

**MEMORANDUM  
NOTICE**

**To:** CREDIT COMMITTEE  
**From:** Lee Krueger *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.







## 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

**Sources and Uses of Funds:**

Sources of funds:	
Trillion BTU	\$152,000
Uses of funds:	
Replace HVAC Roof-Top Units	\$152,000

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.