


MEMORANDUM NOTICE

To: CREDIT COMMITTEE
From: Todd Hurley 
Subject: **REGULAR CREDIT COMMITTEE MEETING**
APRIL 26, 2022, 1:30 P.M.

Date: April 21, 2022

Chair Mullin is calling a meeting of the Credit Committee for **Tuesday, April 26, 2022 at 1:30 p.m.** in the Board Room of the Saint Paul Port Authority, 400 Wabasha Street No., Suite 240, St. Paul, MN.

The attendance for one or more Commissioners at the April 26, 2022 meeting will be by telephone conference. Accordingly, for this meeting, any person from the public may also participate by telephone conference, from a different location than the physical location of the meeting. Members of the public may monitor this meeting remotely at 651-395-7858, Conference ID: 591 628 790#

The purpose of the meeting is:

Minutes

Approval of Minutes of the March 22, 2022 Credit Committee Meeting

Conflict of Interest

Conflicts with any items on the agenda

Agenda Items

1. Conveyance of Land to PPL East 7th, LLC – Beacon Bluff Business Center
2. 2022 Lease Renewal and Rental Rate Adjustment – Northern Metal Recycling, LLC
3. Authorization to Apply for Contamination Cleanup Grant Funds for Redevelopment of The Heights, 2200 Larpentour Avenue East, Saint Paul, Minnesota
4. HFS Golden Rule, LLC – Approval of a \$882,000 Trillion BTU Loan
5. Hardman Properties, LLC – Approval of a \$420,000 Trillion BTU Loan
6. Such Other Business
 - Quarterly Report on Outside Funded PACE Projects – 1Q/2022

**SAINT PAUL PORT AUTHORITY
MINUTES OF THE REGULAR CREDIT COMMITTEE MEETING
MARCH 22, 2022**

The regular meeting of the Port Authority Credit Committee was held on March 22, 2022 at 1:32 p.m. via Microsoft Teams.

The following Committee Members were present:

John Bennett	Brianne Hamm	Matt Hill
John Marshall	Don Mullin	Matt Slaven

Also, present were the following:

Tonya Bauer	Nelly Chick	Angie Helms
Monte Hilleman	Todd Hurley	David Johnson
Bruce Kessel	Ann Kosel	Dana Krueger
Brittany Nelson	Andrea Novak	Kathryn Sarnecki
Laurie Siever	Linda Tran	Linda Williams
Eric Larson, City of Saint Paul		
Rebecca Noecker, City of Saint Paul		

APPROVAL OF MINUTES

Committee Member Bennett made a motion to approve the minutes of the February 22, 2022 Credit Committee meeting. The motion was seconded by Committee Member Marshall submitted to a roll call vote and carried unanimously.

CONFLICT OF INTEREST

Committee Member Bennett stated that he would abstain from discussions and voting on agenda item No. 2: Restructure and Reassignment of Finish Line Wellness Group, LLC \$550,000 BDF Loan.

Committee Members Hill and Hamm joined the meeting at this point.

AGENDA ITEMS

**CONVEYANCE OF LAND TO THE CITY OF SAINT PAUL –
1056 7TH STREET EAST, ST. PAUL, MN – BEACON BLUFF BUSINESS CENTER**

Mr. Hilleman reviewed his memorandum with the Committee requesting approval of the conveyance of approximately 0.67 acres of land located at 1056 7th Street East in the Beacon Bluff Business Center in Saint Paul, Minnesota to the City of Saint Paul for construction of a new Fire Station #7. Committee Member Marshall made a motion to approve the request. The motion was seconded by Committee Member Slaven, submitted to a roll call vote, and carried unanimously.

**RESTRUCTURE AND REASSIGNMENT OF FINISH LINE
WELLNESS GROUP, LLC \$550,000 BDF LOAN – TREASURE ISLAND ENTER**

Mr. Kessel reviewed his memorandum with the Committee requesting approval for the Port Authority to restructure and reassign the \$550,000 Finish Line Wellness Group, LLC Business Development Fund Loan associated with a wellness center at Treasure Island Center in Saint Paul, Minnesota to Mario Holdings, LLC (not IDTS Holdings, LLC. as indicated in his memorandum) d.b.a. IDTS Wellness and Go Wild, LLC. Committee Member Hamm made a motion to approve the request. The motion was seconded by Committee Member Marshall submitted to a roll call vote and carried by a vote of five with Committee Member Bennett abstaining.

2022 LEASE – CAPITAL CITY PROPERTIES PARKING RAMP

Mr. Larson reviewed his memorandum with the Committee requesting approval and authorization, (1) to enter into a redemption period lease (“Redemption Period Lease”) of the parking ramp (the “Ramp”) at 50 East 4th Street, Saint Paul, Minnesota, and (2) to terminate the lease of the Ramp between the Port Authority of the City of Saint Paul and Capital City Properties. Committee Member Slaven made a motion to approve the request. The motion was seconded by Committee Member Bennett, submitted to a roll call vote, and carried unanimously.

ENVISION COMMERCIAL, LLC – APPROVAL OF A \$251,000 TRILLION BTU LOAN

Mr. Klein reviewed his memorandum with the Committee requesting approval for the Port Authority to initiate a Trillion BTU loan for approximately \$251,000 with Envision Commercial, LLC for the installation of a 140 kW solar array on a commercial property located at 3105 65th Street East, Inver Grove Heights, Minnesota. Committee Member Hill made a motion to approve the request. The motion was seconded by Committee Member Slaven, submitted to a roll call vote, and carried unanimously.

OTHER BUSINESS

QUARTERLY OUTSIDE PACE FUNDING REPORT – 4TH QTR 2021

Mr. Klein reviewed the 4th Quarter Outside PACE Funding Report with the Committee.

Committee Member Slaven requested that Mr. Klein include the identity of the financial institutions involved in each transaction in future reports.

There being no further business, the meeting was adjourned at 2:07 p.m.

By: _____

Its: _____

MEMORANDUM

To: CREDIT COMMITTEE

Meeting Date: April 26, 2022

From: Tonya K. Bauer 

Subject: CONVEYANCE OF LAND TO PPL EAST 7th, LLC
BEACON BLUFF BUSINESS CENTER
RESOLUTION NO. _____

Action Requested:

Approval of the conveyance of a 2.21-acre parcel of land to PPL East 7th LLC at Beacon Bluff Business Center.

Background:

Attached is a memorandum outlining the terms for the land conveyance transaction with PPL East 7th, LLC for property located at Beacon Bluff Business Center. The proposed buyer is a subsidiary of Pride for Project in Living (PPL). PPL is a nonprofit organization based in Minneapolis, working to empower low-income people to become self-reliant through a myriad of services including housing, employment training, support services and education. PPL has successfully built and manages more than 1,599 units of safe, quality affordable housing throughout the Twin Cities. PPL intends to create a partnership with Soul Community Development, LLC (Soul), a partner of Minnesota Community Care (developer, and operator of East Side Family Clinic at Beacon Bluff) to potentially develop a clinical project in conjunction with the development to include integrated medical care provided by Minnesota Community Care.

The proposed project is a mixed-use development consisting of approximately 30,000 square feet of retail space, approximately 100,000 square feet of affordable housing space to be operated by PPL and comprised of 63 multi-generational housing units, and the facility may include a daycare, clinic, autism center, learning center and cafeteria style restaurant incubator space for local entrepreneurs which may be operated by Soul Community Development, LLC.

Recommendation:

We recommend approval of the conveyance of a parcel of land to PPL East 7th, LLC at Beacon Bluff Business Center.

Attachments: Memorandum
Site Plan
Resolution

MEMORANDUM

SAINT PAUL PORT AUTHORITY LAND CONVEYANCE TRANSACTION

Action Requested:

To approve the conveyance of real property, generally located along East 7th Street at Forest Street, bounded by East 7th Street, Minnehaha Avenue and Forest Street, for the construction of a mixed-use development consisting of approximately 30,000 square feet of retail space, approximately 100,000 square feet of affordable housing space.

Development Officer:

Tonya K. Bauer

Grantee:

PPL East 7th, LLC

Grantee Address:

1035 East Franklin Avenue
Minneapolis, MN 55404

Location of Property to be Conveyed:

The site is as per the attached site plan and measures approximately 2.21 acres.

Conveyance Structure:

Conveyance of land via Limited Warranty Deed. The property is being sold for \$8.00 per square foot, or \$770,140.00, plus buyer obligations that include adherence to the Beacon Bluff protective covenants. Both buyer and seller have conditions that must be met prior to transferring title of the real estate. Buyer's contingencies include site and building approvals, its Board approval, and financing. The Port Authority's contingencies include Board of Commissioner's approval, approval of the buyer's site and architectural design, and buyer's financing.

The contingency period for the transaction is 400 days after the effective date of the Purchase Agreement with closing to take place no later than 540 days after the effective date of the Purchase Agreement.

Other terms and conditions of the proposed purchase agreement include:

- A. The buyer has agreed to analyze and implement sustainable design concepts, as appropriate, into the design of their facility.
- B. The buyer has agreed to pay an initial \$25,000 earnest money deposit which is held by seller until the end of the Contingency Period. At the end of such period, the Earnest Money shall become non-refundable; if the buyer exercises its Option to Extend the contingency period, then the buyer shall make an additional earnest money deposit of

MEMORANDUM

\$25,000 (total earnest amount of \$50,000) it shall be refundable until the expiration of the then-extended contingency period. All earnest money shall be applicable to the Purchase Price if the Buyer closes.

- C. Buyer has agreed to pay prevailing wages, or more, for all skilled and unskilled labor for the proposed construction and enter into a Project Labor Agreement.
- D. Prior to January 1, 2049, Buyer shall take no action or permit others under Buyer's control to take any action to cause the Property or any portion thereof to be no longer subject to real property taxation. Buyer, its successors and assigns, shall not apply for an exemption from property tax on the Property or permit transfer of the Property to any entity whose ownership or operation of the Property would result in the Property being exempt from property tax under State law. This covenant shall survive Closing and shall run with the land and shall be evidenced by a Declaration recorded against the Property.

Nature of Intended Use:

A mixed-use development consisting of approximately 30,000 square feet of retail space, approximately 100,000 square feet of multi-generational affordable housing space comprised of 63 units.

Business Subsidy Agreement

This is a market rate transaction, there is no Business Subsidy Agreement required for this transaction.

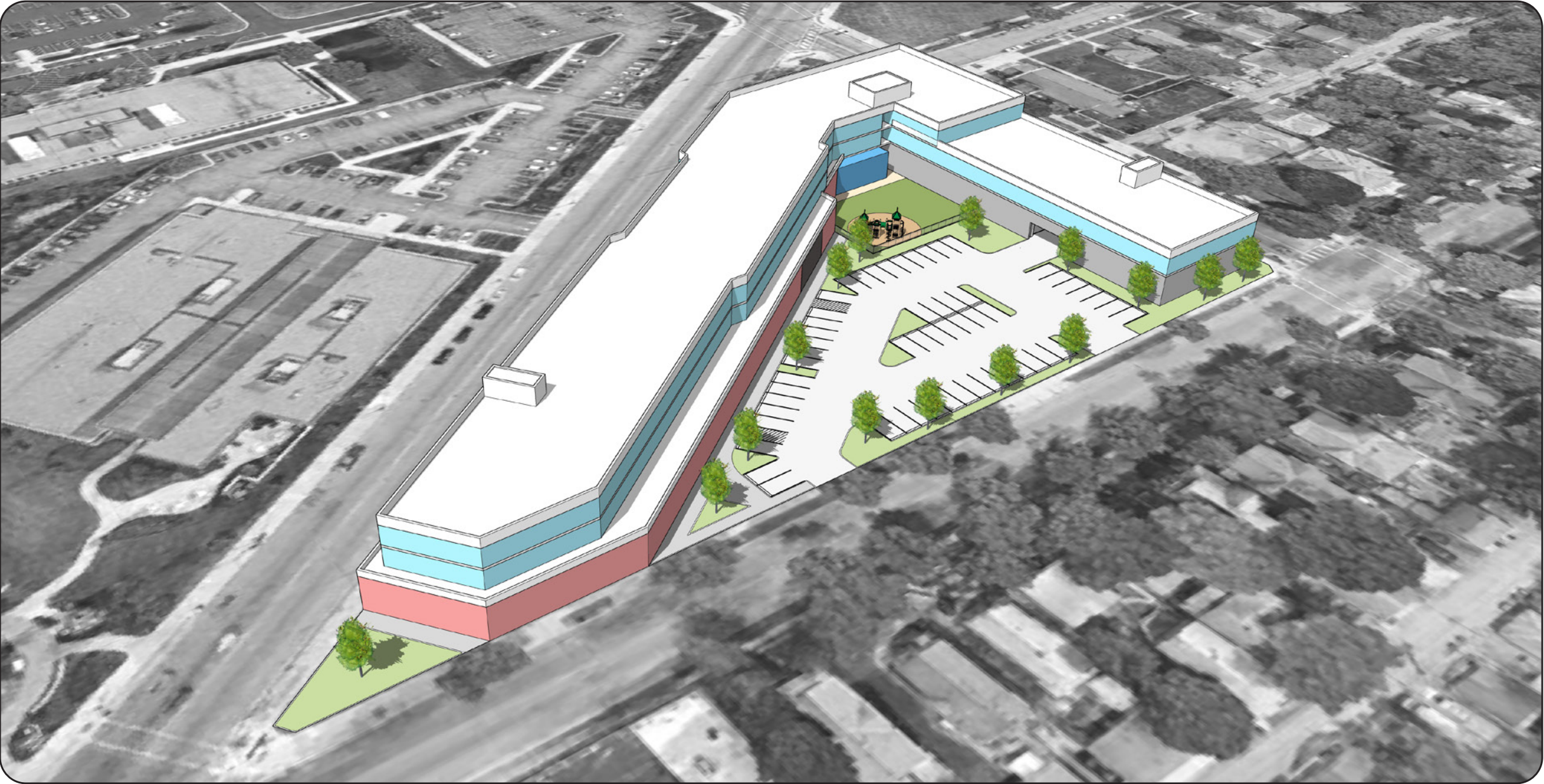
Exception from Port's Development Criteria/Covenants:

The Port Authority's development criteria were developed for, and applicable to, our light industrial business centers and anticipate those land uses, building forms, and workforce characteristics. This project is a residential and commercial mixed-use project and will generally not conform to the Development Criteria. The project will adhere to the Restrictive Covenants on the property, to the extent they are not incompatible with the use type proposed. As described, the project conforms to the sites zoning (B3) and direction from the Beacon Bluff Community Advisory Committee.

Development Officer's Comments:

The need for quality affordable housing is especially significant on the East Side of Saint Paul. Providing a clinic expansion opportunity and creation of urban affordable infill housing at Beacon Bluff helps further activate the site and serve the community in ways not previously envisioned. The site was guided for retail uses, with potential housing above, in the community engagement process and by the consensus recommended Development Concept from the 3M/Beacon Bluff Community Advisory Committee. The site has been marketed for commercial/retail uses since 2010 with a handful of interested developers and tenants since then, but none have successfully advanced a project. With PPL's mission and successful track record in affordable housing development, I believe this project will be a true asset to the community.





METRICS OVERVIEW

OVERALL TOTALS

Stories Above Grade:	3
Gross Square Footage:	142575
Total Parking:	93 STALLS

RESIDENTIAL

Total Residential Units:	63
Average Unit Size:	1149
Net Rentable:	72750
Interior Amenity:	5900
RATIO: 93.7 SF/UNIT	
Outdoor Amenity:	4800
RATIO: 76.2 SF/UNIT	
Parking:	38 STALLS
Stalls per Unit:	0.60

UNIT MIX

1 BEDROOM (750 SF)	30% (13 Units)
2 BEDROOM (1050 SF)	30% (19 Units)
3 BEDROOM (1300 SF)	33% (21 Units)
4 BEDROOM (1500 SF)	17% (11 Units)

COMMERCIAL

Gross SF:	31400
Parking:	55 STALLS

SITE

Site Area:	2.24 Acres
Density:	28.08 Units/Acre
FAR:	1.46

LEVELS	GROSS BUILDING SF	STRUCTURED PARKING SF	STRUCTURED PARKING STALLS	SURFACE PARKING STALLS	COMMERCIAL GROSS AREA SF	INTERIOR AMENITY	MECHANICAL & UTILITY	GROSS RESIDENTIAL	RESIDENTIAL EFFICIENCY	NET RENTABLE	UNITS
1	56600	15100	38	55	31400	5900	3000	7100			
2	48400					0	200	48400	84%	41000	36
3	37575					0	200	37575	84%	31750	28
TOTALS	142575	15100	38	55	31400	5900	3400	93075		72750	63

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

**[PUBLIC HEARING – CONVEYANCE OF LAND TO
PPL EAST 7TH, LLC - BEACON BLUFF BUSINESS CENTER]**

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 convey real estate located at the Beacon Bluff Business Center, and by reference made a part hereof and any personal property of the Port Authority included therewith (collectively, the "Property").

WHEREAS, the Port Authority did conduct a public hearing pursuant to said notice on April 26, 2022, at which hearing all taxpayers in the port district, both for and against the conveyance, were allowed to state their views.

WHEREAS, PPL East 7th, LLC, a subsidiary of Pride for Project Living ("PPL"), has entered into a Purchase Agreement to purchase real estate at the Beacon Bluff Business Center, which Property is owned by the Port Authority.

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; 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 to complete and execute said agreement to purchase in substantially the form as is on file in the office of the Port Authority, and the proper Port Authority officers are hereby authorized 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 26, 2022

From: LINDA K. WILLIAMS *LKW*

Subject: 2022 LEASE RENEWAL AND RENTAL RATE ADJUSTMENT – NORTHERN METAL RECYCLING, LLC
RESOLUTION NO. _____

Action Requested:

Approval of a 2022 lease renewal and rental rate adjustment for Northern Metal Recycling, LLC (“Tenant”) leasing 19 acres (827,640 square feet) of land in Barge Terminal No. 1 at 1031 Childs Road, Saint Paul, Minnesota (“Leased Premises”).

Background:

The Port Authority of the City of Saint Paul (“Port Authority”) originally entered into a 20-year Lease on May 1, 2007 with Great Western Recycling Industries, Inc., which was amended on December 1, 2009, to substitute Northern Metal Recycling, LLC as the tenant, due to a merger. A Lease Amendment was entered into on November 15, 2010, extending the Lease term to April 30, 2032 with two ten-year option to renew periods, both of which are subject to Port Authority Board approval, which if exercised and approved would extend the Lease to April 30, 2052.

The Lease also calls for rental rates to be renegotiated at five-year intervals and the Port Authority and Tenant have agreed upon rental rate adjustments for the May 1, 2022 to April 30, 2027 five-year renewal term (“2022 Lease Renewal”). The Leased Premises is primarily used for shipping and handling of scrap metal and salt.

Lease Terms and Conditions:

Original Lease: 5/1/2007
 2010 Amendment: Extends term to 4/30/2032 with two ten-year options, extending Lease to 4/30/2052
 Proposed Renewal: 5/1/2022 through 4/30/2027
 Annual rental rate adjustment: 2.4% per year (with 1.024 multiplier)

Base Rent	Square Footage	Period Total	Calculated PSF Rate
<i>2021/2022 Rate for Reference</i>		<i>\$221,466.07</i>	<i>0.2676</i>
May 1, 2022 - April 30, 2023	827,640	\$226,781.25	0.2740
May 1, 2023 - April 30, 2024	827,640	\$232,224.00	0.2806
May 1, 2024 - April 30, 2025	827,640	\$237,797.37	0.2873
May 1, 2025 - April 30, 2026	827,640	\$243,504.50	0.2942
May 1, 2026 - April 30, 2027	827,640	\$249,348.60	0.3013

MEMORANDUM

Tonnage:

Tonnage fees will be increased from \$0.075 per ton to \$0.10 per ton of loaded product, pursuant to the method of measurement in the original Lease.

These rental rates are in line with the other comparable leases in our river terminals. All of the base rent from this Lease and half of the tonnage will go to 876 bondholders through September 1, 2032. The other half of the tonnage will go to our River Maintenance Fund.

Common Area Maintenance Expenses:

If Landlord assumes common area maintenance costs and/or responsibilities, including common area insurance and stormwater management, Landlord shall operate, maintain, repair and replace the common areas of the Premises and Tenant shall pay its pro-rata share per the Lease.

Recommendation:

Approval of a 2022 lease renewal and rental rate adjustment for Northern Metal Recycling, LLC leasing 19 acres (827,640 square feet) of land in Barge Terminal No. 1 at 1031 Childs Road, Saint Paul, Minnesota.

Attachment: Resolution

**RESOLUTION OF THE
PORT AUTHORITY OF THE CITY OF SAINT PAUL
[2022 LEASE RENEWAL AND RENTAL RATE
ADJUSTMENT – NORTHERN METAL RECYCLING, LLC]**

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

WHEREAS, the Port Authority wants to enter into a 2022 Lease Renewal and Rental Rate Adjustment (“2022 Lease Renewal”) for 827,640 square feet of leased premises at 1031 Childs Road in Barge Terminal No. 1 with Northern Metal Recycling, LLC (the “Tenant”). The rates in the 2022 Lease Renewal run through April 30, 2027, increasing 2.4% per year as set forth below:

<u>Base Rent:</u>	<u>Annual Total Rent</u>	<u>PSF Rate</u>
May 1, 2022 – April 30, 2023	\$226,781.25	0.2740
May 1, 2023 – April 30, 2024	\$232,224.00	0.2806
May 1, 2024 – April 30, 2025	\$237,797.37	0.2873
May 1, 2025 – April 30, 2026	\$243,504.50	0.2942
May 1, 2026 – April 30, 2027	\$249,348.60	0.3013

WHEREAS, the Port Authority acknowledges there is one additional renewal and rental rate adjustment term through 2032 along with two additional ten-year renewal options, so as to extend the lease to the year 2052.

WHEREAS, the Port Authority want to increase the tonnage fees from \$0.075 per ton to \$0.10 per ton of loaded product.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE PORT AUTHORITY OF THE CITY OF SAINT PAUL that the proposed 2022 Lease Renewal and Rental Rate Adjustment—Northern Metal Recycling, LLC, as contained in the Memorandum to the Board, is hereby approved.

BE IT FURTHER RESOLVED that the President of the Port Authority, or anyone acting under his direction, is hereby authorized and directed to execute on behalf of the Port Authority the 2022 Lease Renewal and Rental Rate Adjustment – Northern Metal Recycling, LLC in accordance with the above-referenced terms in form as approved by counsel.

Adopted: April 26, 2022

PORT AUTHORITY OF THE
CITY OF SAINT PAUL

By _____
Its _____

ATTEST:

By _____
Its _____

MEMORANDUM

To: CREDIT COMMITTEE

Meeting Date: April 26, 2022

From: Monte M. Hilleman



**Subject: AUTHORIZATION TO APPLY FOR CONTAMINATION CLEANUP GRANT FUNDS FOR REDEVELOPMENT OF THE HEIGHTS (f/k/a HILLCREST REDEVELOPMENT SITE), 2200 LARPEUR AVENUE EAST, SAINT PAUL, MINNESOTA
RESOLUTION NO. _____**

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 for up to \$1,000,000.00, the Metropolitan Council for up to \$750,000.00 and Ramsey County for up to \$500,000.00 in Contamination Cleanup Grant funds for the redevelopment of The Heights (f/k/a Hillcrest Redevelopment Site), an approximately 112-acre site located at 2200 Larpeur Avenue East in Saint Paul, Minnesota.

Background

The Minnesota Department of Employment and Economic Development (DEED), the Metropolitan Council (Met Council) and Ramsey County have 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 to be used for 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, 2022, we intend to apply for funding from DEED, Met Council and Ramsey County to remediate The Heights, which the Port Authority owns in fee title. To apply for these funds, a resolution is required from the Port Authority Board of Commissioners authorizing the applications and if awarded, the Port Authority will be the grantee and agrees to act as legal sponsor to administer and be responsible for the grant funds.

The Heights was acquired in partnership with the City of Saint Paul with the goal of providing remediated and improved buildable lots to deliver 1,000 housing units, 1,000 light industrial living wage jobs, 20 acres of active and passive park space, remediated and restored wetlands and trails and stormwater amenities. See a map attached which shows the location of the property.

The City of Saint Paul led a land use Master Plan process including 2½ years of community engagement and planning. The Heights Master Plan is in the approval process, currently being vetted by the Planning Commission who will make a recommendation to the City Council. City

MEMORANDUM

Council action is expected in late May of this year. If funded, remediation could begin as soon as August of this year.

Recommendation:

We recommend approval of a resolution authorizing the Port Authority to apply to, and accept from, the Minnesota Department of Employment and Economic Development for up to \$1,000,000.00, the Metropolitan Council for up to \$750,000.00 and Ramsey County for up to \$500,000.00 in Contamination Cleanup grant 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.

Attachments: Map
 Resolution



Key Elements of the Plan

- A** Higher density housing located at the primary corner of McKnight Road and Larpenteur, near the location of the designated Neighborhood Node.
- B** A City Park, owned and operated by the City located at the Neighborhood Node. Park to be designed for active recreation, gatherings and events that facilitate community building.
- C** A Neighborhood Node is located on the north side of the site where a variety of compact and relatively dense uses come together in a walkable environment.
- D** Large flexible Light industrial blocks along McKnight Road.
- E** Lower density housing along the seam with the existing neighborhood to the west.
- F** Wetlands along McKnight Road are incorporated into the district stormwater system and are leveraged as a public asset as passive open space.

	Lower Density Residential	12 ac
	Higher Density Residential	13 ac
	Light Industrial	54 ac
	City Park	5 ac
	Buffers and Passive Space	7 ac
	Wetlands	6 ac
	District Stormwater/Landscape Buffer	2 ac
	Trail not in the ROW	.3 ac
	Right of Way	14 ac
	Neighborhood Node	

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

**[AUTHORIZATION TO APPLY FOR CONTAMINATION CLEANUP
GRANT FUNDS FOR REDEVELOPMENT OF THE HEIGHTS
(f/k/a HILLCREST REDEVELOPMENT SITE),
2200 LARPEN TEUR AVENUE EAST, SAINT PAUL, MINNESOTA]**

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

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; and

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

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

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; and

WHEREAS, the City of Saint Paul is a participant in the Livable Communities Act's Local Housing Incentives Account Program for 2022 as determined by the Metropolitan Council; and

is therefore eligible to make application to apply for funds under the Tax Base Revitalization Account; and

WHEREAS, the Port Authority has determined that The Heights, located at 2200 Larpenteur Avenue East in Saint Paul, Minnesota ("The Heights") meets the Tax Base Revitalization Account's purposes and criteria and is consistent with and promotes the purposes of the Metropolitan Livable Communities Act and the policies of the Metropolitan Council's adopted metropolitan development guide; and

WHEREAS, the Port Authority seeks authorization to submit a grant application to the Minnesota Department of Employment and Economic Development (DEED) for a grant of up to \$1,000,000.00; to the Metropolitan Council for a grant of up to \$750,000.00; and to Ramsey County for up to \$500,000.00 to fund contamination cleanup costs at The Heights in Saint Paul, Minnesota; and

WHEREAS, the site is located in a duly authorized and created Industrial Development District (IDD) as a part of an IDD created by the Port Authority prior to the Port Authority's acceptance and disbursement of the grant funds; and

WHEREAS, the contamination cleanup of The Heights property is consistent with the City of Saint Paul's comprehensive plan for land use in the area; and

WHEREAS, The Heights contamination cleanup project furthers industrial development and job creation in the City of Saint Paul; and

WHEREAS, the Port Authority finds that The Heights contamination cleanup project 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 BY THE BOARD OF COMMISSIONERS OF THE PORT AUTHORITY OF THE CITY OF SAINT PAUL that the President is hereby authorized on behalf of the Port Authority to make a grant applications to the Minnesota Department of Employment and Economic Development for a grant of up to \$1,000,000.00; the Metropolitan Council for a grant of up to \$750,000.00; and to Ramsey County for up to \$500,000.00 to fund contamination cleanup costs at The Heights (f/k/a Hillcrest Redevelopment Site) at 2200 Larpenteur Avenue East in Saint Paul, Minnesota.

BE IT FURTHER RESOLVED that the President is hereby authorized to enter into such documents as are necessary for the acceptance of said grants in the amount awarded to the Port Authority.

BE IT FURTHER RESOLVED that the Port Authority of the City of Saint Paul has the legal authority to apply for 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 application are committed to the project identified.

BE IT FURTHER RESOLVED that the Port Authority of the City of Saint Paul 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 if the Port Authority is awarded a grant by the State, the Metropolitan Council, or Ramsey County, the Port Authority of the City of Saint Paul will be the grantee and agrees to act as legal sponsor to administer and be responsible for grant funds expended for the project, and 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 of the City of Saint Paul certifies that it will comply with all applicable laws and regulations as stated in all contract agreements.

BE IT FURTHER RESOLVED that the President of the Port Authority of the City of Saint Paul is hereby authorized to execute such agreements as are necessary to implement the project on behalf of the Port Authority of the City of Saint Paul.

I certify that the above resolution was adopted by the Board of Commissioners of the Port Authority of the City of Saint Paul on April 26, 2022.

PORT AUTHORITY OF THE
CITY OF SAINT PAUL

By _____
Its Chair

ATTEST:

By _____
Its Secretary

MEMORANDUM

To: CREDIT COMMITTEE

Meeting Date: April 26, 2022

From: Peter M. Klein 

Subject: HFS Golden Rule, LLC - APPROVAL OF A \$882,000 TRILLION BTU LOAN

Action Requested:

Provide approval for the Port Authority to initiate a Trillion BTU loan for approximately \$882,000 with HFS Golden Rule, LLC for the installation of new HVAC equipment and an Energy Management System in a commercial property located at 85 7th Place E., Saint Paul, 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:

HFS Golden Rule, LLC is a real estate holding company that owns the Golden Rule Building. The Golden Rule has approximately 290,000 square feet of space and is currently over 90% occupied. The current assessed value for this property is \$18,201,100. The Port Authority previously funded the \$334,000 LED lighting upgrade in this building and the current outstanding balance of that loan is approximately \$228,000.

Proposed Project:

HVAC Equipment and an Energy Management System

Purchase Price and Installation	\$882,000
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Sources and Uses of Funds:

Sources of funds:

Trillion BTU	\$882,000
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Uses of funds:

Project Description	\$882,000
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In order to leverage the grant funds, we are working with public and private partners to ultimately fund this project. Ramsey County is assisting with placing the PACE special assessment on the property taxes and another funder will likely 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

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unlikely event that the special assessment is not assessed or if another funder does not take out the Trillion BTU loan, Trillion BTU will remain the funder of the loan.

Financial Analysis:

Tax returns and financial statements, for the last three years, were received and reviewed. They indicate sufficient revenue resources to service the PACE debt on this building. The following ratios were as of 12/31/2021:

Debt Service Coverage:	2.45	Trillion standard of at least:	1.15
Debt-to-Equity:	1 .30	Trillion standard of less than:	4.00

Proposal:

Source of Funds:	Trillion BTU
Use of Funds:	HVAC and EMS Upgrades
Amount of Loan:	\$882,000
Rate:	4.25%
Term:	10 years
Collateral:	Signed Loan Agreement PACE Special Assessment

Energy Savings:

3,244 MMBTUs (\$66,000) annually.

Workforce Implications:

Davis-Bacon wage requirements need to be followed.

9 FTE for construction jobs.

Policy Exceptions:

None.

Recommendation:

We recommend the approval of a \$882,000 Trillion BTU loan to HFS Golden Rule, LLC.

MEMORANDUM

To: CREDIT COMMITTEE **Meeting Date:** April 26, 2022
From: Peter M. Klein 
Subject: Hardman Properties, LLC - APPROVAL OF A \$420,000 TRILLION BTU LOAN

Action Requested:

Provide approval for the Port Authority to initiate a Trillion BTU loan for approximately \$420,000 with Hardman Properties, LLC for the installation of new 200 kW Solar System on a commercial property located at 220-230 Hardman Ave. S., South Saint Paul, 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:

Hardman Properties, LLC is a single asset real estate holding company that owns this approximately 31,000 square foot office / warehouse space. The property was purchased last September and is currently fully occupied. Two of the current tenants are also owned by the individuals that own Hardman Properties. The current appraised value for this property is \$2,100,000.

Proposed Project:

200 kWh Solar System	
Purchase Price and Installation	\$420,000

Sources and Uses of Funds:

Sources of funds:	
Trillion BTU	\$420,000
Uses of funds:	
Project Description	\$420,000

In order to leverage the grant funds, we are working with public and private partners to ultimately fund this project. Dakota County is assisting with placing the PACE special assessment on the property taxes and another funder will likely 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 unlikely event that the special assessment is not assessed or if another funder does not take out the Trillion BTU loan, Trillion BTU will remain the funder of the loan.

Financial Analysis:

Financial projections for Hardman Properties were received and reviewed. They indicate sufficient cash flow to service its debt. Additionally, financial statements for the two controlled operating entities, that are tenants, were received and reviewed. Both operating entities were profitable in 2021. Each of these operating companies also indicate sufficient revenue resources to service the PACE debt on this building. The following ratios were as of 3/31/2021 for Hardman Properties:

Debt Service Coverage:	1.17	Trillion standard of at least:	1.15
Debt-to-Equity:	8.28	Trillion standard of less than:	4.00

Proposal:

Source of Funds:	Trillion BTU
Use of Funds:	200 kWh Solar System
Amount of Loan:	\$420,000
Rate:	4.25%
Term:	10 years
Collateral:	Signed Loan Agreement PACE Special Assessment

Energy Savings:

859 MMBTUs (\$27,000) annually.

Workforce Implications:

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

Policy Exceptions:

Yes. The Debt-to-Equity is higher than our standard. This is mitigated by having two controlled operating businesses as tenants with a Debt-to-Equity ratio within our guidelines.

Yes. Hardman Properties has also only been in existence for eight months. However, one of the operating entities has been run by the current ownership of Hardman Properties since 2005. The profitability of the controlled operating entities, and the willingness of the mortgage holder to allow this assessment, mitigate the concern of working with a newly established entity.

Recommendation:

We recommend the approval of a \$420,000 Trillion BTU loan to Hardman Properties, LLC.

MEMORANDUM

To: CREDIT COMMITTEE

Meeting Date: April 26, 2022

From: Peter M. Klein 

Subject: Quarterly Report on Outside Funded PACE Projects – 1Q/2022

Action Requested:

Informational only.

Public Purpose:

Property Assessed Clean Energy (PACE) legislation was approved to assist building owners with the financing of energy efficiency and renewable energy projects.

Business Subsidy:

Loans financed by private parties at market rates are not a business subsidy.

Background:

At its February 2022 regular meeting, the Credit Committee approved the Internal Credit Committee to approve outside funded PACE financings.

Projects Funded:

Projects Funded	City	Lender	Loan Amount	Annual \$ Saved	BTU's Annual Savings	Use of Funds
Hastings Senior Living	Hastings	Petros	\$ 2,687,982	\$ 186,585	2,866,109,833	HVAC, Lighting
15 West 37th	Minneapolis	Sunrise	\$ 375,000	\$ 28,358	882,980,365	HVAC, Lighting & Solar
R & G Housing	Minneapolis	Sunrise	\$ 67,000	\$ 5,200	114,306,745	Solar
9231 Penn	Bloomington	PLG	\$ 250,000	\$ 13,344	400,000,000	Building Envelope
Quarry Center North	Waite Park	Spire	\$ 408,000	\$ 16,000	568,121,583	Solar
RPG Auto Mall	Coon Rapids	Spire	\$ 360,220	\$ 15,500	472,581,617	Solar
RPG Auto Mall	Spring Lake	Spire	\$ 124,000	\$ 6,700	118,401,315	Solar
RPG Auto Mall	Coon Rapids	Spire	\$ 75,544	\$ 5,200	80,867,757	Solar
			\$ 4,347,746	\$ 276,887	5,503,369,215	

Financial Analysis:

These projects represent fee income to the Port Authority of approximately \$11,000 in their initial year of assessment payments and \$125,000 over their term if not prepaid.

Energy Savings:

Annual dollars saved - \$276,887

Annual BTUs saved – 5,503,369,215

Workforce Implications:

47 FTE construction jobs.

Policy Exceptions:

None.

Recommendation:

Informational only.