


MEMORANDUM NOTICE

To: CREDIT COMMITTEE
From: Todd Hurley 
Subject: **REGULAR CREDIT COMMITTEE MEETING**
JULY 26, 2022, 1:30 P.M.

Date: July 21, 2022

Chair Mullin is calling a meeting of the Credit Committee for **Tuesday, July 26, 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 attendance for one or more Committee Members at the July 26, 2022 meeting will be by telephone conference. Accordingly, for this Credit Committee meeting, any person from the public may also participate by telephone conference, from a different location than the physical location of the meeting. Members of the public may monitor this meeting by calling 651-395-7858, Conference ID: 621 083 57#.

The purpose of the meeting is:

Minutes

Approval of Minutes of the June 28, 2022 Credit Committee Meeting

Conflict of Interest

Conflicts with any items on the agenda

Agenda Items

1. Approval of a Settlement with MTC Fitness, LLC d/b/a Conquer Ninja Gym at Treasure Island Center on a \$375,000 BDF Loan
2. Authorization to Apply for Redevelopment Grant Funds for Redevelopment of The Heights, 2200 Larpentour Avenue East, Saint Paul, Minnesota
3. Wabasha Partners LLC – Approval of a \$371,000 Trillion BTU Loan
4. David and Michelle Winkelman – d/b/a Winkelman Solar, LLC – Approval of a \$70,000 Trillion BTU Loan
5. Kanabec County Agricultural Society – Approval of a \$100,000 Trillion BTU Loan
6. Such Other Business
 - Quarterly Report on Outside Funded PACE Projects – 2Q/2022

**SAINT PAUL PORT AUTHORITY
MINUTES OF THE REGULAR CREDIT COMMITTEE MEETING
JUNE 28, 2022**

The regular meeting of the Port Authority Credit Committee was held on June 28, 2022 at 1:30 p.m.

The following Committee Members were present:

Don Mullin
Matt Slaven

John Bennett
Brienne Hamm

John Marshall
Matt Hill

Also, present were the following:

Todd Hurley
Dana Krueger
Laurie Siever
Monte Hilleman
Linda Williams

Bruce Kessel
Brittany Nelson
Andrea Novak
Nelly Chick
Linda Tran

Ann Kosel
Pete Klein
Kathryn Sarnecki
Tonya Bauer
Angie Helms

Eric Larson, City of Saint Paul

Sara Illi, Consultant

Rahma Yahya, Right Track Intern

APPROVAL OF MINUTES

Committee Member Bennett made a motion to approve the minutes of the May 24, 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 agenda items.

AGENDA ITEMS

**GO WILD, LLC - AUTHORIZATION FOR THE ISSUANCE OF TAXABLE
CONDUIT REVENUE BONDS IN THE APPROXIMATE AMOUNT NOT TO EXCEED \$45,000,000**

Mr. Kessel reviewed his memorandum with the Committee requesting approval for the Port Authority to issue up to \$45,000,000 of taxable conduit revenue bonds to be used to refinance the Treasure Island Center, a five-story mixed use and six story parking garage located at 400 Wabasha Street North, Saint Paul, Minnesota. 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.

**2020 LEGISLATIVE BONDING BILL SPECIAL APPROPRIATION
GRANT FOR EXPANSION OF THE MINNESOTA MUSEUM OF AMERICAN ART**

Ms. Nelson reviewed her memorandum with the Committee requesting approval for the Port Authority to enter into a Grant Agreement for the total MMAA Project in the amount of \$10,500,000. Committee Member Marshall made a motion to approve the request. The motion was seconded by Committee Member Hill, submitted to a vote, and carried unanimously.

MINNESOTA MUSEUM OF AMERICAN ART GROUND LEASE AND LEASE/USE AGREEMENT

Ms. Nelson reviewed her memorandum with the Committee requesting approval for the Port Authority to enter into a Ground Lease and a Lease/Use Agreement with the Minnesota Museum of American Art. Committee Member Slaven made a motion to approve the request. The motion was seconded by Committee Member Bennett, submitted to a vote, and carried unanimously.

MAW 1529 TRUST, LLC – APPROVAL OF A \$22,000 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 \$22,000 with MAW 1529 Trust, LLC for the installation of new Boiler in a five-unit apartment located at 1529 E. 2nd Street, Duluth, Minnesota. Committee Member Marshall made a motion to approve the request. The motion was seconded by Committee Member Hamm, submitted to a vote, and carried unanimously.

APPROVAL OF COMMUNITY ENGAGEMENT, MARKETING EVENTS AND PROMOTIONAL PARTNERSHIPS

Ms. Novak reviewed her memorandum with the Committee requesting approval for the President of the Port Authority of the City of Saint Paul or anyone acting under his direction, to seek, apply for, and accept financial support, such as grants, contributions, participation, and sponsorships from external organizations in furtherance of the Port Authority's mission, such as community engagement, marketing events and promotional partnerships. Committee Member Hamm made a motion to approve the request. The motion was seconded by Committee Member Slaven, submitted to a vote, and carried unanimously.

SUCH OTHER BUSINESS

CREDIT COMMITTEE COMMUNICATION AND RECRUITMENT PLAN

Mr. Hurley informed the Committee that the recruitment efforts are in place for two new Credit Committee members and if all goes accordingly, they'll be in attendance for the September Credit Committee meeting.


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

By: _____

Its: _____

MEMORANDUM

TO: CREDIT COMMITTEE **Meeting Date:** July 26, 2022

FROM: Bruce Kessel 

SUBJECT: **APPROVAL OF A SETTLEMENT WITH MTC FITNESS, LLC D/B/A CONQUER NINJA GYM AT TREASURE ISLAND CENTER ON A \$375,000 BDF LOAN**
RESOLUTION NO. _____

Action Requested:

Recommend approval of the Port Authority of the City of Saint Paul ("Port Authority") settlement agreement with MTC Fitness, LLC d/b/a Conquer Ninja Gym ("MTC") regarding a \$375,000 Business Development Fund (BDF) Loan.

Background

The Conquer Ninja Gym in Saint Paul was the fifth location in Minnesota and the first location in an urban area. MTC entered into an 11-year lease in a 2,690 square foot storefront location on the skyway level of the Treasure Island Center owned by Go Wild, LLC. It joined forces with Finish Line Wellness Center, to open a shared space. In 2020, MTC entered into a \$375,000 BDF loan with the Port Authority which was used for ninja course training equipment, mats, furniture, artificial turf, and related items. The loan was fully drawn in December 2020 and was interest only for the first 180 days.

The Covid 19 pandemic and related lockdowns continued as both MTC and Finish Line Wellness were completing their buildout and opening for business. Covid regulations resulted in most businesses limiting the number and timing of employees physically at their locations. In addition, the restrictions limited in-person contact. These restrictions had a drastic impact on both MTC and Finish Line Wellness. Prior to making any payments, a forbearance agreement was entered into on November 2, 2021 which forbore any payment until October 31, 2022 and extended the loan to May 1, 2032. Earlier this year, Finish Line Wellness closed, and MTC has determined that it is not feasible to continue operations.

Both the Port Authority, as well as the property owner, have been in negotiations with MTC, as well as the Conquer Ninja Gym franchisor. The majority of the items purchased are proprietary items which restrict the ability for resale. As part of the BDF loan, personal guarantees totaling \$18,750 were received from three individuals. MTC intends to pay any remaining obligations and cease operations and as detailed more fully below represents and establishes that it has no additional assets to apply to the loan. In addition to not receiving any interest on this loan, the proposed settlement agreement would result in a write off of approximately \$291,250.

MTC have agreed to the following:

MEMORANDUM

- \$18,750 will be paid to settle the personal guarantees.
- Upon receipt of a payment of \$65,000, the Port Authority will release its UCC lien on all CNG equipment and at its own expense MTC will remove the equipment, including all Conquer Ninja Gym Brand signage from the outside of Suite 390, and within the suite, and on the field turf no later than Friday, August 26, 2022.
- The principals of MTC will represent in writing that it will cease operations at 400 Wabasha Street N, Suite 390, St. Paul, MN 55102 no later than August 26, 2022, and will make available its financial records to the Port Authority demonstrating that it has no additional assets in which to pay the loan, and, furthermore, that any and all remaining liquid assets upon closing and ceasing its operations at 400 Wabasha Street N, Suite 390, St. Paul, MN 55102 will be transmitted to the Port Authority, which remaining liquid asset amount after all bills have been paid and operations entirely closed is currently estimated to be in the approximate amount of \$5,000-10,000 and which determination is expected to be made relatively soon but no later than October 1, 2022. No payments shall be made to any of the individuals, their spouses, family members, etc. so that only unrelated 3rd parties can be paid.
- The Port Authority will cease any and all efforts to collect on the loan, except when and if MTC should ever file for bankruptcy then the Port Authority retains any and all of its rights as a creditor to collect on the outstanding amount owed under the Loan Agreement and Promissory Note and the settlement agreement will expressly provide that the agreement shall not be deemed a discharge, release, or waiver of either the outstanding principal and interest amount owed or the Port Authority's rights to collect from through the bankruptcy process.

Recommendation:

We recommend approval of the Port Authority of the City of Saint Paul ("Port Authority") settlement agreement with MTC Fitness, LLC d/b/a Conquer Ninja Gym ("MTC") regarding a \$375,000 Business Development Fund (BDF) Loan.

Attachment: Resolution

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

**[APPROVAL OF A SETTLEMENT WITH MTC FITNESS, LLC d/b/a CONQUER
NINJA GYM AT TREASURE ISLAND CENTER ON A \$375,000 BDF LOAN]**

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

WHEREAS, MTC Fitness, LLC, a Minnesota limited liability company d/b/a Conquer Ninja Gym, (the "Borrower") and the Port Authority of the City of Saint Paul, a body corporate and politic under the laws of the State of Minnesota, entered into a Business Development Fund loan on October 8, 2020, in which the Port Authority agreed to lend and did lend to Borrower the principal amount of \$375,000 ("Loan Agreement"). The loan was secured with a UCC lien on certain personal property at Treasure Island Center ("CNG Equipment") and \$18,750 in personal guarantees.

WHEREAS, as with many businesses, MTC was a victim of the COVID pandemic and, therefore, intends to cease operations and vacate the premises at Treasure Island Center, and does not have the financial resources to pay the loan in full. Furthermore, the Treasure Island Center landlord, Go Wild LLC, and MTC have reached an agreement for MTC to pay the August rent, remove the equipment, and vacate the premises and terminate the lease effective September 1, 2022.

WHEREAS, the Port Authority and MTC have reached a settlement agreement, the terms of which are detailed in the Port Authority Board memo, contingent on Port Authority Board of Commissioners' approval, and which settlement agreement in part requires the payment of the personal guarantees in the total amount of \$18,750, plus \$65,000, as well as any remaining liquid assets of MTC after ceasing operations and closing the business.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE PORT AUTHORITY OF THE CITY OF SAINT PAUL that the proposed payoff and write off settlement agreement respecting the MTC Loan, as set forth in the Memorandum to the Board, is hereby approved; and

BE IT FURTHER RESOLVED that the Interim President of the Port Authority, or anyone acting under his direction, is hereby authorized to execute on behalf of the Port Authority execute any documents in form as approved by counsel or take any other reasonable and appropriate actions in order to complete these authorized transactions in accordance with the above-referenced terms.

Adopted: July 26, 2022

PORT AUTHORITY OF THE
CITY OF SAINT PAUL

By _____
Its Chair


ATTEST:

By _____
Its Secretary

MEMORANDUM

To: CREDIT COMMITTEE

Meeting Date: July 26, 2022

From: George Hoene 

Subject: **AUTHORIZATION TO APPLY FOR REDEVELOPMENT GRANT FUNDS FOR
REDEVELOPMENT OF THE HEIGHTS, 2200 LARPEN TEUR AVENUE EAST, SAINT PAUL,
MINNESOTA
RESOLUTION NO. _____**

Action Requested:

The Port Authority of the City of Saint Paul (the “Port Authority”) seeks authorization to apply to, and accept from, the Minnesota Department of Employment and Economic Development (“DEED”) for up to \$1,000,000 in Redevelopment Grant funds for redevelopment of The Heights (f/k/a Hillcrest Redevelopment Site), an approximately 112-acre site located at 2200 Larpent eur Avenue East, in Saint Paul, Minnesota.

In 1998, the Minnesota Department of Employment and Economic Development created a grant program to fund necessary public improvements related to redevelopment sites. The Redevelopment Grant Program was established by the legislature to assist with complex and costly redevelopment projects that might not occur without public financial assistance. Only public agencies are eligible to apply for these funds. These funds are important to the Port Authority’s ability to redevelop Brownfield properties and provide developable land on which companies can locate, expand, and grow jobs.

On August 1, 2022, we intend to apply for funding from DEED for redevelopment of The Heights, which the Port Authority owns in fee title. To apply for these funds, a resolution is required from the Port Authority Board of Commissioners authorizing the application, and if awarded, the Port Authority will be the grantee and agrees to act as legal sponsor to administer and be responsible for the grant funds. Eligible uses include demolition, stormwater management, site improvements, and roads and utility construction.

The Heights was acquired in partnership with the City of Saint Paul with the goal of providing remediated and improved buildable lots to deliver 1,000 housing units, 1,000 light industrial living wage jobs, 20 acres of active and passive park space, remediated and restored wetlands, trails and stormwater amenities. See attached map which shows the location of the property.

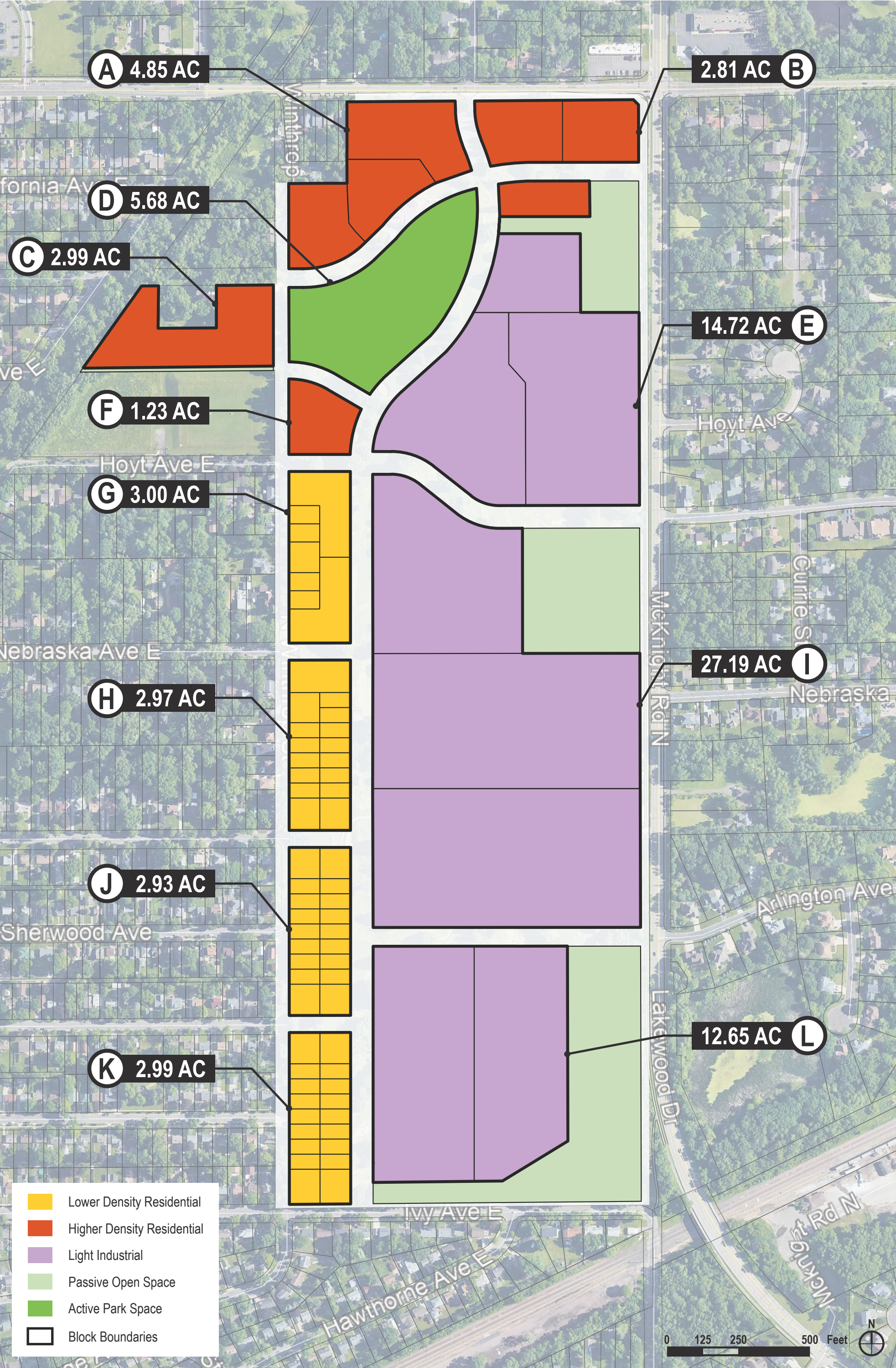
The City of Saint Paul led a land use Master Plan process including 2½ years of community engagement and planning. The Heights Master Plan was approved by the Saint Paul City Council by affirmative vote on May 25, 2022, and if funded, redevelopment could begin as soon as February of 2023.

MEMORANDUM

Recommendation:

We recommend approval of a resolution authorizing the Port Authority to apply to, and accept from, the Minnesota Department of Employment and Economic Development for up to \$1,000,000 in Redevelopment Grant funds for the redevelopment of The Heights (f/k/a Hillcrest Redevelopment Site), an approximately 112-acre site located at 2200 Larpenteur Avenue East, in Saint Paul, Minnesota.

Attachments: Block Map
 Resolution



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

**[AUTHORIZATION TO APPLY FOR REDEVELOPMENT
GRANT FUNDS FOR REDEVELOPMENT OF THE HEIGHTS,
2200 LARPENTEUR AVENUE EAST, SAINT PAUL, MINNESOTA]**

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

WHEREAS, the Port Authority's Board of Commissioners are appointed by the Mayor of the City of Saint Paul subject to the approval of the Council of the City of Saint Paul; and

WHEREAS, two of the Port Authority Commissioners must be members of the Council of the City of Saint Paul; and

WHEREAS, said members of the Council of the City of Saint Paul serve on the Port Authority Board so long as they continue to be members of the Council of the City of Saint Paul; and

WHEREAS, the district of the Port Authority is the City of Saint Paul; and

WHEREAS, under Minn. Stat. §§ 469.048 to 469.061, the Port Authority has the powers and duties conferred upon all port authorities; and

WHEREAS, under Minn. Stat. § 469.084, Subds. 1 to 15, the Port Authority of the City of Saint Paul has additional statutory duties and powers including powers related to recreational facilities and small business capital; and

WHEREAS, under Minn. Stat. § 469.084, Subd. 8, the Port Authority of the City of Saint Paul, furthermore, has the power of and is authorized to do what a redevelopment agency may do or must do under sections 469.152 to 469.165 (Municipal Industrial Development); and

WHEREAS, the Port Authority of the City of Saint Paul has undertaken numerous redevelopment projects of industrial sites in the City of Saint Paul; and

WHEREAS, the Port Authority seeks authorization to submit a grant application to the Minnesota Department of Employment and Economic Development (DEED) for a grant of up to \$1,000,000.00 to fund redevelopment costs at The Heights; and

WHEREAS, the site is located in a duly authorized and created Industrial Development District (IDD) as a part of an IDD created by the Port Authority prior to the Port Authority's acceptance and disbursement of the grant funds; and

WHEREAS, the redevelopment of The Heights property is consistent with the City of Saint Paul's comprehensive plan for land use in the area; and

WHEREAS, The Heights redevelopment project furthers industrial development and job creation in the City of Saint Paul; and

WHEREAS, the Port Authority finds that The Heights redevelopment project will not occur through private or other public investment within the reasonably foreseeable future without this grant funding; and

WHEREAS, if the project identified in the Port Authority's application fails to substantially provide the public the benefits listed in the application within five (5) years from the date of the grant award, the Port Authority of the City of Saint Paul may be required to repay 100 percent of the awarded grant per Minn. Stat. §116J.575, Subd. 4; and

WHEREAS, the Port Authority represents that it has undertaken reasonable and good faith efforts to procure funding from other sources.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE PORT AUTHORITY OF THE CITY OF SAINT PAUL that the President is hereby authorized on behalf of the Port Authority to make a grant application to the Minnesota Department of Employment and Economic Development for a grant of up to \$1,000,000.00; to fund redevelopment costs at The Heights, 2200 Larpenteur Avenue East in Saint Paul, Minnesota.

BE IT FURTHER RESOLVED that the President is hereby authorized to enter into such documents as are necessary for the acceptance of said grant in the amount awarded to the Port Authority.

BE IT FURTHER RESOLVED that the Port Authority of the City of Saint Paul has the legal authority to apply for financial assistance, and the institutional, managerial and financial capability to ensure adequate project administration.

BE IT FURTHER RESOLVED that the sources and amounts of the local match identified in the application are committed to the project identified.

BE IT FURTHER RESOLVED that the Port Authority of the City of Saint Paul has not violated any Federal, State or local laws pertaining to fraud, bribery, graft, kickbacks, collusion, conflict of interest or other unlawful or corrupt practice.

BE IT FURTHER RESOLVED that if the Port Authority is awarded a grant by the State, the Port Authority of the City of Saint Paul will be the grantee and agrees to act as legal sponsor to administer and be responsible for grant funds expended for the project, and may enter into an agreement with the State of Minnesota for the above-referenced project, and that the Port Authority of the City of Saint Paul certifies that it will comply with all applicable laws and regulations as stated in all contract agreements.

BE IT FURTHER RESOLVED that upon approval of its application by the State of Minnesota, the Port Authority of the City of Saint Paul may enter into an agreement with the

State of Minnesota for the project and that the Port Authority of the City of Saint Paul certifies that it will comply with all applicable laws and regulations as stated in all contract agreements.

BE IT FURTHER RESOLVED that the President of the Port Authority of the City of Saint Paul is hereby authorized to execute such agreements as are necessary to implement the project on behalf of the Port Authority of the City of Saint Paul.

I certify that the above resolution was adopted by the Board of Commissioners of the Port Authority of the City of Saint Paul on July 26, 2022.

PORT AUTHORITY OF THE
CITY OF SAINT PAUL

By _____
Its Chair

ATTEST:

By _____
Its Secretary

MEMORANDUM

To: CREDIT COMMITTEE **Meeting Date:** July 26, 2022
From: Peter M. Klein 
Subject: WABASHA PARTNERS LLC - APPROVAL OF A \$371,000 TRILLION BTU LOAN

Action Requested:

Provide approval for the Port Authority to initiate a Trillion BTU loan for approximately \$371,000 with Wabasha Partners LLC for the installation of new lighting and HVAC systems in a 13,700 square foot building located at 162 Wabasha Street S, 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:

This vacant manufacturing facility is in the final stages of being converted into an event space. And operations will begin later this year. The current assessed value for this property is \$700,000 but that assessed value does not consider all the year 2022 renovations. The bank appraised value is \$2,880,000 when the renovations are completed.

Proposed Project:

New Lighting and HVAC Systems	
Purchase Price and Installation	\$371,000

Sources and Uses of Funds:

Sources of funds:	
Trillion BTU (City of Saint Paul Grant portion)	\$371,000
Uses of funds:	
Project Description	\$371,000

PACE is not an option for this loan since it has an SBA backed mortgage and the SBA will not sign our Lender Acknowledgement. This will be a Trillion BTU loan that will likely be carried by the Port Authority until it has matured.

Financial Analysis:

Wabasha Partners purchased this old manufacturing facility last year with the intent of creating an event space that is just across the river from downtown Saint Paul. The event space will operate as The Lowlands by experienced event space managers. Two of the six owners of Wabasha Partners have successfully operated the Paikka Event Venue since 2016. They have had a significant number of inquiries about the space once it opens later this year.

Projections have been reviewed and they indicate sufficient cash flow to service the debt. The bank appraised value is \$2,880,000 when the renovation is completed. Since operations have not begun, there is no information to calculate a debt service coverage ratio. The following debt-to-equity ratio is based on the appraised value and the current outstanding mortgage debt:

Debt Service Coverage:	N/A	Trillion standard of at least:	1.15
Debt-to-Equity:	3.02	Trillion standard of less than:	4.00

Proposal:

Source of Funds: Trillion BTU

Use of Funds: Lighting and HVAC Upgrades

Amount of Loan: \$371,000

Rate: 5.00%

Term: 10 years

Collateral: Signed Loan Agreement
Personal Guarantees from all six of the owners of Wabasha Partners LLC

Energy Savings:

Xcel Energy is currently analyzing the project for energy savings and rebates. This information will be known prior to funding.

Workforce Implications:

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

Policy Exceptions:

Yes. The ownership entity has not been in business for three years. This is mitigated by the strong industry operating history of the ownership group. The personal guarantees for the full amount of the loan by each of the six ownership team members show their commitment to the business and make us comfortable with this loan.

Recommendation:

We recommend the approval of a \$371,000 Trillion BTU loan to Wabasha Partners LLC.

MEMORANDUM

To: CREDIT COMMITTEE **Meeting Date:** July 26, 2022

From: Peter M. Klein 

Subject: **DAVID AND MICHELLE WINKELMAN – D/B/A/ WINKELMAN SOLAR, LLC**
APPROVAL OF A \$70,000 TRILLION BTU LOAN

Action Requested:

Provide approval for the Port Authority to initiate a Trillion BTU loan for approximately \$70,000 with David and Michelle Winkelman – dba Winkelman Solar, LLC 13169 Prairie Ridge Court, Brainerd, 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:

The Winkelman's own the real estate as individuals and operate their business, Winkelman Solar, LLC from buildings located on the property. This is also their primary residence. The current assessed value of this property is \$376,000 and there is no mortgage on the property.

Proposed Project:

32 kW Solar System

Purchase Price and Installation	\$70,000
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Sources and Uses of Funds:

Sources of funds:

Trillion BTU	\$70,000
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Uses of funds:

Project Description	\$70,000
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In order to leverage the grant funds, we are working with public and private partners to ultimately fund this project. Cass 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 Winkelman's are just beginning to operate their solar business, so no financial information is available. Their personal financial statement was reviewed, and it indicates sufficient revenue to service this debt. The following Debt-To-Equity ratio is based on the current assessed value of the real estate:

Debt Service Coverage:	N/A	Trillion standard of at least:	1.15
Debt-to-Equity:	.23	Trillion standard of less than:	4.00

Proposal:

Source of Funds:	Trillion BTU
Use of Funds:	32 kW Solar System
Amount of Loan:	\$70,000
Rate:	5.00%
Term:	10 years
Collateral:	Signed Loan Agreement (Individuals and Corporate) PACE Special Assessment

Energy Savings:

155 MMBTUs (\$4,000) annually.

Workforce Implications:

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

Policy Exceptions:

Yes. The operating business is just starting so we do not have three years of history. The lack of other debt on the property, and the sufficient amount of other revenues, makes us comfortable with this loan.

Recommendation:

We recommend the approval of a \$70,000 Trillion BTU loan to David and Michelle Winkelman dba Winkelman Solar, LLC.

MEMORANDUM

To: CREDIT COMMITTEE

From: Peter M. Klein 

Subject: **KANABEC COUNTY AGRICULTURAL SOCIETY
APPROVAL OF A \$100,000 TRILLION BTU LOAN**

Meeting Date: July 26, 2022

Action Requested:

Provide approval for the Port Authority to initiate a Trillion BTU loan for approximately \$100,000 with the Kanabec County Agricultural Society for the installation of new Lighting at the County Fairgrounds located at 701 South Union Street, Mora, 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:

The Kanabec County Agricultural Society owns the Kanabec County Fairgrounds. They are looking to replace some very old lighting fixtures. Most of the lights operate year-round and some just operate during events. The current assessed value for this property is \$503,600 and there is no mortgage or other debt on the property.

Proposed Project:

New Lighting

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. Kanabec 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

MEMORANDUM

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 2021 990 report was reviewed. The Agricultural Society was profitable in 2021. There is no debt on the property and there is sufficient cash flow to service the PACE loan. The savings that will be seen on their electric bill will offset the payments for the PACE loan. The following ratios were as of 12/31/2021:

Debt Service Coverage:	1.17	Trillion standard of at least:	1.15
Debt-to-Equity:	0.15	Trillion standard of less than:	4.00

Proposal:

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

Energy Savings:

An analysis is currently underway to determine the savings and rebates for this project. We will know the results before we fund this loan.

Workforce Implications:

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

Policy Exceptions:

None

Recommendation:

We recommend the approval of a \$100,000 Trillion BTU loan to the Kanabec County Agricultural Society.

MEMORANDUM

To: CREDIT COMMITTEE

Meeting Date: July 26, 2022

From: Peter M. Klein 

Subject: QUARTERLY REPORT ON OUTSIDE FUNDED PACE PROJECTS - 2Q/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 approved 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
The Rune	Alexandria	Enhanced Capital	\$ 5,000,000	\$ 275,229	21,697,694,638	HVAC, Lighting & Envelope
Coventry of Burnsville	Burnsville	PLG	\$ 700,000	\$ 37,365	666,409,000	HVAC, Lighting & Envelope
Coventry of Lakeville	Lakeville	PLG	\$ 2,460,000	\$ 127,088	1,732,716,235	HVAC, Lighting & Envelope
Coventry of W. St. Paul	West Saint Paul	PLG	\$ 700,000	\$ 38,024	636,921,000	HVAC, Lighting & Envelope
BLOC	Bloomington	PLG	\$ 2,000,000	\$ 314,959	4,542,819,000	HVAC, Lighting & Envelope
MINCO	Minnetonka	PLG	\$ 500,000	\$ 53,714	685,504,986	Building Envelope
3124 Minnehaha	Minneapolis	Spire	\$ 515,000	\$ 25,787	254,979,109	HVAC, Lighting, Envelope & Solar
Kurt & Michelle Emery	Faribault	Spire	\$ 82,406	\$ 3,967	112,237,003	Solar
Kurt & Michelle Emery	Stanton	Spire	\$ 228,800	\$ 11,013	311,587,123	Solar
Charles Essig	Watertown	Spire	\$ 140,000	\$ 7,016	198,501,340	Solar
The 2800 Building, LLC	Wayzata	Spire	\$ 73,328	\$ 4,965	106,967,228	Solar
Westgate of Andover	Andover	PLG	\$ 1,100,000	\$ 113,649	2,078,175,103	HVAC, Lighting & Envelope
WSP - Gain Properties	Eagan	PLG	\$ 390,000	\$ 19,736	362,316,000	Building Envelope & Solar
HBC Acquisitions	Minneapolis	PLG	\$ 965,000	\$ 64,208	2,437,646	Building Envelope & Lighting
			\$ 14,854,534	\$ 1,096,720	33,389,265,411	

Financial Analysis:

These projects represent fee income to the Port Authority of approximately \$37,000 in their initial year of assessment payments and \$500,000 over their term if not prepaid.

Energy Savings:

Annual dollars saved - \$1,096,720

Annual BTUs saved – 33,389,265,411

Workforce Implications:

161 FTE construction jobs.

MEMORANDUM

Policy Exceptions:

None.

Recommendation:

Informational only.