


## MEMORANDUM NOTICE

**To:** CREDIT COMMITTEE  
**From:** Todd Hurley   
**Subject:** **REGULAR CREDIT COMMITTEE MEETING  
DECEMBER 13, 2022, 1:30 P.M.**

**Date:** December 8, 2022

Chair Mullin is calling a meeting of the Credit Committee for **Tuesday, December 13, 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 purpose of the meeting is:

### **Minutes**

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

### **Conflict of Interest**

Conflicts with any items on the agenda

### **Agenda Items**

1. J & K Farms, LLC – Approval of a \$85,000 Trillion BTU Loan
2. Feather Nest Inn, LLC – Approval of a \$100,000 Trillion BTU Loan
3. Iron Range Holdings, LLC – Approval of a \$30,500 Trillion BTU Loan
4. Such Other Business

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

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The regular meeting of the Port Authority Credit Committee was held on November 22, 2022, at 1:30 p.m. in the Board Room of the Saint Paul Port Authority, 400 Wabasha Street, Suite 240, Saint Paul, Minnesota 55102.

The following Committee Members were present:

Don Mullin	John Bennett	John Marshall
Matt Slaven	Brianne Hamm	Angela Riffe

Also, present were the following:

Todd Hurley	Pete Klein	Andrea Novak
Linda Tran	Angie Helms	Sarah Illi
Annamarie Kosel	Kathryn Sarnecki	Linda Williams
Monte Hilleman	Bruce Kessel	Dana Krueger
Laurie Siever	Cathy Mohr	George Hoene
Phoua Vang		
Eric Larson, City of Saint Paul		
Evan Jensen, University of St. Thomas Law Student		
Nneka Constantino, Merrill Lynch		

**APPROVAL OF MINUTES**

Committee Member Slaven made a motion to approve the minutes of the October 25, 2022, Credit Committee meeting. The motion was seconded by Committee Member Marshall, submitted to a vote, and carried unanimously.

**CONFLICT OF INTEREST**

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

**AGENDA ITEMS**

**TRAISER & SONS, LLC – APPROVAL OF A \$117,400 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 \$117,400 with Traiser & Sons, LLC for the replacement of 8 HVAC units on a commercial property located at 1830 Wooddale Drive in Woodbury, Minnesota. Committee Member Slaven made a motion to approve the request. The motion was seconded by Committee Member Hamm, submitted to a roll call vote, and carried unanimously.

**APPROVAL OF A LEASE AMENDMENT, RENEWAL AND RENTAL  
RATE ADJUSTMENT – BARENTZ NORTH AMERICA, LLC f/k/a ORIENTATION, LLC**

Ms. Williams reviewed her memorandum with the Committee requesting approval of a Lease Amendment, Renewal and Rental Rate Adjustment for Barentz North America, LLC f/k/a Orientation, LLC (“Tenant”) to continue leasing a barge loading access area located in the Southport Terminal at 637 Barge Channel Road, Saint Paul, Minnesota (“Leased Premises”). Committee Member Marshall made a motion to approve the request. The motion was seconded by Committee Member Riffe, submitted to a roll call vote, and carried unanimously.

**CONVEYANCE OF LAND TO ENERGY LANE PARKING, L.L.C., AN ENTITY  
AFFILIATED WITH POWER/MATION LOCATED IN THE ENERGY PARK BUSINESS CENTER**

Mr. Hoene reviewed his memorandum with the Committee requesting approval of the conveyance of approximately 0.85 acres of land to Energy Lane Parking L.L.C. (“Energy Lane Parking”) for the parking lot property located adjacent to 1310 Energy Lane in the Energy Park Business Center in Saint Paul, Minnesota (the “Property”). 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.

**AUTHORIZATION TO APPLY FOR AND ACCEPT UP TO ~~\$1,300,000~~ \$1,330,000 IN GRANT AND  
LOAN FUNDS FROM THE DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT FOR  
REDEVELOPMENT OF THE HEIGHTS, 2200 LARPEUR AVENUE EAST, SAINT PAUL, MINNESOTA**

Mr. Hilleman reviewed his memorandum with the Committee requesting authorization to apply for, and accept if awarded, grant and loan funds from the Minnesota Department of Employment and Economic Development (MN DEED) for up to \$1,330,000 in Minnesota Cleanup Revolving Loan Fund Program (RLF) funding, with up to \$650,000 of the MN DEED funding proposed as a sub-grant 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. Committee Member Slaven made a motion to approve the request. The motion was seconded by Committee Member Riffe, submitted to a roll call vote, and carried unanimously.

Mr. Hilleman informed the Committee that DEED had an additional \$30,000 available in the program thereby increasing the request.

**SUCH OTHER BUSINESS**

There being no further business, the meeting was adjourned at 1:45 p.m.

By: \_\_\_\_\_

Its: \_\_\_\_\_

## MEMORANDUM

**To:** CREDIT COMMITTEE

**Meeting Date:** December 13, 2022

**From:** Peter M. Klein 

**Subject:** J & K Farms, LLC - 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 J & K Farms, LLC for the installation of a new 38 kW Solar System.

**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:**

J & K Farms owns and operates a hog facility at 17482 630<sup>th</sup> Avenue in Rose Creek. The barn that the solar panels will be installed on was constructed in 2014 and has an appraised value of \$450,000. The current assessed value for this property is \$214,600.

**Proposed Project:**

38 kW Solar System

Purchase Price and Installation	\$85,000
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**Sources and Uses of Funds:**

Sources of funds:

Trillion BTU	\$85,000
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Uses of funds:

Project Description	\$85,000
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In order to leverage the grant funds, we are working with public and private partners to ultimately fund this project. Mower 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:**

J & K Farms has managed its farming operations since 2000 and financial statements for J & K Farms were received and reviewed. They indicate sufficient cash flow to service its debt. The following ratios were as of 10/31/2022 for J & K Farms:

Debt Service Coverage:	1.18	Trillion standard of at least:	1.15
Debt-to-Equity:	.54	Trillion standard of less than:	4.00

**Proposal:**

Source of Funds:	Trillion BTU
Use of Funds:	38 kWh Solar System
Amount of Loan:	\$85,000
Rate:	5.00%
Term:	10 years
Collateral:	Signed Loan Agreement PACE Special Assessment

**Energy Savings:**

179 MMBTUs (\$6,000) annually.

**Workforce Implications:**

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

**Policy Exceptions:**

None.

**Recommendation:**

Provide approval for the Port Authority to initiate a Trillion BTU loan for approximately \$85,000 with J & K Farms, LLC for the installation of a new 38 kW Solar System.

## MEMORANDUM

**To:** CREDIT COMMITTEE

**Meeting Date:** December 13, 2022

**From:** Peter M. Klein 

**Subject:** FEATHER NEST INN, LLC - APPROVAL OF A \$100,000 TRILLION BTU LOAN

**Action Requested:**

Provide approval for the Port Authority to initiate a Trillion BTU loan for approximately \$100,000, with Feather Nest Inn, LLC, for the installation of a new 58 kW Solar System.

**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:**

Feather Nest Inn purchased the property earlier this year. The facility consists of 12 bedrooms, in two separate buildings, and is located at 101 5<sup>th</sup> Ave. W. in Grand Marais. It has a long history as a motel at the start of the Gunflint Trail. The current assessed value for this property is \$340,300 and the appraised value is \$500,000.

**Proposed Project:**

58 kW Solar System

Purchase Price and Installation	\$100,000
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**Sources and Uses of Funds:**

Sources of funds:

Trillion BTU	\$100,000
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Uses of funds:

Project Description	\$100,000
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In order to leverage the grant funds, we are working with public and private partners to ultimately fund this project. Cook 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:**

The Feather Nest Inn began operations earlier this year. The AIRBNB financial report shows significant revenues for the partial year of 2022. This indicates sufficient cash flow to service its debt. The following ratios were as of 10/31/2022 for Feather Nest Inn:

Debt Service Coverage:	2.74	Trillion standard of at least:	1.15
Debt-to-Equity:	2.62	Trillion standard of less than:	4.00

**Proposal:**

Source of Funds:	Trillion BTU
Use of Funds:	58 kWh Solar System
Amount of Loan:	\$100,000
Rate:	5.00%
Term:	10 years
Collateral:	Signed Loan Agreement PACE Special Assessment

**Energy Savings:**

220 MMBTUs (\$9,000) annually.

**Workforce Implications:**

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

**Policy Exceptions:**

None.

**Recommendation:**

Provide approval for the Port Authority to initiate a Trillion BTU loan for approximately \$100,000, with Feather Nest Inn, LLC, for the installation of a new 58 kW Solar System.

## MEMORANDUM

**To:** CREDIT COMMITTEE

**Meeting Date:** December 13, 2022

**From:** Peter M. Klein 

**Subject:** IRON RANGE HOLDINGS, LLC - APPROVAL OF A \$30,500 TRILLION BTU LOAN

**Action Requested:**

Provide approval for the Port Authority to initiate a Trillion BTU loan for approximately \$30,500, with Iron Range Holdings, LLC, for the installation of a new boiler.

**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:**

Iron Range Holdings purchased this 12-unit multi-family apartment building, located at 1029 Raymond Avenue in Saint Paul, in April of 2022. All of the units are currently leased.

**Proposed Project:**

New Boiler

Purchase Price and Installation	\$30,500
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**Sources and Uses of Funds:**

Sources of funds:

Trillion BTU	\$30,500
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Total

Uses of funds:

Project Description	\$30,500
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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 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:**

Iron Range Holdings purchased the building in April so we do not have a full year of financial history. All of the units are rented and the cash flow is sufficient to service the debt. The County has an assessed value of \$1,521,500 on the property. The following ratios are as of November 30, 2022:

Debt Service Coverage:	1.68	Trillion standard of at least:	1.15
Debt-to-Equity:	2.49	Trillion standard of less than:	4.00

**Proposal:**

Source of Funds:	Trillion BTU
Use of Funds:	New Boiler
Amount of Loan:	\$30,500
Rate:	5.00%
Term:	10 years
Collateral:	Signed Loan Agreement PACE Special Assessment

**Energy Savings:**

TBD.

**Workforce Implications:**

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

**Policy Exceptions:**

None.

**Recommendation:**

Provide approval for the Port Authority to initiate a Trillion BTU loan for approximately \$30,500, with Iron Range Holdings, LLC, for the installation of a new boiler.