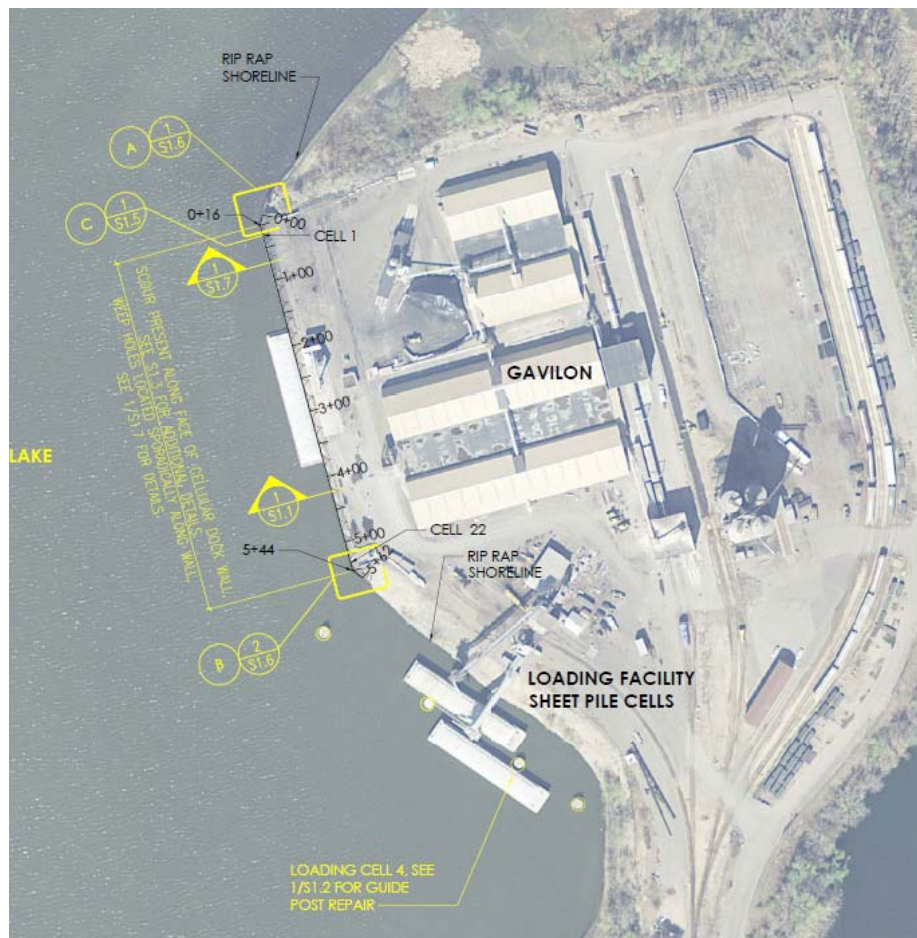
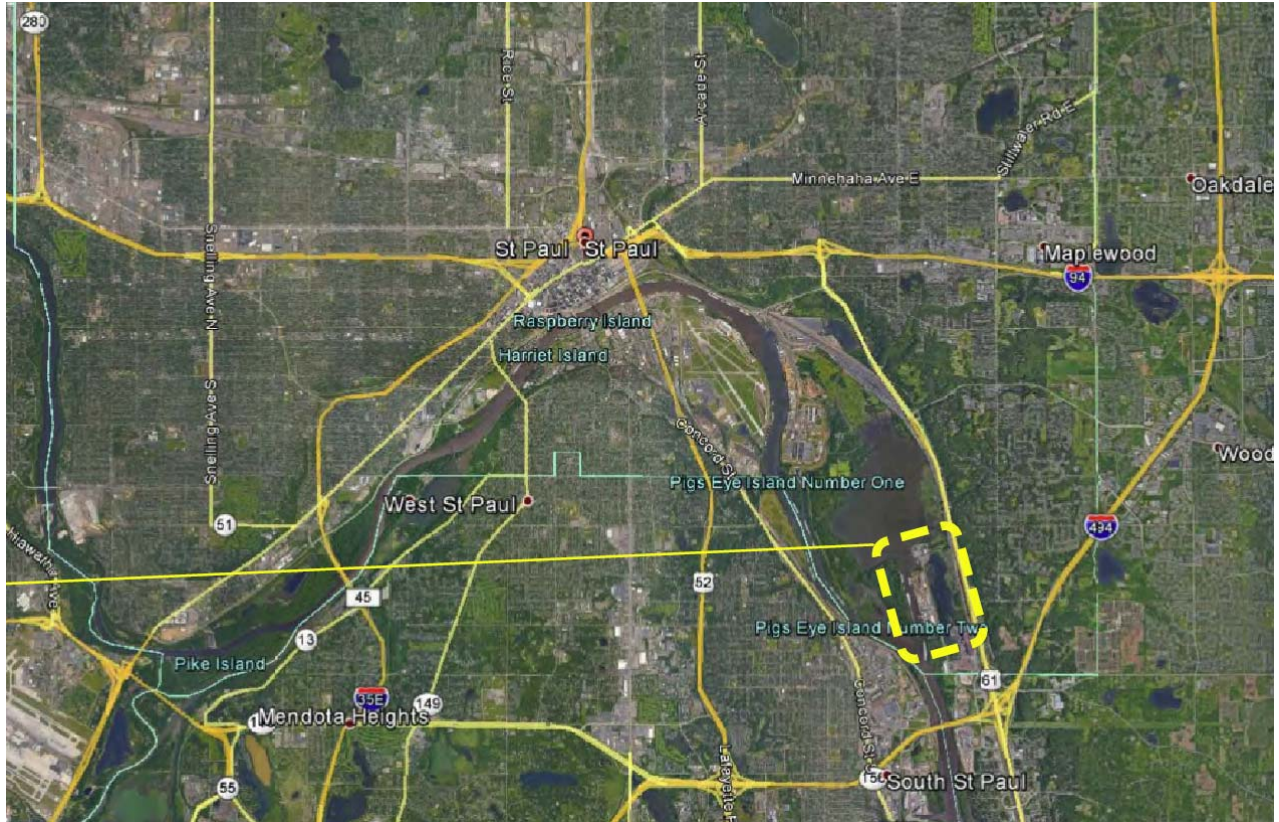
We recommend approval of authorization to award a contract to the lowest responsive and responsible bidder for construction of the PW-1066 Flood Repairs at the Red Rock Terminal under federal disaster number DR-4182-MN ~~pending FEMA and HSEM approval~~.

KLS/lkw

Attachments: Map

Resolution

Project Location



**RESOLUTION OF THE
PORT AUTHORITY OF THE CITY OF SAINT PAUL
[AWARD OF CONTRACT FOR CONSTRUCTION OF PW-1066
FLOOD REPAIRS; RED ROCK TERMINAL; DR-4182-MN]**

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

WHEREAS, the district of the Port Authority is 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, the Port Authority seeks to perform flood repairs at the Red Rock Terminal in response to a 2014 flood event.

WHEREAS, the City of Saint Paul's Contract and Analysis Services office on behalf of the Port Authority submitted the contract for bid and conducted an open public bidding process and opened sealed bids on September 13, 2017.

WHEREAS, the bids have been received, tabulated and evaluated, and it appears that the lowest responsive bidder is J.F. Brennan Company, Inc. in the total amount of \$495,764.

WHEREAS, the Port Authority staff is undertaking the process of determining whether the apparent lowest responsive bidder is responsible before the contract is awarded.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE PORT AUTHORITY OF THE CITY OF SAINT PAUL, that the Port Authority is authorized to award the contract for PW-1066 Flood Repairs at the Red Rock Terminal to the bidder that is ultimately determined to be the lowest responsive and responsible bidder per the terms of the Request for Bid, including all addendums and the bid submitted by the bidder.

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 consummate the transaction.

Adopted: September 26, 2017

PORT AUTHORITY OF THE
CITY OF SAINT PAUL

By _____
Its _____

ATTEST:

By _____
Its _____