

**MEMORANDUM
NOTICE**

To: CREDIT COMMITTEE **Date:** April 16, 2018
From: Lee Krueger *Lee Krueger*
Subject: **RESCHEDULED CREDIT COMMITTEE MEETING
APRIL 24, 2018 – 1:15 P.M.**

Due to lack of quorum, Chair Williams is rescheduling the April 17, 2017 Credit Committee meeting to Tuesday, **April 24, 2018, at 1:15 p.m.** in the Board room of the Port Authority of the City of Saint Paul located at 380 St. Peter Street, Suite 850, Saint Paul, Minnesota 55102. The purpose of the meeting is:

Minutes

Approval of Minutes of the March 27, 2018 Regular Credit Committee Meeting

Conflict of Interest

Conflicts with any items on the agenda

New Business

1. Lyngblomsten Care Center, Inc. – Authorization for the Issuance of Bank-Qualified, Tax-Exempt and Taxable Conduit Revenue Bonds in the Approximate Amount of \$10,000,000
2. Conveyance of Land for Revised Trail Easements Through Southport Terminal
3. Increase Wage Rate Policy for Development Criteria for Subsidized Land Sales
4. 2018 Grant Application and Acceptance Authorization
5. Application to Minnesota’s Department of Employment and Economic Development, Metropolitan Council and Ramsey County for Contamination Cleanup Grant Funds for the Minnesota Chemical Building Renovation/Redevelopment Project
6. Lake County Veterinary Clinics, PLLP, Michael E. Overend Revocable Living Trust and Lucy A. Grina Revocable Living Trust – Approval of a \$32,000 Trillion BTU Loan
7. LDT, Inc., Tom Dwelle and Glen Dwelle, Jr. – Approval of an \$85,000 Trillion BTU Loan
8. Such Other Business that May Come Before the Committee

**SAINT PAUL PORT AUTHORITY
MINUTES OF THE REGULAR CREDIT COMMITTEE MEETING
MARCH 27, 2018**

Committee Chair Williams called the Regular Meeting of the Credit Committee to order at 2:00 p.m. in the Board Room of the Saint Paul Port Authority, 380 St. Peter Street, Suite 850, Saint Paul, Minnesota 55102.

The following Committee Members were present:

Paul Williams	John Bennett	John Marshall
Don Mullin		

Also present were the following:

Lee Krueger	Laurie Hansen	Pete Klein
Bruce Kessel	Michael Linder	Andrea Novak
Kathryn Sarnecki	Sarah Savela	Rhett Hebig
Dana Krueger		
Eric Larson, General Counsel, City of Saint Paul		

APPROVAL OF MINUTES

Committee Member Mullin made a motion to approve the minutes of the February 20, 2018 Credit Committee meeting. The motion was seconded by Committee Member Bennett, submitted to a vote and carried unanimously.

CONFLICT OF INTEREST

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

NEW BUSINESS

**AUGUSTANA CARE AND AFFILIATES
AND AUGUSTANA HOME OF ST. PAUL
APPROVAL OF A \$550,000 TRILLION BTU LOAN**

Mr. Linder reviewed his memorandum with the Committee requesting approval of a \$550,000 Trillion BTU loan to Augustana Care and Affiliates and Augustana Home of St. Paul for the installation of new rooftop cooling units.

Discussion included, but was not limited to, the financial analysis and if there is a policy related to customers with multi-state operations.

There being no further discussion, Committee Member Marshall made a motion to approve a \$550,000 Trillion BTU loan to Augustana Care and Affiliates and Augustana Home of St. Paul for the installation of new rooftop cooling units. The motion was seconded by Committee Member Mullin, submitted to a vote and carried unanimously.

FRANCIS BRANDENBURGER
APPROVAL OF A \$140,000 TRILLION BTU LOAN

Mr. Linder reviewed his memorandum with the Committee requesting approval of a \$140,000 Trillion BTU loan to Francis Brandenburger for the installation of a 60-kW solar array.

There being no discussion, Committee Member Bennett made a motion to approve a \$140,000 Trillion BTU loan to Francis Brandenburger for the installation of a 60-kW solar array. The motion was seconded by Committee Member Mullin, submitted to a vote and carried unanimously.

JEROME IVERSON
APPROVAL OF A \$150,000 TRILLION BTU LOAN

Mr. Linder reviewed his memorandum with the Committee requesting approval of a \$150,000 Trillion BTU loan to Jerome Iverson for the installation of a 60-kW solar array.

There being no discussion, Committee Member Bennett made a motion to approve a \$150,000 Trillion BTU loan to Jerome Iverson for the installation of a 60-kW solar array. The motion was seconded by Committee Member Marshall, submitted to a vote and carried unanimously.

ELJIN PROPERTIES, LLC AND SCOTT SINCLAIR
APPROVAL OF A \$55,000 TRILLION BTU LOAN

Mr. Linder reviewed his memorandum with the Committee requesting approval of a \$55,000 Trillion BTU loan to Eljin Properties, LLC and Scott Sinclair for the installation of a 20-kW solar array.

Discussion included, but was not limited to, co-borrows versus a personal guaranty from the borrower, if energy savings are included in the financial analysis and how energy savings are calculated.

There being no discussion, Committee Member Mullin made a motion to approve a \$55,000 Trillion BTU loan to Eljin Properties and Scott Sinclair for the installation of a 20-kW solar array. The motion was seconded by Committee Member Bennett, submitted to a vote and carried unanimously.

OTHER BUSINESS

There being no further business, the meeting was adjourned at 2:18 p.m.

By: _____

Its: _____

MEMORANDUM

To: CREDIT COMMITTEE **Meeting Date:** April 17, 2017
From: Peter M. Klein *PK*
Subject: **LYNGBLOMSTEN CARE CENTER, INC. - AUTHORIZATION FOR THE ISSUANCE OF BANK-QUALIFIED, TAX-EXEMPT AND TAXABLE CONDUIT REVENUE BONDS IN THE APPROXIMATE AMOUNT OF \$10,000,000 RESOLUTION NO. _____**

Action Requested:

Provide approval for the Port Authority to issue approximately \$10,000,000 of bank-qualified conduit tax-exempt and taxable revenue bonds to be used to finance construction and equipping of improvements to an existing 277,000 square-foot, 237-bed skilled nursing facility located at 1415 Almond Avenue in the City of Saint Paul, and pay a portion of the costs of issuing the bonds.

Public Purpose:

The financing will allow Lyngblomsten to more efficiently provide senior care services benefitting its patients in Saint Paul.

Business Subsidy:

The proposed issuance of bonds is for a not-for-profit organization and is exempt from treatment as a business subsidy.

Background:

Lyngblomsten is a nonprofit senior care facility that has been providing multiple levels of housing and healthcare services to Twin Cities' residents since 1906. It provides a continuum of care services from independent housing to long-term general care and memory care.

The financing is structured as health care facility revenue bonds pursuant to public sale.

Proposal:

Type of Bonds: The health care facility tax-exempt revenue bonds will be "bank-qualified" under Section 265 of the Code. This will allow a bank to hold the tax-exempt bonds without a reduction in their effective yield which would otherwise impact a "non-bank qualified" tax-exempt holding. The taxable bonds will cover part of the cost of issuance.

Rate: Approximately 4.50%

Security: First secured interest and mortgage on the project in favor of the bondholders, including the land, building and personal property associated with the project.

Term: Twenty-five year fully amortizing

Issue: Saint Paul Port Authority

Borrower: Lyngblomsten Care Center, Inc.

Borrower's Counsel: Faegre Baker Daniels

Borrower's Consultant: Grand Real Estate Advisors

Underwriter: Northland Securities, Inc.

Underwriter's Counsel: Gray Plant Mooty

Bond Counsel: Briggs and Morgan

Trustee: US Bank Corporate Trust

Conduit Financing:

The bonds will be a conduit financing of the Authority and will not constitute or give rise to a liability of the Authority, the City of Saint Paul or the State of Minnesota or a charge against their general credit or taxing powers. The bondholders will not have the right to demand payment on the bonds out of any funds to be raised from taxation or from any revenue sources other than those expressly pledged to payment of the bonds pursuant to the funding agreement. The Port Authority's role in this loan is that of Issuer only.

The Port Authority will receive fees in the amount of 1/8 of a point (approximately \$12,500.00) at closing and 1/8 of a point on the outstanding balance, annually, for the life of the bonds.

Workforce Implications:

N/A

Policy Exceptions:

None.

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 on these bonds.

Recommendation:

We recommend authorization to issue approximately \$10,000,000 of bank-qualified, conduit tax-exempt and taxable revenue bonds for Lyngblomsten Care Center, Inc.

Attachment: Resolution

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

[LYNGBLOMSTEN CARE CENTER, INC.]

WHEREAS, the Port Authority of the City of Saint Paul (the "Port Authority") is duly organized and existing under the Constitution and laws of the State of Minnesota; and

WHEREAS, under the Minnesota Municipal Industrial Development Act, Minnesota Statutes, Sections 469.152 through 469.165, as amended (the "Act"), the Port Authority, is authorized to issue revenue bonds to finance or refinance, in whole or in part, the costs of the acquisition, construction, improvement, or extension of revenue producing enterprises, whether or not operated for profit; and

WHEREAS, Lyngblomsten Care Center, Inc., a Minnesota nonprofit corporation (the "Borrower"), has represented to the Port Authority that it is proposing to finance a "Project" to: (i) finance the construction and equipping of improvements to an existing 237-bed skilled nursing facility located in the City of Saint Paul, Minnesota (the "City") and (ii) pay a portion of the costs of issuing the Bonds (as defined below) (the "Project"); and

WHEREAS, under the terms of Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), the revenue bonds may not be issued as tax-exempt bonds unless the Board of Commissioners of the Port Authority approves the revenue bonds after a public hearing following publication of a notice published in accordance with the requirements of Section 147(f) of the Code and Treasury Regulations, Section 5f.103-2; and

WHEREAS, following the publication of a notice (the "Public Notice") of a public hearing in the Legal Ledger, the official newspaper of the Port Authority, on April 9, 2018, and in the Pioneer Press, a newspaper of general circulation in the City, on April 9, 2018, at least 14 days before the regularly-scheduled meeting of the Board of Commissioners of the Port Authority on the date hereof, the Board of Commissioners conducted a public hearing at which a reasonable opportunity was provided for interested individuals to express their views on the proposal by the Borrower to undertake and finance the Project and the proposed issuance of the Bonds; and

WHEREAS, the Public Notice included a general description of the Project, the maximum aggregate face amount of the Bonds to be issued with respect to the Project, the identity of the initial owner, operator, or manager of the Project (the Borrower), the location of the Project by street address, and a statement that a draft copy of the proposed application to the Minnesota Department of Employment and Economic Development ("DEED"), together with all attachments and exhibits, would be available for inspection at the offices of the Port Authority.

BE IT RESOLVED by the Board of Commissioners of the Port Authority of the City of Saint Paul (the "Port Authority"), as follows:

1. Port Authority. The Port Authority is authorized by the Constitution of the State of Minnesota and the Act to issue and sell its revenue bonds for the purpose of financing the cost of health care facilities and to enter into agreements necessary or convenient in the exercise of the powers granted by the Act.

2. Authorization of Project; Documents Presented. Lyngblomsten Care Center, Inc., a Minnesota nonprofit corporation, (the "Borrower"), has proposed to this Board that the Port Authority issue and sell its Health Care Facilities Revenue Bonds (Lyngblomsten Care Center, Inc. Project), Series 2018A (the "Series 2018A Bonds") and its Taxable Health Care Facilities Revenue Bonds (Lyngblomsten Care Center, Inc. Project), Series 2018B (the "Series 2018B Bonds" and, with the Series 2018A Bonds, the "Bonds"), the proceeds of which will be loaned to and used by the Borrower to finance the construction and equipping of improvements to an existing 277,000 square-foot, 237-bed skilled nursing facility located at 1415 Almond Avenue, Saint Paul, Minnesota, including to improve the resident experience reducing the number of beds to 225 (the "Project"). The Bonds shall be in substantially the form set forth in and pursuant to the Indenture (as hereafter defined), pursuant to the Act. The proceeds of the Bonds shall also be used to pay certain costs of issuance of the Bonds. Forms of the following documents relating to the Bonds have been submitted to the Port Authority:

(a) Loan Agreement dated on or after May 1, 2018 (the "Loan Agreement"), between the Port Authority and the Borrower, whereby the Port Authority agrees to make a loan to the Borrower of the proceeds of the sale of the Bonds and the Borrower agrees to pay amounts sufficient to provide for the full and prompt payment of the principal of, premium, if any, and interest on the Bonds;

(b) Indenture of Trust dated on or after May 1, 2018 (the "Indenture"), between the Port Authority and U.S. Bank National Association, as trustee (the "Trustee"), authorizing the issuance of the Bonds and pledging certain revenues, including those to be derived from the Loan Agreement, as security for the Bonds, and setting forth proposed recitals, covenants, and agreements relating thereto;

(c) Combination Mortgage, Security Agreement, Fixture Financing Statement and Assignment of Leases and Rents dated on or after May 1, 2018, by the Borrower for the benefit of the Trustee, by which the Borrower grants to the Trustee a mortgage lien on and security interest in certain mortgaged property, as described therein, as further security for the payment of the Bonds (not executed by the Port Authority);

(d) Tax Exemption Agreement (the "Tax Exemption Agreement") between the Port Authority, the Borrower, and the Trustee related to the Series 2018A Bonds; and

(e) Bond Purchase Agreement (the “Bond Purchase Agreement”), between Northland Securities, Inc. (the “Underwriter”), the Borrower, and the Port Authority, providing for the purchase of the Series 2018 Bonds from the Port Authority by the Underwriter and setting the terms and conditions of purchase.

3. Findings. It is hereby found, determined, and declared that:

(a) Financing of the Project will further the policy of the Act.

(b) It is desirable that the Bonds be issued by the Port Authority upon the terms set forth in the Indenture, under the provisions of which the Port Authority’s interest in the Loan Agreement (except for certain reserved rights of the Port Authority) will be pledged to the Trustee as security for the payment of principal of, premium, if any, and interest on the Bonds.

(c) The Loan Agreement provides for payments by the Borrower to the Trustee for the account of the Port Authority of such amounts as will be sufficient to pay the principal of, premium, if any, and interest on the Bonds when due. The Loan Agreement obligates the Borrower to pay for all costs of operation and maintenance of the Project, including adequate insurance, taxes, and special assessments.

(d) Under the provisions of the Act, and as provided in the Loan Agreement and Indenture, the Bonds are not to be payable from nor charged upon any funds of the Port Authority other than amounts payable pursuant to the Loan Agreement and moneys in the funds and accounts held by the Trustee which are pledged to the payment thereof; the Port Authority is not subject to any liability thereon; no owners of the Bonds shall ever have the right to compel the exercise of the taxing power of the Port Authority or the City of Saint Paul (the “City”) to pay any of the Bonds or the interest thereon, nor to enforce payment thereof against any property of the Port Authority or the City; the Bonds shall not constitute a charge, lien, or encumbrance, legal or equitable, upon any property of the Port Authority or the City (other than the interest of the Port Authority in the Loan Repayments to be made by the Borrower under the Loan Agreement); and each Bond issued under the Indenture shall recite that such Bond, including interest thereon, shall not constitute or give rise to a charge against the general credit or taxing powers of the Port Authority or the City.

4. Approval and Execution of Documents. Subject to the provisions of paragraph 8 hereof, the forms of Loan Agreement, Indenture, Tax Exemption Agreement, and Bond Purchase Agreement (collectively, the “Bond Documents”), are approved in substantially the forms submitted. Subject to the provisions of paragraph 8 hereof, the Bond Documents shall be executed in the name and on behalf of the Port Authority by the Chair and the President.

5. Approval, Execution and Delivery of Bonds. The Port Authority shall proceed forthwith to issue the Bonds, in an aggregate principal amount of not to exceed \$10,000,000, in the form and upon the terms set forth in the Indenture, which terms are for this purpose

incorporated in this Resolution and made a part hereof; provided, however, that the aggregate principal amount of, the maturities of the Bonds, the interest rates thereon, and any provisions for mandatory redemption thereof shall all be as set forth in the final form of the Indenture to be approved, executed, and delivered by the officers of the Port Authority authorized to do so by the provisions of this Resolution, which approval shall be conclusively evidenced by such execution and delivery; and provided further that, in no event, shall such rates of interest produce a net interest cost in excess of 5.50% per annum, and the final maturity shall not be later than May 1, 2045. The Underwriter has agreed pursuant to the provisions of the Bond Purchase Agreement, and subject to the conditions therein set forth, to purchase the Bonds at the purchase price set forth in the Bond Purchase Agreement, and said purchase price is hereby accepted. The Chair, President, and other Port Authority officers are authorized and directed to prepare and execute the Bonds as prescribed in the Indenture and to deliver them to the Trustee, together with a certified copy of this Resolution and the other documents required by the Indenture, for authentication, registration, and delivery to the Underwriter. As provided in the Indenture, each Bond shall contain a recital that it is issued pursuant to the Act, and such recital shall be conclusive evidence of the validity and regularity of the issuance thereof.

6. Official Statement. The Port Authority hereby consents to the preparation and distribution of a preliminary Official Statement and a final Official Statement to brokers, dealers, and other potential purchasers; provided that it is understood that the Port Authority has relied upon the Borrower and the Underwriter and legal counsel retained by them to assure the accuracy and completeness of the information set forth in the preliminary Official Statement and final Official Statement, and therefore the Port Authority makes no representations or warranties regarding the information contained therein, except under the heading "The Issuer," and that it assumes no responsibility for the accuracy or completeness of such information.

7. Records and Certificates. The Chair, President, and other officers of the Port Authority are authorized and directed to prepare and furnish to bond counsel and the purchaser of the Bonds, when issued, certified copies of all proceedings and records of the Port Authority relating to the Bonds, and such other affidavits and certificates as may be required to show the facts appearing 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.

8. Changes in Forms Approved; Absent and Disabled Officers. The approval hereby given to the various documents referred to above includes approval of such additional details therein as may be necessary and appropriate and such modifications thereof, deletions therefrom and additions thereto as may be necessary and appropriate, the appropriate Port Authority staff person or by the officers authorized herein to execute or accept, as the case may be, said documents prior to their execution; and said officers or staff members are hereby authorized to approve said changes on behalf of the Port Authority. 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 document in accordance with the terms hereof. In the event of absence or disability of the officers, any of the documents authorized by this Resolution to be executed may be executed without further act or authorization of the Board of Commissioners by any member of the Board of Commissioners or any duly designated acting official, or by such other officer or officers of the Board of Commissioners as, in the opinion of Counsel to the Port Authority, may act in their behalf.

9. Other Approvals. The financing of the Project by the issuance of the Bonds by the Port Authority is subject to, among other things, approval of the financing by DEED, final approval by the Borrower and the purchaser of the Bonds as to the ultimate details of the financing, and review and approval of the proposed Project by Briggs and Morgan, Professional Association, as Bond Counsel.

10. Authorization. The officers of the Port Authority, other attorneys, engineers, and other agents or employees of the Port Authority, and Bond Counsel are hereby authorized to do all acts and things required of them by or in connection with this Resolution, the aforementioned documents, and the Bonds for the full, punctual, and complete performance of all the terms, covenants, and agreements contained in the Bonds, the aforementioned documents, and this Resolution, including submission of an application to DEED.

11. Costs Paid by Borrower. The Borrower has agreed and it is hereby determined that any and all costs incurred by the Port Authority in connection with the financing of the Project will be paid by the Borrower, including the Port Authority's initial and ongoing annual issuance fees for the Bonds. It is understood and agreed that the Borrower shall indemnify, defend, and hold harmless the Port Authority against all liabilities, losses, damages, costs, and expenses (including reasonable attorney's fees and expenses incurred by the Port Authority) arising with respect to the Project or the Bonds, as provided for and agreed to by and between the Borrower and the Port Authority in the Loan Agreement.

12. Qualified Tax Exempt Obligation. In order to qualify the Series 2018A Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), the Port Authority hereby makes the following factual statements and representations;

(a) the Series 2018A Bonds are not treated as "private activity bonds" under Section 265(b)(3) of the Code;

(b) the Port Authority hereby designates the Series 2018A Bonds as qualified tax-exempt obligations for purposes of Section 265(b)(3) of the Code;

(c) the reasonably anticipated amount of tax-exempt obligations (other than obligations described in clause (ii) of Section 265(b)(3)(C) of the Code) which will be issued by the Port Authority (and all entities whose obligations will be aggregated with those of the Port Authority) during the calendar year 2018 will not exceed \$10,000,000;

(d) not more than \$10,000,000 of obligations issued by the Port Authority during the calendar year 2018 have been designated for purposes of Section 265(b)(3) of the Code; and

(e) the aggregate face amount of the Series 2018A Bonds do not exceed \$10,000,000.

13. Force and Effect. This Resolution shall be in full force and effect from and after its passage.

Adopted: April 24, 2018.


PORT AUTHORITY OF THE CITY OF SAINT PAUL

By _____
Its _____

Attest:

By _____
Its _____

MEMORANDUM

To: CREDIT COMMITTEE **Meeting Date:** April 17, 2018
From: Kathryn L. Sarnecki 
Subject: **CONVEYANCE OF LAND FOR REVISED TRAIL EASEMENTS THROUGH
SOUTHPORT TERMINAL
RESOLUTION NO. _____**

Action Requested:

Approval of a resolution to grant revised trail easements to the City of Saint Paul's Parks Department (the "City") for the creation of the Robert Piram Regional Trail through the Southport Terminal per the terms and conditions set forth below.

Background:

In 2011, the Port Authority of the City of Saint Paul (the "Port Authority") granted a trail easement through the Southport Terminal for the City's regional trail. At that time, the easement had a gap of how to safely cross Barge Channel Road, a Union Pacific rail spur, and the entrance to the Southport slip road at 637 Barge Channel Road. In 2017, the City's feasibility study concluded there was not a safe route through the intersection without an elevated trail crossing. The City's trail funding does not have the budget to allow for an elevated crossing at Southport.

Port Authority staff worked with the City's Parks Department staff to find an alternate trail route that would go around the intersection of concern instead of through it. Therefore, the new trail route will have separate crossings for the rail spur and Barge Channel Road. Granting of these easements will revoke a portion of the prior easement so that the prior easement area will become useable for site mobility for the Port Authority and its industrial tenants.

Note, Port Authority staff are very concerned about the safety of having a pedestrian trail through an industrial area with a crossing of Barge Channel Road at an uncontrolled intersection. We are requesting that the Parks Department take extra precautionary safety measures in design and construction of this portion of their trail.

Additionally, temporary construction easements will also be required and will necessitate the City coordinating with the adjacent Port Authority tenant, District Energy, and adjacent property owners, such as the Mudeks, prior to and during construction. District Energy's current lease is through December 31, 2019 with renewal rights through 2021. Future lease renewals with District Energy should incorporate the City's easement rights.

Importantly, the Southport Terminal easement exchange is part of a larger project being discussed with the City located at the Red Rock Terminal.

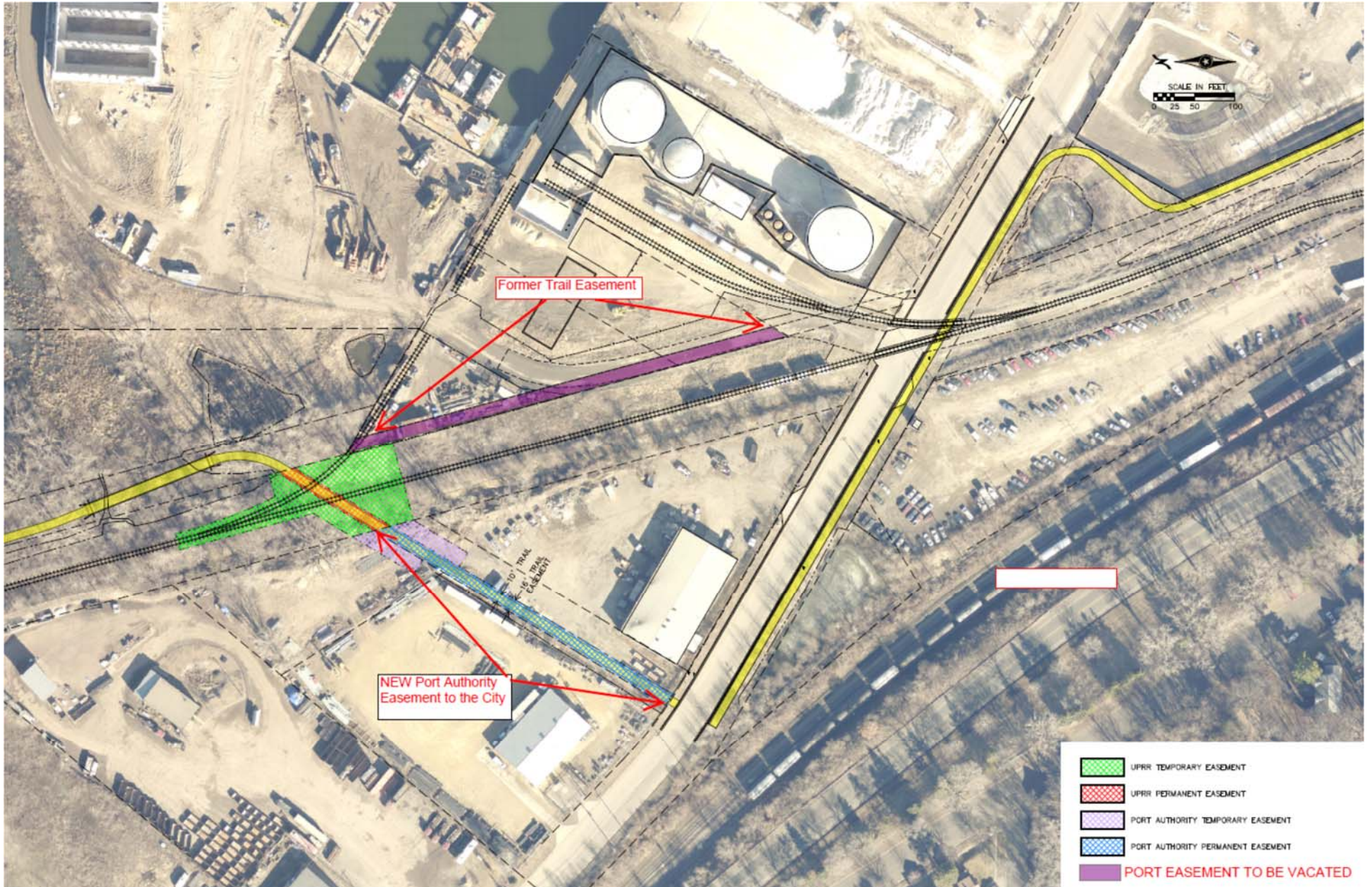
At the Red Rock terminal, the City and the Port Authority are working on an easement for a future rail spur in consideration for providing this revised easement to the City and their compensation and other details remain open items. The City seeks, however, to secure the Southport Terminal easements as soon as practical in order to maintain its right to federal funding for the Southport project. To ensure that the Port Authority can act with utmost speed once there has been sufficient resolution on the Red Rock Terminal project, the Port Authority has published a Notice of Public Hearing for the conveyance of the Southport Terminal easements to the City and seeks Board approval in conformance with the terms and conditions as set forth in this Board memorandum.

Recommendation:

Approval of a resolution to grant revised trail easements to the City for the creation of the Robert Piram Regional Trail through the Southport Terminal per the terms and conditions set forth above.

Attachments: Proposed Resolution
Map

FIGURE showing new easement area and trail route through Southport Terminal and the former easement area to be revoked.



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

**[CONVEYANCE OF LAND FOR REVISED TRAIL
EASEMENT THROUGH SOUTHPORT TERMINAL]**

WHEREAS, The Port Authority of the City of Saint Paul (the "Port Authority"), pursuant to Minnesota Statutes, Section 469.065, did place a notice, a copy of which with proof of publication is on file in the office of the Port Authority, of a public hearing on the proposed conveyance of property owned by the Port Authority in a legal newspaper, said hearing to be held to determine whether it is in the best interests of the port district of Saint Paul and the people thereof and in furtherance of the general plan of port improvement and industrial development to grant the conveyance of real estate for a revised trail easement to the City of Saint Paul's Parks Department through the Southport Terminal (the "Property").

WHEREAS, the Port Authority did conduct a public hearing pursuant to said notice on April 24, 2018, at which hearing all taxpayers in the port district, both for and against the conveyance, were allowed to state their views.

WHEREAS, it is in the best interests of the port district and the people thereof, and in furtherance of the general plan of port improvement and industrial development, to approve the real estate conveyance.

WHEREAS, the Port Authority has investigated the facts of the proposal with said investigation including the terms and conditions of said agreement, the proposed use of the Property, and the relationship thereof to the port district of Saint Paul and the business facilities of the Port Authority in general.

WHEREAS, the proposal presented meets the terms and conditions set forth by the Port Authority as its guide in determining if such proposals are in the best interests of the port district and of the public.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE PORT AUTHORITY OF THE CITY OF SAINT PAUL:

1. That the Board of Commissioners of the Port Authority hereby finds, determines and declares that it is for the best interests of the port district and the people thereof, and in furtherance of the general plan of industrial development, to enter into said agreement to convey the land for a

revised trail easement to the City of Saint Paul's Parks Department through the Southport Terminal;
and

2. That the actions of the President of the Port Authority in causing public notice of the proposed conveyance, and in describing the terms and conditions of such conveyance, which have been available for inspection by the public at the office of the Port Authority from and after the publication of notice of hearing, are in all respects ratified and confirmed; and

3. That the President of the Port Authority is hereby authorized and directed to complete and execute said agreement to convey in substantially the form as is on file in the office of the Port Authority, and the proper Port Authority officers are hereby authorized and directed to complete and execute all documents necessary to convey title in form as approved by counsel.

Adopted: _____

PORT AUTHORITY OF THE
CITY OF SAINT PAUL

By _____
Its Chair

Attest:

By _____
Its Secretary

MEMORANDUM

To: CREDIT COMMITTEE **Meeting Date:** April 17, 2018
From: Monte M. Hilleman 
Subject: **INCREASE WAGE RATE POLICY FOR DEVELOPMENT CRITERIA FOR SUBSIDIZED LAND SALES**
RESOLUTION NO. _____

Action Requested:

Approval of an increase in the wage rate policy for business center Development Criteria to \$14.75 per hour with benefits and \$17.00 per hour without benefits.

Public Purpose:

To ensure jobs created and retained by businesses receiving a business subsidy pay family supporting wages.

Background:

Company proposals to purchase land from the Port Authority at less than fair market value are evaluated against several community and economic development outcome criteria. The criteria are:

1. Financial stability of the company including a review of historical financial statements
2. Provision of a minimum of one full-time job per 1,000 square feet of building
3. All full-time employees paid more than (currently) \$12.61/hour with benefits, \$14.90 without benefits
4. Hiring of Saint Paul residents, target of 70% residents for new hires, double credit for local neighborhood hires
5. Building density – building size must provide at least 35% land coverage
6. Building quality and value – building must meet protective covenant requirements for aesthetics, durability and asset value
7. Environmental performance – must engage in sustainable design strategies

As you know, there may be circumstances when exceptions to one or more of these criteria are granted. All exceptions are presented for Board approval as part of a land sale recommendation. Market rate transactions do not include the above criteria.

The Port Authority most recently set the hourly rate at \$12.61 per hour with benefits and \$14.91 without benefits in May 2014. There have been no changes since May 2014.

Proposal:

Please see the attached Exhibit A for the analysis and recommendations for the wage policy update.

It is important to note that the above criteria and the attached recommendations represent the *floor*, nor the *average* performance of companies in our business centers that have received land subsidies. The average in our business centers is well above these levels.

One objective of setting these criteria is to communicate clearly and efficiently to the marketplace the Port Authority's goals and minimum standards to engage in a substantive manner about a subsidized land transaction. Another objective is to communicate to funders, neighborhoods and other stakeholders the anticipated outcomes from our, largely speculative, land recycling activities.

Recommendation:

We recommend an increase in the hourly wage policy to \$14.75 per hour with benefits and \$17.00 without benefits.



Saint Paul
PORT AUTHORITY

2018 Wage Criteria Calculation

Presented by Monte Hilleman
April 2018



Goal and Purpose

The Goal

- To determine the appropriate wage—with and without benefits—the Saint Paul Port Authority can incorporate into their development criteria.

The Purpose

- To ensure Saint Paul Port Authority business center customers that receive land on a subsidized basis pay their employees wages high enough to support a family of four (two working adults with two children).



Four Questions

Family Supportable Wages

- What is the cost of living for a family of four (two working adults with two children)?
- What wage will support a family of that size?

Not Harming Businesses

- What are manufacturing jobs currently paying?
- What are the wage trends in our current business centers?



Definitions

Low Barrier to Entry Jobs

The Saint Paul Port Authority defines a low barrier to entry job as any position with tasks and responsibilities that do not require the applicant to have an advanced degree (bachelors, masters and/or doctorate).

Family Supportable Jobs

The Saint Paul Port Authority defines a family supportable wage as a wage that allows a family of four (two adults with two children) to afford items on a basic needs budget:

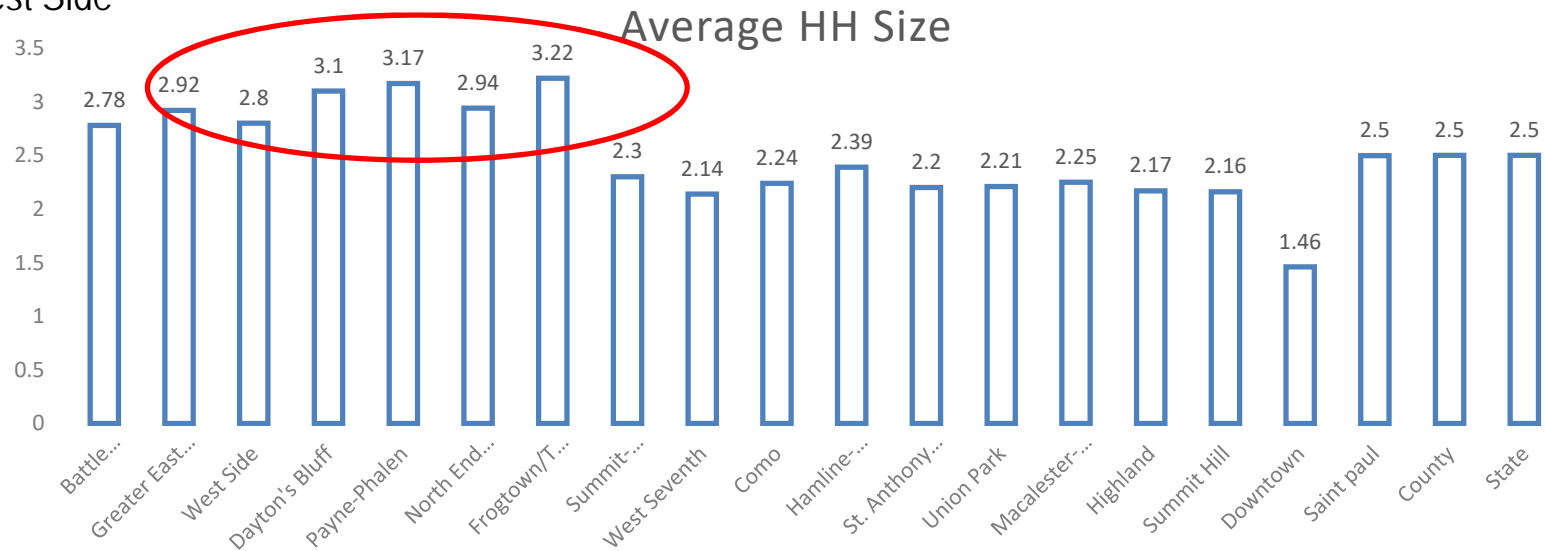
- Food
- Housing
- Health care (excluded from Federal Poverty Level)
- Transportation (excluded from Federal Poverty Level)
- Child care (excluded from Federal Poverty Level)
- Other necessities
- Taxes



Why a Family of Four?

Workforce Agreements Primarily Focused on:

- North End
- Frogtown
- Payne-Phalen
- Greater East Side
- Dayton's Bluff
- West Side



Source: Minnesota Compass Neighborhood Profiles ACS 2015 5-Year Estimates - <http://www.mncompass.org/profiles/neighborhoods/minneapolis-saint-paul#!areas>



Family Composition

	Workforce Agreement “Target Areas” (North End, Frogtown, Payne-Phalen, Greater East Side, Dayton’s Bluff, West Side)	Saint Paul
% Income below poverty	30.6%	22.3%
HH Med. Income (2015 \$)	\$40,078	\$51,405
Unemployment	11.6%	8.5%
Less than a HS Degree	23.7%	13.5%
HS Diploma	27%	21.2%

Source: Minnesota Compass Neighborhood Profiles ACS 2015 5-Year Estimates



Cost of Living for a Family of Four

	MN DEED		MIT	
	<u>Annual</u>	<u>Monthly</u>	<u>Annual</u>	<u>Monthly</u>
Food	\$12,372	\$1,031	\$9,079	\$757
Child Care	\$21,252	\$1,771	\$12,635	\$1,053
Medical / Health Care	\$6,360	\$530	\$6,758	\$563
Housing	\$17,712	\$1,476	\$12,324	\$1,027
Transportation	\$9,792	\$816	\$11,460	\$955
Other	\$8,796	\$733	\$6,260	\$522
Annual Taxes	\$16,236	\$1,353	\$11,642	\$970
Annual / Monthly Expenses	\$92,520	\$7,710	\$70,152	\$5,846
	<u>Annual Wages</u>	<u>Hourly Wages</u>	<u>Annual Wages</u>	<u>Hourly Wages</u>
Wage / Salary	\$92,518	\$22.24 per adult	\$70,138	\$16.86 per adult

Source: 2017 MN DEED Cost of Living in Minnesota - <https://mn.gov/deed/data/data-tools/col/>
 Source: 2017 MIT Living Wage Calculation for Ramsey County, Minnesota - <http://livingwage.mit.edu/counties/27123>



Port Authority Wage Trends

Table 1: 6 -Year Non – Exempt Wage Reporting

- Avg. Wage (weighted) = \$24.33
- Median = \$24.48

Year	Wage	Reporting Companies
2011	\$24.31	26
2012	\$24.65	25
2013	\$25.95	23
2014	\$23.06	26
2015	\$25.71	28
2016	\$21.69	19



2016 Average Wages

Methodology:

1. Filtered out businesses that require advanced degree
2. Filtered out businesses that were above the reported average
3. Weighted Avg. Wage against the reported number of non-exempt FTE

Table 2: 2016 Businesses below \$21.69

- Avg. Wage (weighted) = \$18.96
- Lowest Wage = \$13.00
- Highest = \$28.74
- Median = \$17.94

Business Name	2016 Avg. Wage	# Non-Exempt FTE
Circuittech	\$13.00	2
Loomis Armored	\$13.77	71
River of Goods	\$16.61	34
Industrial Equities	\$17.09	38
Restoration Professionals	\$17.73	31
Dakota Supply Group	\$18.14	22
Hiway Federal	\$20.28	132
East Side Family Clinic	\$20.41	65
HealthEast Transport	\$20.87	167



Industry by NAICs Code

- Coded 86% of 550 SPPA businesses to a 4-digit NAICs
 - Resulted in 144 Different Industries
- Weighted the average salary from 2013 – 2015
- Converted into hourly
 - 3-Year Weighted Average pay by industry for SPPA business = \$27.66

Take Away: SPPA business' industries tend to pay high wages for low barrier to entry positions

Example:

48-49	Transportation and Warehousing	Frequency	Avg. Pay '13	Avg. Pay '14	Avg. Pay '15	3-Year Average	Hourly
4821	Rail Transportation	1	\$ 32,248.00	\$ 37,076.00	\$ 50,737.00	\$ 40,020.33	\$ 19.24
4841	General Freight Trucking	2	\$ 51,278.00	\$ 53,567.00	\$ 54,466.00	\$ 53,103.67	\$ 25.53
4842	Specialized Freight Trucking	1	\$ 47,156.00	\$ 45,944.00	\$ 49,265.00	\$ 47,455.00	\$ 22.81
4882	Support Activities for Rail Transportation	2	\$ 36,701.00	\$ 39,961.00	\$ 43,908.00	\$ 40,190.00	\$ 19.32
4931	Warehousing and Storage	1	\$ 40,328.00	\$ 40,814.00	\$ 43,938.00	\$ 41,693.33	\$ 20.04

Source: Career One Stop Industry Profiles - https://www.careerinfonet.org/Industry/Ind_Search_Report



Recap and Recommendation

Recap

- Cost of Living
 - MIT - \$16.86 per hour per earner
 - MN DEED - \$22.24 per hour per earner
- Industry Averages
 - \$22.66 per hour
- Workforce Reporting:
 - 6-year average - \$24.40 per hour
 - 2016 below weighted mean average - \$18.96 per hour

Recommendation:

- \$14.75 per hour with benefits (currently \$12.61)
- \$17.00 per hour without benefits (currently \$14.91)



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

**[INCREASE WAGE RATE POLICY FOR DEVELOPMENT
CRITERIA FOR SUBSIDIZED LAND SALES]**

WHEREAS, at the Port Authority of the City of Saint Paul’s (the "Port Authority") May 27, 2014 Board meeting, the minimum hourly rate was increased to \$12.61 per hour with benefits and \$14.91 per hour without benefits.

WHEREAS, the Port Authority requests approval of a change in the wage rate policy for development criteria for subsidized land sales. Accordingly, the new minimum hourly wage policy would be \$14.75 per hour with benefits and \$17.00 without benefits.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE PORT AUTHORITY OF THE CITY OF SAINT PAUL, that an increase in the hourly wage policy to \$14.75 per hour with benefits and \$17.00 per hour without benefits is approved.

Adopted: April 24, 2018

PORT AUTHORITY OF THE
CITY OF SAINT PAUL


By _____
Its Chair

Attest:

By _____
Its Secretary

MEMORANDUM

To: CREDIT COMMITTEE **Meeting Date:** April 17, 2018

From: Eric D. Larson 

Subject: **2018 GRANT APPLICATION AND ACCEPTANCE AUTHORIZATION**
RESOLUTION NO.: _____

Action Requested:

Approval for 2018 for the President of the Port Authority of the City of Saint Paul or anyone acting under his direction to apply for and accept any grant or other financial or resource assistance so long as the assistance furthers the Port Authority's mission.

Background:

The Port Authority seeks programs that provide grants or other financial or resource assistance that can help the Port Authority further its mission. Some of the programs require a Board resolution enclosed with the application authorizing the applicant to apply for and receive a grant or other financial or resource assistance. At times the application deadline date precedes the Port Authority's next Board meeting and, therefore, the Port Authority has not been able to provide a Board resolution in support of its application. In such instances, the Port Authority has supplemented its application as soon as possible afterwards. To the best of the Port Authority's knowledge, the lack of any such resolution has not precluded an award to the Port Authority. Regardless, Port Authority staff recommends that the Board approve a resolution, which contains many of the standard board representations and statutory information required for such program assistance and further authorizes the Port Authority to apply for and accept any grant or other financial or resource assistance so long as the assistance furthers the Port Authority's mission. This resolution may help further the Port Authority's application especially as the competition for such assistance becomes greater.

At the May 22, 2012, April 23, 2013, December 17, 2013, December 16, 2014, December 15, 2015, and January 24, 2017 Board meetings, Board approval was given to Resolution Nos. 4426, 4457, 4490, 4525, 4560, and 4590 respectively, authorizing the application for and acceptance of financial or resource assistance for 2012, 2013, 2014, 2015, 2016, and 2017. This new resolution would authorize this assistance for 2018.

For 2017, the Port Authority submitted the Board's general grant authorization resolution in support of its Ports Development Assistance (PDA) grant application for financial assistance for the direct barge to rail to train transload facility to be located at the Southport Terminal. The Port Authority requested \$2M and was awarded \$1.81M by the Minnesota Department of Transportation (MNDOT). The Port Authority is excited about the river commerce upgrade to more efficiently and quickly transport product to and from our Southport Terminal with this facility upgrade. The Port Authority is negotiating the financial and operational terms respecting this capital investment with our tenant, Alter. As soon as those details are finalized, the Port Authority will seek from the Board a resolution accepting receipt of the MNDOT PDA grant funds.

Recommendation:

It is therefore recommended that the Board approve a resolution authorizing the President of the Port Authority of the City of Saint Paul or anyone acting under his direction to apply for and accept any grant or other financial or resource assistance so long as the assistance furthers the Port Authority's mission.

Attachment: Proposed Resolution

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

[2018 GRANT APPLICATION AND ACCEPTANCE AUTHORIZATION]

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; and

WHEREAS, the district of the Port Authority is the City of Saint Paul; and

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; and

WHEREAS, under Minn. Stat. §§ 469.048 to 469.061, the Port Authority has the powers and duties conferred upon all port authorities; and

WHEREAS, under Minn. Stat. § 469.084, Subds. 1 to 15, the Port Authority of the City of Saint Paul has additional statutory duties and powers including powers related to recreational facilities and small business capital; and

WHEREAS, under Minn. Stat. § 469.084, Subd. 8, the Port Authority of the City of Saint Paul, furthermore, has the power of and is authorized to do what a redevelopment agency may do or must do under sections 469.152 to 469.165 (Municipal Industrial Development); and

WHEREAS, federal, state, county, city, and other governmental entities and agencies have established grant, or other various assistance programs, which the Port Authority could use in furtherance of its statutory mission; and

WHEREAS, for instance, the Minnesota legislature established environmental assistance grant programs to provide financial assistance in the development of environmentally sustainable practices in Minnesota through voluntary partnerships and goal-oriented, economically driven approaches to pollution prevention and resource conservation; and

WHEREAS, many non-profit organizations have established grant, or other various assistance programs, which the Port Authority could use in furtherance of its statutory mission; and

WHEREAS, the Port Authority represents that it has undertaken reasonable and good faith efforts to procure funding in pursuit of its mission from other sources in addition to grant, or other program resources to which it may seek assistance.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE PORT AUTHORITY OF THE CITY OF SAINT PAUL: That the Port Authority has the legal authority to apply for financial assistance, and has the institutional, managerial, and financial capability to ensure adequate project administration of any financial assistance received; and

BE IT FURTHER RESOLVED, that any sources and amounts of any matching funds, local or otherwise, identified in the Port Authority's application will be committed to the identified project per the application; and

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; and

BE IT FURTHER RESOLVED, that the Port Authority certifies that it will comply with all applicable laws and regulations as stated in the grant/assistance agreements; and

BE IT FURTHER RESOLVED for the year 2018, that the President or anyone acting under his direction is hereby encouraged and authorized to apply to, and accept from, if awarded, a grant or some other financial or resource assistance in any amount from any federal, state, county, city, and other governmental entities and agencies or non-profit organizations so long as the assistance furthers the Port Authority's mission; and

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 complete grant/assistance applications and secure their receipt; and

BE IT FURTHER RESOLVED, that notwithstanding the above, all loans and other financial or resource assistance that needs to be repaid by the Port Authority will require Board approval prior to the execution of documents imposing the specific debt obligation and amount by and upon the Port Authority.

Adopted: April 24, 2018

PORT AUTHORITY OF THE
CITY OF SAINT PAUL

By _____
Its Chair

ATTEST:

By _____
Its Secretary

MEMORANDUM

To: CREDIT COMMITTEE **Meeting Date:** April 17, 2018

From: Ava Langston-Kenney *ALK*

Subject: **APPLICATION TO MINNESOTA'S DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT, METROPOLITAN COUNCIL AND RAMSEY COUNTY FOR CONTAMINATION CLEANUP GRANT FUNDS FOR THE MINNESOTA CHEMICAL BUILDING RENOVATION/REDEVELOPMENT PROJECT**
RESOLUTION NO. _____

Action Requested:

Authorization to apply to Minnesota's Department of Employment and Economic Development (DEED), Metropolitan Council and Ramsey County for up to \$1,000,000.00 in contamination cleanup grant funds for the Minnesota Chemical Company project at an approximate 1.45-acre site located at 2285 Hampden Avenue, Saint Paul, Minnesota. See the attached map showing the location of the property.

Background:

DEED, the Metropolitan Council, and Ramsey County created grant programs to fund the investigation and remediation of contaminated properties. Only public agencies are eligible to apply on a competitive basis for these funds, but both publicly and privately-owned sites with known or suspected soil or groundwater contamination qualify. Remediation grant funds have proven to be essential in redeveloping brownfield properties with business centers and providing developable land for companies to locate, expand and grow jobs.

On May 1, 2018, we intend to apply for funding from DEED, Met Council and Ramsey County on behalf of the property owner, Exeter Group, which plans to redevelop the MN Chemical site. Exeter Group has put together a redevelopment consultant team that includes the Port Authority. In order to apply for these funds, a resolution is required from the Port Authority Board of Commissioners authorizing the applications. If one or more grants are awarded, the Port Authority will provide grant oversight and environmental project management services on a fee basis.

The Minnesota Chemical site consists of four interconnected buildings on a 1.45-acre lot located at 2285 Hampden Avenue in Saint Paul, Minnesota. The two primary structures, the East and West buildings, are each three stories with a partial basement and were originally constructed in 1910 and 1900 respectively. The East and West buildings are connected by a single-story structure that consists of warehouse space and a loading dock serving both buildings. In addition, a single-story pole barn has been erected adjacent to the eastern side of the East building. The entire complex is nominally occupied, though much of the complex is either vacant or lightly used

for storage, by Minnesota Chemical. A small portion of the second floor of the East building is used as artist studios which have been leased for many years on a month-to-month basis. Minnesota Chemical occupied the East building in 1928 and expanded its presence in the complex over the ensuing years. Though Minnesota Chemical once occupied the entire complex for manufacturing and distribution purposes, the buildings are no longer a good fit for their remaining business lines, or for other modern industrial users, due to the small footprint, narrow column spacing, relatively low ceiling heights, and significant amounts of deferred maintenance.

Exeter's plan is to rehabilitate the East and West buildings to further the transformation of the area from neglected industrial uses to a vibrant mix of uses that better reflects the surrounding community and embraces the significant transportation infrastructure investments that have been made nearby. Much of the East and West buildings will be repurposed to create attractive brick and timber office space with the goal of drawing creative, technology and design tenants to the project. Exeter will also seek to land a retail tenant, preferably a coffee shop, restaurant or brewery user, who will serve to activate the street level space while also providing an amenity to the tenants above. The rehabilitation will require the abatement of existing hazardous materials, the installation of a vapor mitigation system and the demolition of the easternmost building in the complex (one-story pole barn) to permit the soil remediation necessary to install the proposed stormwater management system for the project.

Recommendation:

We recommend approval of a resolution granting the Port Authority authorization to apply to Minnesota's Department of Employment and Economic Development, Metropolitan Council and Ramsey County for up to \$1,000,000.00 in contamination cleanup grant funds.

Attachments: Resolution
Map



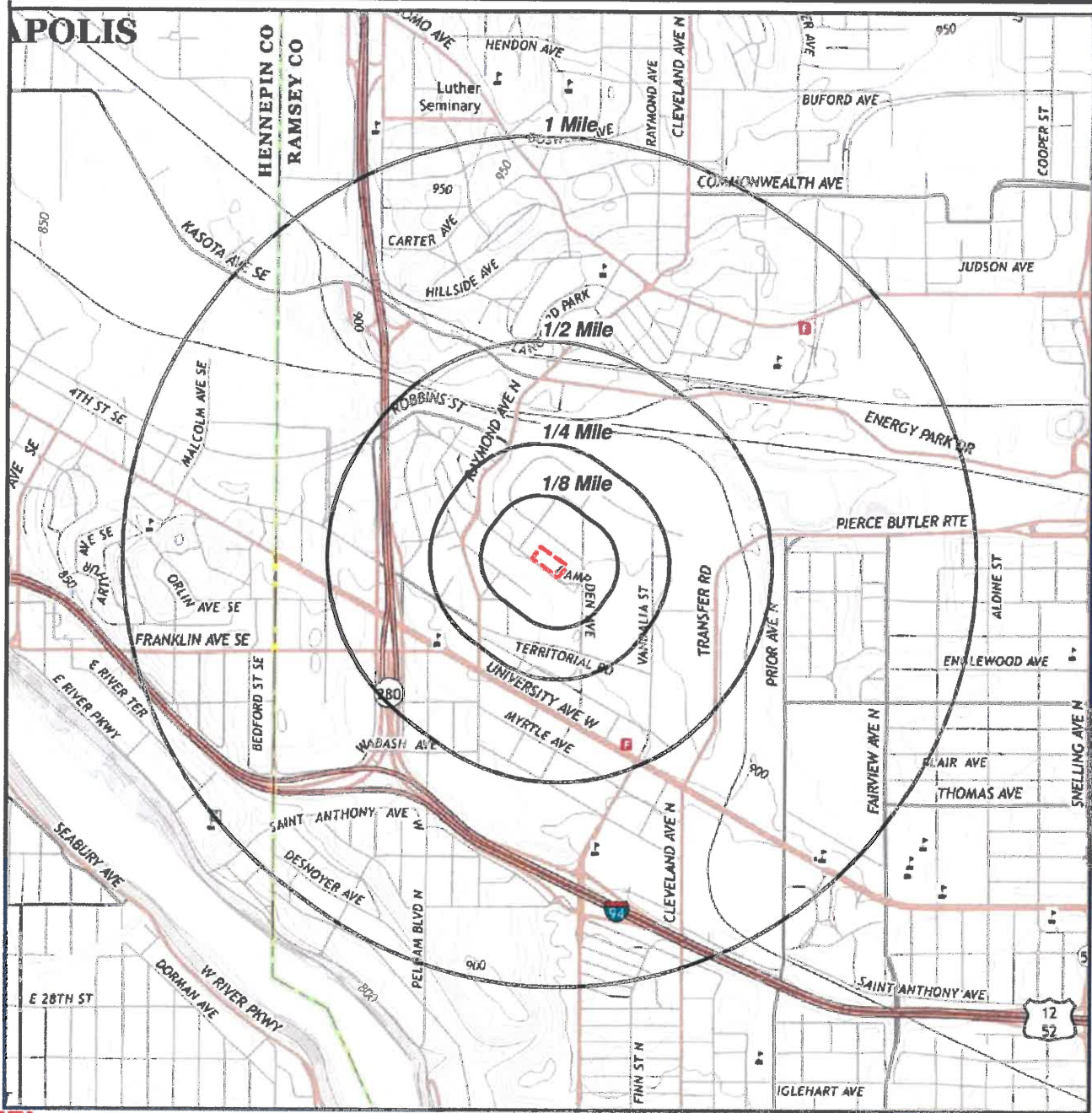
2016 Aerial Photograph (Source: MN GEO)
100 50 0 100 Feet
Path: L:\0985\0003\Wxd\Site Detail Map1.mxd
Date: 10/20/2017 Time: 9:25:04 AM User: Larmb0777

EXETER MANAGEMENT LLC
Site Detail Map



OCT 2017
Figure 2

Topographic Map



 Target Property (TP)

Quadrangle(s): Saint Paul West
Source: USGS, 08/30/2013
Minnesota Chemical Building
2285 Hampden Avenue West
St. Paul, Minnesota



[Click here to access Satellite view](#)

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

**[APPLICATION TO MINNESOTA’S DEPARTMENT OF EMPLOYMENT AND
ECONOMIC DEVELOPMENT, THE METROPOLITAN COUNCIL AND RAMSEY
COUNTY FOR CONTAMINATION CLEANUP GRANT FUNDS FOR THE
MINNESOTA CHEMICAL BUILDING RENOVATION/REDEVELOPMENT PROJECT]**

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 district of the Port Authority is the City of Saint Paul.

WHEREAS, under Minn. Stat. §§ 469.048 to 469.061, the Port Authority has the powers and duties conferred upon all port authorities.

WHEREAS, under Minn. Stat. § 469.084, Subds. 1 to 15, the Port Authority of the City of Saint Paul has additional statutory duties and powers including powers related to recreational facilities and small business capital.

WHEREAS, under Minn. Stat. § 469.084, Subd. 8, the Port Authority of the City of Saint Paul, furthermore, has the power of and is authorized to do what a redevelopment agency may do or must do under sections 469.152 to 469.165 (Municipal Industrial Development).

WHEREAS, the Metropolitan Livable Communities Act permits a grant to a metropolitan county or a development authority, such as the Port Authority of the City of Saint Paul, but the project must be located in a participating municipality.

WHEREAS, the City of St. Paul is a participant in the Livable Communities Act's Local Housing Incentives Account Program for 2018 as determined by the Metropolitan Council; and is therefore eligible to make application apply for funds under the Tax Base Revitalization Account.

WHEREAS, the Port Authority represents that it has undertaken reasonable and good faith efforts to procure funding in pursuit of its mission from other sources in addition to grant, or other program resources to which it may seek assistance.

WHEREAS, the Port Authority desires to request and accept from, if awarded, a grant from the Minnesota Department of Employment and Economic Development, a grant from the Metropolitan Council and a grant from Ramsey County, in an amount up to \$1,000,000.00 in contamination cleanup grant funds for the Minnesota Chemical Company project at an approximate 1.45-acre site located at 2285 Hampden Avenue in Saint Paul, Minnesota.

WHEREAS, the Port Authority has identified a contamination cleanup project within the City that meet the Tax Base Revitalization Account's purposes and criteria and are consistent with and promote the purposes of the Metropolitan Livable Communities Act and the policies of the Metropolitan Council's adopted metropolitan development guide.

WHEREAS, the Port Authority has the institutional, managerial and financial capability to ensure adequate project and grant administration.

WHEREAS, the Port Authority certifies that it will comply with all applicable laws and regulations as stated in the contract grant agreements.

WHEREAS, the Port Authority finds that the required contamination cleanup will not occur through private or other public investment within the reasonably foreseeable future without Tax Base Revitalization Account grant funding.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE PORT AUTHORITY OF THE CITY OF SAINT PAUL:

1. That the Port Authority act as the legal sponsor for the project contained in the Contamination Cleanup Grant Program, Tax Base Revitalization Account Grant Program, and Environmental Response Fund Grant Program to be submitted on May 1, 2018 and that Lee Krueger, President is hereby authorized to apply to the Department of Employment and Economic Development, Metropolitan Council, and Ramsey County for funding of this project on behalf of the Port Authority.

2. That the Port Authority has the legal authority to apply for financial assistance, and the institutional, managerial, and financial capability to ensure adequate project administration.

3. 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.

4. That upon approval of its application, the Port Authority may enter into an agreement with the State of Minnesota, Metropolitan Council, and Ramsey County 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.

5. That the President is hereby encouraged and authorized to request and accept from, if awarded, a Contamination Cleanup grant from the Minnesota Department of Employment and Economic Development (DEED), a Tax Base Revitalization Account Contamination Cleanup grant from the Metropolitan Council and an Environmental Response

Fund grant from Ramsey County in the amount up to \$1,000,000.00 in grant funds for the Minnesota Chemical Company project.

6. That the President or anyone acting under his direction is hereby authorized and directed to execute any and all necessary documents to complete the grant application and secure its receipt, including any matching fund requirements.

Adopted: April 24, 2018

PORT AUTHORITY OF THE
CITY OF SAINT PAUL

By _____
Its Chair

ATTEST:

By _____
Its Secretary

MEMORANDUM

To: CREDIT COMMITTEE **Meeting Date:** April 17, 2018
From: Michael J. Linder *MJL*
Subject: LAKE COUNTY VETERINARY CLINICS, PLLC, MICHAEL E. OVEREND
REVOCABLE LIVING TRUST AND LUCY A. GRINA REVOCABLE LIVING TRUST
APPROVAL OF A \$32,000 TRILLION BTU LOAN

Action Requested:

Provide approval for the Port Authority to initiate a Trillion BTU loan for approximately \$32,000 with Lake County Veterinary Clinics, PLLC, Michael E. Overend Revocable Living Trusts and Lucy A. Grina Revocable Living Trust for the installation of 12-kW ground mounted solar array on a commercial property located in Two Harbors, Minnesota.

Public Purpose:

The Trillion BTU Revolving Loan Fund was established with a grant from the State of Minnesota via a Federal stimulus grant for energy conservation and the retention and expansion of jobs in the State. Additionally, the Minnesota Legislature has mandated that all utilities attempt to reduce existing customer energy usage by 1.5% annually.

Business Subsidy:

Loans under the Trillion BTU Fund are not subject to business subsidy reporting because they are for energy efficiency projects.

Background:

Lake County Veterinary Clinic was founded in 1977 by Dr. Mike Overend and Dr. Lucy Grina who have owned and operated the clinic for over 40 years. The clinic is located at 557 Scenic Drive in Two Harbors, Minnesota. The full-service facility includes state of the art laboratory and diagnostic equipment, offering a wide range of professional services. The two parcels are owned by the Michael E. Overend Revocable Living Trust and the Lucy A. Grina Revocable Living Trust and together have a combined tax assessed value of \$160,800 so a PACE assessment is limited to \$32,000.

Proposed Project:

12-kW Ground Mounted Solar Array	
Purchase Price and Installation	\$32,000

Sources and Uses of Funds:

Sources of funds:	
Trillion BTU	\$32,000
Uses of funds:	
12-kW Ground Mounted Solar Array	\$32,000

In order to leverage the grant funds, we are requesting that all local EDAs match the Trillion funds for projects in their area. Lake County is assisting with placing the PACE special assessment on the property taxes and another funder may finance that portion of the project once the special assessment is in place. Trillion BTU funds will act as a bridge loan until that time. In the event that the special assessment is not assessed or if another funder does not take out the Trillion BTU loan, it will remain the funder of the loan.

Financial Analysis:

Tax returns were received for the past three years and show the clinic was profitable in all three years through 2017. The company has no mortgage on the property so the debt service coverage on the PACE assessment is 7.53 to 1. The debt-to-equity ratio with the PACE loan is 2.45 to 1.

Debt Service Coverage:	7.53	Trillion standard of at least:	1.15
Debt-to-Equity:	2.45	Trillion standard of less than:	4.00

Proposal:

Source of Funds:	Trillion BTU
Use of Funds:	12-kW Ground Mounted Solar Array
Amount of Loan:	\$32,000
Rate:	5.0%
Term:	10 years
Collateral:	Signed Loan Agreement PACE Special Assessment

Energy Savings:

55 MMBTUs (\$1,800) annually.

Workforce Implications:

Davis-Bacon wage requirements need to be followed.
1 FTE for construction jobs.

Policy Exceptions:

None.

Recommendation:

We recommend the approval of a \$32,000 Trillion BTU loan to Lake County Veterinary Clinics, PLLC, Michael E. Overend Revocable Living Trusts and Lucy A. Grina Revocable Living Trust.

MEMORANDUM

To: CREDIT COMMITTEE **Meeting Date:** April 17, 2018
From: Michael J. Linder *MJL*
Subject: **LDT, INC. AND TOM DWELLE AND GLEN DWELLE, JR.**
APPROVAL OF A \$85,000 TRILLION BTU LOAN

Action Requested:

Provide approval for the Port Authority to initiate a Trillion BTU loan for approximately \$85,000 with LDT, Inc., Tom Dwelle and Glen Dwelle Jr. for the installation of 20-kW roof mounted solar array on a commercial property located in Red Wing, Minnesota.

Public Purpose:

The Trillion BTU Revolving Loan Fund was established with a grant from the State of Minnesota via a Federal stimulus grant for energy conservation and the retention and expansion of jobs in the State. Additionally, the Minnesota Legislature has mandated that all utilities attempt to reduce existing customer energy usage by 1.5% annually.

Business Subsidy:

Loans under the Trillion BTU Fund are not subject to business subsidy reporting because they are for energy efficiency projects.

Background:

LDT, Inc. is a commercial real estate entity that owns a building located at 417 Main Street in Red Wing, MN. The property has four tenants, two street level retail tenants and two tenants on the lower level. The second level is currently undeveloped and has 10,000 square feet of space available for lease. The property has a tax assessed value of \$425,700. The installation requires the replacement of the roof, which is included in this request.

Proposed Project:

20-kW Roof Mounted Solar Array and Roof Replacement	
Purchase Price and Installation	\$85,000

Sources and Uses of Funds:

Sources of funds:	
Trillion BTU	\$85,000
Uses of funds:	
Roof Mounted Solar Array	\$85,000

In order to leverage the grant funds, we are requesting that all local EDAs match the Trillion funds for projects in their area. Goodhue County is assisting with placing the PACE special assessment

on the property taxes and another funder may finance that portion of the project once the special assessment is in place. Trillion BTU funds will act as a bridge loan until that time. In the event that the special assessment is not assessed or if another funder does not take out the Trillion BTU loan, it will remain the funder of the loan.

Financial Analysis:

Tax returns were received for the past three years and the property had net losses in all three years. When excluding non-cash depreciation, the property was profitable in the last three years as rents have increased with new leases. The debt service coverage ratio prior to the PACE assessment was 1.20 to 1; however, fell to 0.75 to 1 when including the PACE assessment. Debt-to-equity was within guideline at 2.13 to 1 with the PACE assessment included. The two main level tenants signed a three and five-year lease in April of 2017 and the lower level tenants signed new three-year leases in November which included increased rents. The two owners have provided their personal tax returns which show significant other income to support the cash flow of the building.

Debt Service Coverage:	0.75	Trillion standard of at least:	1.15
Debt-to-Equity:	2.13	Trillion standard of less than:	4.00

Proposal:

Source of Funds:	Trillion BTU
Use of Funds:	20-kW Roof Mounted Solar Array
Amount of Loan:	\$85,000
Rate:	5.0%
Term:	10 years
Collateral:	Signed Loan Agreement PACE Special Assessment

Energy Savings:

40 MMBTUs (\$1,300) annually.

Workforce Implications:

Davis-Bacon wage requirements need to be followed.
1 FTE for construction jobs.

Policy Exceptions:

Yes – The lack of adequate debt service coverage on the building is mitigated by the owners’ other personal income to support the cash flow of the building.

Recommendation:

We recommend the approval of a \$85,000 Trillion BTU loan to LDT, Inc., and Tom Dwelle and Glen Dwelle, Jr.