


MEMORANDUM NOTICE

To: CREDIT COMMITTEE
From: Lee Krueger 
Subject: **REGULAR CREDIT COMMITTEE MEETING
NOVEMBER 24, 2020 – 1:45 P.M.**

Date: November 19, 2020

Chair Mullin is calling a meeting of the Credit Committee for **Tuesday, November 24, 2020**, at **1:45 p.m.** Chair Mullin has determined, due to the emergency declared by the Governor of Minnesota and the Mayor of Saint Paul regarding the COVID-19 health pandemic, that it is not practical nor prudent for the Saint Paul Port Authority Credit Committee and members of the staff to meet in-person or pursuant to Minnesota Statutes, Section 13D.02. In light of the COVID-19 health pandemic, it is not feasible for any member of the Saint Paul Port Authority Credit Committee and staff to be present at the regular location, and all staff and Committee members of the Saint Paul Port Authority will attend this meeting by telephone or other electronic means.

It is also not feasible for members of the public to attend the meeting at its regular location due to the health pandemic and emergency. Accordingly, no meeting will be held at the Saint Paul Port Authority offices which are located at 380 St. Peter Street, Suite 850, St. Paul, MN. Members of the public may monitor this meeting remotely at 651-395-7858, Conference ID: 194 397 81#. The purpose of the meeting is:

Minutes

Approval of Minutes of the October 27, 2020 Regular Credit Committee Meeting

Conflict of Interest

Conflicts with any items on the agenda

Agenda Items

1. Award of a Contract for the Operation and Maintenance of the Southport Dredge Materials Management Facility
2. Drake Building, LLC – Approval of a \$440,000 Trillion BTU Loan
3. Such other business that may come before the Committee

**SAINT PAUL PORT AUTHORITY
MINUTES OF THE REGULAR CREDIT COMMITTEE MEETING
OCTOBER 27, 2020**

The regular meeting of the Port Authority Credit Committee was held on October 27, 2020 at 2:01 p.m. via Microsoft Teams.

The following Committee Members were present:

Don Mullin	John Bennett	John Marshall
Brianne Hamm	Matt Hill	

Also present were the following:

Lee Krueger	Todd Hurley	Andrea Novak
Ava Langston-Kenney	Bruce Kessel	Dana Krueger
David Johnson	Laurie Siever	Linda Williams
Michael Linder	Nelly Chick	Peter Klein
Ann Kosel	Monte Hilleman	
Dai Thao, City of Saint Paul		
Nneka Constantino, Merrill Lynch		
Eric Larson, City of Saint Paul		
Carl Erickson, St. Thomas Law School Student		
Julie Eddington, Friends School of Minnesota		
Joe Mueller, Friends School of Minnesota		

APPROVAL OF MINUTES

Committee Member Marshall made a motion to approve the minutes of the September 22, 2020 Credit Committee meeting. The motion was seconded by Committee Member Bennett, submitted to a roll call vote and carried unanimously.

CONFLICT OF INTEREST

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

AGENDA ITEMS

**AWARD OF CONTRACT FOR CONSTRUCTION OF THE 2020 SOUTHPORT
TERMINAL TIEBACK AND ANCHOR REHABILITATION REPAIR (DOCKWALL REPAIR)**

Ms. Langston-Kenney reviewed her memorandum with the Committee requesting approval for the Port Authority to award a contract, contingent upon funding, to the lowest responsive and responsible bidder for the construction of the 2020 Southport Terminal tieback and anchor

rehabilitation repair (dockwall repair) located at 637 Barge Channel Road, St. Paul, MN. Committee Member Marshall made a motion to approve the request. The motion was seconded by Committee Member Hamm, submitted to a roll call vote and carried unanimously.

FRIENDS SCHOOL OF MINNESOTA – FORBEARANCE AGREEMENT – CONSENT

Mr. Hurley reviewed his memorandum with the Committee requesting approval for the Port Authority to provide consent of a one-year forbearance agreement between Friends School of Minnesota and Western Bank of principal payments commencing on November 22, 2020 through and including October 22, 2021. Committee Member Bennett made a motion to approve the request. The motion was seconded by Committee Member Hill, submitted to a roll call vote and carried unanimously.

DAN AND CATHY WATERS – APPROVAL OF A \$25,000 TRILLION BTU LOAN

Mr. Linder reviewed his memorandum with the Committee requesting approval for the Port Authority to initiate a Trillion BTU loan for approximately \$25,000 with Dan and Cathy Waters for the installation of LED lighting on a commercial property located in Ely, Minnesota. Committee Member Hamm made a motion to approve the request. The motion was seconded by Committee Member Marshall, submitted to a roll call vote and carried unanimously.

KRIS AND JOLINE BROSCHOFSKY – APPROVAL OF A \$29,300 TRILLION BTU LOAN

Mr. Linder reviewed his memorandum with the Committee requesting approval for the Port Authority to initiate a Trillion BTU loan for approximately \$29,300 with Kris and Joline Broschofsky for the installation of 12-kW solar array on a commercial property located in Milaca, Minnesota. Committee Member Bennett made a motion to approve the request. The motion was seconded by Committee Member Marshall, submitted to a roll call vote and carried unanimously.

RBI GROUP, LLC AND 1, LLC – APPROVAL OF A \$985,300 TRILLION BTU LOAN

Mr. Linder reviewed his memorandum with the Committee requesting approval for the Port Authority to initiate a Trillion BTU loan for approximately \$985,300 with RBI Group, LLC and 1, LLC for the installation of energy efficiency improvements on a commercial property located in Duluth, Minnesota. Committee Member Marshall made a motion to approve the request. The motion was seconded by Committee Member Bennett submitted to a roll call vote and carried unanimously.

VENTURA DRIVE PROPERTIES, LLC – APPROVAL OF A \$110,000 TRILLION BTU LOAN

Mr. Linder reviewed his memorandum with the Committee requesting approval for the Port Authority to initiate a Trillion BTU loan for approximately \$110,000 with Ventura Drive Properties, LLC for the installation of a 40-kW solar array on a commercial property located in Woodbury, Minnesota. Committee Member Hamm made a motion to approve the request. The

motion was seconded by Committee Member Hill, submitted to a roll call vote and carried unanimously.

OTHER BUSINESS

There being no further business, the meeting was adjourned at 2:24 p.m.

By: _____

Its: _____

MEMORANDUM

To: CREDIT COMMITTEE **Meeting Date:** November 24, 2020

From: Ava Langston-Kenney *ALK-K*

Subject: AWARD OF A CONTRACT FOR THE OPERATION AND MAINTENANCE OF THE
SOUTHPORT DREDGE MATERIALS MANAGEMENT FACILITY
RESOLUTION NO.: _____

Action Requested:

Authorization for the Port Authority of the City of Saint Paul ("Port Authority") to negotiate, award, and enter into a five-year contract, (January 1, 2021 through January 1, 2026) contingent upon funding, to the lowest responsive and responsible response for the operation and maintenance of the Southport Dredge Material Management Facility located at 637 Barge Channel Road, Saint Paul, Minnesota, 55107.

Approval of this action authorizes the President or his designees to enter into a contract with LS Marine, Inc. to undertake the operations and maintenance and management duties and responsibilities described below.

Background:

Commercial navigation on the Mississippi River enhances our regional economy by providing a cost-effective, environmentally-sound way to transport commodities to global markets. This project will retain and enhance the Port Authority's capacity to provide terminal access for river shipping.

Since 1998, LS Marine and its associated companies have operated and managed the Southport Dredge Material Management Facility as a part of their agreement with the Port Authority. Over the past 22 years, the management of dredge materials and the associated sales of dredge materials, as blended soils for beneficial reuse, have offset the cost of operating the facility and prevented the Port Authority from incurring substantial costs to dispose of the dredge materials.

The Port Authority of the City of Saint Paul has received proposals for the operation and maintenance of the Southport Dredge Materials Management Facility currently contracted to LS Marine, Inc. See the attached maps as a reference to the areas of operation.

MEMORANDUM

The project consists of:

1. Hydrographic Survey of the Port Authority's four barge terminals; Southport and Red Rock each year, Barge terminals One and Two, once in the five-year contract period and associated required dredging of each terminal.
2. Maintenance and improvement of circulation roads in the facility and Common Areas associated with the Facility.
3. Coordination with other Port Authority Southport tenants to ensure equal and free access on Common Area circulation roads.
4. Coordination with the Army Corps of Engineers to facilitate their Easement Agreement and placement of dredge materials on the Facility.
5. Operation and Maintenance of the dredge materials on site to maximize the beneficial reuse of dredge materials collected.
6. Responsibility for, and management of, any tenant subleasing any area of the Facility.
7. Quarterly Financial and Regulatory reporting to the Port Authority.

The City of Saint Paul Department of Human Rights and Equal Economic Opportunity (HREEO) Procurement Office conducted a public process on behalf of the Port Authority and open sealed responses on June 29, 2020.

A tabulation of the responses follows:

COMPANY	BID AMOUNT
Dubuque Barge, Inc.	\$1,382,700.00
LS Marine, Inc.	\$ 267,400.00

Due to the wide variation in possible mobilization and material reuse/disposal transportation costs, the Port Authority retained an outside professional engineering company ("Engineer") who recommended an open-ended Request for Proposal (RFP) for this work.

Current Status

The HEERO Procurement Office received two (2) responses for the project. The lowest responsive and responsible response was from LS Marine, Inc. The Engineer reviewed the two duly submitted responses and recommended awarding the contract to LS Marine, finding LS Marine's capabilities and operational approach to be sound.

There is sufficient cash in the River Maintenance Fund to fund this contract.

MEMORANDUM

Recommendation:

We recommend approval for the Port Authority to authorize the negotiation, award of, and execution of a five-year contract to the lowest responsive and responsible responder as determined by Port Authority staff, currently LS Marine, Inc., for the operation and maintenance of the Southport Dredge Material Management Facility.

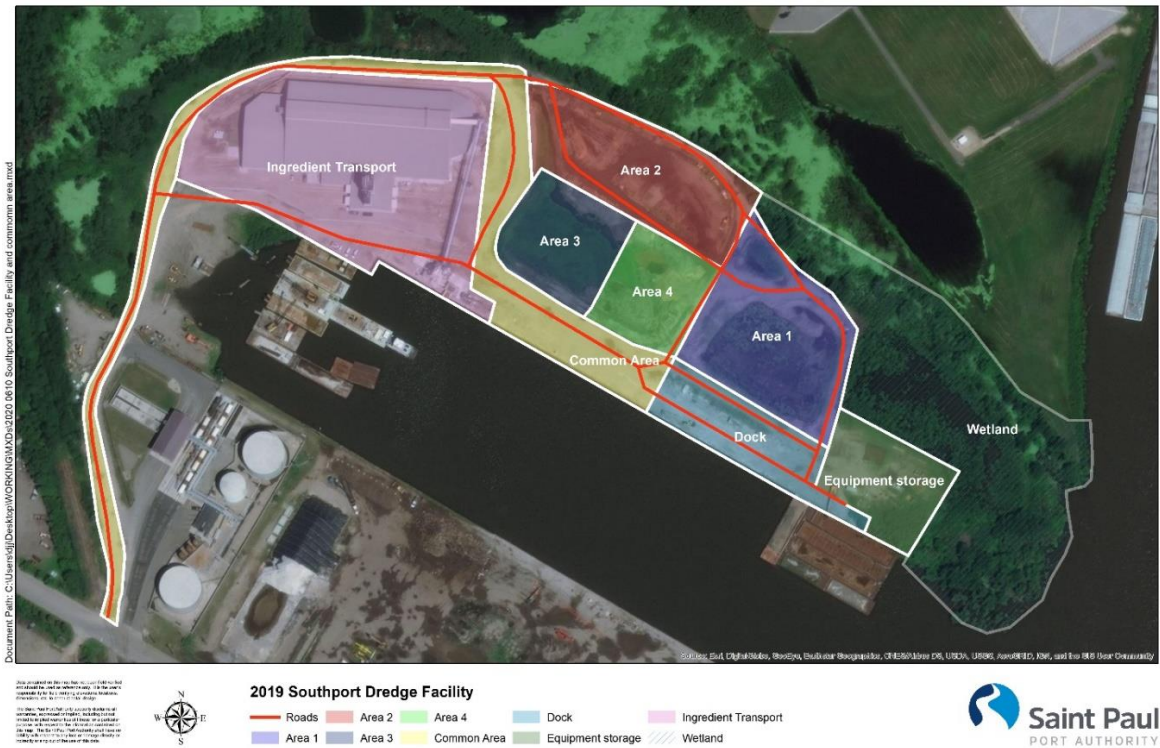
Attachments: Maps
Resolution

Attachment 1 - Maps

Project Area



Areas of Operation



**RESOLUTION OF THE
PORT AUTHORITY OF THE CITY OF SAINT PAUL
[AWARD OF CONTRACT FOR THE OPERATION AND
MAINTENANCE OF THE SOUTHPORT
DREDGE MATERIALS MANAGEMENT FACILITY]**

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

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

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

WHEREAS, the Port Authority seeks to award a contract for the operation and maintenance of the dredge materials management facility in the Southport Terminal.

WHEREAS, the City of Saint Paul's Contract and Analysis Services office on behalf of the Port Authority issued a Request of Proposal (RFP) and conducted an open public process, received sealed responses to the RFP, and opened the sealed responses on June 29, 2020.

WHEREAS, the responses have been received, tabulated and evaluated, and it appears that the lowest responsive and responsible submission is from LS Marine, Inc. in the total amount of \$267,400.

WHEREAS, the Port Authority staff is undertaking the process of evaluating and negotiating with LS Marine before the contract is awarded.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE PORT AUTHORITY OF THE CITY OF SAINT PAUL, that the Port Authority is authorized to award the contract for the operation and maintenance of the Southport dredge materials management facility to the lowest responsive and responsible RFP responder per the terms of the Request for Proposal, including the materials submitted in response to the Request for Proposal.

BE IT FURTHER RESOLVED, that the President or anyone acting under his direction is hereby authorized to execute any and all necessary documents to consummate the transaction.

Adopted: November 24, 2020

PORT AUTHORITY OF THE
CITY OF SAINT PAUL

By _____
Its Chair

ATTEST:

By _____
Its Secretary

MEMORANDUM

To: CREDIT COMMITTEE
From: Michael J. Linder *MJL*
Subject: **DRAKE BUILDING, LLC**
APPROVAL OF A \$440,000 TRILLION BTU LOAN

Meeting Date: November 24, 2020

Action Requested:

Provide approval for the Port Authority to initiate a Trillion BTU loan for approximately \$440,000 with Drake Building, LLC for the installation of new HVAC equipment on a commercial property located in St. 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:

Wellington Management owns and operates the Drake Building, which is located at 60 Plato Boulevard East in Saint Paul. This is an 80,000 square foot multi-tenant commercial office building that is currently 96% occupied. The property has a tax assessed value of \$8,695,200.

Proposed Project:

High Efficiency HVAC Equipment and Controls	
Purchase Price and Installation	\$440,000

Sources and Uses of Funds:

Sources of funds:	
Trillion BTU	\$440,000
Uses of funds:	
High Efficiency HVAC Equipment	\$440,000

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

Financial Analysis:

Tax returns for the last three years show the property was profitable in 2019 and 2018, with losses in 2017, due to yearly depreciation. The debt service coverage ratio at the end of 2019 was 4.55 to 1. With the PACE loan, the debt coverage ratio would have been 3.35 to 1. There is negative equity due to accumulated depreciation. The loan to tax assessed value is 67%. The following ratios are as of December 31, 2019:

Debt Service Coverage:	4.55	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:	High Efficiency HVAC Equipment
Amount of Loan:	\$440,000
Rate:	4.25%
Term:	10 years
Collateral:	Signed Loan Agreement PACE Special Assessment

Energy Savings:

715 MMBTUs (\$24,400) annually.

Workforce Implications:

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

Policy Exceptions:

Yes – There is negative equity due to accumulated depreciation. This is mitigated by the adequate debt service coverage and profitability of the property in the past two years.

Recommendation:

We recommend the approval of a \$440,000 Trillion BTU loan to Drake Building, LLC.

Trillion BTU / PACE Loan Summary
For the month of November 2020

Borrower	Drake Building, LLC
Loan Amount	\$ 440,000
Interest Rate	4.25%
Term (Years)	10
Collateral	
Signed Loan Agreement	Y
Personal Guaranty	N
PACE Special Assessment	Y
Project Description	HVAC
Sources & Uses	
Sources of Funds:	
Trillion BTU	\$ 440,000
Other Funding Sources	
Total Sources	\$ 440,000
Uses of Funds:	
HVAC	\$ 440,000
LED Lighting	
Solar Array	
Boiler	
Other	
Total Uses	\$ 440,000
Financial Ratios	
Debt Service Coverage (Std > 1.15)	4.55
Debt-to-Equity (Std < 4.00)	Neg.
Profitable in 2 of last 3 years (Y/N)	N
Policy Exception (Y/N)	Y
Annual Energy Savings	
MMBTUs	715
Dollars	\$ 24,400
Workforce Implications	
Construction Jobs	5