

Regular Board Meeting

September 27, 2022- 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, September 27, 2022 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 23, 2022 Regular Board Meeting

Conflicts of Interest

Conflicts with any Items on the Agenda

New Business

Credit Committee

1. Resolution No. 4729 – District Energy St. Paul, Inc. and DE Energy Park, LLC - Preliminary Approval to Issue Tax-Exempt Bonds; Authorization for Tax-Exempt Financing Allocation Application; and Declaration of Intent to Reimburse Prior Expenditures

General Matters

Such Other Business That May Come Before the Board

1. Appointment of Credit Committee Members
2. October's Board Meeting - Annual Meeting and Election of Officers
3. October is National Manufacturing Month
4. The Heights Marketing Update

**SAINT PAUL PORT AUTHORITY
MINUTES OF THE REGULAR BOARD MEETING
AUGUST 23, 2022**

The regular meeting of the Port Authority Board was held on August 23, 2022 at 2:01 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:

John Bennett

Don Mullin

Matt Slaven

Dai Thao

Rebecca Noecker

Nneka Constantino

Amy Brendmoen

Also present were the following:

Andrea Novak

Angie Helms

Annamarie Kosel

Brittany Nelson

Bruce Kessel

Dana Krueger

George Hoene

John Gonzales

Kathryn Sarnecki

Laurie Siever

Linda Tran

Linda Williams

Monte Hilleman

Nelly Chick

Pete Klein

Todd Hurley

Tonya Bauer

Andrew Kasid, Ever-Green Energy

Sarah Erickson, United Strategies

Peter Warner, City of Saint Paul

ADMINISTRATION

OATH OF OFFICE – AMY BRENDMOEN

Chair Bennett administered the oath of office to Amy Brendmoen, Council President, City of Saint Paul.

APPROVAL OF MINUTES

Commissioner Noecker made a motion to approve the minutes of the July 26, 2022 regular Board meeting. The motion was seconded by Commissioner Slaven, 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

ADMINISTRATIVE COMMITTEE

RESOLUTION NO. 4727

ENERGY PARK UTILITY COMPANY FRANCHISE APPROVAL OF RATES

Motion was made by Commissioner Slaven to approve Resolution No. 4727 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. 4728
PRELIMINARY CERTIFICATION OF TAX LEVY

Motion was made by Commissioner Slaven to approve Resolution No. 4728 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.

GENERAL MATTERS
INCLUSIVE EMPLOYER CHAMPION GRANT

Mr. Hurley announced, through efforts made by Tonya Bauer and Andrea Novak, the Port Authority has been awarded a \$25,000 Inclusive Employer Champions grant from Ramsey County which lines up well with the Port Authority's strategic plan around broadening and improving community outreach and partnership.

Mr. Hurley announced that Kathryn Sarnecki and Sarah Illi will be hosting a Saint Paul Harbor Tour on the Jonathan Padelford on Thursday, September 15. Invitations will be going out shortly.

Mr. Hurley announced that Bruce Kessel has accepted the Interim Chief Financial Officer position at the Saint Paul Port Authority.

HILLCREST UPDATE

Mr. Hilleman presented the Board with a high-level presentation on The Heights project.

There being no further business, the meeting was adjourned at 2:43 p.m.

By _____

Its Chair _____

MEMORANDUM

To: BOARD OF COMMISSIONERS

Meeting Date: September 27, 2022

From: Peter M. Klein 

Subject: DISTRICT ENERGY ST. PAUL, INC. & DE ENERGY PARK, LLC

**PRELIMINARY APPROVAL TO ISSUE TAX-EXEMPT BONDS; AUTHORIZATION
FOR TAX-EXEMPT FINANCING ALLOCATION APPLICATION; AND DECLARATION OF
INTENT TO REIMBURSE PRIOR EXPENDITURES
RESOLUTION NO. 4729**

Action Requested:

Provide preliminary approval for the Port Authority to issue tax-exempt bonds in the approximate amount of \$30,000,000 to finance the proposed extension of both companies' distribution systems in downtown Saint Paul, and at the Port Authority Energy Park Business Center, to connect new customers and thermal improvements and add capacity to the systems; authorization for application for up to a \$15,000,000 allocation of bonding authority from the Minnesota Management and Budget, Treasury Division for Section 142 exempt facility bonds; and declaration of intent to reimburse prior expenditures. (Preliminary Approval Resolution).

Public Purpose:

The \$30,000,000 financing will enable District Energy St. Paul, Inc. and DE Energy Park, LLC to finance the proposed extension of both companies' distribution systems, in downtown Saint Paul and at Energy Park, respectively, to connect new customers and thermal improvements and capacity to the systems.

Business Subsidy:

This proposal does not involve a business subsidy.

Background:

District Energy is a 501(c)(3) non-profit company that provides energy services to 200 buildings with nearly 32 million building square feet in downtown Saint Paul. It has operated since 1983 and continues to steadily grow.

DE Energy Park is a Limited Liability Company, formed in 2021, that leases and thereby manages and oversees the Energy Park Utility Company (EPUC) system from and for the Port Authority. DE Energy Park is owned by District Energy St. Paul and projects at Energy Park are eligible for tax-exempt financing.

Proposal:

District Energy and DE Energy Park have requested that the Port Authority apply for an allocation of tax-exempt bonding authority from the Public Facilities pool, which is administered by the Minnesota Management and Budget, Treasury Division. This pool has been established to finance public utility projects throughout the State and is similar to the Small Issue pool that the Port Authority utilizes to finance small manufacturing projects.

Approval of this resolution and authorization to make an application for allocation of bonding authority now will ensure that the upcoming expenses that the company may be incurring will be considered eligible expenses under the tax-exempt financing law. The authorization to make an application will allow the Port Authority to apply for an allocation of bonding authority from the State of Minnesota. The inducement resolution expresses a preliminary intention of the Port Authority to issue obligations for this project, identifies the proposed project, and discloses the proposed amount of the bonds. Once the company determines the specifics of its construction project, it will be required to provide additional information to the Port Authority's Credit Committee for consideration prior to the final approval of the bond issue. In order for this portion of the project to proceed on a tax-exempt revenue bond basis, District Energy, through the Port Authority, must obtain an allocation of bonding authority from the Minnesota Management and Budget, Treasury Division.

Workforce Implications:

No direct implications other than construction jobs.

Policy Exceptions:

None.

Recommendation:

We recommend approval to provide preliminary approval for the Port Authority to issue tax-exempt bonds in the approximate amount of \$30,000,000 to finance the proposed extension of both companies' distribution systems in downtown Saint Paul, and at the Port Authority Energy Park Business Center, to connect new customers and thermal improvements and add capacity to the systems; authorization for application for up to a \$15,000,000 allocation of bonding authority from the Minnesota Management and Budget, Treasury Division for Section 142 exempt facility bonds; and declaration of intent to reimburse prior expenditures.

Attachment: Approval Resolution

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

**[DISTRICT ENERGY ST. PAUL, INC. & DE ENERGY PARK, LLC - PRELIMINARY APPROVAL TO
ISSUE TAX-EXEMPT BONDS; AUTHORIZATION FOR TAX-EXEMPT FINANCING ALLOCATION
APPLICATION; AND DECLARATION OF INTENT TO REIMBURSE PRIOR EXPENDITURES]**

WHEREAS, the Port Authority of the City of Saint Paul, Minnesota (the “Port Authority”) has received a request from District Energy St. Paul, Inc. and DE Energy Park (hereinafter referred to collectively, as “Company”) that the Port Authority consider the issuance of its revenue bonds (which may be in the form of one or more notes) to finance improvements for the Company’s distribution system to connect new customers and upgrade existing system infrastructure in and around downtown Saint Paul and the Energy Park Utility Company (EPUC) system located at the Port Authority Energy Park Business Center which are anticipated to occur in late 2022, 2023 and 2024 including improvements to the thermal system to add capacity to the system (the “Projects”).

WHEREAS, the Port Authority desires to facilitate the selective development of the City of Saint Paul and the metro east community, to retain and improve its tax base and to help it provide the range of services and employment opportunities required by its population, and said Projects will assist in achieving that objective by increasing the assessed valuation of the metro east community; helping to maintain a positive relationship between assessed valuation and debt; and enhancing the image and reputation of the metro east community.

WHEREAS, the Projects to be financed by revenue bonds will result in additional employment opportunities in the City of Saint Paul and the metro east community.

WHEREAS, the Port Authority has been advised by representatives of the Company that the Company has been acting to date in anticipation that the Port Authority would favorably consider this financing proposal.

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

1. On the basis of information available to the Port Authority it appears, and the Port Authority hereby finds, that: said Projects constitutes properties, used or useful in connection with one or more revenue producing enterprises engaged in any business within the meaning of Minnesota Statutes, Sections 469.152 to 469.1655 (the “Act”); the Projects furthers the purposes stated in the Act; and it is in the best interests of the port district and the people of the City of Saint Paul and metro east community and in

furtherance of the general plan of development to assist the Company in financing the Projects.

2. The Port Authority hereby indicates its intention to issue its tax-exempt revenue bonds, in a principal amount up to \$30,000,000, to provide funds to the Company to finance the Projects, provided that the Port Authority, the Company and the purchaser of the revenue bonds are able to reach agreement as to the details of the revenue agreement and other documents necessary to evidence and effect the financing of the Projects and the issuance of the revenue bonds, and further provided that the Projects and its financing receive approval by the Department of Employment and Economic Development of the State of Minnesota and an allocation of any bonding authority necessary for the tax-exempt bonds from the Minnesota Management and Budget, Treasury Division.

3. The staff of the Port Authority is authorized to prepare, execute and submit the application(s) for allocation of bonding authority from the 2023 Public Facilities Pool, administered by the Minnesota Management and Budget, Treasury Division, as needed, for approximately \$15,000,000, and to continue negotiations with the Company so as to resolve the issues necessary to the preparation of the revenue agreement and other documents necessary to the approval by the Port Authority of the proposed revenue bond financing.

4. If issued, the revenue bonds (including any interim note or notes) and interest thereon shall not constitute an indebtedness of the Port Authority or the City of Saint Paul within the meaning of any constitutional or statutory limitation and shall not constitute or give rise to a pecuniary liability of the Port Authority or the City of Saint Paul or a charge against their general credit or taxing powers and neither the full faith and credit nor the taxing powers of the Port Authority or the City of Saint Paul is pledged for the payment of the bonds (and interim note or notes) or interest thereon.

5. Approval of this resolution is not a commitment from the Port Authority, and final approval of the Projects, and the issuance of revenue bonds to finance the Projects, is subject to further review by the Port Authority following submission of a full application by the Company and satisfaction of the conditions and approvals described in paragraph 2, above.

6. The Company intends to make expenditures for the capital projects financed by the obligations and reimburse such expenditures from the proceeds of the obligations. This resolution is intended to constitute a declaration of the Port Authority's official intent, for purposes of Section 1.150-2 of the Treasury Regulations, with respect to certain original expenditures made from any sources other than the proceeds of the obligations, in conjunction with the capital projects financed thereby for the Projects.

Adopted: September 27, 2022

PORT AUTHORITY OF THE CITY OF SAINT PAUL

By: _____
Its: Chair

ATTEST

By _____
Its _____