


MEMORANDUM NOTICE

To: CREDIT COMMITTEE
From: Todd Hurley 
Subject: **REGULAR CREDIT COMMITTEE MEETING
JULY 25, 2023, 1:45 P.M.**

Date: July 20, 2023

Chair Mullin is calling a meeting of the Credit Committee for **Tuesday, July 25, 2023, at 1:45 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 June 27, 2023 Credit Committee Meeting

Conflict of Interest

Conflicts with any Items on the Agenda

Agenda Items

1. Accounts Receivable Write-Off Policy for the Port Authority of the City of Saint Paul

Such Other Business That May Come Before the Committee

1. Quarterly Report on Outside Funded PACE Projects – 2Q/2023

/amk

cc: Press
City Clerk

**SAINT PAUL PORT AUTHORITY
MINUTES OF THE REGULAR CREDIT COMMITTEE MEETING
JUNE 27, 2023**

The regular meeting of the Port Authority Credit Committee was held on June 27, 2023, at 1:35 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	Matt Slaven	John Marshall
John Bennett	Brianne Hamm	Angela Riffe

Also, present were the following:

Todd Hurley	Emily Lawrence	Bruce Kessel
Kathryn Sarnecki	Pete Klein	Cathy Mohr
Dana Krueger	Andrea Novak	Tonya Bauer
George Hoene	Amanda Bauer	Rick Howden
Linda Williams	Annamarie Kosel	Phoua Vang

Gao lab Thao, Right Track Intern
Ayesha Khan, City of Saint Paul
Lucas Chase, CLA

APPROVAL OF MINUTES

Committee Member Slaven made a motion to approve the minutes of the April 25, 2023, Credit Committee meeting. The motion was seconded by Committee Member Hamm and carried unanimously.

CONFLICTS OF INTEREST

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

AGENDA ITEMS

PETERS PROPERTIES II, LLC – APPROVAL OF A \$831,000 TRILLION BTU PACE LOAN

Mr. Klein reviewed the memorandum with the Committee requesting approval for the Port Authority to initiate a Trillion BTU loan for approximately \$831,000 with Peters Properties II, LLC for the installation of roofing and solar on their warehouse building located at 333 W 86th Street, Bloomington, Minnesota 55431. Committee Member Bennett made a motion to approve the request. The motion was seconded by Committee Member Riffe and carried unanimously.

PETERS PROPERTIES III LLC – APPROVAL OF A \$310,320 TRILLION BTU PACE LOAN

Mr. Klein reviewed the memorandum with the Committee requesting approval for the Port Authority to initiate a Trillion BTU loan for approximately \$310,320 with Peters Properties III LLC for the installation of ~~roofing and~~ solar on their property located at 9054, 9060, 9100 Grand Ave S, Bloomington, Minnesota 55431.

Mr. Klein informed the Committee that the loan would not include the installation of roofing as referenced in the Credit memo.

Committee Member Bennett made a motion to approve the request. Committee Member Riffe requested the motion be amended to strike the installation of roofing from the recommendation. Committee Member Bennett approved the amendment, seconded by Committee Member Riffe and carried unanimously.

NORTHERN WILDS PROPERTIES LLC – APPROVAL OF A \$15,000 TRILLION BTU PACE LOAN

Mr. Klein reviewed the memorandum with the Committee requesting approval for the Port Authority to initiate a Trillion BTU loan for approximately \$15,000 with Northern Wilds Properties LLC for the installation of a new energy star furnace and windows in their office located at 1708 W Highway 61, P.O. Box 26, Grand Marais, Minnesota 55604.

After an in-depth discussion, Committee Member Slaven amended the recommendation for approval conditioned upon receiving a guarantee from the operating company, Northern Wild Media Inc., and on that basis, it would be approved. The motion was seconded by Committee Member Hamm and carried unanimously.

Mr. Klein asked the Committee if they would agree to the operating company, Northern Wild Media Inc., being named as a coborrower rather than a guarantor. He explained that both entities would be listed as borrowers.

Committee Member Slaven further amended his motion that approval be conditioned for either receiving a guarantee from Northern Wild Media Inc. or in the alternative that Northern Wild Media Inc. be named as a coborrower. The motion was seconded by Commissioner Hamm and carried unanimously.

**APPROVAL OF EXTENSION OF TIME TO AMEND DOCUMENTS
ASSOCIATED WITH THE PORT AUTHORITY OF THE CITY OF SAINT PAUL
REVENUE BONDS, SERIES 2013-6 IN RELATION TO THE SALE OF THE SAINT PAUL SAINTS**

Ms. Lawrence reviewed the memorandum with the Committee requesting approval for the Port Authority to approve a Resolution extending the time for execution of the Saints Transfer Documents (as defined in Resolution 4737) through July 31, 2023. Committee Member Hamm made a motion to approve the request. The motion was seconded by Committee Member Bennett and carried unanimously.

SUCH OTHER BUSINESS

There being no further business, the meeting was adjourned at 2:00 p.m.

By: _____
Its: _____

MEMORANDUM

To: CREDIT COMMITTEE
BOARD OF COMMISSIONERS

Meeting Date: July 25, 2023

From: Bruce A. Kessel



**Subject: ACCOUNTS RECEIVABLE WRITE-OFF POLICY FOR THE PORT AUTHORITY OF THE
CITY OF SAINT PAUL
RESOLUTION NO. 4748**

Action Requested:

Approval and Implementation of an Accounts Receivable Write-Off Policy for the Port Authority of the City of Saint Paul (the "Port Authority").

Background:

Best practices suggest all organizations should have an Accounts Receivable Write-Off Policy. While the operations of the Port Authority are such that it has limited collections from third parties, periodically situations arise whereby some amount may not be collected. Port Authority receivables can generally be categorized into one of the following categories:

- Land Leases, Fleeting, and Tonnage
- Loans (Trillion BTU, PACE, BDF, etc.)
- Fiscal & Administrative Fees
- Common Area Maintenance ("CAM") charges
- Late Fees
- Reimbursable Expenses
- Port Consulting Fees

While routinely executing collection procedures, some receivables may be determined to be uncollectible. Receivables where all collection methods have been exhausted and management finds the receivable to be uncollectible will be taken to bad debt, as a write-off. In such cases it is recommended that a policy is in place to assure that no amounts are written off without the approval of the appropriate individual or governing body.

The attached Accounts Receivable Write-Off Policy includes a process for requesting a write-off, defines write-off types, and identifies thresholds and required approvals.

Recommendation:

Approval and Implementation of an Accounts Receivable Write-Off Policy for the Port Authority of the City of Saint Paul.

Attachments: Accounts Receivable Write-off Policy
Resolution

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

**[ACCOUNTS RECEIVABLE WRITE-OFF POLICY FOR
THE PORT AUTHORITY OF THE CITY OF SAINT PAUL]**

WHEREAS, the Port Authority of the City of Saint Paul is a public body corporate and politic and governmental subdivision organized pursuant to Chapter 469 of Minnesota Statutes;

WHEREAS, under Minn. Stat. § 469.055, the Port Authority shall (1) promote the general welfare of the port district, and of the port as a whole; (2) try to increase the volume of the port's commerce; (3) promote the efficient, safe, and economical handling of the commerce; and (4) provide or promote adequate docks, railroad and terminal facilities open to all on reasonable and equal terms for the handling, storage, care, and shipment of freight and passengers to, from, and through the port;

WHEREAS, while routinely executing collection procedures, some receivables of the Port Authority may be determined to be uncollectible and all collection methods have been exhausted, and management finds the receivable to be uncollectible will be taken to bad debt, as a write-off;

WHEREAS, in accordance with Minn. Stat. §16D.09, a debt owed to the state or through a state agency is considered uncollectible and may be written-off when it meets one of the following criteria: (1) all reasonable collection efforts have been exhausted, (2) the cost of further collection action will exceed the amount recoverable, (3) the debt is legally without merit or cannot be substantiated by evidence, (4) the debtor cannot be located, (5) the available assets or income, current or anticipated, that may be available for payment of the debt are insufficient, (6) the debt was discharged in bankruptcy, (7) the applicable statute of limitations for collection of the debt has expired, or (8) it is not in the public interest to pursue collection of debt; and

WHEREAS, the Port Authority seeks approval from the Credit/Board Committee to implement an Accounts Receivable write-off policy which is attached hereto as reference.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE PORT AUTHORITY OF THE CITY OF SAINT PAUL: That the Accounts Receivable Write-Off Policy, in substantially the form attached hereto (the "Policy"), is approved and the Port Authority is authorized to implement the policy.

BE IT FURTHER RESOLVED, that the President or anyone acting under their direction is hereby authorized to execute any and all necessary documents in accordance with said Policy.

Adopted: _____

PORT AUTHORITY OF THE
CITY OF SAINT PAUL

By _____
Its Chair

ATTEST:

By _____
Its Secretary

Attachment: A/R Write-Off Policy

A/R Write-off Policy

General

While routinely executing collection procedures, some receivables may be determined to be uncollectible. Receivables where all collection methods have been exhausted and management finds the receivable to be uncollectible will be taken to bad debt, as a write-off.

Requesting a Write-off

The responsible staff person must submit a written request with proper documentation of collection efforts, or evidence that the cost of collection will exceed the amount outstanding.

Write-off Types

Administrative. Write-offs of less than \$1,000 will be deemed Administrative and may be approved by the Chief Financial Officer (CFO) without report to the Internal or Board Credit Committees.

Internal Credit Committee. All write-offs, including late/penalty fees, of more than \$1,000 will require Internal Credit Committee approval. The Internal Credit Committee will provide a quarterly write-off report to the Board Credit Committee.

Credit Committee. All write-offs of \$10,000 or greater must be reviewed and approved by the Internal Credit and Board Credit Committees. This excludes late/penalty fees.

Bankruptcy. CFO in consultation with General Counsel may authorize the write-off of any amount due from a customer filing for bankruptcy and receiving a bankruptcy discharge order. Notification to the Board Credit Committee must be provided upon bankruptcy settlement.

Administrative Errors. Administrative Errors are deemed "reversals" that arise due to scrivener errors, errors in data entry, or other administrative or accounting errors that require an adjustment. Administrative errors will be reversed, even those that decrease revenue.

Billed in Error. Write-offs of receivables billed in error are those that were billed without merit or cannot be substantiated by evidence and must be approved by the CFO.

Payment Tolerance. Payments received from customers that differ from the amount due by \$1.00 (+/-) or less will be posted to the Payment Tolerance account and do not require approval.

Thresholds

When writing off a receivable, the Saint Paul Port Authority (SPPA) will consider the following threshold categories to determine the required approval authority and process.

Threshold	Approval Needed From
\$1.00 - \$999	Chief Financial Officer (CFO)
\$1,000 – \$9,999; late/penalty fees of \$1,000 or above	Internal Credit Committee with notice to Board Credit Committee
\$10,000 or above, excluding late/penalty fees	Internal and Board Credit Committees
Bankruptcy (any amount)	CFO in consultation with General Counsel with notice to Internal and Board Credit Committees
Administrative error (any amount)	No approval required
Billed in error (any amount)	CFO
Payment tolerance (\leq \$1.00)	No approval required

Capital City Properties

This policy will also apply to Capital City Properties' (CCP) write-offs except where the policy references the Board Credit Committee. Staff will notify/receive approval from the CCP Board of Directors instead of the Board Credit Committee.

Minnesota Statute

In accordance with Minnesota Statute 16D.09, a debt owed to the state or through a state agency is considered uncollectible and may be written-off when it meets one of the following criteria: [1] all reasonable collection efforts have been exhausted, [2] the cost of further collection action will exceed the amount recoverable, [3] the debt is legally without merit or cannot be substantiated by evidence, [4] the debtor cannot be located, [5] the available assets or income, current or anticipated, that may be available for payment of the debt are insufficient, [6] the debt was discharged in bankruptcy, [7] the applicable statute of limitations for collection of the debt has expired, or [8] it is not in the public interest to pursue collection of debt.

MEMORANDUM

To: CREDIT COMMITTEE

Meeting Date: July 25, 2023

From: Holly Huston ~~HH~~

Subject: Quarterly Report on Outside Funded PACE Projects – 2Q/2023

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 financing. On a quarterly basis any outside funded loans are reported to the Credit Committee.

Projects Funded:

<u>Date</u>	<u>Name</u>	<u>Loan Amount</u>	<u>City</u>	<u>County</u>	<u>\$ Savings</u>	<u>MMBTU's</u>	<u>Use of</u>
4/4	F Street Augusta	\$2,889,198	St. Augusta	Stearns	\$91,507	2,390	Rehab
4/21	Landry and McCall	\$25,000	Minneapolis	Hennepin	\$1,425	35	Solar
5/19	NS Propco Commercial LLC	\$28,028,268	Minneapolis	Hennepin	\$848,701	27,798	Rehab
	<u>TOTAL</u>	<u>\$30,942,466</u>			<u>\$941,633</u>	<u>30,223</u>	

Financial Analysis:

These projects represent fee income to the Port Authority of approximately \$87,000 in their initial year of assessment payments.

Year To Date Information:

Quarter	Value	Loan #
Q1	\$4.2M	5
<u>Q2</u>	<u>\$30.9M</u>	<u>3</u>
YTD	\$35.1M	8

Workforce Implications: 374 FTE construction jobs.

Policy Exceptions: None.

Recommendation: Informational only.