


## MEMORANDUM NOTICE

**To:** CREDIT COMMITTEE

**From:** Lee Krueger 

**Subject:** **REGULAR CREDIT COMMITTEE MEETING**  
**FEBRUARY 25, 2020 – 2:00 P.M.**

**Date:** February 20, 2020

Chair Mullin is calling a meeting of the Credit Committee for Tuesday, **February 25, 2020**, at **2:00 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 January 21, 2020 Regular Credit Committee Meeting

### **Conflict of Interest**

Conflicts with any items on the agenda

### **Agenda Items**

1. Amendment to Expand the Boundaries of the Trout Brook Industrial Development District
2. Hmong Village, LLC and Hmong Village, Inc. – Approval of a \$315,000 Trillion BTU Loan
3. Such other business that may come before the Committee

**SAINT PAUL PORT AUTHORITY  
MINUTES OF THE REGULAR CREDIT COMMITTEE MEETING  
JANUARY 21, 2020**

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Committee Chair Mullin called the Regular Meeting of the Credit Committee to order at 2:03 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:

Don Mullin	John Bennett	Brianne Hamm
Matt Hill	John Marshall	Paul Williams

Also present were the following:

Lee Krueger	Todd Hurley	Monte Hilleman
Michael Linder	Bruce Kessel	Andrea Novak
Dana Krueger	Kathryn Sarnecki	Tonya Bauer
Laurie Siever	David Johnson	Nelly Chick
Linda Williams	Ann Kosel	
Eric Larson, City of Saint Paul		
Debra Newel, City of Saint Paul		

**APPROVAL OF MINUTES**

Committee Member Bennett made a motion to approve the minutes of the December 17, 2019 Credit Committee meeting. The motion was seconded by Committee Member Hamm, submitted to a vote and carried unanimously.

**CONFLICT OF INTEREST**

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

**AGENDA ITEMS**

**2020 GRANT APPLICATION AND ACCEPTANCE AUTHORIZATION**

Mr. Larson reviewed his memorandum with the Committee requesting approval for 2020 for the Port Authority to apply for and accept grants that further the Port Authority's mission. Committee Member Marshall made a motion to approve the request. The motion was seconded by Committee Member Williams, submitted to a vote and carried unanimously.

**CONVEYANCE OF LAND TO BEHOME COMMUNITIES, LLC – BEACON BLUFF BUSINESS CENTER**

Mr. Hilleman reviewed his memorandum with the Committee requesting approval of the conveyance of land to BeHome Communities, LLC at Beacon Bluff Business Center. Committee

Member Hamm made a motion to approve the request. The motion was seconded by Committee Member Bennett, submitted to a vote and carried unanimously.

**TWIN CITIES ATHLETIC TRAINING**  
**TREASURE ISLAND CENTER – APPROVAL OF A \$300,000 BDF LOAN**

Mr. Linder reviewed his memorandum with the Committee requesting approval of a \$300,000 BDF loan to Twin Cities Athletic Training for equipment to operate a fitness center at Treasure Island Center. Committee Member Bennett made a motion to approve the request. The motion was seconded by Committee Member Williams, submitted to a vote and carried unanimously.

**1000 UNIVERSITY AVENUE PROPERTIES, LP**  
**APPROVAL OF A \$260,000 TRILLION BTU LOAN**

Mr. Linder reviewed his memorandum with the Committee requesting approval of a \$260,000 Trillion BTU loan to 1000 University Avenue Properties, LP for the installation of a new roof and 53-kW solar array. Committee Member Williams made a motion to approve the request. The motion was seconded by Committee Member Bennett, submitted to a vote and carried unanimously.

**JOHN AND EUGENE ALLEN**  
**APPROVAL OF AN \$84,900 TRILLION BTU LOAN**

Mr. Linder reviewed his memorandum with the Committee requesting approval of an \$84,900 Trillion BTU loan to John and Eugene Allen for the installation of a 45-kW solar array. Committee Member Hamm made a motion to approve the request. The motion was seconded by Committee Member Williams, submitted to a vote and carried unanimously.

**JOSEPH AND JANINE ENGEN**  
**APPROVAL OF A \$58,700 TRILLION BTU LOAN**

Mr. Linder reviewed his memorandum with the Committee requesting approval of a \$58,700 Trillion BTU loan to Joseph and Janine Engen for the installation of a 24-kW solar array. Committee Member Bennett made a motion to approve the request. The motion was seconded by Committee Member Marshall, submitted to a vote and carried unanimously.

**IBYS, LLC AND G & L FURNITURE, INC.**  
**APPROVAL OF A \$90,000 TRILLION BTU LOAN**

Mr. Linder reviewed his memorandum with the Committee requesting approval of a \$90,000 Trillion BTU loan to IBYS, LLC and G & L Furniture, Inc. for the installation of a 40-kW solar array. Committee Member Bennett made a motion to approve the request. The motion was seconded by Committee Member Williams, submitted to a vote and carried unanimously.

**252 MARIE, LLC AND WESTVIEW PARK  
APARTMENTS, LP APPROVAL OF AN \$800,000 TRILLION BTU LOAN**

Mr. Linder reviewed his memorandum with the Committee requesting approval of an \$800,000 Trillion BTU loan to 252 Marie, LLC and Westview Park Apartments, LP for the installation of energy efficiency improvements. Committee Member Bennett made a motion to approve the request. The motion was seconded by Committee Member Hamm, submitted to a vote and carried unanimously.

**CAPITAL ENTERPRISES, LLC AND CAPITAL GRANITE  
AND MARBLE, INC. – APPROVAL OF A \$400,000 TRILLION BTU LOAN**

Mr. Linder reviewed his memorandum with the Committee requesting approval of a \$400,000 Trillion BTU loan to Capital Enterprises, LLC and Capital Granite and Marble, Inc. for the installation of a 245-kW solar array. Committee Member Williams made a motion to approve the request. 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 2:50 p.m.

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

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

## MEMORANDUM

**To:** CREDIT COMMITTEE

**Meeting Date:** February 25, 2020

**From:** Ava Langston-Kenney

**Subject:** AMENDMENT TO EXPAND THE BOUNDARIES OF THE TROUT BROOK  
INDUSTRIAL DEVELOPMENT DISTRICT  
RESOLUTION NO. \_\_\_\_\_

**Action Requested:**

Approval of an amendment to expand the boundaries of the Trout Brook Industrial Development District (hereafter referred to as the "Trout Brook IDD"), to include the land proposed and described in Exhibit A and depicted on the maps in Exhibit B.

**Background:**

Minnesota Statutes Section 469.058 permits the Saint Paul Port Authority (the "Port Authority") to create, expand, and amend an Industrial Development District ("IDD") and engage in the redevelopment of marginal property in such districts.

The Trout Brook IDD was originally created on June 26, 1979, by Resolution No. 1511, to allow the Port Authority to add to the tax base and employment on real property that is now underutilized.

The existing Trout Brook IDD is adjacent to the Arlington-Jackson IDD. The Port Authority is authorized to conduct property transactions and use its other statutory powers only within a properly designated IDD. This action would simply extend the area of the existing Trout Brook IDD to include some additional industrial-zoned property, some of which has been vacant for some time and contains high quality wetlands that the Watershed District, the City, and the Port Authority are interested in preserving. Any future property transactions or other use of the Port Authority's statutory powers within this expanded Trout Brook IDD would have to be brought before the Board for consideration.

Minnesota statutes permit overlapping IDDs and the expansion of existing IDDs and IDDs with non-contiguous properties. Furthermore, a development district may be created or amended if the authority finds that a development district is proper and desirable to establish and develop a system of harbor and river improvements and industrial developments (including economic development) in its port district. The property within the proposed Trout Brook IDD, as amended, suffers from one or more of the conditions described in Section 469.048, Subdivision 5, entitled "Marginal Property", including but not limited to the following subparts:

- (1) faulty planning causing deterioration, disuse, or economic dislocation;

## MEMORANDUM

- (3) lots laid out without regard to their physical characteristics and surrounding conditions;
- (4) inadequate streets, open spaces, and utilities;
- (5) areas that may flood;
- (7) lack of use or improper use of areas, resulting in stagnant or unproductive land that could contribute to the public health, safety and welfare; and
- (10) lands within an industrial area not used for industry but needed for industrial development of the area.

In support of these findings, see the City of Saint Paul 2040 Comprehensive Plan and the North End District Plan dated Sept 7, 2016, which overall vision is as follows:

“The North End area, with some of Saint Paul’s older neighborhoods, will be an attractive, welcoming community that has preserved and enhanced its historic character, natural environment, and civic amenities. Residents will have a diverse choice of housing through their lifetimes. The commercial and industrial bases will be strong, providing living-wage jobs for residents from the community and elsewhere in Saint Paul. Industrial areas and residential neighborhoods will be compatible with each other. Residents will have improved access to services and to parks, schools, jobs, and institutions they value. Publicly-owned land, including along Wheelock Bluff, in Trout Brook and the Trout Brook Nature Sanctuary, and Willow Reserve, will be preserved.”

**Recommendation:**

We recommend approval of the amendment to expand the boundaries of the Trout Brook Industrial Development District to include the land set forth in Exhibit A and depicted on the maps in Exhibit B.

Attachments:     Exhibit A – Legal Description/Boundaries  
                         Exhibit B – Maps  
                         Resolution

## **EXHIBIT A**

### Description of Land

#### Current Trout Brook IDD

A tract of land located in Ramsey County, Minnesota described as follows:

That part of the Northeast quarter of the Southwest quarter, Section 19, Township 29, Range 22, lying Easterly of the Minneapolis, St. Paul and Sault Ste Marie Railway Company right-of-way, Northerly of the Northern Pacific Railway Company Right-of-way, South of Arlington Avenue and west of Jackson Street. Containing 19.95 acres, more or less.

#### Proposed Trout Brook IDD with Expansion

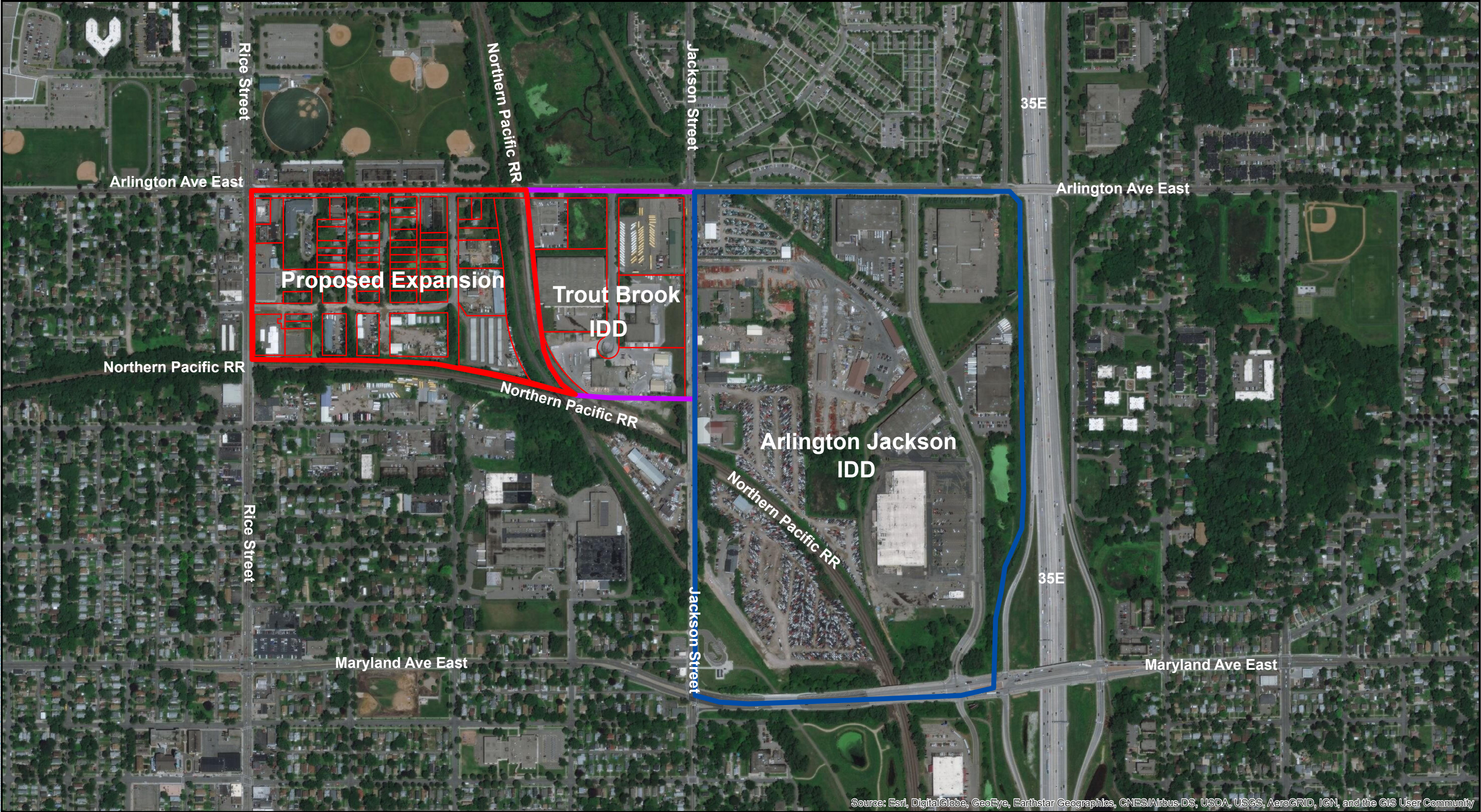
That part of the Northeast quarter of the Southwest quarter, Section 19, Township 29, Range 22, lying East of Rice Street, North of Northern Pacific Railway Company Right-of-way, South of Arlington Avenue East and west of Jackson Street. Containing 59 acres, more or less.

**EXHIBIT B**

Maps of Premises

*{Attached}*

Current and Proposed Trout Brook IDD Expansion

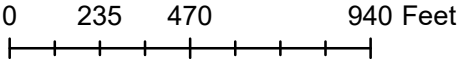


Document Path: K:\GIS\WORKING\XBDs\2020 02 10 IDD Trout Brook1.mxd

Source: Esri, DigitalGlobe, GeoEye, Earthstar Geographics, CNES/Airbus DS, USDA, USGS, AeroGRID, IGN, and the GIS User Community

Data contained on this map has not been field verified and should be used as reference only. It is the user's responsibility for field verifying elevations, locations, dimensions, etc. to conduct detail design.

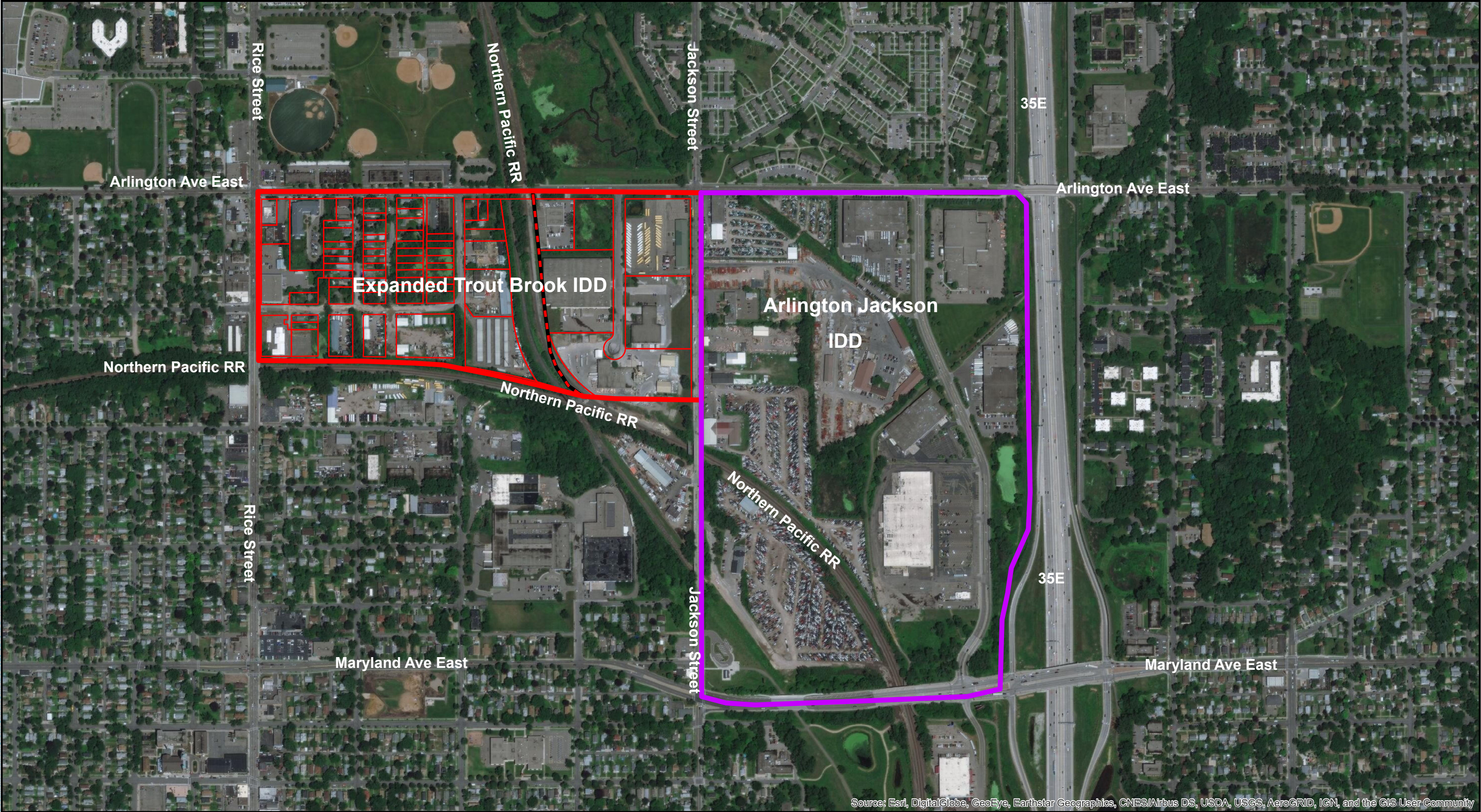
The Saint Paul Port Authority specially disclaims all warranties, expressed or implied, including but not limited to implied warranties of fitness for a particular purpose, with respect to the information contained on this map. The Saint Paul Port Authority shall have no liability with respect to any loss or damage directly or indirectly arising out of the use of this data.



IDD, Resolution  Proposed Expansion,  Trout Brook, 1511  Arlington Jackson, 3443



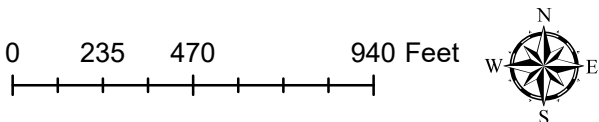
Proposed Trout Brook IDD Expansion



**Description, Resolution**  Arlington Jackson, 3443  Expanded Trout Brook IDD  Trout Brook Propsed

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

**[PUBLIC HEARING – AMENDMENT TO EXPAND THE BOUNDARIES  
OF THE TROUT BROOK INDUSTRIAL DEVELOPMENT DISTRICT]**

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 amendment to expand the boundaries of the Trout Brook Industrial Development District ("Trout Brook IDD") 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 amend said boundaries of the Trout Brook IDD.

WHEREAS, the Trout Brook IDD was created by Resolution No. 1511, dated June 26, 1979, to allow the Port Authority to add to the tax base and employment on real property that is now underutilized. In furtherance of facilitating the development in the area, the Trout Brook IDD will be expanded to include some additional industrial-zoned property and high-quality wetlands, some of which have been vacant for some time. A description of the current and proposed expanded boundaries to the Trout Brook IDD is attached hereto as Exhibit A. Maps depicting the current and proposed expanded boundaries of the Trout Brook IDD are attached hereto as Exhibit B.

WHEREAS, the Port Authority did conduct a public hearing pursuant to said notice on February 25, 2020, at which hearing all taxpayers in the port district, both for and against the proposed expansion of the Trout Brook IDD, were allowed to state their views.

WHEREAS, the Port Authority finds that the lands within the expanded Trout Brook IDD are characterized by economic dislocation, deterioration and disuse resulting from faulty planning.

WHEREAS, the Port Authority finds that certain lots within the expanded Trout Brook IDD are laid out without regard to their physical characteristics and surrounding conditions.

WHEREAS, the Port Authority finds that certain areas within the expanded Trout Brook IDD are characterized by the existence of inadequate streets, open spaces and inadequate utilities.

WHEREAS, the Port Authority finds that certain areas within the expanded Trout Brook IDD are areas that may flood.

WHEREAS, the Port Authority finds that certain lands within the expanded Trout Brook IDD are characterized by a growing lack of proper utilization of areas, resulting in a stagnant and

unproductive condition of land potentially useful and valuable for contributions to the public health, safety, and welfare of the citizens of the port district of Saint Paul.

WHEREAS, the Port Authority finds that certain lands within the expanded Trout Brook IDD are not devoted to industrial and other economic uses but are necessary to industrial and economic development within the district.

WHEREAS, the Port Authority finds that the expansion of the boundaries of the Trout Brook IDD, as described above, is proper and desirable in establishing economic development for the benefit of the Port Authority's district and the citizens of Saint Paul.

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 hereby finds, determines and declares that the property within the amended Trout Brook IDD is marginal land as defined in Minnesota Statutes Section 469.048, Subd. 5.
2. That the Port Authority hereby amends and expands the boundaries of the Trout Brook IDD to include the property described on Exhibit A attached hereto and depicted on the maps attached as Exhibit B hereto.

Adopted: February 25, 2020

PORT AUTHORITY OF THE  
CITY OF SAINT PAUL

By \_\_\_\_\_  
Its \_\_\_\_\_

Attest:

By \_\_\_\_\_  
Its \_\_\_\_\_

## MEMORANDUM

**To:** CREDIT COMMITTEE

**From:** Michael J. Linder *MJL*

**Subject:** **HMONG VILLAGE, LLC AND HMONG VILLAGE, INC.  
APPROVAL OF A \$315,000 TRILLION BTU LOAN**

**Meeting Date:** February 25, 2020

**Action Requested:**

Provide approval for the Port Authority to initiate a Trillion BTU loan for approximately \$315,000 with Hmong Village, LLC and Hmong Village, Inc. for the installation of LED lighting and other efficiency improvements on a commercial property located in 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:**

Hmong Village Shopping Center opened in 2010 and is a 105,000 square foot indoor marketplace offering the community a place to shop local vendors, enjoy ethnic food and purchase fresh produce and groceries. The center also has business offices and conference spaces. The property is located at 1001 Johnson Parkway in Saint Paul. Xcel Energy completed a turnkey energy assessment and found numerous opportunities to improve efficiencies, including LED lighting, new refrigeration systems, upgraded HVAC control systems and kitchen exhaust units. The property is owned by Hmong Village, LLC and has a tax assessed value of \$5,549,000.

**Proposed Project:**

LED Lighting, HVAC Controls, Refrigeration Upgrades	
Purchase Price and Installation	\$315,000

**Sources and Uses of Funds:**

Sources of funds:	
Trillion BTU	\$315,000
Uses of funds:	
LED Lighting, HVAC Controls, Refrigeration Upgrades	\$315,000

Ramsey 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 funding source.

**Financial Analysis:**

Tax returns were received for the last three years for the operating entity, Hmong Village, Inc. and show the mall was profitable in all three years with increasing revenue over that period. The entity had a debt service coverage ratio of 1.66 to 1 and a proforma coverage ratio including the PACE loan of 1.45 to 1. Debt-to-equity was above guideline at 5.56 to 1. The mortgage loan to taxable assessed value was 80%. The following ratios are as of December 31, 2018:

Debt Service Coverage:	1.66	Trillion standard of at least:	1.15
Debt-to-Equity:	5.56	Trillion standard of less than:	4.00

**Proposal:**

Source of Funds: Trillion BTU

Use of Funds: LED Lighting, HVAC Controls, Refrigeration Upgrades

Amount of Loan: \$315,000

Rate: 5.0%

Term: 10 years

Collateral: Signed Loan Agreement  
PACE Special Assessment

**Energy Savings:**

4,700 MMBTUs (\$75,500) annually.

**Workforce Implications:**

Davis-Bacon wage requirements need to be followed.

4 FTE for construction jobs.

**Policy Exceptions:**

Yes – Debt-to-equity was above guideline, mitigated by the debt service coverage ratio and the consistent profitability of the organization.

**Recommendation:**

We recommend the approval of a \$315,000 Trillion BTU loan to Hmong Village, LLC and Hmong Village, Inc.

**Trillion BTU / PACE Loan Summary**  
**For the month of February 2020**

<b>Borrower</b>	<b>Hmong Village, LLC / Hmong Village, Inc.</b>
<b>Loan Amount</b>	\$ 315,000
<b>Interest Rate</b>	5.00%
<b>Term (Years)</b>	10
<b>Collateral</b>	
Signed Loan Agreement	Y
Personal Guaranty	N
PACE Special Assessment	Y
<b>Project Description</b>	Lighting, HVAC, refrigeration, etc.
<b>Sources &amp; Uses</b>	
<b>Sources of Funds:</b>	
Trillion BTU	\$ 315,000
Other Funding Sources	
<b>Total Sources</b>	\$ 315,000
<b>Uses of Funds:</b>	
HVAC	\$ -
LED Lighting	
Solar Array	
Boiler	
Other	\$ 315,000
<b>Total Uses</b>	\$ 315,000
<b>Financial Ratios</b>	
Debt Service Coverage (Std > 1.15)	1.66
Debt-to-Equity (Std < 4.00)	5.56
Profitable in 2 of last 3 years (Y/N)	Y
Policy Exception (Y/N)	Y
<b>Annual Energy Savings</b>	
MMBTUs	4,700
Dollars	\$ 75,500
<b>Workforce Implications</b>	
Construction Jobs	4