

**SAINT PAUL PORT AUTHORITY
MINUTES OF THE REGULAR CREDIT COMMITTEE MEETING
JANUARY 24, 2023**

The regular meeting of the Port Authority Credit Committee was held on January 24, 2023, 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:

Matt Slaven	John Marshall	Don Mullin
Angela Riffe	Brianne Hamm	

Also, present were the following:

Andrea Novak	Annamarie Kosel	Bruce Kessel
Cathy Mohr	Dana Krueger	Laurie Siever
Linda Tran	Linda Williams	Pete Klein
Phoua Vang	Sarah Illi	Todd Hurley
Eric Larson, City of Saint Paul		
Samantha Juneau, City of Saint Paul		

APPROVAL OF MINUTES

Committee Member Riffe made a motion to approve the minutes of the December 13, 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

ST. PAUL PROPERTIES, LLC – APPROVAL OF A \$328,000 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 \$328,000 with St. Paul Properties, LLC, 701 Lexington Pkwy N., Saint Paul for the purchase and installation of a new boiler, HVAC, lighting, EMS, and envelope. 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.

Mr. Klein was asked to add to the financial analysis section all future Credit memos outstanding mortgage balances and a more thorough explanation of negative equity.

ASPIRE BAKERIES HOLDINGS, LLC – APPROVAL OF A \$200,000 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 \$200,000 with Aspire Bakeries Holdings, LLC, 4075 Norex Drive, Chaska for the purchase and installation of new lighting. 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.

MIDWAY CONTEMPORARY ART – APPROVAL OF A \$364,000 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 \$364,000 with Midway Contemporary Art, 1509 Marshall Street NE, Minneapolis for a new boiler, HVAC, lighting, EMS, and envelope. Committee Member Riffe made a motion to approve the request. The motion was seconded by Committee Member Slaven, submitted to a roll call vote, and carried unanimously.

FARMSTEAD, LLC – APPROVAL OF A \$109,000 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 \$109,000 with Farmstead, LLC, 3948 Lyndale Avenue South, Minneapolis for the purchase and installation of a new boiler, HVAC, lighting, and envelope. Committee Member Slaven made a motion to approve the request. The motion was seconded by Committee Member Marshall, submitted to a roll call vote, and carried unanimously.

SUCH OTHER BUSINESS


QUARTERLY REPORT ON OUTSIDE FUNDED PACE PROJECTS – 4Q/2022

Committee Chair Mullin thanked Mr. Klein for providing the Credit Committee with the quarterly report on outside funded PACE projects.

There being no further business, the meeting was adjourned at 1:48 p.m.

By:  _____
Its: Chair _____

**MEMORANDUM
NOTICE**

To: CREDIT COMMITTEE
From: Todd Hurley 
Subject: **REGULAR CREDIT COMMITTEE MEETING
JANUARY 24, 2023, 1:30 P.M.**

Date: January 19, 2023

Chair Mullin is calling a meeting of the Credit Committee for **Tuesday, January 24, 2023, 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 December 13, 2022 Credit Committee Meeting

Conflict of Interest

Conflicts with any items on the agenda

Agenda Items

1. St. Paul Properties, LLC – Approval of a \$328,000 Trillion BTU Loan
2. Aspire Bakeries Holdings, LLC – Approval of a \$200,000 Trillion BTU Loan
3. Midway Contemporary Art – Approval of a \$364,000 Trillion BTU Loan
4. Farmstead, LLC – Approval of a \$109,000 Trillion BTU Loan
5. Such Other Business
 - Quarterly Report on Outside Funded PACE Projects – 4Q/2022

**SAINT PAUL PORT AUTHORITY
MINUTES OF THE REGULAR CREDIT COMMITTEE MEETING
DECEMBER 13, 2022**

The regular meeting of the Port Authority Credit Committee was held on December 13, 2022, at 1:31 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	Bruce Kessel	Pete Klein
Angie Helms	Sarah Illi	Annamarie Kosel
Dana Krueger	Laurie Siever	Cathy Mohr
Andrea Novak	Linda Tran	Linda Williams
Tonya Bauer	Phoua Vang	
Eric Larson, City of Saint Paul		

APPROVAL OF MINUTES

Committee Member Slaven made a motion to approve the minutes of the November 22, 2022, Credit Committee meeting. The motion was seconded by Committee Member Riffe, 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

J & K FARMS, LLC – APPROVAL OF A \$85,000 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 \$85,000 with J & K Farms, LLC for the installation of a new 38 kW Solar System. 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.

FEATHER NEST INN, LLC – APPROVAL OF A \$100,000 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 \$100,000, with Feather Nest Inn, LLC, for the installation of a new 58 kW Solar System. Committee Member Riffe made a motion to approve

the request. The motion was seconded by Committee Member Slaven, submitted to a roll call vote, and carried unanimously.

IRON RANGE HOLDINGS, LLC – APPROVAL OF A \$30,500 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 \$30,500, with Iron Range Holdings, LLC, for the installation of a new boiler. Committee Member Slaven made a motion to approve the request. The motion was seconded by Committee Member Marshall, submitted to a roll call vote, and carried unanimously.

SUCH OTHER BUSINESS

There being no further business, the meeting was adjourned at 1:42 p.m.

By: _____

Its: _____

MEMORANDUM

To: CREDIT COMMITTEE **Meeting Date:** January 24, 2023
From: Peter M. Klein 
Subject: ST. PAUL PROPERTIES, LLC - APPROVAL OF A \$328,000 TRILLION BTU LOAN

Action Requested:

Provide approval for the Port Authority to initiate a Trillion BTU loan for approximately \$328,000 with St. Paul Properties, LLC – 701 Lexington Pkwy N., Saint Paul.

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:

St. Paul Properties owns this multi-tenant commercial property in Saint Paul. It is looking to invest in a large-scale rehabilitation of the property. The property is currently leased to a daycare and is also leased as event space.

Proposed Project:

New Boiler, HVAC, Lighting, EMS & Envelope
Purchase Price and Installation \$328,000

Sources and Uses of Funds:

Sources of funds:
Trillion BTU \$328,000

Uses of funds:
Project Description \$328,000

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:

St. Paul Properties has owned this property since 2014. The County has an assessed value of \$1,022,100 on the property and the appraised value is \$1,640,000. The following ratios are as of December 31, 2022:

Debt Service Coverage:	1.25	Trillion standard of at least:	1.15
Debt-to-Equity:	Neg	Trillion standard of less than:	4.00

Proposal:

Source of Funds:	Trillion BTU
Use of Funds:	New Boiler, HVAC, Lighting, EMS & Envelope
Amount of Loan:	\$328,000
Rate:	5.00%
Term:	10 years
Collateral:	Signed Loan Agreement PACE Special Assessment

Energy Savings:

\$17,400 (49,400 kWh & 7,800 Therms)

Workforce Implications:

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

Policy Exceptions:

The debt-to-equity ratio is negative, but this is typical for a real estate holding company. The debt service coverage ratio is strong, and the PACE assessment provides a superior lien position.

Recommendation:

We recommend the approval of a \$328,000 Trillion BTU loan to St. Paul Properties, LLC.

MEMORANDUM

To: CREDIT COMMITTEE **Meeting Date:** January 24, 2023
From: Peter M. Klein *PK*
Subject: **ASPIRE BAKERIES HOLDINGS, LLC - APPROVAL OF A \$200,000 TRILLION BTU LOAN**

Action Requested:

Provide approval for the Port Authority to initiate a Trillion BTU loan for approximately \$200,000 with Aspire Bakeries Holdings, LLC – 4075 Norex Drive, Chaska.

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:

Aspire Bakeries operates 14 facilities in the United States and Canada, the Chaska facility being one of them. It is a manufacturer and marketer of various frozen, baked, and ready-to-bake consumer products. Branded and non-branded product lines are produced and marketed.

Proposed Project:

Lighting	
Purchase Price and Installation	\$200,000

Sources and Uses of Funds:

Sources of funds:	
Trillion BTU	\$200,000

Uses of funds:	
Project Description	\$200,000

In order to leverage the grant funds, we are working with public and private partners to ultimately fund this project. Carver 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:

Aspire Bakeries Holdings, LLC owns its facilities, and all facilities are combined in its consolidated financial statement audit. The County has an assessed value of \$7,980,000 on the property and there is no mortgage. The following ratios are as of July 30, 2022:

Debt Service Coverage:	1.40	Trillion standard of at least:	1.15
Debt-to-Equity:	2.77	Trillion standard of less than:	4.00

Proposal:

Source of Funds:	Trillion BTU
Use of Funds:	Lighting
Amount of Loan:	\$200,000
Rate:	5.00%
Term:	10 years
Collateral:	Signed Loan Agreement PACE Special Assessment

Energy Savings:

\$55,746 (528,974 kWh)

Workforce Implications:

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

Policy Exceptions:

None.

Recommendation:

We recommend the approval of a \$200,000 Trillion BTU loan to Aspire Bakeries Holdings, LLC.

MEMORANDUM

To: CREDIT COMMITTEE

Meeting Date: January 24, 2023

From: Peter M. Klein 

Subject: MIDWAY CONTEMPORARY ART - APPROVAL OF A \$364,000 TRILLION BTU LOAN

Action Requested:

Provide approval for the Port Authority to initiate a Trillion BTU loan for approximately \$364,000 with Midway Contemporary Art – 1509 Marshall Street NE, Minneapolis.

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:

Midway Contemporary Art started in 2001 and has consistently been one of the best places in the Twin Cities to engage with the forefront of contemporary art. Midway Contemporary Art recently purchased this building with the intent of using it for exhibitions. This will require a significant rehabilitation investment.

Proposed Project:

New Boiler, HVAC, Lighting, EMS & Envelope	
Purchase Price and Installation	\$364,000

Sources and Uses of Funds:

Sources of funds:	
Trillion BTU	\$364,000

Uses of funds:	
Project Description	\$364,000

In order to leverage the grant funds, we are working with public and private partners to ultimately fund this project. Hennepin 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.

MEMORANDUM

Financial Analysis:

Midway Contemporary Art has owned this property since 2021. The property has an appraised value of \$1,820,000. The following ratios are as of December 31, 2021:

Debt Service Coverage:	10.00+	Trillion standard of at least:	1.15
Debt-to-Equity:	0.89	Trillion standard of less than:	4.00

Proposal:

Source of Funds:	Trillion BTU
Use of Funds:	New Boiler, HVAC, Lighting, Geothermal, Heat Recovery & Envelope
Amount of Loan:	\$364,000
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.
4 FTE for construction jobs.

Policy Exceptions:

None.

Recommendation:

We recommend the approval of a \$364,000 Trillion BTU loan to Midway Contemporary Art.

MEMORANDUM

To: CREDIT COMMITTEE

Meeting Date: January 24, 2023

From: Peter M. Klein 

Subject: FARMSTEAD, LLC - APPROVAL OF A \$109,000 TRILLION BTU LOAN

Action Requested:

Provide approval for the Port Authority to initiate a Trillion BTU loan for approximately \$109,000 with Farmstead, LLC – 3948 Lyndale Avenue South, Minneapolis.

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:

Farmstead, LLC owns this mixed-use commercial property in Minneapolis. It is looking to invest in a significant rehabilitation of the property. The residential portion of the property is currently fully leased and the commercial space has one vacancy that is expected to be filled when the renovation is completed.

Proposed Project:

Boiler, HVAC, Lighting & Envelope	
Purchase Price and Installation	\$109,000

Sources and Uses of Funds:

Sources of funds:	
Trillion BTU	\$109,000

Uses of funds:	
Project Description	\$109,000

In order to leverage the grant funds, we are working with public and private partners to ultimately fund this project. Hennepin 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:

St. Paul Properties has owned this property since 2016. The County has an assessed value of \$918,000 on the property. The tax returns have been reviewed and the following ratios are as of December 31, 2021:

Debt Service Coverage:	1.58	Trillion standard of at least:	1.15
Debt-to-Equity:	Neg	Trillion standard of less than:	4.00

Proposal:

Source of Funds:	Trillion BTU
Use of Funds:	Boiler, HVAC, Lighting & Envelope
Amount of Loan:	\$109,000
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:

The debt-to-equity ratio is negative, but this is typical for a real estate holding company. The debt service coverage ratio is strong, and the PACE assessment provides a superior lien position.

Recommendation:

We recommend the approval of a \$109,000 Trillion BTU loan to Farmstead, LLC.

MEMORANDUM

To: CREDIT COMMITTEE

Meeting Date: January 24, 2023

From: Peter M. Klein 

Subject: Quarterly Report on Outside Funded PACE Projects – 4Q/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 authorized 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
Mankato Heights Plaza	Mankato	PLG	\$ 2,500,000.00	\$ 138,993.00	3,865,489,016	Solar
Coventry of Maple Grove	Maple Grove	PLG	\$ 2,500,000.00	\$ 81,927.00	1,868,137,312	HVAC, Lighting & Envelope
Coventry of Rosemount	Rosemount	PLG	\$ 2,500,000.00	\$ 91,894.00	1,894,407,391	HVAC, Lighting & Envelope
Coventry of Eden Prairie	Eden Prairie	PLG	\$ 2,700,000.00	\$ 100,936.00	2,294,201,203	HVAC, Lighting & Envelope
Coventry of Spring Lake Park	Spring Lake Park	PLG	\$ 500,000.00	\$ 19,695.00	375,130,852	HVAC, Lighting & Envelope
Block 11 Marshall	Marshall	PLG	\$ 650,000.00	\$ 80,345.00	530,912,179	Lighting & Envelope
Crosstown Core	Eden Prairie	PLG	\$ 700,000.00	\$ 23,490.00	306,267,009	Lighting & Envelope
Coventry of Prior Lake II	Prior Lake	PLG	\$ 500,000.00	\$ 20,160.00	375,134,246	HVAC, Lighting & Envelope
Coventry of Crystal II	Crystal	PLG	\$ 500,000.00	\$ 24,953.00	464,324,234	HVAC, Lighting & Envelope
JBGB, LLC	Blaine	Spire	\$ 151,643.00	\$ 11,382.00	316,540,967	Solar
MK Brookpark, LLC	Brooklyn Center	Spire	\$ 14,210.00	\$ 1,398.00	26,627,719	HVAC
SRI 13th Ave LLC	St. Cloud	Spire	\$ 1,399,585.70	\$ 57,675.00	1,602,423,606	Solar
Market 212 LLC	St. Paul	Spire	\$ 220,000.00	\$ 14,684.00	408,371,936	Solar
Goodneighbors - The Cottage, LLC	Fergus Falls	EnhancedCapital	\$ 1,500,000.00	\$ 76,565.00	3,177,986,834	HVAC, Lighting & Envelope
			\$16,335,438.70	\$ 744,097.00	17,505,954,504	

Financial Analysis:

These projects represent fee income to the Port Authority of approximately \$41,000 in their initial year of assessment payments and \$500,000 over their term if not prepaid.

For all of 2022, we closed 50 of these projects, totaling \$43,237,198 of PACE financing.

Energy Savings:

Annual dollars saved - \$744,097

Annual BTUs saved – 17,505,954,504

MEMORANDUM

Workforce Implications:

163 FTE construction jobs.

Policy Exceptions:

None.

Recommendation:

Informational only.