


MEMORANDUM NOTICE

To: CREDIT COMMITTEE
From: Lee Krueger 
Subject: **REGULAR CREDIT COMMITTEE MEETING
JUNE 19, 2018 – 2:00 P.M.**

Date: June 14, 2018

Chair Williams is calling a meeting of the Credit Committee for Tuesday, **June 19, 2018, 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 May 15, 2018 Regular Credit Committee Meeting

Conflict of Interest

Conflicts with any items on the agenda

Agenda Items

1. Amendment to Resolution No. 4631 to Comply with DEED's Requirements of the Application for Contamination Cleanup Grant Funds for the Minnesota Chemical Building Renovation/Redevelopment Project
2. 2017 Lease Amendment and Rental Rate Adjustment – Northern Metal Recycling, LLC at Barge Terminal No. 1
3. Babcock Properties, LLC and Chad S. Babcock Insurance Agency, Inc. – Approval of a \$26,000 Trillion BTU Loan
4. Bakin Makin Acres, LLC and Melvin and Sharon Yunker – Approval of a \$95,000 Trillion BTU Loan
5. DKB Properties, LLC and Bailey & Sons Trucking, Inc. – Approval of a \$100,000 Trillion BTU Loan
6. Mainline Properties, LLC and Groebner & Associates, Inc. – Approval of a \$104,000 Trillion BTU Loan
7. John D. Nelson Revocable Trust and Timothy J. Nelson Revocable Trust – Approval of a \$181,000 Trillion BTU Loan

MEMORANDUM NOTICE

8. Roseville Office Plaza, LLC – Approval of a \$221,000 Trillion BTU Loan
9. Approval of EDIF Loans of up to \$300,000 to Stacked Deck Brewery and Go Wild
10. Such other Business that May Come Before the Committee

**SAINT PAUL PORT AUTHORITY
MINUTES OF THE REGULAR CREDIT COMMITTEE MEETING
MAY 15, 2018**

Committee Chair Williams called the Regular Meeting of the Credit Committee to order at 2:02 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:

Paul Williams

John Bennett

Don Mullin

Also present were the following:

Lee Krueger

Laurie Hansen

Monte Hilleman

Pete Klein

Michael Linder

Laurie Siever

Kathryn Sarnecki

Dana Krueger

Linda Williams

Andrea Novak

Rhett Hebig

Eric Larson, General Counsel, City of Saint Paul

APPROVAL OF MINUTES

Committee Member Mullin made a motion to approve the minutes of the April 24, 2018 Credit Committee meeting. The motion was seconded by Committee Member Bennett, submitted to a vote and carried unanimously.

CONFLICT OF INTEREST

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

NEW BUSINESS

ROSEVILLE OFFICE PLAZA, LLC

APPROVAL OF A \$221,000 TRILLION BTU LOAN

Mr. Linder reviewed his memorandum with the Committee requesting approval of a \$221,000 Trillion BTU loan to Roseville Office Plaza, LLC for the installation of high efficiency boilers.

Committee Member Mullin made a motion to approve a \$221,000 Trillion BTU loan to Roseville Office Plaza for the installation of high efficiency boilers. The motion was seconded by Committee Member Bennett.

Discussion included, but was not limited to, losses by the company in the last three years, amount of energy savings of the project, total debt against the property, and the current occupancy of the building.

Committee Member Mullin made a motion to table the request for approval of a \$221,000 Trillion BTU loan to Roseville Office Plaza, LLC for the installation of high efficiency boilers pending further financial review. The motion was seconded by Committee Member Bennett, submitted to a vote and carried unanimously.

KEVIN AND CHRISTY BYER
APPROVAL OF AN \$84,000 TRILLION BTU LOAN

Mr. Linder reviewed his memorandum with the Committee requesting approval of an \$84,000 Trillion BTU loan to Kevin and Christy Byer for the installation of refrigeration equipment.

There being no discussion, Committee Member Bennett made a motion to approve an \$84,000 Trillion BTU loan to Kevin and Christy Byer for the installation of refrigeration equipment. The motion was seconded by Committee Member Mullin, submitted to a vote and carried unanimously.

E. SHERIDAN PROPERTIES, LLC
APPROVAL OF A \$31,000 TRILLION BTU LOAN

Mr. Linder reviewed his memorandum with the Committee requesting approval of a \$31,000 Trillion BTU loan to E. Sheridan Properties, LLC for the installation of building envelope and roof insulation.

There being no discussion, Committee Member Mullin made a motion to approve a \$31,000 Trillion BTU loan to E. Sheridan Properties for the installation of building envelope and roof insulation. The motion was seconded by Committee Member Bennett, submitted to a vote and carried unanimously.

REBOUND EXCHANGE, LLC
APPROVAL OF A \$394,000 TRILLION BTU LOAN

Mr. Linder reviewed his memorandum with the Committee requesting approval of a \$394,000 Trillion BTU loan to Rebound Exchange, LLC for the installation of energy efficiency upgrades.

There being no discussion, Committee Member Bennett made a motion to approve a \$394,000 Trillion BTU loan to Rebound Exchange, LLC for the installation of energy efficiency upgrades. The motion was seconded by Committee Member Mullin, submitted to a vote and carried unanimously.

1320 PROPERTIES, LLC AND CHAMPION AUTO
ENTERPRISES, LLC APPROVAL OF A \$60,000 TRILLION BTU LOAN

Mr. Linder reviewed his memorandum with the Committee requesting approval of a \$60,000 Trillion BTU loan to 1320 Properties, LLC and Champion Auto Enterprises, LLC for the installation of a roof-mounted solar array.

There being no discussion, Committee Member Mullin made a motion to approve a \$60,000 Trillion BTU loan to 1320 Properties, LLC and Champion Auto Enterprises, LLC for the installation of a roof-mounted solar array. The motion was seconded by Committee Member Bennett, submitted to a vote and carried unanimously.

JASON AND TAMMY FRENCH
APPROVAL OF A \$164,000 TRILLION BTU LOAN

Mr. Linder reviewed his memorandum with the Committee requesting approval of a \$164,000 Trillion BTU loan to Jason and Tammy French for the installation of three solar arrays.

There being no discussion, Committee Member Bennett made a motion to approve a \$164,000 Trillion BTU loan to Jason and Tammy French for the installation of three solar arrays. The motion was seconded by Committee Member Mullin, submitted to a vote and carried unanimously.

AURORA ST. ANTHONY LIMITED, LLC
APPROVAL OF A \$195,000 TRILLION BTU LOAN

Mr. Linder reviewed his memorandum with the Committee requesting approval of a \$195,000 Trillion BTU loan to Aurora St. Anthony Limited, LLC for the installation of a 152-kW solar array.

There being no discussion, Committee Member Mullin made a motion to approve a \$195,000 Trillion BTU loan to Aurora St. Anthony Limited, LLC for the installation of a 152-kW solar array. 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 2:27 p.m.

By: _____

Its: _____

MEMORANDUM

To: CREDIT COMMITTEE **Meeting Date:** June 26, 2018

From: Ava Langston-Kenney *ARK-Kenney*

Subject: **AMENDMENT TO RESOLUTION NO. 4631 TO COMPLY WITH DEED'S REQUIREMENTS OF THE APPLICATION FOR CONTAMINATION CLEANUP GRANT FUNDS FOR THE MINNESOTA CHEMICAL BUILDING RENOVATION/REDEVELOPMENT PROJECT**
RESOLUTION NO. _____

Action Requested:

Approval of the amendment to Resolution No. 4631 to comply with the Minnesota's Department of Employment and Economic Development (DEED) grant requirements.

Background:

On April 24, 2018, the Port Authority Board authorized staff to apply to DEED, Metropolitan Council and Ramsey County for up to \$1,000,000.00 in contamination cleanup grant funds for the Minnesota Chemical Company project on an approximate 1.45-acre site located at 2285 Hampden Avenue, Saint Paul, Minnesota. See the attached map showing the location of the property.

On May 1, 2018, staff consultants applied for funding from DEED, Met Council and Ramsey County on behalf of the property owner, Exeter Group, which plans to redevelop the Minnesota Chemical site. A resolution is required from the Port Authority Board of Commissioners authorizing the applications. If one or more grants are awarded, the Port Authority will provide grant oversight and environmental project management services on a fee basis to Exeter Group.

On May 15, 2018, staff was contacted by DEED and informed that Resolution 4631 does not contain a few provisions that DEED would like to see in the Port Authority's resolution from its Board of Commissioners.

On May 17, 2018, Port Authority general counsel sent DEED a letter explaining the meaning of the approved resolution and staff's willingness to provide a revised resolution that provides the information and commitment DEED seeks.

General counsel believes that Resolution 4631 does have the information and the force and effect sought by DEED, just not in the exact language as reflected in the revised resolution, which will be submitted for approval from our Board in June. (A marked-up version of Resolution 4631 is attached.)

In the interim, DEED has accepted our general counsel's letter, as it evaluates the Port Authority's grant application, knowing that the Port Authority will supplement the record with a revised resolution, approved by our Board on June 26, 2018.

The additions DEED has requested have been incorporated into our grant application resolutions templet to preclude further administrative discrepancies in the future.

Recommendation:

We recommend approval of the amendment to the resolution granting the Port Authority authorization to apply to Minnesota's Department of Employment and Economic Development, Metropolitan Council and Ramsey County for up to \$1,000,000.00 in contamination cleanup grant funds.

Attachments: Resolution
 Original Resolution No. 4631
 Revised Resolution No. 4631, marked up
 Map

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

**[APPLICATION TO MINNESOTA’S DEPARTMENT OF EMPLOYMENT AND
ECONOMIC DEVELOPMENT, THE METROPOLITAN COUNCIL AND RAMSEY
COUNTY FOR CONTAMINATION CLEANUP GRANT FUNDS FOR THE
MINNESOTA CHEMICAL BUILDING RENOVATION/REDEVELOPMENT PROJECT]**

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, 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.

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

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.

WHEREAS, the district of the Port Authority is the City of Saint Paul.

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

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.

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).

WHEREAS, the Metropolitan Livable Communities Act permits a grant to a metropolitan county or a development authority, such as the Port Authority of the City of Saint Paul, but the project must be located in a participating municipality.

WHEREAS, the City of St. Paul is a participant in the Livable Communities Act's Local Housing Incentives Account Program for 2018 as determined by the Metropolitan Council; and is therefore eligible to make application apply for funds under the Tax Base Revitalization Account.

WHEREAS, the Port Authority represents that it has undertaken reasonable and good faith efforts to procure funding in pursuit of its mission from other sources in addition to grant, or other program resources to which it may seek assistance.

WHEREAS, the Port Authority desires to request and accept from, if awarded, a grant from the Minnesota Department of Employment and Economic Development, a grant from the Metropolitan Council and a grant from Ramsey County, in an amount up to \$1,000,000.00 in contamination cleanup grant funds for the Minnesota Chemical Company project at an approximate 1.45-acre site located at 2285 Hampden Avenue in Saint Paul, Minnesota.

WHEREAS, the Port Authority has identified a contamination cleanup project within the City that meet the Tax Base Revitalization Account's purposes and criteria and are consistent with and promote the purposes of the Metropolitan Livable Communities Act and the policies of the Metropolitan Council's adopted metropolitan development guide.

WHEREAS, the Port Authority has the institutional, managerial and financial capability to ensure adequate project and grant administration.

WHEREAS, the Port Authority certifies that it will comply with all applicable laws and regulations as stated in the contract grant agreements.

WHEREAS, the Port Authority finds that the required contamination cleanup will not occur through private or other public investment within the reasonably foreseeable future without Tax Base Revitalization Account grant funding.

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 act as the legal sponsor for the project contained in the Contamination Cleanup Grant Program, Tax Base Revitalization Account Grant Program, and Environmental Response Fund Grant Program to be submitted on May 1, 2018 and that Lee Krueger, President is hereby authorized to apply to the Department of Employment and Economic Development, Metropolitan Council, and Ramsey County for funding of this project on behalf of the Port Authority.

2. That the Port Authority has the legal authority to apply for financial assistance, and the institutional, managerial, and financial capability to ensure adequate project administration.

3. That the sources and amounts of the local match identified in the application are committed to the project identified.

4. That the Port Authority 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.

5. That upon approval of its application, the Port Authority may enter into an agreement with the State of Minnesota, Metropolitan Council, and Ramsey County for the above-referenced project, and that the Port Authority certifies that it will comply with all applicable laws and regulations as stated in all contract agreements.

6. That the President is hereby encouraged and authorized to request and accept from, if awarded, a Contamination Cleanup grant from the Minnesota Department of Employment and Economic Development (DEED), a Tax Base Revitalization Account Contamination Cleanup grant from the Metropolitan Council and an Environmental Response Fund grant from Ramsey County in the amount up to \$1,000,000.00 in grant funds for the Minnesota Chemical Company project.

7. That the President or anyone acting under his direction is hereby authorized and directed to execute any and all necessary documents to complete the grant application and secure its receipt, including any matching fund requirements.

Adopted: June 26, 2018

PORT AUTHORITY OF THE
CITY OF SAINT PAUL

By _____
Its Chair

ATTEST:

By _____
Its Secretary

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

**[APPLICATION TO MINNESOTA'S DEPARTMENT OF EMPLOYMENT AND
ECONOMIC DEVELOPMENT, THE METROPOLITAN COUNCIL AND RAMSEY
COUNTY FOR CONTAMINATION CLEANUP GRANT FUNDS FOR THE
MINNESOTA CHEMICAL BUILDING RENOVATION/REDEVELOPMENT PROJECT]**

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Fund grant from Ramsey County in the amount up to \$1,000,000.00 in grant funds for the Minnesota Chemical Company project.

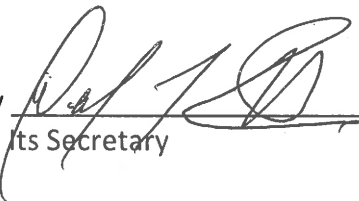
6. That the President or anyone acting under his direction is hereby authorized and directed to execute any and all necessary documents to complete the grant application and secure its receipt, including any matching fund requirements.

Adopted: April 24, 2018

PORT AUTHORITY OF THE
CITY OF SAINT PAUL

By _____
Its Chair

ATTEST:

By _____
Its Secretary

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

**[APPLICATION TO MINNESOTA’S DEPARTMENT OF EMPLOYMENT AND
ECONOMIC DEVELOPMENT, THE METROPOLITAN COUNCIL AND RAMSEY
COUNTY FOR CONTAMINATION CLEANUP GRANT FUNDS FOR THE
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WHEREAS, the Port Authority has the institutional, managerial and financial capability to ensure adequate project and grant administration.

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WHEREAS, the Port Authority finds that the required contamination cleanup will not occur through private or other public investment within the reasonably foreseeable future without Tax Base Revitalization Account grant funding.

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 act as the legal sponsor for the project contained in the Contamination Cleanup Grant Program, Tax Base Revitalization Account Grant Program, and Environmental Response Fund Grant Program to be submitted on May 1, 2018 and that Lee Krueger, President is hereby authorized to apply to the Department of Employment and Economic Development, Metropolitan Council, and Ramsey County for funding of this project on behalf of the Port Authority.

2. That the Port Authority has the legal authority to apply for financial assistance, and the institutional, managerial, and financial capability to ensure adequate project administration.

3. That the sources and amounts of the local match identified in the application are committed to the project identified.

3.4. That the Port Authority 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.

4.5. That upon approval of its application, the Port Authority may enter into an agreement with the State of Minnesota, Metropolitan Council, and Ramsey County for the above-referenced project, and that the Port Authority certifies that it will comply with all applicable laws and regulations as stated in all contract agreements.

5.6. That the President is hereby encouraged and authorized to request and accept from, if awarded, a Contamination Cleanup grant from the Minnesota Department of Employment and Economic Development (DEED), a Tax Base Revitalization Account Contamination Cleanup grant from the Metropolitan Council and an Environmental Response Fund grant from Ramsey County in the amount up to \$1,000,000.00 in grant funds for the Minnesota Chemical Company project.

6.7. That the President or anyone acting under his direction is hereby authorized and directed to execute any and all necessary documents to complete the grant application and secure its receipt, including any matching fund requirements.

Adopted: ~~April 24~~June 26, 2018

PORT AUTHORITY OF THE
CITY OF SAINT PAUL

By _____
Its Chair

ATTEST:

By _____
Its Secretary



EXETER MANAGEMENT LLC

Site Detail Map

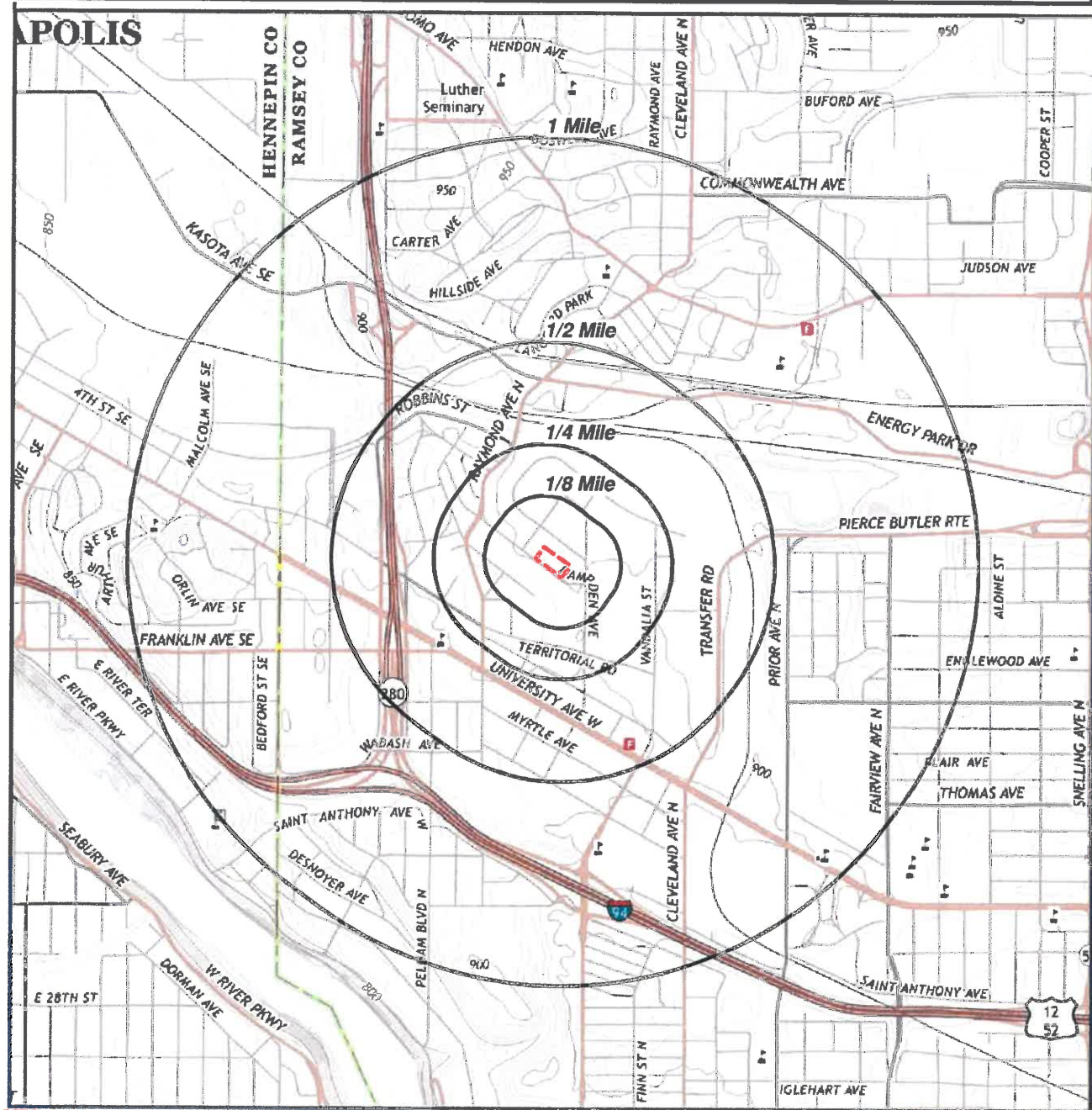


Responsive partner. Exceptional outcomes.

OCT 2017

Figure 2

Topographic Map



 Target Property (TP)

Quadrangle(s): Saint Paul West
Source: USGS, 08/30/2013
Minnesota Chemical Building
2285 Hampden Avenue West
St. Paul, Minnesota




0' 1000' 2000' 3000'
 SCALE: 1" = 2000'

[Click here to access Satellite view](#)

GeoSearch www.geo-search.com 888-396-0042

MEMORANDUM

To: CREDIT COMMITTEE **Meeting Date:** June 19, 2018

From: Kathryn L. Sarnecki 

Subject: **2017 LEASE AMENDMENT AND RENTAL RATE ADJUSTMENT – NORTHERN METAL RECYCLING, LLC, AT BARGE TERMINAL NO. 1**
RESOLUTION NO. _____

Action Requested:

Approval of a lease amendment and rental rate adjustment of the leased premises with Northern Metal Recycling, LLC (the “Tenant”), at Barge Terminal No. 1.

Background:

The Port Authority leased 19 acres of land in Barge Terminal No. 1, 1031 Childs Road in Saint Paul, Minnesota, with a 20-year Lease dated May 1, 2007 to Great Western Recycling Industries, Inc. Due to a merger in 2009, the Lease was amended to substitute Northern Metal Recycling, LLC, as the Tenant; and in a 2010 Lease Amendment, the Lease contract was extended by five years to the year 2032. The leased premises is primarily used for shipping and handling of scrap metal and salt.

Lease Terms and Conditions:

Current Lease: Through April 30, 2032

Current Five-Year Rental Rate Adjustment: May 1, 2017 through April 30, 2022

Annual rental rate adjustments for this five-year period are 2.2% per year.

Base Rent	Period Total	Monthly	Calculated PSF Rate
May 1, 2017 - April 30, 2018	\$203,003.54	\$16,916.96	0.2453
May 1, 2018 - April 30, 2019	\$207,469.62	\$17,289.13	0.2507
May 1, 2019 - April 30, 2020	\$212,033.95	\$17,669.50	0.2562
May 1, 2020 - April 30, 2021	\$216,698.70	\$18,058.22	0.2618
May 1, 2021 - April 30, 2022	\$221,466.07	\$18,455.51	0.2676

MEMORANDUM

Tonnage fees will be increased from \$0.050 per ton to \$0.075 per ton of loaded product, pursuant to the method of measurement in the original Lease.

These rental rates are in line with the other comparable leases in our river terminals. All the base rent from this Lease and half of the tonnage will go to 876 bondholders. The other half of the tonnage will go to our River Maintenance Fund.

Recommendation:

Approval of this lease amendment and rental rate adjustment of the leased premises for Northern Metal Recycling at Barge Terminal No. 1.

Attachment: Resolution

**RESOLUTION OF THE
PORT AUTHORITY OF THE CITY OF SAINT PAUL
[2017 LEASE AMENDMENT AND RENTAL RATE
ADJUSTMENT – NORTHERN METAL RECYCLING, LLC]**

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, the Port Authority wants to enter into a 2017 Lease Amendment and Rental Rate Adjustment with Northern Metal Recycling, LLC (the “Tenant”) at Barge Terminal No. 1, which adjusts the rates in the Lease through April 30, 2022, as set forth below:

Base Rent	Period Total	Monthly	Calculated PSF Rate
May 1, 2017 - April 30, 2018	\$203,003.54	\$16,916.96	0.2453
May 1, 2018 - April 30, 2019	\$207,469.62	\$17,289.13	0.2507
May 1, 2019 - April 30, 2020	\$212,033.95	\$17,669.50	0.2562
May 1, 2020 - April 30, 2021	\$216,698.70	\$18,058.22	0.2618
May 1, 2021 - April 30, 2022	\$221,466.07	\$18,455.51	0.2676

WHEREAS, tonnage fees will be increased from \$0.050 per ton to \$0.075 per ton of loaded product, pursuant to the method of measurement in the original Lease.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE PORT AUTHORITY OF THE CITY OF SAINT PAUL that the proposed 2017 Lease Amendment and Rental Rate Adjustment, as contained in the Memorandum to the Board, is hereby approved; and

BE IT FURTHER RESOLVED that the President of the Port Authority, or anyone acting under his direction, is hereby authorized and directed to execute on behalf of the Port Authority a Lease Amendment in accordance with the above-referenced terms in form as approved by counsel.

Adopted: June 26, 2018

PORT AUTHORITY OF THE
CITY OF SAINT PAUL

By _____
Its _____

ATTEST:

By _____
Its _____

MEMORANDUM

To: CREDIT COMMITTEE **Meeting Date:** June 19, 2018

From: Michael J. Linder *MJL*

Subject: **BABCOCK PROPERTIES, LLC AND CHAD S. BABCOCK INSURANCE AGENCY, INC.
APPROVAL OF A \$26,000 TRILLION BTU LOAN**

Action Requested:

Provide approval for the Port Authority to initiate a Trillion BTU loan for approximately \$26,000 with Babcock Properties, LLC and Chad S. Babcock Insurance Agency, Inc. for the installation of a 10-kW roof mounted solar array on a commercial property located in Excelsior, 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:

Chad Babcock owns a State Farm Insurance agency located at 378 Oak Street in Excelsior, Minnesota, with the property owned by a related entity, Babcock Properties, LLC. Chad has been in the insurance business since 1998. He intends to install a 10-kW solar array on the building that houses his agency, to offset electricity use. The property has a tax assessed value of \$828,000.

Proposed Project:

10-kW Roof Mounted Solar Array	
Purchase Price and Installation	\$26,000

Sources and Uses of Funds:

Sources of funds:	
Trillion BTU	\$26,000
Uses of funds:	
10-kW Roof Mounted Solar Array	\$26,000

In order to leverage the grant funds, we are requesting that all local EDAs match the Trillion funds for projects in their area. Hennepin 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 funder of the loan.

MEMORANDUM

Financial Analysis:

Tax returns were received for Chad's insurance agency as well as his personal tax returns showing the real estate entity. His business was profitable in all of the past three years and show the real estate entity was profitable as well. The borrower also has W-2 and other income on his personal tax returns. The debt service coverage ratio for the insurance agency was 2.12 to 1, which included the PACE assessment and all real estate debt. A balance sheet was not provided so a debt-to-equity ratio could not be calculated.

Debt Service Coverage:	2.12	Trillion standard of at least:	1.15
Debt-to-Equity:	N/A	Trillion standard of less than:	4.00

Proposal:

Source of Funds:	Trillion BTU
Use of Funds:	10-kW Roof Mounted Solar Array
Amount of Loan:	\$26,000
Rate:	5.0%
Term:	10 years
Collateral:	Signed Loan Agreement PACE Special Assessment

Energy Savings:

60 MMBTUs (\$2,000) annually.

Renewable Energy Rebates and Incentives:

The borrower is eligible to receive additional incentives including the investment tax credit equal to 30% of the system's cost, accelerated depreciation and performance-based incentives through the local utility.

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 \$26,000 Trillion BTU loan to Babcock Properties, LLC and Chad S. Babcock Insurance Agency, Inc.

MEMORANDUM

To: CREDIT COMMITTEE

Meeting Date: June 19, 2018

From: Michael J. Linder *MJL*

**Subject: BAKIN MAKIN ACRES, LLC AND MELVIN AND SHARON YUNKER
APPROVAL OF A \$95,000 TRILLION BTU LOAN**

Action Requested:

Provide approval for the Port Authority to initiate a Trillion BTU loan for approximately \$95,000 with Bakin Makin Acres, LLC and Melvin and Sharon Yunker for the installation of a 50-kW ground mounted solar array on an agricultural property located in Rose Creek, 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:

Melvin and Sharon Yunker have a 180-acre hog farm located at 18390 730th Avenue in Rose Creek, Minnesota. The subject parcel of land is owned by Bakin Making Acres, LLC, their real estate holding company and has a tax assessed value of \$476,200. In addition to the hog farm, the couple rents out their remaining land for crop farming. This will be the second PACE loan they have requested. The Port Authority funded a \$190,000 PACE loan in April of 2017, secured by a separate parcel of land, and the couple have decided that they would like additional capacity to further reduce energy use.

Proposed Project:

50-kW Ground Mounted Solar Array	
Purchase Price and Installation	\$95,000

Sources and Uses of Funds:

Sources of funds:	
Trillion BTU	\$95,000
Uses of funds:	
50-kW Ground Mounted Solar Array	\$95,000

In order to leverage the grant funds, we are requesting that all local EDAs match the Trillion funds for projects in their area. Mower 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

MEMORANDUM

the special assessment is not assessed or if another funder does not take out the Trillion BTU loan, it will remain the funder of the loan.

Financial Analysis:

The borrower provided tax returns for the past three years and they have a farming operation as well as rental income from their farm land. The hog operation was profitable in 2017, with losses in the previous two years, offset by depreciation, rental and other personal income. There are no mortgages on their properties and debt is limited to equipment loans. A balance sheet was provided and shows that the borrowers have a debt-to-equity ratio of 0.20 to 1, which includes all debt and both PACE assessments.

Debt Service Coverage:	4.23	Trillion standard of at least:	1.15
Debt-to-Equity:	0.20	Trillion standard of less than:	4.00

Proposal:

Source of Funds:	Trillion BTU
Use of Funds:	50-kW Ground Mounted Solar Array
Amount of Loan:	\$95,000
Rate:	5.0%
Term:	10 years
Collateral:	Signed Loan Agreement PACE Special Assessment

Energy Savings:

245 MMBTUs (\$8,100) annually.

Renewable Energy Rebates and Incentives:

The borrower is eligible to receive additional incentives including the investment tax credit equal to 30% of the system's cost, accelerated depreciation and performance-based incentives through the local utility.

Workforce Implications:

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

Policy Exceptions:

Yes – There were losses in 2016 and 2015, mitigated by the operating profit when factoring out depreciation, as well as adequate cash flow and no mortgage debt on their properties.

Recommendation:

We recommend the approval of a \$95,000 Trillion BTU loan to Bakin Makin Acres, LLC and Melvin and Sharon Yunker.

MEMORANDUM

To: CREDIT COMMITTEE

From: Michael J. Linder *MJL*

Subject: **DKB PROPERTIES, LLC AND BAILEY & SONS TRUCKING, INC.
APPROVAL OF A \$100,000 TRILLION BTU LOAN**

Meeting Date: June 19, 2018

Action Requested:

Provide approval for the Port Authority to initiate a Trillion BTU loan for approximately \$100,000 with DKB Properties, LLC and Bailey & Sons Trucking, Inc. for the installation of a 40-kW roof-mounted solar array on a commercial property located in Burnsville, 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:

DKB Properties, LLC is a real estate holding company for a commercial building located at 3401 W Burnsville Parkway. Bailey & Sons Trucking, Inc. operates a Two Men and a Truck franchise at the facility and is owned and operated by a father and son team of Dave and Nick Bailey. The company provides packing, moving and storage services in the South Metro area and has been in business since 1999. They are installing a roof mounted solar array on the property, which has a tax assessed value of \$793,900.

Proposed Project:

40-kW Roof Mounted Solar Array	
Purchase Price and Installation	\$100,000

Sources and Uses of Funds:

Sources of funds:	
Trillion BTU	\$100,000
Uses of funds:	
40-kW Roof Mounted Solar Array	\$100,000

In order to leverage the grant funds, we are requesting that all local EDAs match the Trillion funds for projects in their area. Dakota 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

MEMORANDUM

the special assessment is not assessed or if another funder does not take out the Trillion BTU loan, it will remain the funder of the loan.

Financial Analysis:

Tax returns were received for the last three years for both DKB Properties, LLC and Bailey & Sons Trucking, Inc. and both entities were profitable in the last three years. Since the companies share common ownership, their debt service coverage was calculated on a combined basis and with the PACE assessment was 1.95 to 1. Their combined debt-to-equity, including all debts and the PACE assessment was 2.89 to 1.

Debt Service Coverage:	1.95	Trillion standard of at least:	1.15
Debt-to-Equity:	2.89	Trillion standard of less than:	4.00

Proposal:

Source of Funds:	Trillion BTU
Use of Funds:	40-kW Roof Mounted Solar Array
Amount of Loan:	\$100,000
Rate:	5.0%
Term:	10 years
Collateral:	Signed Loan Agreement PACE Special Assessment

Energy Savings:

120 MMBTUs (\$4,200) annually.

Renewable Energy Rebates and Incentives:

The borrower is eligible to receive additional incentives including the investment tax credit equal to 30% of the system's cost, accelerated depreciation and performance-based incentives through the local utility.

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 DKB Properties, LLC and Bailey & Sons Trucking, Inc.

MEMORANDUM

To: CREDIT COMMITTEE

From: Michael J. Linder *MJL*

Subject: **MAINLINE PROPERTIES, LLC AND GROEBNER & ASSOCIATES, INC.
APPROVAL OF A \$104,000 TRILLION BTU LOAN**

Meeting Date: June 19, 2018

Action Requested:

Provide approval for the Port Authority to initiate a Trillion BTU loan for approximately \$104,000 with Mainline Properties, LLC and Groebner & Associates, Inc. for the installation of a 40-kW roof-mounted solar array on a commercial property located in Rogers, 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:

Groebner & Associates, Inc. is a sourcing partner and manufacturers' representative serving natural gas utilities and their contractors. They specialize in selling, stocking, and advising on natural gas distribution products from the pipeline to the meter, and provide the after-market maintenance, repair, and training to ensure the safe functioning of natural gas distribution to the public. The company has three locations throughout the Midwest and is planning to install a roof-mounted solar array on their building to offset energy use. The combined parcels have a tax assessed value of \$1,772,000 and the property is located at 21801 Industrial Boulevard in Rogers, MN.

Proposed Project:

40-kW Roof-mounted Solar Array	
Purchase Price and Installation	\$104,000

Sources and Uses of Funds:

Sources of funds:	
Trillion BTU	\$104,000
Uses of funds:	
40-kW Roof-mounted Solar Array	\$104,000

In order to leverage the grant funds, we are requesting that all local EDAs match the Trillion funds for projects in their area. Hennepin 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

MEMORANDUM

the special assessment is not assessed or if another funder does not take out the Trillion BTU loan, it will remain the funder of the loan.

Financial Analysis:

Financial statements were received for Groebner & Associates, Inc. for the past three years and show the company was profitable in all three years. Mainline Properties is a real estate holding company that was created when they purchased the facility in 2017 and show the entity had losses due to depreciation. The combined entities have a debt service coverage ratio of 6.85 to 1, including the PACE assessment and a debt-to-equity ratio of 1.31 to 1 when including all company and mortgage debt as well as the PACE assessment.

Debt Service Coverage:	6.85	Trillion standard of at least:	1.15
Debt-to-Equity:	1.31	Trillion standard of less than:	4.00

Proposal:

Source of Funds:	Trillion BTU
Use of Funds:	40-kW Roof-mounted Solar Array
Amount of Loan:	\$104,000
Rate:	5.0%
Term:	10 years
Collateral:	Signed Loan Agreement PACE Special Assessment

Energy Savings:

230 MMBTUs (\$8,000) annually.

Renewable Energy Rebates and Incentives:

The borrower is eligible to receive additional incentives including the investment tax credit equal to 30% of the system's cost, accelerated depreciation and performance-based incentives through the local utility.

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 \$104,000 Trillion BTU loan to Mainline Properties, LLC and Groebner & Associates, Inc.

MEMORANDUM

To: CREDIT COMMITTEE **Meeting Date:** June 19, 2018

From: Michael J. Linder *MJL*

Subject: **JOHN D. NELSON REVOCABLE TRUST AND TIMOTHY J. NELSON REVOCABLE TRUST
APPROVAL OF A \$181,000 TRILLION BTU LOAN**

Action Requested:

Provide approval for the Port Authority to initiate a Trillion BTU loan for approximately \$181,000 with John D. Nelson Revocable Trust and Timothy J. Nelson Revocable Trust for the installation of a 35-kW ground-mounted solar array on an agricultural property located in New Richland, 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:

John Nelson and his son Tim are owners of a farm located at 26560 State Highway 13 in New Richland, Minnesota. John has owned and operated the farm since 1957, raising corn and soybeans. He is nearing retirement and is in the process of transferring the 1,500-acre farm to Tim. They are installing a 35-kW ground-mounted tracking solar array to offset energy use from their grain processing operation. The two parcels where the arrays are being placed have a combined assessed value of \$1,648,200.

Proposed Project:

35-kW Ground Mounted Solar Array	
Purchase Price and Installation	\$181,000

Sources and Uses of Funds:

Sources of funds:	
Trillion BTU	\$181,000
Uses of funds:	
35-kW Ground Mounted Solar Array	\$181,000

In order to leverage the grant funds, we are requesting that all local EDAs match the Trillion funds for projects in their area. Waseca 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 funder of the loan.

Financial Analysis:

Tax returns were received for John Nelson for the past three years and show the farm has been profitable in all three years. There are no outstanding mortgages on the property and the only outstanding debt obligation is a working line of credit. The debt service coverage ratio with the PACE assessment is 4.21 to 1. A balance sheet was not obtained so a debt-to-equity ratio could not be calculated, however, the two parcels valued at \$1.6 million are only 192 acres of the farm's 1,500 total acres.

Debt Service Coverage:	4.21	Trillion standard of at least:	1.15
Debt-to-Equity:	N/A	Trillion standard of less than:	4.00

Proposal:

Source of Funds:	Trillion BTU
Use of Funds:	35-kW Ground Mounted Solar Array
Amount of Loan:	\$181,000
Rate:	5.0%
Term:	10 years
Collateral:	Signed Loan Agreement PACE Special Assessment

Energy Savings:

340 MMBTUs (\$11,500) annually.

Renewable Energy Rebates and Incentives:

The borrower is eligible to receive additional incentives including the investment tax credit equal to 30% of the system's cost, accelerated depreciation and performance-based incentives through the local utility.

Workforce Implications:

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

Policy Exceptions:

None.

Recommendation:

We recommend the approval of a \$181,000 Trillion BTU loan to John D. Nelson Revocable Trust and Timothy J. Nelson Revocable Trust.

MEMORANDUM

To: CREDIT COMMITTEE

From: Michael J. Linder *MJL*

Subject: ROSEVILLE OFFICE PLAZA, LLC
APPROVAL OF A \$221,000 TRILLION BTU LOAN

Meeting Date: June 19, 2018

Action Requested:

Provide approval for the Port Authority to initiate a Trillion BTU loan for approximately \$221,000 with Roseville Office Plaza, LLC for the installation of high efficiency boilers on a commercial property located in Roseville, 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:

Roseville Office Plaza is a multi-tenant commercial office building located at 1970 Oakcrest Avenue in Roseville, Minnesota. The property is owned and managed by Wellington Management. Improvements to the property include new high efficiency boilers and expansion tanks as well as new control systems. The property has a tax assessed value of \$4,126,500 and is currently 90% occupied.

Proposed Project:

High Efficiency Boilers

Purchase Price and Installation	\$221,000
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Sources and Uses of Funds:

Sources of funds:

Trillion BTU	\$221,000
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Uses of funds:

High Efficiency Boilers	\$221,000
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In order to leverage the grant funds, we are requesting that all local EDAs match the Trillion funds for projects in their area. 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

MEMORANDUM

the special assessment is not assessed or if another funder does not take out the Trillion BTU loan, it will remain the funder of the loan.

Financial Analysis:

Financial statements were received for the past three years and show the property had net losses in all three years due to depreciation and amortization expenses. When factoring out non-cash expenses, the property had positive operating income in two of the last three years. With the installation of the new boiler equipment, maintenance and repair expenses should decrease as well as energy expenses. The property had adequate cash flow coverage with a debt service coverage ratio of 1.41 to 1 with the PACE loan included in the calculation. The debt-to-equity was within guideline at 3.84 to 1.

Additional Financial Analysis:

The most recent appraisal completed on the property is outdated and does not provide an accurate current value of the building. Using the 2017 revenue and expenses, the property's value using an income approach and 7% capitalization rate results in a value of \$4.45 million. This would result in a loan to value of 83% including the PACE assessment. The building is currently 90% occupied, mainly by smaller tenants with lease terms averaging 5 years, while the largest tenant occupies 29% of the building's available space. The property owner has invested in cosmetic upgrades as well as system and efficiency upgrades over the past five years to keep the building in good condition. Given the location of the building in a growing commercial corridor, the building should remain functional and attractive to tenants well into the future.

Debt Service Coverage:	1.41	Trillion standard of at least:	1.15
Debt-to-Equity:	3.84	Trillion standard of less than:	4.00

Proposal:

Source of Funds:	Trillion BTU
Use of Funds:	High Efficiency Boilers
Amount of Loan:	\$221,000
Rate:	5.0%
Term:	10 years
Collateral:	Signed Loan Agreement PACE Special Assessment

Energy Savings:

425 MMBTUs (\$14,800) annually.

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Workforce Implications:

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

Policy Exceptions:

Yes - The property had net losses in the last three years. This was mitigated by the operating profit in two of the last three years when factoring out depreciation and amortization as well as the adequate debt service coverage ratio of 1.41 to 1.

Recommendation:

We recommend the approval of a \$221,000 Trillion BTU loan to Roseville Office Plaza, LLC.

MEMORANDUM

To: CREDIT COMMITTEE

Meeting Date: June 19, 2018

From: Laurie J. Hansen 

Subject: APPROVAL OF EDIF LOANS OF UP TO \$300,000 TO STACKED DECK BREWERY AND GO WILD

Action Requested:

Approval (ratification) of two Economic Development Incentive Fund (EDIF) loans of up to \$300,000 to Stacked Deck Brewery and Go Wild.

Background:

The EDIF was established by the Board with the following purpose:

- Fund grants and loans
- Promote business retention and attraction
- Enhance job creation
- Assist businesses moving to “green” practice

The Stacked Deck Brewery is a tenant at the Treasure Island Center. Their buildout has been delayed by a misunderstanding regarding their project labor agreement. This delay has resulted in loss of business revenue due to missing the prime season in the summer months and increased costs.

Without this assistance, the Brewery will not be able to complete their buildout, will likely not succeed or at least not at this location, and the losses to Treasure Island Center will exceed \$300,000.

Current Status:

The EDIF account has a balance of \$415,000.

We have agreement in principal with the owners of Stacked Deck to pay 1/3 of the costs to make the union restitution. Go Wild would need to make up the remaining 2/3 of those costs.

We are recommending those costs be funded by loans from the EDIF. One to Stacked Deck for up to \$100,000 and the second loan to Go Wild for up to \$200,000. Both loans would have an interest rate of 2%. The term of the Stacked Deck loan will match the termination of their lease. This loan will be fully subordinate to their bank loan with exact loan terms to be established after the bank has set their parameters for this additional debt.

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The loan to Go Wild would be fully amortized over a 10-year term with debt service payments beginning on January 1, 2019. The loan would be due on sale if CCP's interest in Go Wild is purchased.

This loan fund has no credit quality policy or guidelines and is assessed as if it were a grant. Due to the nature and necessity of this loan, we have not done any underwriting of the financial statements.

Recommendation:

We recommend approval (ratification) of two EDIF loans of up to \$300,000 to Stacked Deck Brewery and Go Wild.