


REVISED
MEMORANDUM
NOTICE

To: CREDIT COMMITTEE
From: Todd Hurley 
Subject: **REGULAR CREDIT COMMITTEE MEETING**
JUNE 27, 2023, 1:30 P.M.

Date: June 22, 2023

Chair Mullin is calling a meeting of the Credit Committee for **Tuesday, June 27, 2023, at 1:30 p.m.** in the Board Room of the Saint Paul Port Authority, 400 Wabasha Street No., Suite 240, St. Paul, MN.

The purpose of the meeting is:

Minutes

Approval of Minutes of the April 25, 2023 Credit Committee Meeting

Conflict of Interest

Conflicts with any Items on the Agenda

Agenda Items

1. Peters Properties II, LLC – Approval of a \$831,000 Trillion BTU PACE Loan
2. Peters Properties III LLC – Approval of a \$310,320 Trillion BTU PACE Loan
3. Northern Wilds Properties LLC – Approval of a \$15,000 Trillion BTU PACE Loan
4. 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
5. Such Other Business That May Come Before the Committee

/amk

cc: Press
City Clerk

SAINT PAUL PORT AUTHORITY
MINUTES OF THE REGULAR CREDIT COMMITTEE MEETING
APRIL 25, 2023

The regular meeting of the Port Authority Credit Committee was held on April 25, 2023, at 1:30 p.m. in the Board Room of the Saint Paul Port Authority, 400 Wabasha Street, Suite 240, Saint Paul, Minnesota 55102.

The following Committee Members were present:

Matt Slaven	John Marshall	Don Mullin, Via Microsoft Teams
John Bennett	Brianne Hamm	Angela Riffe

Also, present were the following:

Todd Hurley	Bruce Kessel	Kathryn Sarnecki
Monte Hilleman	Sarah Illi	Cathy Mohr
Andrea Novak	Tonya Bauer	Pete Klein
Dana Krueger	Laurie Siever	Amanda Bauer
Holly Huston	Annamarie Kosel	Phoua Vang
Rick Howden	Linda Williams	

Samantha Juneau, City of Saint Paul

Amy Brendmoen, City of Saint Paul

Rebecca Noecker, City of Saint Paul

Emily Lawrence

Chris Sherman, Sherman Associates

Dan Collison, Sherman Associates

Alyssa Olson, Sherman Associates

Cathy Lawrence, TC Habitat for Humanity

Chad Dipman, TC Habitat for Humanity

Ted Johnson, Norden Strategies

Johnny Opara, JO Companies

Nneka Constantino, Merrill Lynch

APPROVAL OF REVISED AGENDA

Committee Member Bennett made a motion to accept the revised Credit Committee agenda. The motion was seconded by Commissioner Slaven, submitted to a roll vote, and carried unanimously.

APPROVAL OF MINUTES

Committee Member Riffe made a motion to approve the minutes of the March 28, 2023 Credit Committee meeting. The motion was seconded by Committee Member Hamm, submitted to a vote, and carried unanimously.

CONFLICTS OF INTEREST

Committee Member Marshall stated that he would abstain from voting on Item No. 5 - Conveyance of Land to Xcel Energy due to his employment with Xcel Energy.

Committee Member Slaven noted for the record that in his past private practice, he represented Xcel Energy in a matter unrelated to Item No. 5 – Conveyance of Land to Xcel Energy.

AGENDA ITEMS

XBMN01, LLC - APPROVAL OF A \$669,890 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 \$669,890 with XBMN01, LLC for the installation of new HVAC and EMS equipment in its facility located at 7901 Xerxes Avenue S., Bloomington, Minnesota 55431. Committee Member Hamm made a motion to approve the request. The motion was seconded by Committee Member Riffe, submitted to a roll call vote, and carried unanimously.

SAINT PAUL PORT AUTHORITY SERIES 2023 GENERAL OBLIGATION BONDS

Ms. Huston reviewed her memorandum with the Committee requesting approval of a resolution approving the adoption of an ordinance; authorizing staff to take certain actions with respect to issuance of 2023 GO Bonds and declaring the official intent to reimburse. Committee Member Bennett made a motion to approve the request. The motion was seconded by Committee Member Riffe, submitted to a roll call vote, and carried unanimously.

DECERTIFICATION OF THE WILLIAMS HILL REDEVELOPMENT TAX INCREMENT FINANCING DISTRICT

Mr. Kessel reviewed his memorandum with the Committee requesting approval to decertify the Williams Hill Redevelopment Tax Increment Financing District and authorize staff to submit the required documents to Ramsey County and other required parties. Committee Member Slaven made a motion to approve the request. The motion was seconded by Committee Member Bennett, submitted to a roll call vote, and carried unanimously.

CONVEYANCE OF LAND TO NORTHERN STATES POWER COMPANY, HEREINAFTER REFERRED TO AS XCEL ENERGY - THE HEIGHTS – INDUSTRIAL PARCEL 5

Mr. Hilleman reviewed his memorandum with the Committee requesting approval of the conveyance of approximately 20 acres of land to Xcel Energy for the construction of an approximately 150,000-175,000 square-foot commercial/industrial building, an approximate 30,000 square-foot training facility, and associated storage and service areas.

Committee Member Hamm made a motion to approve the request. Committee Member Slaven noted that the updated packet no longer included Exhibit B and asked the motion to be amended to reflect the change. Committee Member Hamm amended her motion to approve the request without Exhibit B. The motion was seconded by Committee Member Slaven.

Discussion included, but was not limited to, the future of the Rice Street property, and jobs and tax base implications of the transaction.

The motion was submitted to a roll call vote and carried by a vote of five with Commissioner Marshall abstaining.

**APPROVAL FOR AWARD OF CONTRACT FOR DEMOLITION, REMEDIATION
AND MASS SITE GRADING AT THE HEIGHTS, 2200 WEST LARPENDEUR, SAINT PAUL, MINNESOTA**

Ms. Sarnecki reviewed her memorandum with the Committee requesting approval for the authorization to award a contract to the lowest responsive and responsible bidder for the demolition, remediation, and mass-grading of The Heights located at 2200 West Larpentour Avenue, Saint Paul, Minnesota. Committee Member Slaven made a motion to approve the request. The motion was seconded by Committee Member Mullin, submitted to a roll call vote, and carried unanimously.

2023 GRANT APPLICATION AND ACCEPTANCE AUTHORIZATION

Ms. Williams 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 apply for and accept any grant or other financial or resource assistance for the year 2023 so long as the assistance furthers the Port Authority's mission. Committee Member Bennett made a motion to approve the request. The motion was seconded by Committee Member Riffe, submitted to a roll call vote, and carried unanimously.

**AUTHORIZATION TO APPLY FOR CONTAMINATION CLEANUP
GRANT FUNDS ON BEHALF OF SNELLING-MIDWAY REDEVELOPMENT, LLC
FOR THE UNITED VILLAGE PHASE 1 PROJECT IN SAINT PAUL, MINNESOTA**

Ms. Illi reviewed her memorandum with the Committee requesting approval for the Port Authority of the City of Saint Paul to seek authorization to apply to the Minnesota Department of Employment and Economic Development for up to \$1,500,000, the Metropolitan Council for up to \$500,000, and Ramsey County for up to \$250,000 in Contamination Cleanup Grant funds on behalf of Snelling-Midway Redevelopment, LLC for the United Village Phase 1 Project in Saint Paul, Minnesota. Committee Member Riffe made a motion to approve the request. The motion was seconded by Committee Member Slaven, submitted to a roll call vote, and carried unanimously.

SUCH OTHER BUSINESS

QUARTERLY REPORT ON OUTSIDE FUNDED PACE PROJECTS – 1Q/2023

Mr. Hurley noted the quarterly report on outside funded PACE projects was included in the packet.

There being no further business, the meeting was adjourned at 2:10 p.m.

By: _____

Its: _____

MEMORANDUM

To: CREDIT COMMITTEE

Meeting Date: June 27, 2023

From: Holly Huston 

Subject: Peters Properties II, LLC – APPROVAL OF A \$831,000 TRILLION BTU PACE LOAN

Action Requested:

Seeking 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.

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:

Peters Properties II, LLC owns multiple warehouses and industrial buildings within Bloomington, MN. Most recently the company combined two parcels they owned into one and is replacing the roof and adding solar panels on the building. The property has a 37,539-square foot industrial warehouse and distribution facility located at 333 West 86th Street in Bloomington, Minnesota. The building was constructed in 1950, renovated in 1994 and is situated on a 2.46-acre site. The property is approximately 57.6% owner-occupied with additional, smaller tenants occupying the remaining 42.4%.

Proposed Project:

Purchase Price and Installation:

Solar 460W, 471 panels, 216,660 W DC	\$452,500
Roof	\$409,100

Sources and Uses of Funds:

Sources of funds:

Trillion BTU	\$831,000
Other Sources	\$30,600

Uses of funds:

Solar	\$452,500
Roof	\$409,100

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In order to leverage the grant funds, we are working with public and private partners to ultimately fund this project. Hennepin County is assisting with placing the PACE special assessment on the property taxes and another funder will likely finance that portion of the project once the special assessment is in place. Trillion BTU funds will act as a bridge loan until that time. In the unlikely event that the special assessment is not assessed or if another funder does not take out the Trillion BTU loan, Trillion BTU will remain the funder of the loan.

Financial Analysis:

Peters Properties II LLC has owned this property since 2008. The property was recently appraised by CBRE, the estimated property market value is \$4,155,000. The outstanding mortgage amount is \$2,009,932.83. The debt service coverage is above the standard, meaning their net income can cover current debt two-fold. The debt-to-equity ratio adjusts for accumulated depreciation.

Debt Service Coverage:	2.34	Trillion standard of at least:	1.15
Debt-to-Equity:	4.84	Trillion standard of less than:	4.00

Proposal:

Source of Funds:	Trillion BTU
Use of Funds:	Solar and Roof
Amount of Loan:	\$831,000
Rate:	5.00%
Term:	10 years
Collateral:	Signed Loan Agreement PACE Special Assessment

Energy Savings:

240,989 kWh (\$19,882) annually, a 45% savings.

Workforce Implications:

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

Policy Exceptions:

The debt-to-equity ratio is slightly above the standard, the primary debt is the mortgage.


Recommendation:

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.

MEMORANDUM

To: CREDIT COMMITTEE

Meeting Date: June 27, 2023

From: Holly Huston 

Subject: Peters Properties III LLC – APPROVAL OF A \$310,320 TRILLION BTU PACE LOAN

Action Requested:

Seeking 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.

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:

Peters Properties III LLC owns multiple warehouses and industrial buildings within Bloomington, MN. The property located at 9054, 9060, and 9100 Grand Avenue S, currently has an existing solar array that needs to be replaced. The location has a 16,000 square foot warehouse, distribution building, and all three properties are on one mortgage.

9054 Grand Avenue S 10-027-24-32-0010
9060 Grand Avenue S 10-027-24-32-0011
9100 Grand Avenue S 10-027-24-32-0012

Proposed Project:

Purchase Price and Installation:

Solar 460W, 320 panels, 147,200W CD	\$338,500
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Sources and Uses of Funds:

Sources of funds:

Trillion BTU	\$310,320
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Other Sources	\$28,180
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Uses of funds:

Solar 460W	\$338,500
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In order to leverage the grant funds, we are working with public and private partners to ultimately fund this project. Hennepin County is assisting with placing the PACE special assessment on the property taxes and another funder will likely finance that portion of the project once the special assessment is in place. Trillion BTU funds will act as a bridge loan until that time. In the unlikely event that the special assessment is not assessed or if another funder does not take out the Trillion BTU loan, Trillion BTU will remain the funder of the loan.

Financial Analysis:

Peters Properties III LLC has owned this property since 2012. The property value of all three parcels is \$1,551,600 and the outstanding mortgage amount is \$1,308,535.93. Financial ratios meet qualifications, the debt-to-equity ratio adjusts for accumulated depreciation. The ratios are as of December 31, 2022.

Debt Service Coverage:	1.62	Trillion standard of at least:	1.15
Debt-to-Equity:	1.34	Trillion standard of less than:	4.00

Proposal:

Source of Funds:	Trillion BTU
Use of Funds:	Solar and Roof
Amount of Loan:	\$310,320
Rate:	5.00%
Term:	10 years
Collateral:	Signed Loan Agreement PACE Special Assessment

Energy Savings:

165,916 kWh (\$13,688) annually, a 64% savings.

Workforce Implications:

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

Policy Exceptions:

None


Recommendation:

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.

MEMORANDUM

To: CREDIT COMMITTEE

Meeting Date: June 27, 2023

From: Holly Huston 

Subject: Northern Wilds Properties LLC - APPROVAL OF A \$15,000 TRILLION BTU PACE Loan

Action Requested:

Seeking approval for the Port Authority to initiate a Trillion BTU PACE 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.

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:

Northern Wilds Media, Inc has been editing and publishing a North Shore magazine since 2004. The magazine caters to locals and tourists, highlighting news, events, art, food, and real estate along the north shore, from Duluth to Grand Portage. Northern Wilds Media revenue comes from magazine subscriptions and selling advertising space in the publication.

Northern Wilds Properties LLC purchased an office building to operate the media company in 2017. The Northern Wilds Properties LLC has leased space to Smith Law Firm ever since they purchased the property. The law firm renewed their lease last year for an additional 5 years, annual rental income is \$38,000.

Proposed Project:

Northern Wilds Properties LLC is doing a gut and rehab project on their office space. As part of the upgrade, they are replacing the furnace with an energy star rated system and windows.

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Purchase Price and Installation	\$16,300
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Sources and Uses of Funds:

Sources of funds:

Trillion BTU	\$15,000
Other sources	\$1,300

Uses of funds:

Energy efficient window replacement	\$11,000
Furnace for main office	\$5,300

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

MEMORANDUM

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:

Northern Wilds Properties LLC purchased the property in 2017, and the current assessed value is \$230,800. Northern Wilds Properties LLC has a primary and secondary mortgage on the property, together the outstanding balance is \$229,294.30. The financial statements show a positive net income, but the debt coverage ratio is slightly below standard. Debt to equity ratio is negative, driven by the higher outstanding mortgage balance on the property. The loan amount is extremely small and the risk is low with being in first position. The following ratios are as of December 31, 2022:

Debt Service Coverage:	0.62	Trillion standard of at least:	1.15
Debt-to-Equity:	negative	Trillion standard of less than:	4.00

Proposal:

Source of Funds:	Trillion BTU
Use of Funds:	HVAC and Windows
Amount of Loan:	\$15,000
Rate:	5.00%
Term:	5 years
Collateral:	Signed Loan Agreement PACE Special Assessment

Energy Savings:

\$2,000 annually.

Workforce Implications:

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

Policy Exceptions:

Financial ratios are under standards; however, the media business has been operating successfully over the last 18 years. The property company has owned the building for 6 years and they are making proactive clean energy investments that will allow them to continue to operate well into the future. In addition, the property LLC has a signed tenant lease agreement through 2027 that generates rental income, approximately \$38,000 annually. Given the success of the media business, the small loan request, and lender acknowledgement, we recommend approval.

Recommendation:

Approval for the Port Authority to initiate a Trillion BTU PACE 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.

To: CREDIT COMMITTEE**Meeting Date:** June 27, 2023**From:** Todd P. Hurley **Subject:** **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 RESOLUTION NO. _____****Action Requested:**

Approval of the Resolution extending the time for execution of the Saints Transfer Documents (as defined in Resolution 4737) through July 31, 2023.

Background:

The Board previously adopted Resolution 4737 at its March 28, 2023 meeting, which authorized the President and Board Chair to execute and deliver the therein described Saints Transfer Documents with the following contingencies: (1) the Escrow Agreement, Guaranty of Payment and Performance, and Confession of Judgment remain in full force and effect until such time as all of the Saints Transfer Documents are fully executed and delivered to the Port Authority and the City, as applicable; (2) the Guaranty Reserve Fund remains in full force and effect and is not required to be drawn upon prior to such time as all of the Saints Transfer Documents are fully executed and delivered; (3) all of the Saints Transfer Documents are fully executed on or before June 30, 2023, and (4) the City Attorney's Office and Bond Counsel have approved the forms of the final Saints Transfer Documents and the Port Authority has received any necessary consents, if any, of the Trustee or the holder of the Series 2013-6 Bonds required in the determination of Bond Counsel.

Current Status:

The Saints Transfer Documents are actively being negotiated. Additional time is needed to adequately complete negotiations and execute the Saints Transfer Documents.

Recommendation:

Approval of the Resolution extending the time for execution of the Saints Transfer Documents (as defined in Resolution 4737) through July 31, 2023.

Attachment: Resolution

Resolution No. _____

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

**[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]**

WHEREAS, at its meeting on March 28, 2023, the Port Authority of the City of Saint Paul (the "Port Authority") adopted Resolution No. 4737;

WHEREAS, Resolution No. 4737 authorized the President and the Board Chair, or their proper designees, to execute and deliver the Saints Transfer Documents (as defined in Resolution 4737) by June 30, 2023; and

WHEREAS, additional time is now needed to adequately complete negotiation and execution of the Saints Transfer Documents.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE PORT AUTHORITY OF THE CITY OF SAINT PAUL, as follows:

1. The date by which the President and the Board Chair, or their proper designees, are authorized to execute and deliver the Saints Transfer Documents (as defined in Resolution 4737) is hereby extended from June 30, 2023 to July 31, 2023.
2. This resolution shall take effect and be in force from and after its approval.

Adopted: June 27, 2023

PORT AUTHORITY OF THE
CITY OF SAINT PAUL

By _____
Its _____

ATTEST:

By _____
Its _____