


MEMORANDUM NOTICE

To: CREDIT COMMITTEE
From: Lee Krueger 
Subject: **REGULAR CREDIT COMMITTEE MEETING
APRIL 27, 2021 – 1:30 P.M.**

Date: April 22, 2021

Chair Mullin is calling a meeting of the Credit Committee for **Tuesday, April 27, 2021, at 1:30 p.m.** Chair Mullin has determined, due to the emergency declared by the Governor of Minnesota and the Mayor of Saint Paul regarding the COVID-19 health pandemic, that it is not practical nor prudent for the Saint Paul Port Authority Credit Committee and members of the staff to meet in-person or pursuant to Minnesota Statutes, Section 13D.02. In light of the COVID-19 health pandemic, it is not feasible for any member of the Saint Paul Port Authority Credit Committee and staff to be present at the regular location, and all staff and Committee members of the Saint Paul Port Authority will attend this meeting by telephone or other electronic means.

It is also not feasible for members of the public to attend the meeting at its regular location due to the health pandemic and emergency. Accordingly, no meeting will be held at the Saint Paul Port Authority offices which are located at 400 Wabasha Street No., Suite 240, St. Paul, MN. Members of the public may monitor this meeting remotely at 651-395-7858, Conference ID: 925 850 374#. The purpose of the meeting is:

Minutes

Approval of Minutes of the March 23, 2021 Regular Credit Committee Meeting and the April 5, 2021 Special Credit Committee Meeting

Conflict of Interest

Conflicts with any items on the agenda

Agenda Items

1. Grand Garage Holdings, LLC – Approval of a \$152,000 Trillion BTU Loan
2. Such other business that may come before the Committee.

**SAINT PAUL PORT AUTHORITY
MINUTES OF THE REGULAR CREDIT COMMITTEE MEETING
MARCH 23, 2021**

The regular meeting of the Port Authority Credit Committee was held on March 23, 2021 at 1:50 p.m. via Microsoft Teams.

The following Committee Members were present:

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

Also present were the following:

Lee Krueger	Todd Hurley	Monte Hilleman
Andrea Novak	Kathryn Sarnecki	David Johnson
Dana Krueger	Bruce Kessel	Laurie Siever
Linda Williams	Ann Kosel	Tonya Bauer
Nelly Chick	Michael Linder	Peter Klein

Nneka Constantino, Merrill Lynch
Dai Thao, City of Saint Paul
Mitra Jalali, City of Saint Paul
Eric Larson, City of Saint Paul
Josh Morrison, Frogtown Resident

ADMINISTRATION

OATH OF OFFICE

Chair Mullin administered the oath of office to Mr. Slaven. Mr. Slaven was appointed to the Port Authority Board by Mayor Melvin Carter at the February 17, 2021 Saint Paul City Council meeting and will serve a term of six years ending February 1, 2027.

APPROVAL OF MINUTES

Committee Member Marshall made a motion to approve the minutes of the February 23, 2021 Credit Committee meeting. The motion was seconded by Committee Member Bennett, submitted to a roll call vote and carried unanimously.

CONFLICT OF INTEREST

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

AGENDA ITEMS

**2021 LEASE RENEWAL AND RENTAL RATE
ADJUSTMENT – ALTER LOGISTICS COMPANY – SOUTHPORT TERMINAL**

Ms. Sarnecki reviewed her memorandum with the Committee requesting approval of a 2021 lease renewal and rental rate adjustment for leasing 801, 781, 751 and 0 Barge Channel Road in the Southport Terminal with Tenant, Alter Logistics Company d/b/a Alter River Terminal Saint Paul ("Alter" or "Tenant"). Committee Member Marshall made a motion to approve the request. The motion was seconded by Committee Member Hamm, submitted to a roll call vote and carried unanimously.

FINAL HECTOR, LLC – APPROVAL OF A \$213,000 TRILLION BTU LOAN

Mr. Linder reviewed his memorandum with the Committee requesting approval to initiate a Trillion BTU loan for approximately \$213,000 with Final Hector, LLC for the installation of HVAC units on a commercial property located in Maple Grove, Minnesota. Committee Member Hamm made a motion to approve the request. The motion was seconded by Committee Member Slaven, submitted to a roll call vote and carried unanimously.

GRAND GARAGE HOLDINGS, LLC – APPROVAL OF A \$152,000 TRILLION BTU LOAN

Mr. Linder reviewed his memorandum with the Committee requesting approval to initiate a Trillion BTU loan for approximately \$152,000 with Grand Garage Holdings, LLC for the installation of Roof-Top HVAC units on a commercial property located in Stillwater, Minnesota. Committee Member Marshall made a motion to delay approving the loan until a future date and requested that Mr. Linder come back to the Committee with a solid plan in place with a projection-based credit and a firm commitment. The motion was seconded by Committee Member Hamm.

THE ROCK TAVERN, LLC AND PEPPER STARS, LLC - APPROVAL OF A \$70,000 TRILLION BTU LOAN

Mr. Linder reviewed his memorandum with the Committee requesting approval to initiate a Trillion BTU loan for approximately \$70,000 with The Rock Tavern, LLC for the installation of a geothermal heat pump on a commercial property located in Grey Eagle, Minnesota. Committee Member Marshall made a motion to approve the request. The motion was seconded by Committee Member Hill. At the request of Committee Member Bennett, Committee Member Marshall amended his motion to approve pending receipt of projections with a debt coverage ratio that exceeds a 1 to 1 debt service coverage. The amended motion was seconded by Committee Member Hill, submitted to a roll call vote and carried unanimously.

OTHER BUSINESS

There being no further business, the meeting was adjourned at 2:25 p.m.

By: _____

Its: _____

SAINT PAUL PORT AUTHORITY
MINUTES OF THE SPECIAL CREDIT COMMITTEE MEETING
APRIL 5, 2021

The special meeting of the Port Authority Credit Committee was held on April 5, 2021 at 1:30 p.m. via Microsoft Teams.

The following Committee Members were present:

Don Mullin

John Bennett

John Marshall

Brianne Hamm

Matt Hill

Matt Slaven

Also present were the following:

Lee Krueger

Todd Hurley

Kathryn Sarnecki

Ava Langston-Kenney

Linda Tran

Michael Linder

Ann Kosel

Pete Klein

David Johnson

Bruce Kessel

Dana Krueger

Monte Hilleman

Tonya Bauer

Eric Larson, City of Saint Paul

CONFLICT OF INTEREST

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

AGENDA ITEMS

**APPROVAL TO EXECUTE A LOAN AGREEMENT AND
PROVIDE A \$250,000 BDF LOAN TO ALLIED PARKING**

Mr. Linder reviewed his memorandum with the Committee requesting approval to execute a loan agreement and provide a Business Development Fund (BDF) loan of \$250,000 to Allied Parking, Inc. for operating expenses at the Capital City Plaza Parking Garage. Committee Member Bennett made a motion to approve the request. The motion was seconded by Committee Member Slaven, submitted to a roll call vote, and carried unanimously.

Committee Member Slaven requested that staff provide an update on the court proceeding at the next committee meeting.

OTHER BUSINESS

There being no further business, the meeting was adjourned at 1:44 p.m.

By: _____

Its: _____

MEMORANDUM

To: CREDIT COMMITTEE

From: Michael J. Linder *MJL*

Subject: **GRAND GARAGE HOLDINGS, LLC**
APPROVAL OF A \$152,000 TRILLION BTU LOAN

Meeting Date: April 27, 2021

Action Requested:

Provide approval for the Port Authority to initiate a Trillion BTU loan for approximately \$152,000 with Grand Garage Holdings, LLC for the installation of Roof-Top HVAC units on a commercial property located in Stillwater, 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:

Grand Garage is a multi-tenant office/shopping complex located at 324 Main Street in downtown Stillwater. The building consists of 25,000 square feet with restaurant, retail, and office space. The building is currently 56% occupied. The building has a tax assessed value of \$2,144,000. The HVAC system needs to be replaced and will save \$14,300 in energy costs as estimated by an Xcel audit.

Proposed Project:

Replace HVAC Roof-Top Units

Purchase Price and Installation	\$152,000
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Sources and Uses of Funds:

Sources of funds:

Trillion BTU	\$152,000
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Uses of funds:

Replace HVAC Roof-Top Units	\$152,000
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Washington 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. If another funder does not take out the Trillion BTU loan, it will remain the funding source.

Financial Analysis:

Tax returns for the last three years show that the building has had losses in all three years. There was a net operating profit in 2018 when excluding non-cash depreciation. There is no mortgage on the building, however there is negative cash available for debt service. This is primarily due to one of the main restaurant spaces being vacant in 2019 and 2020, caused in part by COVID restrictions. The owners of the building have negotiated a new lease for the restaurant space beginning in July of 2021. With this lease, the property will have positive cash flow and the debt coverage ratio with the new lease would have been 2.43 to 1 when using 2020 financial data. The only liabilities include loans from partners, however, the debt to equity with those liabilities is 1.65 to 1.

The following ratios are as of December 31, 2020.

Debt Service Coverage:	Negative	Trillion standard of at least:	1.15
Debt-to-Equity:	1.65 to 1	Trillion standard of less than:	4.00

Proposal:

Source of Funds: Trillion BTU

Use of Funds: Replace HVAC Roof-Top Units

Amount of Loan: \$152,000

Rate: 4.25%

Term: 10 years

Collateral: Signed Loan Agreement
PACE Special Assessment in Place Prior to Funding

Energy Savings:

421 MMBTUs (\$14,300) annually.

Workforce Implications:

Davis-Bacon wage requirements need to be followed.

1 FTE for construction jobs.

Policy Exceptions:

Yes – Losses in the last three years and negative cash available for debt service is mitigated by the security of the PACE assessment, the new lease for the restaurant space and having no mortgage on the property.

Recommendation:

We recommend the approval of a \$152,000 Trillion BTU loan to Grand Garage Holdings, LLC.