

Credit Committee

November 28, 2023 – 1:30 p.m.

400 Wabasha Street No., Suite 240 | Saint Paul, MN 55102

Chair Mullin is calling a meeting of the Credit Committee for **Tuesday, November 28, 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 attendance for one or more of the Credit Committee Members at the November 28, 2023, meeting will be by telephone conference. Accordingly, for this Credit Committee meeting, any person from the public may also participate by telephone conference, from a different location than the physical location of the meeting. Members of the public may monitor this meeting by calling 651-395-7858, Conference ID: 388 413 846#.

The purpose of the meeting is:

Minutes

Approval of the Minutes from the October 24, 2023 Credit Committee Meeting

Conflicts of Interest

Conflicts with any Items on the Agenda

Agenda Items

1. Approval of a Lease Amendment and Rental Rate Adjustment – Flint Hills Resources Pine Bend, LLC – Barge Terminal 1
2. Approval of Three Lease Amendments and Rental Rate Adjustments – Hawkins, Inc. – (1) Barge Terminal 1 – 1125 Childs Road; (2) Southport Terminal – 0 Barge Channel Road; and (3) Southport Terminal – 701 Barge Channel Road
3. Approval of Writing Off a Portion of the Twin City Athletic Training, LLC Loan and Accrued Interest and Assignment of a \$200,000 BDF Loan from Twin City Athletic Training, LLC to Fitness STP, LLC
4. Consent to the Refunding of a Conduit Revenue Note Under Minnesota Statutes, Chapter 469.155, Subdivision 12
5. Engelsma Limited Partnership PACE Application – Approval of a \$117,278 PACE Trillion BTU Loan

6. Approval of Emergency Business Development Fund Loan Extensions
7. Authorization to Enter into Loan Documents with the City of Saint Paul Authorizing a Line of Credit for The Heights
8. Authorization to Enter into a Development Agreement, and Related Purchase Agreements, and Approval of Conveyance of Land to Sherman Associates – The Heights

Such Other Business That May Come Before the Committee

cc: Press
City Clerk

**PORT AUTHORITY OF THE CITY OF SAINT PAUL
MINUTES OF THE REGULAR CREDIT COMMITTEE
OCTOBER 24, 2023**

The meeting was called to order by Chair Mullin at 1:45 p.m. in the Board Room of the Saint Paul Port Authority, 400 Wabasha Street No., Suite 240, Saint Paul, Minnesota 55102.

The following Committee Members were present:

Don Mullin	Matt Slaven	John Marshall
John Bennett	Angela Riffe	Trinidad Uribe*

* Attended the meeting virtually.

Also present were the following:

Amanda Bauer	Rick Howden	Todd Hurley
Holly Huston	Sarah Illi	Bruce Kessel
Annamarie Kosel	Dana Krueger	Emily Lawrence
Cathy Mohr	Andrea Novak	Kathryn Sarnecki
Kristine Williams	Linda Williams	
Amy Brendmoen, City of Saint Paul		
Rebecca Noecker, City of Saint Paul		

APPROVAL OF MINUTES

Committee Member Slaven made a motion to approve the minutes of the September 26, 2023 Credit Committee meeting. The motion was seconded by Committee Member Marshall, submitted to a roll call vote, and carried unanimously.

CONFLICT OF INTEREST

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

NEW BUSINESS

**AUTHORIZATION TO APPLY FOR CONTAMINATION CLEANUP GRANT
FUNDS ON BEHALF OF J&L WIRE CLOTH AND AMERICAN SPRING WIRE
CORPORATION FOR THEIR WIRE MILL EXPANSION AND UPGRADE PROJECT**

Mr. Howden reviewed his memorandum with the Committee requesting approval to apply to, and accept from, the Minnesota Department of Employment and Economic Development for up to \$350,000 and Ramsey County Environmental Response Fund for up to \$60,000 in Contamination Cleanup Grant funds for J&L Wire Cloth and American Spring Wire Corporation's Wire Mill Expansion & Upgrade Project. 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.

COMMISSIONER PRESENCE AT COMMITTEE MEETINGS

Ms. Lawrence reviewed her memorandum with the Committee requesting adoption of the proposed resolution permitting all commissioners to attend any committee meeting and comment on matters presented at such meeting without having committee voting rights. 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.

OTHER BUSINESS

QUARTERLY REPORT ON OUTSIDE FUNDED PACE PROJECTS – 3Q/2023

Ms. Huston reviewed her report on outside funded PACE projects for the 3rd quarter of 2023. Chair Mullin thanked Ms. Huston for providing this report.

There being no further business, the meeting was adjourned at 1:58 p.m.

By _____

Its _____

MEMORANDUM

To: CREDIT COMMITTEE
BOARD OF COMMISSIONERS

Meeting Date: November 28, 2023

From: Linda K. Williams *LKW*

**Subject: APPROVAL OF A LEASE AMENDMENT AND RENTAL RATE ADJUSTMENT
FLINT HILLS RESOURCES PINE BEND, LLC – BARGE TERMINAL 1
RESOLUTION NO. 4758**

Action Requested:

Approval of a Lease Amendment and Rental Rate Adjustment for Flint Hills Resources Pine Bend, LLC (“Tenant”) to continue leasing and adjust the rental rates for Tenant’s lease of 244,619 square feet of land in Barge Terminal 1 at 2209 Childs Road, Saint Paul, Minnesota (“Leased Premises”).

Background:

Tenant has been leasing space at 2209 Childs Road since 1978. The Leased Premises are used for manufacturing, processing, storing, and distributing asphalt products. This proposed Lease Amendment and Rental Rate Adjustment does not extend or otherwise modify the term of the Lease.

Lease Terms and Conditions:

Original Lease Term: April 1, 2013 through December 31, 2028
Option to Renew: One (1) five-year renewal term through December 31, 2033

Negotiated Rental Rate and Tonnage Adjustment:

Rental Rate Adjustment Term: January 1, 2024 through December 31, 2028
Annual Rental Rate Adjustment: 4% per year (increase of 1.5% from previous lease term)
Tonnage Adjustment: \$0.10 per ton for inbound tonnage (increase of \$0.0375/ton)

Base Rent:	Sq/Footage	Period Total	Monthly	PSF
Jan. 1, 2024 to Dec. 31, 2024	244,619	\$ 73,777.09	\$ 6,148.09	\$0.3016
Jan. 1, 2025 to Dec. 31, 2025	244,619	\$ 76,728.17	\$ 6,394.01	\$0.3137
Jan. 1, 2026 to Dec. 31, 2026	244,619	\$ 79,797.30	\$ 6,649.78	\$0.3262
Jan. 1, 2027 to Dec. 31, 2027	244,619	\$ 82,989.19	\$ 6,915.76	\$0.3392
Jan. 1, 2028 to Dec. 31, 2028	244,619	\$ 86,308.76	\$ 7,192.40	\$0.3528

Recommendation:

Approval of a Lease Amendment and Rental Rate Adjustment for Flint Hills Resources Pine Bend, LLC to continue leasing and adjust the rental rates for 244,619 square feet of land in Barge Terminal 1 at 2209 Childs Road, Saint Paul, Minnesota.

Attachment: Resolution

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

**[LEASE AMENDMENT, RENEWAL AND RENTAL RATE ADJUSTMENT
FLINT HILLS RESOURCES PINE BEND, LLC – BARGE TERMINAL 1]**

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 has negotiated certain terms to be incorporated into a 2024 Lease Amendment and Rental Rate Adjustment (“2024 Lease Amendment”) to continue leasing 244,619 square feet of land in Barge Terminal 1 at 2209 Childs Road in Saint Paul, Minnesota (the “Leased Premises”) to Flint Hills Resources Pine Bend, LLC (the “Tenant”) pursuant to the Lease between the Port Authority, as landlord, and Tenant dated April 1, 2013 (the “Lease”). The rates in the 2024 Lease Renewal for the period from January 1, 2024 through December 31, 2028, increasing 4% per year, are set forth below:

<u>Base Rent Term:</u>	<u>Annual Rent:</u>	<u>PSF Rate</u>
Jan. 1, 2024 to Dec. 31, 2024	\$ 73,777.09	\$0.3016
Jan. 1, 2025 to Dec. 31, 2025	\$ 76,728.17	\$0.3137
Jan. 1, 2026 to Dec. 31, 2026	\$ 79,797.30	\$0.3262
Jan. 1, 2027 to Dec. 31, 2027	\$ 82,989.19	\$0.3392
Jan. 1, 2028 to Dec. 31, 2028	\$ 86,308.76	\$0.3528

WHEREAS, beginning January 1, 2024, tonnage fees will be paid at a rate of \$0.10/ton for inbound tonnage.

WHEREAS, at the end of the term of the 2024 Lease Amendment, the Tenant shall have one option to renew for a five-year term.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE PORT AUTHORITY OF THE CITY OF SAINT PAUL that the terms of 2024 Lease Amendment as contained in the Memorandum to the Board are hereby approved.

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 the 2024 Lease Amendment in accordance with the above-referenced terms in form as approved by counsel.

Adopted: November 28, 2023

PORT AUTHORITY OF THE
CITY OF SAINT PAUL

By _____
Its _____

ATTEST:

By _____
Its _____

MEMORANDUM

To: CREDIT COMMITTEE
BOARD OF COMMISSIONERS

Meeting Date: November 28, 2023

From: Linda K. Williams *lkw*

**Subject: APPROVAL OF THREE LEASE AMENDMENTS AND RENTAL RATE ADJUSTMENTS
HAWKINS, INC. – (1) BARGE TERMINAL 1 - 1125 CHILDS ROAD; (2) SOUTHPORT TERMINAL
- 0 BARGE CHANNEL ROAD; AND (3) SOUTHPORT TERMINAL– 701 BARGE CHANNEL ROAD
RESOLUTION NO. 4759; RESOLUTION NO. 4760; RESOLUTION NO. 4761**

Action Requested:

Approval of three Lease Amendments and Rental Rate Adjustments for Hawkins, Inc. (“Tenant”) to continue leasing land and adjust the rental rates in three locations in Saint Paul, Minnesota as follows: (1) Barge Terminal 1 at 1125 Childs Road; (2) Southport Terminal at 0 Barge Channel Road; and (3) Southport Terminal at 701 Barge Channel Road (“Leased Premises”).

1. BARGE TERMINAL 1 – 1125 CHILDS ROAD

Background:

Tenant has been leasing 159,000 square feet at this location since 1972. The Leased Premises are used for bulk chemical blending, and distribution, and the loading and unloading of bulk commodities by barge, rail, and truck. This proposed Lease Amendment and Rental Rate Adjustment does not extend or otherwise modify the terms of the Lease.

Lease Terms and Conditions:

Original Lease Term: January 1, 2019 through December 31, 2028
Option to Renew: One (1) five-year renewal term through December 31, 2033

Negotiated Rental Rate and

Tonnage Adjustment:

Rental Rate Adjustment Term: January 1, 2024 through December 31, 2028
Annual Rental Rate Adjustment: 3.5% per year (increase of 1.5% from previous lease year)
Tonnage Adjustment: \$0.12/ton for inbound tonnage (increase of \$0.02)

Base Rent:	Sq/Footage	Period Total	Monthly	PSF
Jan. 1, 2024 to Dec. 31, 2024	159,000	\$ 46,325.05	\$ 3,860.42	\$0.2913
Jan. 1, 2025 to Dec. 31, 2025	159,000	\$ 47,946.43	\$ 3,995.54	\$0.3015
Jan. 1, 2026 to Dec. 31, 2026	159,000	\$ 49,624.56	\$ 4,135.38	\$0.3121
Jan. 1, 2027 to Dec. 31, 2027	159,000	\$ 51,361.41	\$ 4,280.12	\$0.3230
Jan. 1, 2028 to Dec. 31, 2028	159,000	\$ 53,159.06	\$ 4,429.92	\$0.3343

2. SOUTHPORT TERMINAL – 0 BARGE CHANNEL ROAD

Background:

Tenant is leasing 45,921 square feet of land at this location. The Leased Premises are primarily used for bulk chemical blending and distribution and the loading and unloading of bulk commodities. This proposed Lease Amendment and Rental Rate Adjustment does not extend or otherwise modify the terms of the Lease.

Lease Terms and Conditions:

Original Lease Term: April 1, 2015 through December 31, 2034
Options to Renew: Two (2) five-year renewal terms through December 31, 2044

Negotiated Rental Rate and

Tonnage Adjustment:

Rental Rate Adjustment Term: January 1, 2024 through December 31, 2028
Annual Rental Rate Adjustment: 4.0% per year (increase of .5% from previous lease year)
Tonnage Adjustment: \$0.14/ton for inbound tonnage (increase of \$0.02)

<u>Base Rent:</u>	<u>Sq/Footage</u>	<u>Period Total</u>	<u>Monthly</u>	<u>PSF</u>
Jan. 1, 2024 to Dec. 31, 2024	45,921	\$ 15,938.69	\$ 1,328.22	\$0.3471
Jan. 1, 2025 to Dec. 31, 2025	45,921	\$ 16,576.23	\$ 1,381.35	\$0.3610
Jan. 1, 2026 to Dec. 31, 2026	45,921	\$ 17,239.28	\$ 1,436.61	\$0.3754
Jan. 1, 2027 to Dec. 31, 2027	45,921	\$ 17,928.85	\$ 1,494.07	\$0.3904
Jan. 1, 2028 to Dec. 31, 2028	45,921	\$ 18,646.00	\$ 1,553.83	\$0.4061

3. SOUTHPORT TERMINAL – 701 BARGE CHANNEL ROAD

Background:

Tenant is leasing 94,774 square feet of land at this location. The Leased Premises are used for bulk chemical blending and distribution and the loading and unloading of bulk commodities. This proposed Lease Amendment and Rental Rate Adjustment does not extend or otherwise modify the terms of the Lease.

Lease Terms and Conditions:

Original Lease Term: January 1, 2014 through December 31, 2034
Options to Renew: Two (2) five-year renewal terms through December 31, 2044

Negotiated Rental Rate and

Tonnage Adjustment:

Rental Rate Adjustment Term: January 1, 2024 through December 31, 2028
 Annual Rental Rate Adjustment: 4.0% per year (increase of .5% from previous lease year)
 Tonnage Adjustment: \$0.14/ton for inbound tonnage (increase of \$0.02)

Base Rent:	Sq/Footage	Period Total	Monthly	PSF
Jan. 1, 2024 to Dec. 31, 2024	94,774	\$ 32,895.04	\$ 2,741.25	\$0.3471
Jan. 1, 2025 to Dec. 31, 2025	94,774	\$ 34,210.84	\$ 2,850.90	\$0.3610
Jan. 1, 2026 to Dec. 31, 2026	94,774	\$ 35,579.28	\$ 2,964.94	\$0.3754
Jan. 1, 2027 to Dec. 31, 2027	94,774	\$ 37,002.45	\$ 3,083.54	\$0.3904
Jan. 1, 2028 to Dec. 31, 2028	94,774	\$ 38,482.55	\$ 3,206.88	\$0.4060

Recommendation:

Approval of three Lease Amendments and Rental Rate Adjustments for Hawkins, Inc. to continue leasing and adjust the rental rates for Tenant’s lease of land in three locations in Saint Paul, Minnesota as follows: (1) Barge Terminal 1 at 1125 Childs Road; (2) Southport Terminal at 0 Barge Channel Road; and (3) Southport Terminal at 701 Barge Channel Road.

Attachments: Resolutions - 3

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

**[LEASE AMENDMENT, RENEWAL AND RENTAL RATE ADJUSTMENT
HAWKINS, INC. – BARGE TERMINAL 1 – 1125 CHILDS ROAD]**

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 has negotiated certain terms to be incorporated into a 2024 Lease Amendment and Rental Rate Adjustment (“2024 Lease Amendment”) to continue leasing 159,000 square feet of land in Barge Terminal 1 at 1125 Childs Road in Saint Paul, Minnesota (the “Leased Premises”) to Hawkins, Inc. (the “Tenant”) pursuant to the Lease between the Port Authority, as landlord, and Tenant dated January 1, 2019 (the “Lease”). The rates in the 2024 Lease Renewal for the period from January 1, 2024 through December 31, 2028, increasing 3.5% per year, are set forth below:

<u>Base Rent Term:</u>	<u>Annual Rent:</u>	<u>PSF Rate</u>
Jan. 1, 2024 to Dec. 31, 2024	\$ 46,325.05	\$0.2913
Jan. 1, 2025 to Dec. 31, 2025	\$ 47,946.43	\$0.3015
Jan. 1, 2026 to Dec. 31, 2026	\$ 49,624.56	\$0.3121
Jan. 1, 2027 to Dec. 31, 2027	\$ 51,361.41	\$0.3230
Jan. 1, 2028 to Dec. 31, 2028	\$ 53,159.06	\$0.3343

WHEREAS, at the end of the term of the 2024 Lease Amendment, the Tenant shall have one option to renew for a five-year term.

WHEREAS, beginning January 1, 2024, tonnage fees will be paid at a rate of \$0.12/ton for inbound tonnage.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE PORT AUTHORITY OF THE CITY OF SAINT PAUL that the terms of 2024 Lease Amendment as contained in the Memorandum to the Board are hereby approved.

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 the 2024 Lease Amendment in accordance with the above-referenced terms in form as approved by counsel.

Adopted: November 28, 2023

PORT AUTHORITY OF THE CITY OF SAINT PAUL

By _____
Its _____

ATTEST:

By _____
Its _____

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

**[LEASE AMENDMENT, RENEWAL AND RENTAL RATE ADJUSTMENT
HAWKINS, INC. – SOUTHPORT TERMINAL – 0 BARGE CHANNEL ROAD]**

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 has negotiated certain terms to be incorporated into a 2024 Lease Amendment and Rental Rate Adjustment (“2024 Lease Amendment”) to continue leasing 45,921 square feet of land in the Southport Terminal at 0 Barge Channel Road in Saint Paul, Minnesota (the “Leased Premises”) to Hawkins, Inc. (the “Tenant”) pursuant to the Lease between the Port Authority, as landlord, and Tenant dated April 1, 2015 (the “Lease”). The rates in the 2024 Lease Renewal for the period from January 1, 2024 through December 31, 2028, increasing 4.0% per year, are set forth below:

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Jan. 1, 2024 to Dec. 31, 2024	\$ 15,938.69	\$0.3471
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Jan. 1, 2027 to Dec. 31, 2027	\$ 17,928.85	\$0.3904
Jan. 1, 2028 to Dec. 31, 2028	\$ 18,646.00	\$0.4061

WHEREAS, at the end of the term of the 2024 Lease Amendment, the Tenant shall have two (2) five-year options to renew.

WHEREAS, beginning January 1, 2024 tonnage fees will be paid at a rate of \$0.14/ton for inbound tonnage.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE PORT AUTHORITY OF THE CITY OF SAINT PAUL that the terms of 2024 Lease Amendment as contained in the Memorandum to the Board are hereby approved.

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 the 2024 Lease Amendment in accordance with the above-referenced terms in form as approved by counsel.

Adopted: November 28, 2023

PORT AUTHORITY OF THE CITY OF SAINT PAUL

By _____
Its _____

ATTEST:

By _____
Its _____

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

**[LEASE AMENDMENT, RENEWAL AND RENTAL RATE ADJUSTMENT
HAWKINS, INC. – SOUTHPORT TERMINAL – 701 BARGE CHANNEL ROAD]**

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 has negotiated certain terms to be incorporated into a 2024 Lease Amendment and Rental Rate Adjustment (“2024 Lease Amendment”) to continue leasing 94,774 square feet of land in the Southport Terminal at 701 Barge Channel Road in Saint Paul, Minnesota (the “Leased Premises”) to Hawkins, Inc. (the “Tenant”) pursuant to the Lease between the Port Authority, as landlord, and Tenant dated January 1, 2014 (the “Lease”). The rates in the 2024 Lease Renewal for the period from January 1, 2024 through December 31, 2028, increasing 4.0% per year, are set forth below:

<u>Base Rent Term:</u>	<u>Annual Rent:</u>	<u>PSF Rate</u>
Jan. 1, 2024 to Dec. 31, 2024	\$ 32,895.04	\$0.3471
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Jan. 1, 2027 to Dec. 31, 2027	\$ 37,002.45	\$0.3904
Jan. 1, 2028 to Dec. 31, 2028	\$ 38,482.55	\$0.4060

WHEREAS, at the end of the term of the 2024 Lease Amendment, the Tenant shall have two (2) five-year options to renew.

WHEREAS, beginning January 1, 2024, tonnage fees will be paid at a rate of \$0.14/ton for inbound tonnage.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE PORT AUTHORITY OF THE CITY OF SAINT PAUL that the terms of 2024 Lease Amendment as contained in the Memorandum to the Board are hereby approved.

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 the 2024 Lease Amendment in accordance with the above-referenced terms in form as approved by counsel.

Adopted: November 28, 2023


PORT AUTHORITY OF THE CITY OF SAINT PAUL

By _____
Its _____

ATTEST:

By _____
Its _____

To: CREDIT COMMITTEE **Meeting Date:** November 28, 2023

From: Bruce Kessel 

Subject: **APPROVAL OF WRITING OFF A PORTION OF THE TWIN CITY ATHLETIC TRAINING, LLC LOAN AND ACCRUED INTEREST AND ASSIGNMENT OF A \$200,000 BDF LOAN FROM TWIN CITY ATHLETIC TRAINING, LLC TO FITNESS STP LLC**

Action Requested:

Approval of writing off a portion of the Twin City Athletic Training, LLC's existing Business Development Fund loan (the "Loan") and associated accrued interest and assignment of \$200,000 of the Loan to Fitness STP LLC.

Background:

In January 2020, the Port Authority authorized a BDF loan (the "Loan") to Twin City Athletic Training, LLC, d/b/a D1 Training ("TCAT"). The initial principal of the Loan was \$300,000 with an interest rate of 3.65%. The owner of TCAT personally guaranteed \$80,000 of the Loan. In February 2021, a Loan modification increased the principal amount by an additional \$30,000, of which only \$24,159 was drawn.

Shortly after TCAT's facility opened, the business was temporarily shut down due to Covid restrictions, and in November 2021, a forbearance agreement was entered into whereby the Loan continued to accrue interest, but no payments were due through October 2022.

The Port Authority filed a UCC lien on the equipment in the facility (the "Equipment"), with an approximate value of \$200,000, which was financed by the Loan proceeds

TCAT never fully recovered from the COVID shutdown, did not make any payments on the Loan, and subsequently closed its business in October of 2023.

TCAT's landlord, Go Wild, LLC (the "Landlord"), has since identified a new D1 franchisee, John and Kelsey Schultz, d/b/a Fitness STP LLC ("STP"). STP has owned and operated numerous successful Anytime Fitness centers in the south metro area, as well as several yoga facilities around the Saint Cloud area.

Through negotiations with the Port Authority, STP has agreed to assume a portion of the Loan under the following terms:

Principal: \$200,000
Interest rate: 4%, with no interest through May 31, 2024

Term: No payments through May 31, 2024, then level principal and interest payments through the end of STP's facility lease with Landlord (March 31, 2031)

The Port Authority will agree to write off \$124,000 of principal and \$33,000 in accrued interest on the Loan and assign the remaining \$200,000 to STP.

The Port Authority will release its UCC lien against TCAT and will file a new UCC lien against STP for the Equipment.

Recommendation:

Approval of writing off a portion of the Twin City Athletic Training, LLC's existing Business Development Fund loan (the "Loan") and associated accrued interest and assignment of \$200,000 of the Loan to Fitness STP LLC.

MEMORANDUM

To: CREDIT COMMITTEE
BOARD OF COMMISSIONERS

Meeting Date: November 28, 2023

From: Holly Huston 

Subject: **CONSENT TO THE REFUNDING OF A CONDUIT REVENUE NOTE UNDER MINNESOTA STATUTES, CHAPTER 469.155, SUBDIVISION 12 RESOLUTION NO. 4762**

Action Requested:

Approval of a resolution consenting to the refunding of Series 2013-5 tax-exempt revenue note for Achieve Language Academy.

Background:

In 2013 the Port Authority issued a conduit tax-exempt revenue note for Achieve Language Academy in the amount of \$4,462,500 to refund the lease revenue bonds, series 2003A, previously issued by the Housing and Redevelopment Authority of the City of Saint Paul in the original principal amount of \$6,485,000. Achieve Language Academy is seeking a new bond issuance in 2023 for renovations and will consolidate debt by refunding the outstanding principal of the 2013-5 series.

Achieve Language Academy is seeking \$10,000,000 in bank qualified, tax-exempt bonds in 2023. The Port Authority issued \$5,000,000 bank qualified, tax-exempt bonds to District Energy this year and could not issue an additional \$10,000,000 for Achieve Language Academy. However, pursuant to the bond documents, the Port Authority, as the original issuer, must consent to the refunding being requested by the borrower.

Current Status:

Achieve Language Academy, a Minnesota nonprofit corporation located in the city of Saint Paul, has requested that the City of Maplewood issue a 2023 revenue obligation note, which requires host approval from the City of Saint Paul and consent to the refunding of issue 2013-5 by the Port Authority, as described above. The revenue obligation note up to \$10,000,000 will be used to refund the 2013 note and complete renovations to a 12,000 foot school addition at 2169 Stillwater Avenue.

Recommendation:

We recommend approval of a resolution consenting to the refunding of Series 2013-5 tax-exempt revenue note for Achieve Language Academy.

Attachment: Resolution

PORT AUTHORITY OF THE CITY OF SAINT PAUL

[CONSENT TO THE REFUNDING OF A CONDUIT REVENUE NOTE
UNDER MINNESOTA STATUTES, CHAPTER 469.155, SUBDIVISION 12]

WHEREAS, the Port Authority of the City of Saint Paul, a public body corporate and politic organized pursuant to Chapter 469 of Minnesota Statutes (the "Port Authority") issued its Tax-Exempt Revenue Note (Achieve Language Academy Project), Series 2013-5, in the original principal amount of \$4,462,500 (the "Series 2013 Note"), to refund the Lease Revenue Refunding Bonds (Achieve Language Academy Project), Series 2003A (the "Series 2003A Bonds"), previously issued by the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (the "HRA") in the original principal amount of \$6,485,000;

WHEREAS, the proceeds of the Series 2003A Bonds were applied to finance the costs of constructing and equipping an expansion of an existing building and related facilities located at 2169 Stillwater Avenue in the City of Saint Paul, Minnesota (the "School Facility") and to refund the Lease Revenue Bonds (Acorn Dual Language Community Academy Project) Series 1999, previously issued by the HRA in the original aggregate principal amount of \$2,000,000 to finance the School Facility;

WHEREAS, the School Facility is owned by Achieve Language Academy Building Company, a Minnesota nonprofit corporation and 501(c)(3) organization (the "Borrower"), and leased to and operated by Achieve Language Academy, a Minnesota nonprofit corporation (the "School") as a public charter school facility for pre-kindergarten through eighth grade;

WHEREAS, the Borrower has requested that the City of Maplewood, Minnesota ("Maplewood") issue revenue obligations (the "Series 2023 Notes") under Minnesota Statutes, Sections 469.152 through 469.1654, as amended (the "Act"), for the following purposes: (i) refunding the Series 2013 Note and a taxable obligation of the Borrower incurred in the acquisition or betterment of the School Facility, and thereby refinance the acquisition, renovation, construction, and equipping of the School Facility; (ii) financing the renovation of, and an approximately 12,000 square-foot addition to, the School Facility; (iii) funding a debt service reserve fund, if necessary; (iv) paying a portion of the interest on the Series 2023 Notes, if necessary; and (v) paying the costs of issuing the Series 2023 Notes; and

WHEREAS, the Act authorizes Maplewood to refund the Series 2013 Note with the consent of the Port Authority, as the original issuer of the Series 2013 Note, in accordance with Minnesota Statutes, Section 469.155, subdivision 12.

NOW THEREFORE BE IT RESOLVED, by the Board of Commissioners of the Port Authority of the City of Saint Paul (the "Board") as follows:

In accordance with Minnesota Statutes, Section 469.155, subdivision 12, the Port Authority hereby consents to the issuance by Maplewood of the Series 2023 Notes to, among other things,

refund the Series 2013 Note. The Board hereby consents to the Borrower calling the Series 2013 Note for redemption.

Adopted on November 28, 2023, by the Board of Commissioners of the Port Authority of the City of Saint Paul.

PORT AUTHORITY OF THE CITY OF
SAINT PAUL

By: _____
Its Chair

ATTEST:

By: _____
Its Secretary

STATE OF MINNESOTA

COUNTY OF RAMSEY

PORT AUTHORITY OF THE CITY OF SAINT PAUL

I, the undersigned, being the duly qualified and acting President of the Port Authority of the City of Saint Paul, DO HEREBY CERTIFY that I have compared the attached and foregoing extract of minutes with the original thereof on file in my office, and that the same is a full, true and complete transcript of the minutes of a meeting of the Board of Commissioners duly called and held on the date therein indicated, insofar as such minutes relate to a resolution consenting to the refunding of a conduit revenue note.

WITNESS my hand this ____ day of November, 2023.

Todd P. Hurley, President and CEO


The foregoing was acknowledged before me this ____ day of November, 2023, by Todd P. Hurley, President and CEO of the Port Authority of the City of Saint Paul.

By _____
Notary Public

MEMORANDUM

To: CREDIT COMMITTEE

Meeting Date: November 28, 2023

From: Holly Huston 

**Subject: ENGELSMA LIMITED PARTNERSHIP PACE APPLICATION
APPROVAL OF A \$117,278 PACE TRILLION BTU LOAN**

Action Requested:

Provide approval for the Port Authority to initiate a PACE Trillion BTU loan for approximately \$117,278 with Engelsma Limited Partnership to replace the existing parking lot lights with LED lights at the Clover Shopping Center in Bloomington.

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:

Engelsma Limited Partnership is the real estate holding company that owns the Clover Shopping Center at 9728 Lyndale Ave S Bloomington, MN. The shopping center was built in 1957 on 4.7 acres and leases out 59,057 square feet of space. The property owners would like to upgrade exterior light poles and transition to LED lights. Kraus-Anderson is the leasing and management company for the shopping center.

Proposed Project: LED Lights and Poles

Use of Funds	
Lighting Services	\$100,928
Asphalt and Concrete	\$ 16,350
Sources	
Trillion BTU	\$117,278

Financial Analysis:

The Clover Shopping Center has been in operation over fifty years and the property's assessed value is \$6.8M. The shopping center has twelve rental tenants and is 89.4% occupied. The shopping center has long term, successful tenants; the oldest lease started in 2001, and multiple leases extend out to 2028. There is no mortgage on the property, and the financial ratios exceed the requirement.

Debt Service Coverage:	1.8	Trillion Standard of at Least:	1.15
Debt-to-Equity:	1.6	Trillion Standard of less Than:	4.00

Loan Terms:

Source of Funds: Trillion BTU
Use of Funds: LED Lighting in Parking lot
Amount of Loan: \$117,278
Rate: 5.5%
Term: 10 years
Assessment Start: 2025

Eligibility:

- Loan amount is less than or equal to 20% of property assessed or appraised value.
20% = \$1.3M (assessed value is \$6.8M)
- Energy Audit provided.
Energy savings \$X
- Energy savings pays back the loan in 20 years or less.
Estimate = X year pay back
- Prevailing wage applies
- A licensed contractor will perform the installation.

Workforce Implications:

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

Policy Exceptions:

No.


Contingent on Energy Audit.

Recommendation:

We recommend approval for the Port Authority to initiate a PACE Trillion BTU loan for approximately \$117,278 with Engelsma Limited Partnership to replace the existing parking lot lights with LED lights at the Clover Shopping Center in Bloomington.

To: CREDIT COMMITTEE

Meeting Date: November 28, 2023

From: Holly Huston 

Subject: APPROVAL OF EMERGENCY BUSINESS DEVELOPMENT FUND LOAN EXTENSIONS

Action Requested:

Provide approval for the Port Authority to amend and extend the loan terms for eight emergency business development loans; and the DEED guaranties of said loans, which guarantee 80% of the principal of each loan.

Public Purpose:

The Business Development Fund (“BDF”) exists to provide businesses in the East Metro region with loans up to \$1,250,000 or 25% of the financing requirement at fixed interest rates for up to 10 years. The BDF loan program has been deployed to businesses for various needs, including funding for capital expenditures and working capital.

In 2020 DEED created the Small Business Loan Guarantee program to incentivize lenders to deploy capital to Minnesota businesses impacted by the COVID-19 pandemic. DEED earmarked a total of \$10 million in funds to act as a guarantor for loans to small businesses up to \$250,000. Under this program, DEED provides an 80% guaranty of the loan principal, up to \$200,000 for a .25% fee. In partnership with this program, the Port Authority created an Emergency Business Development Fund (“EBDF”) as part of the BDF program. The goal of the EBDF loans was to help small businesses in Saint Paul keep their businesses operating during the economic downturn created by the pandemic and devastating civil unrest.

Background:

The Port Authority provided a total of 21 EBDF loans for a total of \$1,123,000, all of which DEED provided a 80% guaranty of for three years. The three-year guaranty term has expired for all 21 loans. Below is a summary of the loan status. We have categorized the portfolio into three general categories.

Extend: The business has paid down some or most of their balance, recently made some payments, and/or is making payments and will sign an extension of no more than three years.

Claim: Business closed during the term of the loan, the loan is nonrecoverable, and the Port Authority has made a claim to DEED for 80% guaranty.

No claim or extension: Loan payments current as of April, or business is operating but has not paid down the loan or has made minimal payments throughout the term.

Loan Status	N=Loans
Extend	8
Claim	5
No claim or extension	5
Other	3

This Memorandum is to address the loans in the **Extend** category. About 38% of the loans in this category have endured a slower recovery, but they are still in business and able to continue making loan payments. The proposal is to extend the terms of the original loans and set up automatic ACH payments. Alternatively, if these loans are not extended, the outstanding principal amount of each loan, plus 3% late fees would be immediately due and payable. By extending these loans, the business owners will maintain an affordable monthly payment, DEED will extend the guarantees, which would otherwise be expiring, and it increases the likelihood that the loan will be paid back in full.

Financial Analysis:

Based on the original term of each loan agreement, the total amount outstanding, including late fees, are due. The eight businesses have indicated they can repay the loan but need additional time. The recommendation is to extend the term of each loan to maintain a comparable monthly payment, avoid late fees for borrowers, and extend the DEED guaranty.

The revised terms proposed below were calculated based on the outstanding balance and adjusted to closely match the current payment or to match the amount the borrower has consistently been paying.


	Remaining Balance	Current Monthly Payment	Revised Monthly Payment	Revised Term
Vang Chiropractic	10,294.13	1,470.59	1,725.71	1/2 year
St. Paul Event Center	33,199.48	1,470.59	1,412.31	2 years
Gypsy Moon	7,519.11	529.41	633.40	1 year
Chiro Health Clinic	17,196.21	1,470.59	1,448.59	1 year
Lifestyle Adult Daycare	27,220.64	1,470.59	782.05	3 years
Midway Entertainment	42,647.11	1,470.59	1,814.22	2 years
Amazed Group	29,411.80	1,470.59	1,296.01	2 years
Greenwolf	5,571.33	285.71	544.56	1 year

Recommendation:

We recommend approval for the Port Authority to amend and extend the loan term for eight emergency business development loans; and the DEED guaranties of said loans, which guarantee 80% of the principal of each loan.

To: CREDIT COMMITTEE
BOARD OF COMMISSIONERS

Meeting Date: November 28, 2023

From: Holly Huston 

Subject: AUTHORIZATION TO ENTER INTO LOAN DOCUMENTS WITH THE CITY OF SAINT PAUL AUTHORIZING A LINE OF CREDIT FOR THE HEIGHTS RESOLUTION NO. 4763

Action Requested:

Approval for the Port Authority of the City of Saint Paul (the “Port Authority”), as borrower, to enter into a loan agreement, promissory note, and any other supporting loan documentation with the City of Saint Paul (the “City”), as lender, authorizing a line of credit for The Heights project.

Public Purpose:

Pursuant to Section 469.124 of Minnesota Statutes, the Minnesota Legislature declared that actions to assist development programs, such as The Heights, “are a public purpose”. The development at The Heights in the City will create a tax base, housing, jobs, advance sustainability efforts, and provide public infrastructure, leading to prosperity for the City.

Background:

The Pipefitter Union formerly owned the Hillcrest Golf Course and approved the Port Authority to purchase the property in 2019. Since the acquisition of the golf course, the Port Authority has partnered with the City to develop and approve the master plan to reimagine this site, now known as The Heights. The project goal is to deliver over 1,000 affordable housing units, 1,000 jobs, and to be an equitable and sustainable community.

The project budget is approximately \$50M for site remediation, grading, design, and public infrastructure. The \$50M to finance the work is sourced through a variety of revenue streams including grants, revolving loan funds, state bonding, Port Authority Jobs TIF, Port Authority development funds, and land sale proceeds. The site preparation needs to occur before private parcels are sold, and over half of the financing for The Heights is from land sale proceeds.

The Port Authority with PFM, its financial advisors, created a cash flow model for The Heights in early 2023. During the February Board meeting, there was a presentation on The Heights budget and cash flow model projecting a potential cash flow gap in July 2023. Updated projections indicate a possible cash flow gap in September of 2024. The Port Authority is strategically managing many different funding sources; however, there may be a need to supplement the available financing with the proposed line of credit from the City.

Proposal:

The proposal is to enter into a loan agreement, note, and any other supporting loan documentation with the City for a line of credit of up to \$10M for five years funded by the City’s internal loan fund. The line

of credit from the City would be drawn down as a last resort to pay the project cost at The Heights. The line of credit will be paid back to the City plus interest with land sale proceeds.

Terms:

Principal Amount: Up to \$ 10,000,000

Term: Five (5) years, with option to extend

Documentation: Loan agreement, promissory note, and any other supporting loan documentation

Security: Pledge of the Port Authority's mandatory tax levy

Purpose: Site remediation, grading, design, and infrastructure for site

Interest Rate: City's internal pooled rate

Pay back: The line of credit will be paid back when funds are available from land sales.

Source of funds: Internal loan from the City

Recommendation:

We recommend approval for the Port Authority of the City of Saint Paul, as borrower, to enter into a loan agreement promissory note, and any other supporting loan documentation with the City of Saint Paul, as the lender, authorizing a line of credit for The Heights project.

Attachment: Resolution

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

**[AUTHORIZATION TO ENTER INTO LOAN DOCUMENTS WITH THE
CITY OF SAINT PAUL AUTHORIZING A LINE OF CREDIT FOR THE HEIGHTS]**

WHEREAS, the Port Authority of the City of Saint Paul (the “Port Authority”) is a public body corporate and politic 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 who shall 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 in the City of Saint Paul;

WHEREAS, under Minn. Stat. §§ 469.048 to 469.068, the Port Authority has the powers and duties conferred upon all port authorities by said statute;

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, including those 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 Port Authority of the City of Saint Paul has undertaken numerous redevelopment projects in the City of Saint Paul, and the Port Authority is committed to the development of The Heights business center located at 2200 Larpenteur Avenue East in the East Side neighborhood of Saint Paul, Minnesota (“The Heights”);

WHEREAS, the Port Authority seeks authorization to accept from the City of Saint Paul a line of credit for The Heights project in the amount of up to \$10,000,000;

WHEREAS, the line of credit is proposed to be secured by a pledge of the Port Authority’s power to levy direct ad valorem taxes;

WHEREAS, Minn. Stat. § 469.124, permits assistance for development programs, such as The Heights, that have a public purpose, and the development at The Heights will create tax base, housing, jobs, advance sustainability efforts, and provide public infrastructure;

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

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

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE PORT AUTHORITY OF THE CITY OF SAINT PAUL has authorized the Port Authority to accept a line of credit in the amount of up to \$10,000,000 from the City of Saint Paul, secured by a pledge of the Port Authority's power to levy direct ad valorem taxes, and to enter into related loan documents necessary to document such line of credit to fund project costs at The Heights.

BE IT FURTHER RESOLVED that the President of the Port Authority is hereby authorized to execute such agreements as are necessary to document the line of credit on behalf of the Port Authority of the City of Saint Paul in a form approved by counsel.

I certify that the above resolution was adopted by the Board of Commissioners of the Port Authority of the City of Saint Paul on November 28, 2023.

PORT AUTHORITY OF THE
CITY OF SAINT PAUL

By _____
Its Chair

ATTEST:

By _____
Its Secretary

MEMORANDUM

To: CREDIT COMMITTEE
BOARD OF COMMISSIONERS

Meeting Date: November 28, 2023

From: Kristine Williams 

Subject: Credit Committee
AUTHORIZATION TO ENTER INTO A DEVELOPMENT AGREEMENT, AND RELATED PURCHASE AGREEMENTS, AND APPROVAL OF CONVEYANCE OF LAND TO SHERMAN ASSOCIATES – THE HEIGHTS – Lot 1, Block 11, Lot 1, Block 10, Lot 1, Block 9, Lot 1, Block 8, Lot 1, Block 7, Lot 1, Block 6, Lot 1, Block 5, Lot 1, Block 4, Lot 1, Block 3 and Outlot D, the Heights Addition

Board of Commissioners

AUTHORIZATION TO ENTER INTO A DEVELOPMENT AGREEMENT, AND RELATED PURCHASE AGREEMENTS, AND APPROVAL OF CONVEYANCE OF LAND TO SHERMAN ASSOCIATES – THE HEIGHTS – Lot 1, Block 11, Lot 1, Block 10, Lot 1, Block 9, Lot 1, Block 8, Lot 1, Block 7, Lot 1, Block 6, Lot 1, Block 5, Lot 1, Block 4, Lot 1, Block 3 and Outlot D, the Heights Addition
PUBLIC HEARING – RESOLUTION NO. 4764

Action Requested:

Authorization to enter into a Development Agreement, and related Purchase Agreements, and approval of the conveyance of approximately 25 acres of land located within The Heights to Sherman Associates (“Sherman”), a portion of which Sherman intends to assign its rights to purchase to JO Companies and Twin Cities Habitat for Humanity, for the construction of approximately 1,000 total residential units.

Background:

The Heights redevelopment site (“The Heights”) is located in the Greater East Side neighborhood of Saint Paul, within the Northern Hayden Heights community (District 2, Greater East Side Community Council), on the southwest corner of Larpenteur Avenue and McKnight Road. In 2019, the entire 112-acre site of The Heights was purchased by the Saint Paul Port Authority (“Port Authority”) using bonding authorized by the Saint Paul City Council via Ordinance 19-39. The overall site priorities of The Heights are to provide approximately 1,000 jobs, 1,000 households, and be a highly sustainable community on the Greater East Side.

From 2019-2021, the City of Saint Paul led the Master Planning process for The Heights and determined that the overall plan would provide 54 acres of new light industrial zoning, 25 acres of new residential zoning, as well as 20 acres of park, trails, and open spaces in the community.

MEMORANDUM

The housing portion of the site includes 25 acres of land with both T1 (Traditional Neighborhood) and (T3 Traditional Neighborhood + Mixed Use, except drive-through) zoning. The housing priorities include affordable and market rate ownership, affordable, deeply affordable, and senior-oriented rental housing serving a range of household types including young families, large families, multi-generational households, and seniors.

The housing projects being proposed for The Heights will meet and address the following Port Authority and City of Saint Paul development goals:

- Creation of jobs that pay living wages and uphold job retention: Over the 6-10 years that the housing development will take place, hundreds of construction workers earning labor union wages are expected to be employed. Developer has agreed to pay prevailing wages and enter into a Project Labor Agreement.
- Tax base expansion: The total new housing development being proposed for The Heights will bring more than \$400M of new housing across product types.
- Redevelopment: The entire site of The Heights is a redevelopment site that will put previously unproductive land to productive and ultimately taxable use.
- Sustainability and equity: The Heights will be a sustainable community in its energy and design goals but also achieves the goal of having co-located housing to decrease reliance on transportation and provide achievable housing to those that work as well as live at The Heights.
- Housing Action Plan policies: Our housing proposal will directly address economic integration and increased housing choices and high-quality sustainable materials to create long-term community assets.

Recommendation:

We recommend authorizing the execution of a Development Agreement, and related Purchase Agreements, and approval of the conveyance of approximately 25 acres of land to Sherman Associates, (“Sherman”), a portion of which Sherman intends to assign its rights to purchase to JO Companies and Twin Cities Habitat for Humanity, for the construction of approximately 1,000 total residential units of multifamily rental and low-density owner-occupied housing.

Attachments: Land Conveyance Transaction Detail
 Site Location Map
 Site Plan
 Resolution

**SAINT PAUL PORT AUTHORITY
LAND CONVEYANCE TRANSACTION**

Action Requested:

Authorization to enter into a Development Agreement, and related Purchase Agreements, and approval of the conveyance of approximately 25 acres of land located within The Heights (the “Property”) to Sherman Associates (“Sherman”), a portion of which Sherman intends to assign its rights to purchase to JO Companies (“JO”) and Twin Cities Habitat for Humanity (“TCHFH”), for the construction of approximately 1,000 total residential units.

Development Officers:

Kristine Williams and Kathryn Sarnecki

Grantee:

Sherman Associates Development LLC

Grantee Address:

Sherman Associates, Inc.
233 Park Ave South, Suite 201
Minneapolis, MN 55415

Legal Description of Property to be Conveyed:

Lot 1, Block 10 of The Heights Addition (Mixed-Use Parcel 1)
Lot 1, Block 9 of The Heights Addition (Mixed-Use Parcel 2)
Lot 1, Block 11 of The Heights Addition (Mixed-Use Parcel 3)
Lot 1, Block 8 of The Heights Addition (Residential Parcel 1)
Lot 1, Block 7 of The Heights Addition (Residential Parcel 2)
Lot 1, Block 6 of The Heights Addition (Residential Parcel 3)
Lot 1, Block 5 of The Heights Addition (Residential Parcel 4)
Lot 1, Block 4 of The Heights Addition (Residential Parcel 5)
Lot 1, Block 3 of The Heights Addition (Residential Parcel 6)
Outlot D of The Heights Addition

Nature of Intended Use:

Sherman will be the lead developer in the development of at least 1,000 residential units consisting of approximately 855 units of multifamily rental and approximately 145 units of low-density owner-occupied housing on the Property. Sherman will oversee and coordinate housing development efforts in partnership with TCHFH and JO to create housing tailored to Saint Paul’s Greater East Side multicultural community. Emphasizing inclusivity, Sherman remains dedicated to providing housing options that cater to diverse age groups and income levels, as part of its public-private partnership with the Port Authority.

Sherman agrees that, as contemplated in the Master Plan: (a) the rental housing units within the Multifamily Development will be income restricted such that either 20% of the units will be restricted at 50% AMI, or 40% of the units will be restricted at 60% AMI; and (b) the housing units within the Low-Density Development will be income restricted such that 95% of the units will be sold to income qualifying households at or below 115% AMI. Additionally, Sherman prioritizes the delivery of quality housing, emphasizing high-quality design, materials, and amenities across the spectrum of affordability levels.

Conveyance Structure:

The Development Agreement to be signed by the parties governs the overall development goals for the project, the Saint Paul Port Authority's ("Port Authority") development and construction obligations, commitments from Sherman to purchase the land in phases, and the rights for Sherman to assign its rights to purchase the land to two secondary developers, JO and TCHFH. The Development Agreement also contains, as an attachment, a form of purchase agreement that will be used for the various parcel acquisitions (the "Purchase Agreement"). Approval of the Development Agreement does obligate the Port Authority to convey these housing parcels, if all parties meet their obligations.

Purchase Terms and Conditions

The Property is being sold in phases via limited warranty deeds for a total purchase price of \$20 Million. Sherman, JO, and TCHFH (each, a "Developer") will commit to adhere to restrictive covenants that reference The Heights Design Guidelines. The due diligence and inspection contingency period under the Purchase Agreements is 60 days after the effective date of the Purchase ("Contingency Period"). The Purchase Agreement also contains contingencies that must be satisfied prior to transferring title of the Property.

Developer's contingencies include:

- Financing
- Acceptable completion of Port Authority's site preparation work
- Housing Tax Increment Financing District approval
- Title and survey inspection and approved title insurance policy
- No Association Determination from MPCA and/or MDA
- Needed approvals and permits from any governmental authority

The Port Authority's contingencies include:

- Board of Commissioner's approval (being sought today)
- Approval of the Developer's construction plans in accordance with The Heights Design Guidelines
- Approval of Developer's financing, permitting, and contracting requirements
- Recording of restrictive covenant for Housing parcels at The Heights (to be presented to the Board for approval in 2024)

Pursuant to the Development Agreement, closings will take place on a rolling basis upon the exercise of a purchase option by a Developer with respect to a particular parcel(s), with binding commitments for closings to occur no later than as outlined below.

Minimum Percentage of Total Square Footage	Closing Deadline
20%	December 31, 2025
40%	December 31, 2026
60%	December 31, 2027
80%	December 31, 2028
100%	December 31, 2029

If these deadlines are not met the Port Authority shall have the option to terminate the Development Agreement and any unclosed Purchase Agreements. After 60% threshold is met, the Developer is obligated to purchase the remaining parcels.

Other terms and conditions of the proposed Purchase Agreement include:

- A. Port Authority and Developers agree to execute construction, utility, and public access easements as deemed necessary for the project.
- B. Port Authority and Sherman agree to execute and record a Reciprocal Easement and Operating Agreement to allow for joint access and cost sharing of operation and maintenance expenses for public areas throughout the development.
- C. The Developer has agreed to pay an initial Earnest Money deposit of either 2 or 5%, depending on the transition (“Earnest Money”), which will be held by the Port Authority until the end of the Contingency Period. The first half of each Earnest Money deposit goes hard (i.e. becomes nonrefundable) at signing of Purchase Agreement and the 2nd half goes hard at the end of the Contingency Period (60 days). A second Earnest Money deposit of 2.5% is due 180 days after signing of Purchase Agreement if the transaction has not closed by that time. If after the Closing Date is set, the Developer exercises its option to extend the time until closing for an additional 60 days, then the Developer shall make an additional Earnest Money deposit of \$30,000. All Earnest Money shall be applicable to the Purchase Price if the Developer closes.

Business Subsidy Agreement

No business subsidy agreement is required for this transaction, as the land is being conveyed at a market price.

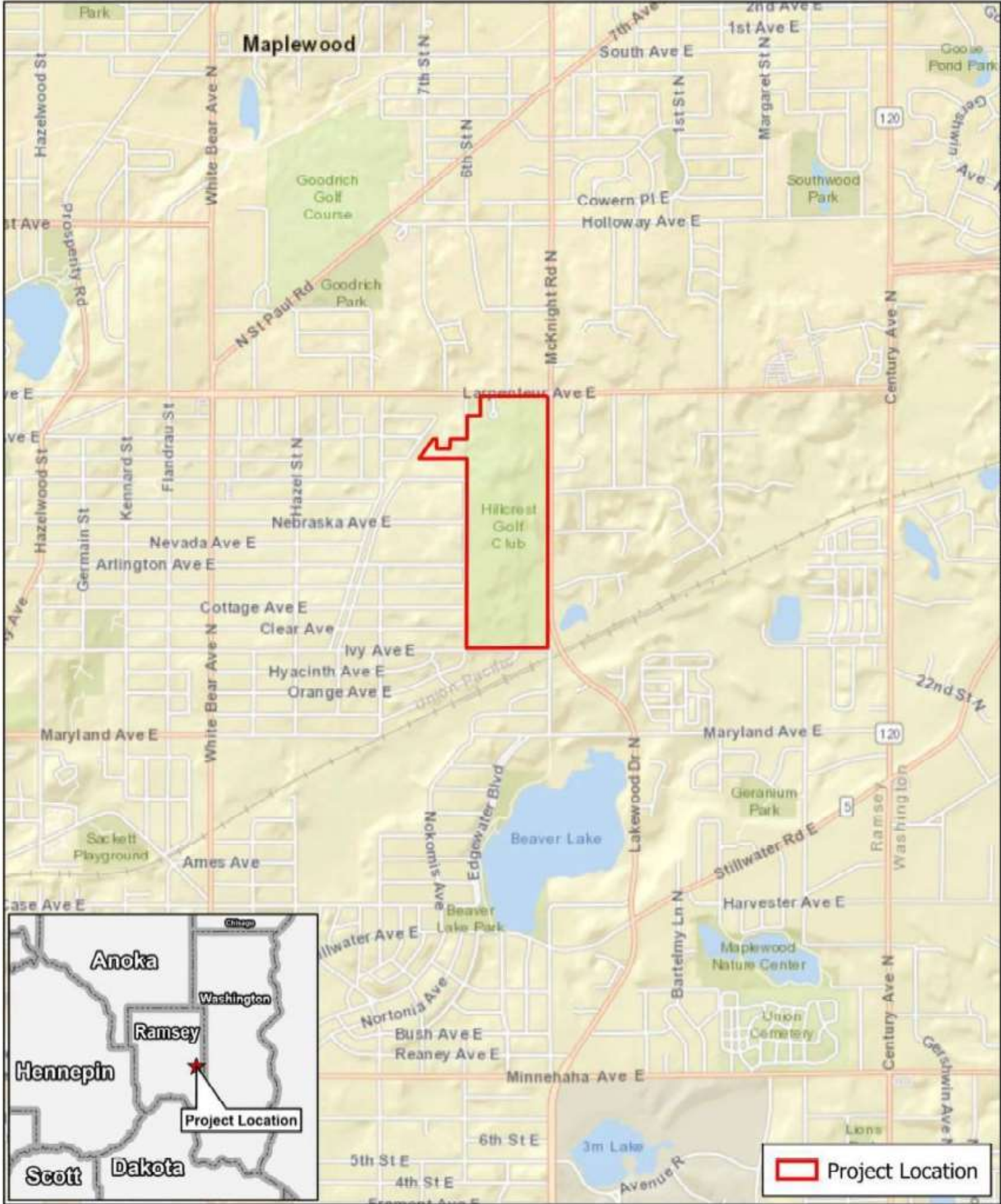
Port’s Development Criteria:

Although not a typical Port Authority land transaction, we feel this housing partnership and the Development and Purchase Agreements are a great partnership to allow for a wide variety of attainable housing at The Heights.

This project will create jobs (construction and permanent), increase the tax base, provide equitable and sustainable development on the Greater East Side of Saint Paul.

Development Officer's Comments:

Staff is excited about this partnership providing much needed housing to the Greater East Side and developing a community with high-quality yet affordable housing that will be attainable for those working at the Heights to address the region's critical shortage.




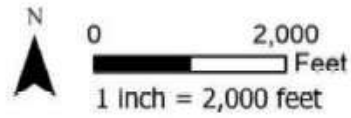
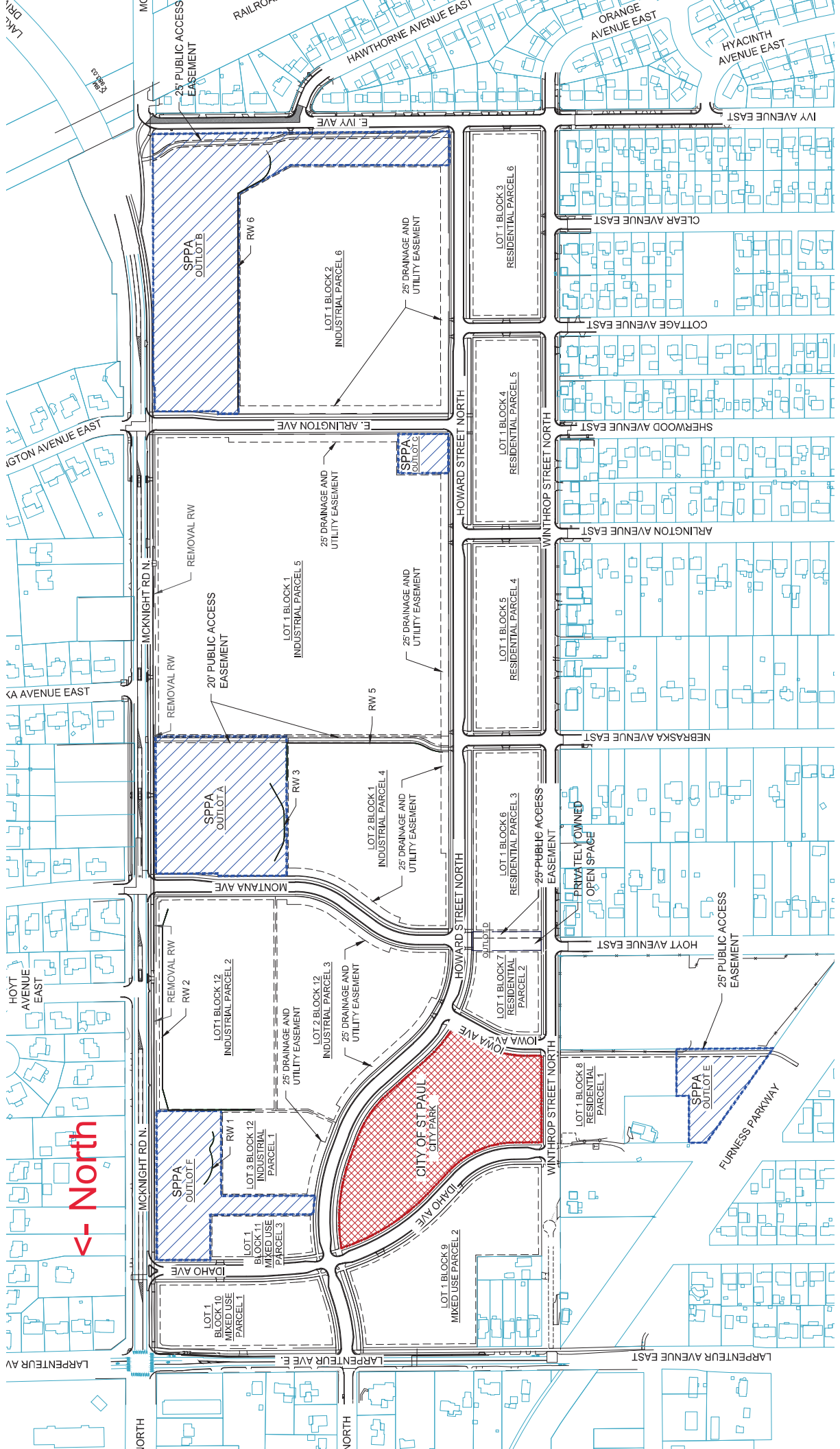
 Project Location



Figure 1: Project Location
 Hillcrest Redevelopment Master Plan
 St. Paul Port Authority
 St. Paul, MN





North

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

[PUBLIC HEARING – AUTHORIZATION TO ENTER INTO DEVELOPMENT AGREEMENT, AND RELATED PURCHASE AGREEMENTS, AND APPROVAL OF CONVEYANCE OF LAND TO SHERMAN ASSOCIATES DEVELOPMENT, LLC – THE HEIGHTS – LOT 1, BLOCK 11, LOT 1, BLOCK 10, LOT 1, BLOCK 9, LOT 1, BLOCK 8, LOT 1, BLOCK 7, LOT 1, BLOCK 6, LOT 1, BLOCK 5, LOT 1, BLOCK 4, LOT 1, BLOCK 3 AND OUTLOT D, THE HEIGHTS ADDITION]

WHEREAS, the Port Authority of the City of Saint Paul (the "Port Authority"), pursuant to Minnesota Statutes, Section 469.065, did place a notice, a copy of which with proof of publication is on file in the office of the Port Authority, of a public hearing on the proposed conveyance of property owned by the Port Authority in a legal newspaper, said hearing to be held to determine whether it is in the best interests of the port district of Saint Paul and the people thereof and in furtherance of the general plan of port improvement and industrial development to convey real estate located at The Heights, and by reference made a part hereof and any personal property of the Port Authority included therewith (collectively, the "Property").

WHEREAS, the Port Authority did conduct a public hearing pursuant to said notice on November 28, 2023, at which hearing all taxpayers in the port district, both for and against the conveyance, were allowed to state their views.

WHEREAS, Sherman Associates Development, LLC ("Buyer") desires to enter into a Development Agreement granting Buyer rights to purchase real estate at The Heights, described as Lot 1, Block 11, Lot 1, Block 10, Lot 1, Block 9, Lot 1, Block 8, Lot 1, Block 7, Lot 1, Block 6, Lot 1, Block 5, Lot 1, Block 4, Lot 1, Block 3 and Outlot D, the Heights Addition (the "Property"), which Property is owned by the Port Authority.

WHEREAS, the Development Agreement requires the Buyer to purchase the Property in a series of phased future conveyances.

WHEREAS, the Development Agreement also grants Buyer the ability to assign its rights under the Development Agreement to purchase certain parcels within the Property to JO Companies and Twin Cities Habitat for Humanity (the "Secondary Developers").

WHEREAS, it is in the best interests of the port district and the people thereof, and in furtherance of the general plan of port improvement and industrial development, to approve the real estate conveyance.

WHEREAS, the Port Authority has investigated the facts of the proposal with said investigation including the terms and conditions of said agreement, the proposed use of the Property, and the relationship thereof to the port district of Saint Paul and the business facilities of the Port Authority in general.

WHEREAS, the proposal presented meets the terms and conditions set forth by the Port Authority as its guide in determining if such proposals are in the best interests of the port district and of the public.

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

1. That the Board of Commissioners of the Port Authority hereby finds, determines and declares that it is for the best interests of the port district and the people thereof, and in furtherance of the general plan of industrial development, to enter into the Development Agreement and future Purchase Agreements necessary to convey the land to Buyer or the Secondary Developers;

2. That the actions of the President of the Port Authority in causing public notice of the proposed conveyance, and in describing the terms and conditions of such conveyance, which have been available for inspection by the public at the office of the Port Authority from and after the publication of notice of hearing, are in all respects ratified and confirmed; and

3. That the President of the Port Authority is hereby authorized to complete and execute said Development Agreement, Purchase Agreement, and any ancillary transaction documents needed to convey the Property in substantially the form as is on file in the office of the Port Authority, and the proper Port Authority officers are hereby authorized to complete and execute all documents necessary to convey title in form as approved by counsel.

Adopted: November 28, 2023

PORT AUTHORITY OF THE
CITY OF SAINT PAUL

By _____
Its Chair

Attest:

By _____
Its Secretary

Attachment: Site Map