

Regular Board Meeting

September 26, 2023 - 2:00 p.m.

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

Chair Slaven is calling a meeting of the Board of Commissioners for **Tuesday, September 26, 2023, at 2:00 p.m.** in the Board Room of the Saint Paul Port Authority, 400 Wabasha Street No., Suite 240, St. Paul, MN.

The purpose of the meeting is:

Minutes

Approval of the Minutes from the August 22, 2023 Regular Board Meeting

Conflicts of Interest

Conflicts with any Items on the Agenda

New Business

Credit Committee

1. Resolution No. 4752 - Approval of a Lease Amendment, Renewal and Rental Rate Adjustment – District Energy St. Paul, Inc. – Southport Terminal
2. Resolution No. 4753 - Authorization to Apply and Accept Special Appropriation Funding for Redevelopment of The Heights

General Matters

Such Other Business That May Come Before the Board

1. At-Large Credit Committee Recommendation

**SAINT PAUL PORT AUTHORITY
MINUTES OF THE REGULAR BOARD MEETING
AUGUST 22, 2023**

The regular meeting of the Port Authority Board was held on August 22, 2023, at 2:00 p.m. in the Board Room of the Saint Paul Port Authority, 400 Wabasha Street, Suite 240, Saint Paul, Minnesota 55102.

The following Board members were present:

Matt Slaven

Don Mullin

John Marshall

John Bennett

Rebecca Noecker

Nneka Constantino, via Teams

Also present were the following:

Todd Hurley

Ann Kosel

Emily Lawrence

Dana Krueger

Laurie Siever

Rick Howden

Pete Klein

Phoua Vang

Bruce Kessel

Linda Williams

Andrea Novak

Holly Huston

Tonya Bauer

Kristine Williams

Amanda Bauer

Sarah Illi

Kathryn Sarnecki

Cathy Mohr

Ayesha Khan, City of Saint Paul

Andrew Kasid, District Energy

Mike Auger, District Energy St. Paul

Nick Hagen, Piper Sandler

Ben Johnson, Ballard Spahr

Charles Henck, Ballard Spahr

APPROVAL OF MINUTES

Commissioner Mullin made a motion to approve the minutes of the July 25, 2023, regular Board meeting. The motion was seconded by Commissioner Noecker and carried unanimously.

CONFLICT OF INTEREST

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

ADMINISTRATION

Mr. Hurley informed the Board that the Saint Paul City Council met on August 9 and approved Mayor Carter's reappointment of Ms. Brendmoen and Ms. Noecker to partial terms ending December 31, 2023, and Mr. Marshall and Mr. Mullin to full six-year terms ending July 31, 2029, to the Saint Paul Port Authority Board of Commissioners.

NEW BUSINESS

CREDIT COMMITTEE

RESOLUTION NO. 4749
PUBLIC HEARING – APPROVAL OF THE ISSUANCE OF CONDUIT REVENUE BONDS BY THE PORT AUTHORITY OF THE CITY OF SAINT PAUL FOR THE BENEFIT OF DISTRICT ENERGY ST. PAUL, INC.

Motion was made by Commissioner Mullin to approve Resolution No. 4749 which was reviewed by the Credit Committee and recommended for approval by the Board.

Chair Slaven stated that in accordance with Minnesota Law, the Port Authority is required to hold a public hearing regarding Resolution No. 4749 and declared the Public Hearing open. He asked if anyone in attendance wished to address the Board.

Chair Slaven declared the Public Hearing closed and asked to take a roll call vote.

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

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

The motion carried unanimously.

ADMINISTRATIVE COMMITTEE

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

Motion was made by Commissioner Marshall to approve Resolution No. 4750 which was reviewed by the Administrative Committee and recommended for approval by the Board. The motion was submitted to a roll call vote and carried unanimously.

RESOLUTION NO. 4751
PRELIMINARY CERTIFICATION OF TAX LEVY

Motion was made by Commissioner Marshall to approve Resolution No. 4751 which was reviewed by the Administrative Committee and recommended for approval by the Board. The motion was submitted to a roll call vote and carried unanimously.

Mr. Hurley and Ms. Sarnecki presented the Board with an update on the 2023/2024 Development Team Projects.

GENERAL MATTERS

There being no further business, the meeting was adjourned at 2:52 p.m.

By _____

Its _____

MEMORANDUM

To: CREDIT COMMITTEE
BOARD OF COMMISSIONERS

Meeting Date: September 26, 2023

From: Linda K. Williams *LKW*

**Subject: APPROVAL OF A LEASE AMENDMENT, RENEWAL AND RENTAL RATE ADJUSTMENT
DISTRICT ENERGY ST. PAUL, INC. – SOUTHPORT TERMINAL
RESOLUTION NO. 4752**

Action Requested:

Approval of a Lease Amendment, Renewal and Rental Rate Adjustment for District Energy St. Paul, Inc. ("Tenant") to continue leasing 112,707 square feet of land in the Southport Terminal at 571 Barge Channel Road, Saint Paul, Minnesota ("Leased Premises").

Background:

The Port Authority of the City of Saint Paul (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 to Tenant since 1983. The Leased Premises is primarily used for a maintenance and warehousing facility associated with Tenant's downtown operations.

Tenant's Improvements:

The Tenant has requested to extend the current term ("Initial Term"), which expires December 31, 2024, by two years due to the fact that the Tenant wants to make property improvements. These improvements, which will be made at Tenant's sole cost and expense, consist of the construction of a 12-foot lean-to extension (roof, no walls) on the northeast side of the existing building to allow for covered storage of construction materials.

Lease Terms and Conditions:

Tenant has requested to extend the current term by two years, exercising its first option to renew the Lease one year early. Amending the Lease to extend the Initial Term by two years will extend the expiration date to December 31, 2026 (the "Revised Initial Term"). At the end of this Revised Initial Term, Tenant will have one remaining option to renew the Lease for one (1) additional term of two (2) years (the "Revised Option Term").

The Lease also calls for rental rates to be renegotiated upon renewal, and the Port Authority and Tenant have negotiated rental rate adjustments for the January 1, 2024 to December 31, 2026 three-year renewal term ("2024 Lease Renewal").

Original Lease:	1/1/2022 through 12/31/2024
Proposed Amendment/Renewal:	1/1/2024 through 12/31/2026
Options to Renew:	One (1) two-year term
Annual rental rate adjustment:	4% per year

MEMORANDUM

Base Rent	SF Included	Period Total	Monthly	PSF
<i>Base Rent for year ending 2023: \$35,615.41</i>				
Jan. 1, 2024 – Dec. 31, 2024	112,707	\$37,040.03	\$3,086.67	\$0.329
Jan. 1, 2025 – Dec. 31, 2025	112,707	\$38,521.63	\$3,210.13	\$0.342
Jan. 1, 2026 – Dec. 31, 2026	112,707	\$40,062.49	\$3,338.54	\$0.355

Recommendation:

Approval of a Lease Amendment, Renewal and Rental Rate Adjustment for District Energy St. Paul, Inc. to continue leasing 112,707 square feet of land in the Southport Terminal at 571 Barge Channel Road, Saint Paul, Minnesota.

Attachment: Resolution

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

**[LEASE AMENDMENT, RENEWAL AND RENTAL RATE ADJUSTMENT
DISTRICT ENERGY ST. PAUL, INC. – SOUTHPORT TERMINAL]**

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

WHEREAS, the Port Authority has negotiated certain terms to be incorporated into a 2024 Lease Amendment, Renewal and Rental Rate Adjustment (“2024 Lease Renewal”) to continue leasing 112,707 square feet of land in the Southport Terminal at 571 Barge Channel Road in Saint Paul, Minnesota (the “Leased Premises”) to District Energy St. Paul, Inc. (the “Tenant”) pursuant to the Lease between the Port Authority, as landlord, and Tenant dated January 1, 2022 (the “Lease”). The rates in the 2024 Lease Renewal for the period from January 1, 2024 through December 31, 2026, increasing 4% per year, are set forth below:

<u>Base Rent Term:</u>	<u>Annual Rent:</u>	<u>PSF Rate</u>
Jan. 1, 2024 – Dec. 31, 2024	\$ 37,040.03	\$0.329
Jan. 1, 2025 – Dec. 31, 2025	\$ 38,521.63	\$0.342
Jan. 1, 2026 – Dec. 31, 2026	\$ 40,062.49	\$0.355

WHEREAS, at the end of the term of the 2024 Lease Renewal, the Tenant shall have one option to renew for a two-year term.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE PORT AUTHORITY OF THE CITY OF SAINT PAUL that the terms of 2024 Lease Renewal as contained in the Memorandum to the Board are 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 2024 Lease Renewal in accordance with the above-referenced terms in form as approved by counsel.

Adopted: September 26, 2023

PORT AUTHORITY OF THE
CITY OF SAINT PAUL

By _____
Its _____

ATTEST:

By _____
Its _____

MEMORANDUM

To: CREDIT COMMITTEE
BOARD OF COMMISSIONERS

Meeting Date: September 26, 2023

From: Rick Howden 

Subject: AUTHORIZATION TO APPLY AND ACCEPT SPECIAL APPROPRIATION FUNDING
FOR REDEVELOPMENT OF THE HEIGHTS
RESOLUTION NO. 4753

Action Requested:

The Port Authority of the City of Saint Paul (the “Port Authority”) seeks authorization to apply to, and accept from, the Minnesota Department of Employment and Economic Development (“DEED”) the sum of \$11,000,000 in Special Appropriation funds for the redevelopment of The Heights (f/k/a Hillcrest Redevelopment Site), an approximately 112-acre site located at 2200 Larpenteur Avenue East in Saint Paul, Minnesota.

Background:

At the January 24, 2023 Board of Commissioners meeting, the Port Authority Board unanimously approved the acceptance of the 2023 Legislative Priorities, which included a request of \$13 million from the 2023 Bonding Bill.

On June 1, 2023, Governor Walz signed H.F. 670, which included \$11 million for the Port Authority for design and construction of the redevelopment of the public areas at The Heights. This appropriation includes money for public rights-of-way, parkland, wetlands, stormwater infrastructure, and associated improvements to further economic development, jobs, housing, parkland, and net zero energy utilities and goals.

Current Status:

Since August 2023, staff have been working with the Port Authority’s assigned project manager from DEED on the process to receive the Special Appropriation funding. A specific resolution from the Port Authority’s Board of Commissioners is a required document for this application in order to receive funding from DEED.

Recommendation:

Approval for authorization to apply to, and accept from, the Minnesota Department of Employment and Economic Development the sum of \$11,000,000 in Special Appropriation funds for the redevelopment of The Heights (f/k/a Hillcrest Redevelopment Site), an approximately 112-acre site located at 2200 Larpenteur Avenue East in Saint Paul, Minnesota.

Attachment: Resolution

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

**[AUTHORIZATION TO APPLY AND ACCEPT SPECIAL APPROPRIATION FUNDING
FOR REDEVELOPMENT OF THE HEIGHTS (F/K/A HILLCREST REDEVELOPMENT SITE)
2200 LARPENTEUR AVENUE EAST, SAINT PAUL, MINNESOTA]**

WHEREAS, the Port Authority of the City of Saint Paul (the “Port Authority”) is a public body corporate and politic organized pursuant to Chapter 469 of Minnesota Statutes;

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;

WHEREAS, two of the Port Authority Commissioners must be members of the Council of the City of Saint Paul;

WHEREAS, said members of the Council of the City of Saint Paul serve on the Port Authority Board so long as they continue to be members of the Council of the City of Saint Paul; and

WHEREAS, the Port Authority of the City of Saint Paul has undertaken numerous redevelopment projects of industrial sites in the City of Saint Paul;

WHEREAS, the Port Authority desires to submit a grant application to the Minnesota Department of Employment and Economic Development in an amount of \$11,000,000 of Special Appropriation funds for use at The Heights (f/k/a Hillcrest Redevelopment site), located at 2200 Larpenteur Avenue East, Saint Paul, Minnesota;

WHEREAS, the site is located in an Industrial Development District (“IDD”) as a part of an IDD created by the Port Authority;

WHEREAS, said environmental investigation and cleanup work furthers industrial development and job creation in the City of Saint Paul;

WHEREAS, the redevelopment of The Heights property is consistent with the City of Saint Paul’s comprehensive plan for land use in the area;

WHEREAS, the Port Authority finds that the required redevelopment will not occur through private or other public investment within the reasonably foreseeable future without this grant funding; and

WHEREAS, the Port Authority represents that it has undertaken reasonable and good faith efforts to procure funding from other sources.

NOW, THEREFORE, BE IT RESOLVED that the Port Authority act as the legal sponsor for the project contained in H.F. 670 entitled Hillcrest Redevelopment (the "Project").

BE IT FURTHER RESOLVED that the Port Authority has the legal authority to receive financial assistance, and the institutional, managerial, and financial capability to ensure adequate project administration.

BE IT FURTHER RESOLVED that the sources and amounts of the local match identified in the development proposal are committed to the Project.

BE IT FURTHER RESOLVED that the Port Authority has not violated any federal, state, or local laws pertaining to fraud, bribery, graft, kickbacks, collusion, conflict of interest, or other unlawful or corrupt practice.

BE IT FURTHER RESOLVED that upon approval of its development proposal by the State of Minnesota (the "State"), the Port Authority may enter into an agreement with the State for the above-referenced Project, and that the Port Authority certifies that it will comply with all applicable laws and regulations as stated in all contract agreements applicable to the Project.

BE IT FURTHER RESOLVED that the non-DEED source(s) of funds identified in the sources and uses outline in the application total the amount of \$39,500,000 and are committed and adequate to fully fund or provide the match for the Project identified in the application.

BE IT FURTHER RESOLVED that any source(s) of the Applicant's funds to fully fund the Project shall be from the Port Authority's Brownfield Restoration Revolving Loan Fund, the Minnesota Cleanup Revolving Loan Fund, the Metropolitan Council's Tax Base Revitalization Account, the Ramsey County Environmental Response Fund, the State Special Appropriation award, and the Port Authority's account, which has an adequate amount of funds to cover the commitment.

BE IT RESOLVED that the President or the Chief Financial Officer, or their designees, are hereby authorized to execute such agreements as are necessary to implement the Project on behalf of the Port Authority

I certify that the above resolution was adopted by the Board of Commissioners of the Port Authority of the City of Saint Paul on September 26, 2023.

PORT AUTHORITY OF THE
CITY OF SAINT PAUL

By _____
Its Chair

ATTEST:

By _____
Its Secretary