

**MEMORANDUM
NOTICE**

To: CREDIT COMMITTEE

Date: May 19, 2022

From: Todd Hurley



**Subject: REGULAR CREDIT COMMITTEE MEETING
MAY 24, 2022, 2:00 P.M.**

Chair Mullin is calling a meeting of the Credit Committee for **Tuesday, May 24, 2022 at 2:00 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 26, 2022 Credit Committee Meeting

Conflict of Interest

Conflicts with any items on the agenda

Agenda Items

1. Deborah and Gary Kastner – dba Kastner Restoration, LLC – Approval of a \$95,000 Trillion BTU Loan
2. Such Other Business

**SAINT PAUL PORT AUTHORITY
MINUTES OF THE REGULAR CREDIT COMMITTEE MEETING
APRIL 26, 2022**

The regular meeting of the Port Authority Credit Committee was held on April 26, 2022 at 1:54 p.m. via Microsoft Teams.

The following Committee Members were present:

Don Mullin	John Bennett	John Marshall
Matt Slaven	Brianne Hamm	Matt Hill

Also, present were the following:

Todd Hurley	Nelly Chick	Ann Kosel
Dana Krueger	Linda Williams	Kathryn Sarnecki
Brittney Nelson	Laurie Siever	Angie Helms
George Hoene	Bruce Kessel	Tonya Bauer
Andrea Novak	Linda Tran	Pete Klein

Eric Larson, City of Saint Paul
Dai Thao, City of Saint Paul
Rebecca Noecker, City of Saint Paul
Michelle Hoffman, CliftonLarsonAllen
Chris Wilson, PPL

APPROVAL OF MINUTES

Committee Member Slaven made a motion to approve the minutes of the March 22, 2022 Credit Committee meeting. The motion was seconded by Committee Member Marshall, submitted to a vote, and carried unanimously.

CONFLICT OF INTEREST

Committee Member Slaven noted for the record that many years ago he represented Northern Metals in an unrelated matter that had nothing to do with the occupancy lease at this property. Mr. Larson confirmed this was not a conflict of interest.

AGENDA ITEMS

CONVEYANCE OF LAND TO PPL EAST 7TH, LLC – BEACON BLUFF BUSINESS CENTER

Ms. Bauer reviewed her memorandum with the Committee requesting approval of the conveyance of a 2.21-acre parcel of land to PPL East 7th, LLC at Beacon Bluff Business Center. Committee Member Hamm made a motion to approve the request. The motion was seconded by Committee Member Hill, submitted to a vote, and carried unanimously.

2022 LEASE RENEWAL AND RENTAL RATE ADJUSTMENT – NORTHERN METAL RECYCLING, LLC

Ms. Williams reviewed her memorandum with the Committee requesting approval of a 2022 lease renewal and rental rate adjustment for Northern Metal Recycling, LLC leasing 19 acres (827,640 square feet) of land in Barge Terminal No. 1 at 1031 Childs Road, Saint Paul, Minnesota. 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.

AUTHORIZATION TO APPLY FOR CONTAMINATION CLEANUP GRANT FUNDS FOR REDEVELOPMENT OF THE HEIGHTS, 2200 LARPEUR AVENUE EAST, SAINT PAUL, MN

Ms. Sarnecki reviewed Mr. Hilleman’s memorandum with the Committee requesting the authorization for the Port Authority to apply for and accept grant funds from the Minnesota Department of Employment and Economic Development for up to \$1,000,000.00, the Metropolitan Council for up to \$750,000.00, and Ramsey County for up to \$500,000.00 in Contamination Cleanup 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. 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.

HFS GOLDEN RULE, LLC – APPROVAL OF A \$882,000 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 \$882,000 with HFS Golden Rule, LLC for the installation of new HVAC equipment and an Energy Management System in a commercial property located at 85 7th Place E., Saint Paul, Minnesota. Committee Member Slaven made a motion to approve the request. The motion was seconded by Committee Member Marshall, submitted to a vote, and carried unanimously.

HARDMAN PROPERTIES, LLC – APPROVAL OF A \$420,000 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 \$420,000 with Hardman Properties, LLC for the installation of a new 200 kW Solar System on a commercial property located at 220-230 Hardman Ave. S., South Saint Paul, Minnesota.

After an in-depth conversation regarding the debt-to-equity ratio and the lack of financial history, the motion to approve an approximate \$420,000 Trillion BTU loan with Hardman Properties, LLC for a new solar system was approved upon naming the two operating entities, that are jointly owned by the ownership of Hardman Properties, as co-borrowers to the Trillion BTU PACE loan.

Committee Member Slaven made a motion to approve the amended request. The motion was seconded by Committee Member Bennett, submitted to a vote, and carried unanimously.

SUCH OTHER BUSINESS

QUARTERLY REPORT ON OUTSIDE FUNDED PACE PROJECTS - 1Q/2022


Mr. Klein reviewed the 1st Quarter Report on Outside Funded PACE Projects with the Committee.

There being no further business, the meeting was adjourned at 2:39 p.m.

By: _____

Its: _____

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To: CREDIT COMMITTEE **Meeting Date:** May 24, 2022
From: Peter M. Klein 
Subject: **DEBORAH AND GARY KASTNER – DBA KASTNER RESTORATION, LLC
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 Deborah and Gary Kastner – dba Kastner Restoration, LLC for the installation of new 40 kW solar system on a commercial property located at 906 80th St. NE, Monticello, 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 Kastners own the real estate as individuals and operate their business, Kastner Restoration, LLC from buildings located on the property. This is also their primary residence. The property was purchased on March 31, 2021 and consists of 80 acres with a house and shop buildings. The current assessed value for this property is \$1,221,600 and there is a mortgage of \$700,000 on the property.

Proposed Project:

40 kW Solar System	
Purchase Price and Installation	\$95,000

Sources and Uses of Funds:

Sources of funds:	
Trillion BTU	\$95,000
Uses of funds:	
Project Description	\$95,000

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

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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 Kastners have operated their business since 2009 and tax returns for Kastner Restoration were received and reviewed. They indicate sufficient cash flow to service its debt. The following ratios were as of 12/31/2021 for Kastner Restoration:

Debt Service Coverage:	3.08	Trillion standard of at least:	1.15
Debt-to-Equity:	1.51	Trillion standard of less than:	4.00

Proposal:

Source of Funds:	Trillion BTU
Use of Funds:	40 kWh Solar System
Amount of Loan:	\$95,000
Rate:	4.25%
Term:	10 years
Collateral:	Signed Loan Agreement (Individuals and Corporate) PACE Special Assessment

Energy Savings:

189 MMBTUs (\$6,000) annually.

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 \$95,000 Trillion BTU loan to Deborah and Gary Kastner dba Kastner Restoration, LLC.