

SAINT PAUL PORT AUTHORITY

MEMORANDUM

TO: CREDIT COMMITTEE

DATE: October 19, 2017

FROM: Lee J. Krueger



SUBJECT: REGULAR CREDIT COMMITTEE MEETING
OCTOBER 24, 2017 – 1:30 P.M.

NOTICE

Chair Williams is calling a meeting of the Credit Committee for Tuesday, **October 24, 2017**, at **1:30 p.m.** in the Board room of the Port Authority of the City of Saint Paul located at 380 St. Peter Street, Suite 850, Saint Paul, Minnesota 55102. The purpose of the meeting is:

MINUTES

1. Approval of Minutes of the September 19, 2017 Regular Credit Committee Meeting

CONFLICT OF INTEREST

NEW BUSINESS

1. District Energy St. Paul, Inc. – Authorization for an Approximate \$25,000,000 Tax-Exempt and Taxable Bond Issue
2. Award of Contract – Energy Park Utility Company Boiler Replacement
3. Energy Park Utility Company Franchise Approval of Rates
4. Application to Minnesota's Department of Employment and Economic Development and Metropolitan Council for Contamination Cleanup Funds for Hmongtown Marketplace Located at 217 Como Avenue, Saint Paul, MN
5. Grant Application to Minnesota's Port Development Assistance Program Towards Construction of a Barge Moving System at the Red Rock Terminal
6. Conveyance of Land to S & R Consulting, LLC.
7. 212 Seed & Ag, Inc. – Approval of a \$110,000 Trillion BTU Loan

CREDIT COMMITTEE

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8. ADC Commercial Real Estate, Inc. and African Development Center – Approval of a \$10,000 Trillion BTU Loan
9. Conforti Holdings, LLC and American Preclinical Services, LLC – Approval of a \$635,000 Trillion BTU Loan
10. Hub's Landing and Marina, LLC – Approval of a \$52,000 Trillion BTU Loan
11. Nicollet Corporate, LLC – Approval of an \$82,000 Trillion BTU Loan
12. Peter and Amyann Mursu – Approval of a \$389,000 Trillion BTU Loan
13. Gary Stiller and Cynthia Baack – Approval of a \$105,000 Trillion BTU Loan
14. JIT Powder Coating Company – Approval of a \$30,000 Trillion BTU Loan
15. Such Other Business that May Come Before the Committee

/djkl

cc: Press
City Clerk
Dai Thao

**PORT AUTHORITY OF THE CITY OF SAINT PAUL
MINUTES OF THE REGULAR CREDIT COMMITTEE MEETING
SEPTEMBER 19, 2017**

Committee Chair Williams called the Regular Meeting of the Credit Committee to order at 2:02 p.m. in the Board Room of the Saint Paul Port Authority, 380 St. Peter Street, Suite 850, Saint Paul, Minnesota 55102.

The following Committee Members were present:

Paul Williams	John Bennett	John Marshall
Don Mullin		

Also present were the following:

Lee Krueger	Laurie Hansen	Monte Hilleman
Pete Klein	Michael Linder	Bruce Kessel
Andrea Novak	Sarah Savela	Dana Krueger
Linda Williams		
Andrew Kasid, District Energy		
Pam Sarne, District Energy		
Ben Johnson, Barnes & Thornburg, LLP		
Eric Larson, General Counsel, City of Saint Paul		

APPROVAL OF MINUTES

Committee Member Mullin made a motion to approve the minutes of the August 22, 2017 Credit Committee meeting. The motion was seconded by Committee Member Bennett, submitted to a vote and carried unanimously.

CONFLICT OF INTEREST

Committee Member Marshall stated that he would be abstaining from voting on item number two of the agenda.

NEW BUSINESS

**AWARD OF CONTRACT FOR CONSTRUCTION OF
PW-1066 FLOOD REPAIRS; RED ROCK TERMINAL; DR-4182-MN**

Mr. Hilleman reviewed Ms. Sarnecki's memorandum requesting authorization to award a contract, contingent upon funding, to the lowest responsive and responsible bidder for construction of the PW-1066 Flood Repairs at Red Rock Terminal in response to the 2014 flood event identified as DR-4182-MN.

Discussion included, but was not limited to, the need for authorization from FEMA for the amount of the contract in excess of the previously approved amount, the amount of the overage, and the likelihood of receiving FEMA approval.

There being no further discussion, Committee Member Bennett made a motion to approve the request for authorization to award a contract, contingent upon funding, to the lowest responsive and responsible bidder for construction of the PW-1066 Flood Repairs at Red Rock Terminal in response to the 2014 flood event identified as DR-4182-MN. The motion was seconded by Committee Member Marshall, submitted to a vote and carried unanimously.

**APPROVAL OF THE ISSUANCE OF UP TO \$1,850,000 OF
TAX-EXEMPT TAX INCREMENT REVENUE REFUNDING BONDS – SERIES 2017-6**

Ms. Hansen reviewed her memorandum with the Committee requesting approval of the issuance of Series 2017-6 bonds to refund the Series 2007-5 Tax-Exempt Tax Increment Revenue Bonds (Riverbend – Lot 1).

There being no discussion, Committee Member Bennett made a motion to approve the issuance of Series 2017-6 bonds to refund the Series 2007-5 Tax-Exempt Tax Increment Revenue Bonds (Riverbend – Lot 1). The motion was seconded by Committee Member Mullin, submitted to a vote and carried by a vote of three with Committee Member Marshall abstaining.

**DISTRICT ENERGY ST. PAUL, INC. – AUTHORIZATION FOR AN
APPROXIMATE \$25,000,000 TAX-EXEMPT AND TAXABLE BOND ISSUE**

Mr. Klein reviewed his memorandum with the Committee requesting approval for the issuance of approximately \$25,000,000 of conduit revenue bonds for District Energy St. Paul, Inc.

Mr. Klein informed the Committee that the memorandum and proposed resolution have been amended to be a request for preliminary approval and will be brought back to the Committee in October for final approval.

There being no further discussion, Committee Member Bennett made a motion for preliminary approval of the issuance of approximately \$25,000,000 of conduit revenue bonds for District Energy St. Paul, Inc. The motion was seconded by Committee Member Mullin, submitted to a vote and carried unanimously.

**ENERGY PARK UTILITY COMPANY MANAGED BY
EVER-GREEN ENERGY – APPROVAL OF A \$235,000 TRILLION BTU LOAN**

Mr. Klein reviewed his memorandum with the Committee requesting approval of a \$235,000 Trillion BTU loan to Energy Park Utility Company (EPUC) for the installation of a new boiler and lighting upgrades.

There being no discussion, Committee Member Bennett made a motion, to approve a \$235,000 Trillion BTU loan to Energy Park Utility Company for the installation of a new boiler and lighting upgrades. The motion was seconded by Committee Member Marshall, submitted to a vote and carried unanimously.

FORTEVA INVESTMENTS, LLC
APPROVAL OF A \$56,000 TRILLION BTU LOAN

Mr. Linder reviewed his memorandum with the Committee requesting approval of a \$56,000 Trillion BTU loan to Forteva Investments, LLC for the installation of a 10-kilowatt solar system and LED lighting.

Discussion included, but was not limited to, a breakdown of uses of funds, the anticipated tax value on the property, and the mortgage debt on property.

There being no further discussion, Committee Member Mullin made a motion to approve a \$56,000 Trillion BTU loan to Forteva Investments, LLC for the installation of a 10-kilowatt solar system and LED lighting. The motion was seconded by Committee Member Bennett, submitted to a vote and carried unanimously.

MIDWAY COMMERCIAL BUILDING, LLC
APPROVAL OF A \$148,000 TRILLION BTU LOAN

Mr. Linder reviewed his memorandum with the Committee requesting approval of a \$148,000 Trillion BTU loan to Midway Commercial Building, LLC for the installation of a new boiler.

There being no discussion, Committee Member Marshall made a motion to approve a \$148,000 Trillion BTU loan to Midway Commercial Building, LLC for the installation of a new boiler. The motion was seconded by Committee Member Bennett, submitted to a vote and carried unanimously.

ENERGY PARK, LLC
APPROVAL OF A \$275,000 TRILLION BTU LOAN

Mr. Linder reviewed his memorandum with the Committee requesting approval of a \$275,000 Trillion BTU loan to Energy Park, LLC for the installation of new chillers and controls.

There being no discussion, Committee Member Bennett made a motion to approve a \$275,000 Trillion BTU loan to Energy Park, LLC for the installation of new chillers and controls. The motion was seconded by Committee Member Mullin, submitted to a vote and carried unanimously.

CHRISTOPHER AND LORI BLACK
APPROVAL OF A \$191,000 TRILLION BTU LOAN

Mr. Linder reviewed his memorandum with the Committee requesting approval of a \$191,000 Trillion BTU loan to Christopher and Lori Black for the installation of a 35-kilowatt solar system.

There being no discussion, Committee Member Bennett made a motion to approve a \$191,000 Trillion BTU loan to Christopher and Lori Black for the installation of a 35-kilowatt solar system. The motion was seconded by Committee Member Marshall, submitted to a vote and carried unanimously.

SHAWN AND ERICA BLACK
APPROVAL OF A \$172,000 TRILLION BTU LOAN

Mr. Linder reviewed his memorandum with the Committee requesting approval of a \$172,000 Trillion BTU loan to Shawn and Erica Black for the installation of a 38-kilowatt solar system.

There being no discussion, Committee Member Bennett made a motion to approve a \$172,000 Trillion BTU loan to Shawn and Erica Black for the installation of a 38-kilowatt solar system. The motion was seconded by Committee Member Mullin, submitted to a vote and carried unanimously.

JON AND WENDY MEYER, LLC
APPROVAL OF A \$37,000 TRILLION BTU LOAN

Mr. Linder reviewed his memorandum with the Committee requesting approval of a \$37,000 Trillion BTU loan to Jon and Wendy Meyer for the installation of a 10-kilowatt solar system.

There being no discussion, Committee Member Bennett made a motion to approve a \$37,000 Trillion BTU loan to Jon and Wendy Meyer for the installation of a 10-kilowatt solar system. The motion was seconded by Committee Member Mullin, submitted to a vote and carried unanimously.

OTHER BUSINESS

There being no further business, the meeting was adjourned at 2:29 p.m.

By: _____

Its: _____

SAINT PAUL PORT AUTHORITY

MEMORANDUM

TO: CREDIT COMMITTEE
(Regular Meeting of October 24, 2017)

DATE: October 11, 2017

FROM: Peter M. Klein 

SUBJECT: DISTRICT ENERGY ST. PAUL, INC. – AUTHORIZATION FOR AN
APPROXIMATE \$25,000,000 TAX-EXEMPT AND TAXABLE BOND ISSUE
RESOLUTION NO. _____

Action Requested:

Final approval for the issuance of approximately \$25,000,000 of conduit revenue bonds for District Energy St. Paul, Inc.

Public Purpose:

Bond proceeds will provide funding necessary for District Energy to:

- Expand the distribution system
- Enhance the District Heating Plant
- Refinance existing bonds

Business Subsidy:

N/A

Background:

Last month, the Port Authority Board held a public hearing and gave its preliminary approval for the issuance of these bonds.

Attached is a report outlining the terms of the tax-exempt and taxable bond issue.

Disclosure:

The Port Authority Commissioners by SEC rules are obligated to disclose any risks of facts you may be aware of that would affect the probability of repayment of these bonds.

Recommendation:

We recommend approval for the issuance of approximately \$25,000,000 of tax-exempt and taxable conduit bonds.

PMK:djk

Attachment

**PORT AUTHORITY OF THE CITY OF SAINT PAUL
ISSUANCE OF BONDS – DISTRICT ENERGY ST. PAUL, INC.**

<u>Action Requested:</u>	Approval of final resolution authorizing the issuance of an approximate \$25,000,000 conduit bond issue for District Energy St. Paul, Inc.
<u>Project Summary:</u>	Series 2017-3 (501(c)(3)) \$ 7,400,000 Series 2017-4 (AMT) \$ 6,000,000 Series 2017-5 (Taxable) \$11,600,000
<u>Type:</u>	Adjustable rate industrial development revenue tax-exempt bonds and fixed-rate industrial development revenue taxable bonds. Series 3 and 4 are tax-exempt and Series 5 is taxable.
<u>Term:</u>	Series 2017-3 – 25 years Series 2017-4 – 23 years Series 2017-5 – 20 years
<u>Issuer:</u>	Saint Paul Port Authority
<u>Issuer's Counsel:</u>	Briggs and Morgan, PA
<u>Borrower:</u>	District Energy St. Paul, Inc.
<u>Trustee:</u>	U.S. Bank National Association
<u>Underwriter:</u>	Piper Jaffray & Co.
<u>Borrower's Counsel:</u>	Barnes & Thornburg LLP
<u>Underwriter's Counsel:</u>	Kennedy & Graven
<u>Bond Counsel:</u>	Barnes & Thornburg LLP
<u>The Company:</u>	District Energy St. Paul, Inc. is a 501(c)(3) non-profit company that provides heating services to 190 buildings with over 31 million building square feet in Saint Paul. It was incorporated in 1979 and has operated since 1983, formerly using the name District Heating, LLC.
<u>The Project:</u>	The bond proceeds will be loaned to the borrower and used to refinance existing debt, construct additional distribution lines and plant improvements.

**Estimated Sources
and Uses of Funds:**

Sources of Funds

Bond Proceeds	\$25,000,000
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Use of Funds

Construction	\$12,750,000
Refinancing	8,500,000
Capitalized Interest	850,000
Debt Service Reserve	2,100,000
Cost of Issuance	<u>400,000</u>

Total	\$25,000,000
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The Bonds:

The bonds will be issued in three series in the approximate total principal amount of \$25,000,000. The estimated yield-to-maturity for the tax-exempt 501(c)(3) bonds is 3.9% and 4.25% for the AMT bonds. The estimated yield-to-maturity for the taxable bonds is 4.3%. The taxable bonds may be placed privately and should that occur, the Port Authority would not issue them and would not have any involvement with that portion of the funding.

Fees:

The Port Authority will receive a fee of .35% of the principal amount of the bonds at closing and .25% of the outstanding principal amount of the bonds annually thereafter.

Conduit Financing:

The bonds will be a conduit financing of the Port Authority and will not constitute or give rise to a liability of the Port Authority, the City of Saint Paul, or the State of Minnesota or a charge against their general credit or taxing powers.

Loan Agreement:

Under the Indenture, the Port Authority has pledged its interest in the Loan Agreement to the trustee to secure the bonds. The trustee is authorized to exercise the rights of the Port Authority and to enforce the obligations of the borrower under the Loan Agreement.

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

[DISTRICT ENERGY ST. PAUL, INC.]

WHEREAS, the Port Authority of the City of Saint Paul (the “Port Authority”) is duly organized and existing under the Constitution and laws of the State of Minnesota; and

WHEREAS, under the Minnesota Municipal Industrial Development Act, Minnesota Statutes, Sections 469.152-469.1655, as amended (the “Act”), the Port Authority, is authorized to issue revenue bonds to finance or refinance, in whole or in part, the costs of the acquisition, construction, improvement, or extension of revenue producing enterprises, whether or not operated for profit; and

WHEREAS, District Energy St. Paul, Inc., a Minnesota nonprofit corporation (the “Borrower”), has represented to the Port Authority that it is proposing to finance a “Project” to: (i) finance improvements to its heating and cooling distribution system and its heating and cooling plants located in the City of Saint Paul, Minnesota (the “City”); (ii) pay a portion of the interest on the Series 2017 Bonds (as defined below); (iii) fund one or more reserve accounts to secure timely payment of the Series 2017 Bonds; and (iv) pay a portion of the costs of issuing the Series 2017 Bonds (the “Project”); and

WHEREAS, the Borrower has requested that the Port Authority issue revenue bonds, in multiple series, to be designated (i) District Energy Revenue Bonds, Series 2017-3 (501(c)(3)) (the “Series 2017-3 Bonds”); (ii) District Energy Revenue Bonds, Series 2017-4 (AMT) (the “Series 2017-4”); and (iii) District Energy Revenue Bonds, Series 2017-5 (Taxable) (the “Series 2017-5 Bonds” and, collectively with the Series 2017-3 Bonds and the Series 2017-4 Bonds, the “Series 2017 Bonds”) and loan the proceeds derived from the sale of the Series 2017 Bonds to the Borrower, pursuant to a Loan Agreement, dated on or after November 1, 2017, between the Port Authority and the Borrower (the “Loan Agreement”) to finance the Project; and

WHEREAS, the Series 2017 Bonds are proposed to be issued under the terms of this resolution and a Bond Indenture of Trust, dated on or after November 1, 2017 (the “Bond Indenture”), between the Port Authority and U.S. Bank National Association, as bond trustee (the “Bond Trustee”); and

WHEREAS, the payment obligations of the Borrower under the Loan Agreement and the Bond Indenture will be secured by one or more obligations of the Borrower issued under the terms of one or more supplements to an Amended and Restated Master Trust Indenture, dated as of November 1, 2015 (as amended and supplemented from time to time, the “Master Indenture”), between the Borrower, as obligated group representative, and U.S. Bank National Association, as master trustee (the “Master Trustee”); and

WHEREAS, under the terms of the Master Indenture, the Borrower has pledged its gross revenues to secure any obligations issued under the Master Indenture and the Borrower has also granted a mortgage on its heating and cooling plants to the Master Trustee as security for all obligations issued under the Master Indenture; and

WHEREAS, the revenue bonds proposed to be issued by the Port Authority to finance the Project and the related costs will constitute revenue obligations secured solely by: (i) the revenues derived from the Loan Agreement (which includes the revenues pledged under the obligation(s) issued by the Borrower under the Master Indenture); (ii) other revenues pledged to or otherwise received by the Borrower, except for those revenues necessary for ordinary operational expenses and required under Minnesota law; and (iii) other security provided or arranged by the Borrower; and

WHEREAS, the Series 2017 Bonds will be sold to and/or placed by Piper Jaffray & Co. (the "Underwriter") pursuant to one or more bond purchase contracts (the "Bond Purchase Contract"); and

WHEREAS, under the terms of Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), the revenue bonds may not be issued as tax-exempt bonds unless the Board of Commissioners of the Port Authority approves the revenue bonds after a public hearing following publication of a notice published in accordance with the requirements of Section 147(f) of the Code and Treasury Regulations, Section 5f.103-2; and

WHEREAS, following the publication of a notice (the "Public Notice") of a public hearing in the Legal Ledger, the official newspaper of the Port Authority, on September 11, 2017, and in the Pioneer Press, a newspaper of general circulation in the City, on September 7, 2017, at least 14 days before the regularly-scheduled meeting of the Board of Commissioners of the Port Authority on September 26, 2017, the Board of Commissioners conducted a public hearing at which a reasonable opportunity was provided for interested individuals to express their views on the proposal by the Borrower to undertake and finance the Project and the proposed issuance of the Series 2017 Bonds; and

WHEREAS, the Public Notice included a general description of the Project, the maximum aggregate face amount of the Series 2017 Bonds to be issued with respect to the Project, the identity of the initial owner, operator, or manager of the Project (the Borrower), the location of the Project by street address, and a statement that a draft copy of the proposed application to DEED, together with all attachments and exhibits, would be available for inspection at the offices of the Port Authority.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. For the purposes set forth above, there is hereby authorized the issuance, sale, and delivery of the Series 2017 Bonds in an original aggregate principal amount not to exceed \$25,000,000. If the Series 2017 Bonds are issued in more than one series of tax-exempt or taxable bonds, the separate series shall be separately

designated as set forth above or in such other manner as is deemed appropriate by the Chair of the Port Authority (or any Commissioner), and the President of the Port Authority (collectively, the "Port Authority Officials"), in their discretion. The Series 2017 Bonds shall be issued under the terms of this resolution and the Bond Indenture. The Series 2017 Bonds shall bear interest at variable or fixed rates established by the terms of the Bond Indenture; provided that the combined net interest cost on the Series 2017 Bonds shall not exceed 5.75%. The Series 2017 Bonds shall be designated, shall be numbered, shall be dated, shall mature, shall be subject to redemption or tender prior to maturity, shall be in such form, and shall have such other terms, details, and provisions as are prescribed in the Bond Indenture and Bond Purchase Contract, in the form now on file with the Port Authority, with the amendments referenced herein. The Port Authority hereby authorizes the Series 2017 Bonds to be issued as "tax-exempt bonds," the interest on which is excluded from gross income for federal and State of Minnesota income tax purposes, or as taxable bonds.

All of the provisions of the Series 2017 Bonds, when executed as authorized herein, shall be deemed to be a part of this resolution as fully and to the same extent as if incorporated verbatim herein and shall be in full force and effect from the date of execution and delivery thereof. The Series 2017 Bonds shall be substantially in the forms in the Bond Indenture on file with the Port Authority, which forms are hereby approved, with such necessary and appropriate variations, omissions, and insertions (including changes to the aggregate principal amount of each series of Series 2017 Bonds, the stated maturities of each series of Series 2017 Bonds, the principal amount of Bonds maturing on each maturity date, the interest rates on the Series 2017 Bonds, and the terms of redemption of the Series 2017 Bonds) as the Port Authority Officials, in their discretion, shall determine. The execution of the Series 2017 Bonds with the manual or facsimile signatures of the Port Authority Officials and the delivery of the Series 2017 Bonds by the Port Authority shall be conclusive evidence of such determination.

2. The Series 2017 Bonds shall be special limited obligations of the Port Authority payable solely from the revenues provided by the Borrower pursuant to the Loan Agreement and from the revenues and security pledged, assigned, and granted pursuant to the following documents: (i) one or more obligations issued by the Borrower under the terms of the Master Indenture as amended by one or more supplemental indentures thereto; and (ii) mortgages previously granted by the Borrower to the Master Trustee as such are amended in connection with the issuance of the Series 2017 Bonds (as amended, collectively, the "Mortgages"). The proceeds of the Series 2017-3 Bonds and Series 2017-4 Bonds will be subject to the provisions of a Tax Exemption Agreement, dated on or after November 1, 2017 (the "Tax Exemption Agreement"), between and the Bond Trustee and the Borrower with an Endorsement of the Tax Exemption Agreement to be executed and delivered by the Port Authority Officials (the "Tax Endorsement").

All of the provisions of the Bond Indenture, when executed as authorized herein, shall be deemed to be a part of this resolution as fully and to the same extent as if incorporated verbatim herein and shall be in full force and effect from the date of execution and delivery thereof. The Bond Indenture shall be substantially in the form on

file with the Port Authority, which is hereby approved, with such necessary and appropriate variations, omissions, and insertions as do not materially change the substance thereof, or as the Port Authority Officials, in their discretion, shall determine, and the execution thereof by the Port Authority Officials shall be conclusive evidence of such determination.

3. The loan repayments to be made by the Borrower under the Loan Agreement are fixed to produce revenues sufficient to provide for the prompt payment of principal of, premium, if any, and interest on the Series 2017 Bonds issued under this resolution when due, and the Loan Agreement also provides that the Borrower is required to pay all expenses of the operation and maintenance of the Project, including, but without limitation, adequate insurance thereon and insurance against all liability for injury to persons or property arising from the operation thereof, and all lawfully imposed taxes and special assessments levied upon or with respect to the Project and payable during the term of the Loan Agreement.

4. As provided in the Loan Agreement, the Series 2017 Bonds shall not be payable from or charged upon any funds other than the revenue pledged to their payment, nor shall the Port Authority or the City be subject to any liability thereon, except as otherwise provided in this paragraph. No holder of the Series 2017 Bonds shall ever have the right to compel any exercise by the Port Authority or the City of any taxing powers to pay the Series 2017 Bonds or the interest or premium thereon, or to enforce payment thereof against any property of the Port Authority or the City except the interests of the Port Authority in the Loan Agreement and the revenues and assets thereunder, which will be assigned to the Bond Trustee under the terms of the Bond Indenture. The Series 2017 Bonds shall recite that the Series 2017 Bonds are issued pursuant to the Act, and that the Series 2017 Bonds, including interest and premium, if any, thereon, are payable solely from the revenues and assets pledged to the payment thereof, and the Series 2017 Bonds shall not constitute a debt of the Port Authority or the City within the meaning of any constitutional or statutory limitations.

5. The Board of Commissioners of the Port Authority hereby authorizes the Port Authority Officials to execute and deliver the Bond Indenture, the Loan Agreement, the Tax Endorsement, Bond Purchase Contract and any other documents required by the Underwriter in connection with the issuance of the Series 2017 Bonds (collectively, the "Financing Documents"). The Port Authority Officials are also authorized and directed to execute and deliver the Series 2017 Bonds in accordance with the terms of the Master Indenture, the Bond Indenture, and the Bond Purchase Contract, which shall provide the terms and conditions, covenants, rights, obligations, duties, and agreements of the owners of the Series 2017 Bonds, the Port Authority, the Underwriter, and the Bond Trustee as set forth therein. All of the provisions of the Financing Documents to which the Port Authority is a party, when executed and delivered as authorized herein, shall be deemed to be a part of this resolution as fully and to the same extent as if incorporated verbatim herein and shall be in full force and effect from the date of execution and delivery thereof. The Financing Documents to which the Port Authority is a party shall be substantially in the forms on file with the Port Authority which are hereby approved, with such omissions and insertions as do not materially change the substance thereof, or as the Port Authority Officials, in their discretion, shall determine,

and the execution of the Financing Documents to which the Port Authority is a party by the Port Authority Officials shall be conclusive evidence of such determination.

6. The Port Authority Officials and other officers, employees, and agents of the Port Authority are hereby authorized to execute and deliver, on behalf of the Port Authority, the Financing Documents to which it is a party and such other documents as are necessary or appropriate in connection with the issuance, sale, and delivery of the Series 2017 Bonds, including various certificates of the Port Authority, the Information Return for Tax-Exempt Private Activity Bond Issues, Form 8038, a certificate as to arbitrage and rebate, and similar documents. The Port Authority hereby approves the execution and delivery by the Bond Trustee of the Bond Indenture and all other instruments, certificates, and documents prepared in conjunction with the issuance of the Series 2017 Bonds that require execution by the Bond Trustee. The Bond Trustee is hereby appointed as Bond Registrar and paying agent with respect to the Series 2017 Bonds. The Port Authority hereby authorizes Barnes & Thornburg LLP, as bond counsel to the Borrower, to prepare, execute, and deliver its approving legal opinion with respect to the Series 2017 Bonds.

7. The Port Authority has not participated in the preparation of the Preliminary Official Statement or the Official Statement relating to the offer and sale of the Series 2017 Bonds (collectively, the "Official Statement"), and has made no independent investigation with respect to the information contained therein (other than with respect to information provided under the captions "THE ISSUER" and "ABSENCE OF LITIGATION - The Issuer," as it relates to the Port Authority), including the appendices thereto, and the Port Authority assumes no responsibility for the sufficiency, accuracy, or completeness of such information. Subject to the foregoing, the Port Authority hereby consents to the distribution and the use by the Underwriter of the Official Statement in connection with the offer and sale of the Series 2017 Bonds. The Official Statement is the sole material consented to by the Port Authority for use in connection with the offer and sale of the Series 2017 Bonds.

8. Except as otherwise provided in this resolution, all rights, powers, and privileges conferred and duties and liabilities imposed upon the Port Authority or the Board of Commissioners by the provisions of this resolution or of the aforementioned documents shall be exercised or performed by the Port Authority or by such members of the Board of Commissioners, or such officers, board, body, or agency thereof as may be required or authorized by law to exercise such powers and to perform such duties.

No covenant, stipulation, obligation, or agreement herein contained or contained in the aforementioned documents shall be deemed to be a covenant, stipulation, obligation, or agreement of any member of the Board of Commissioner of the Port Authority, or any officer, agent, or employee of the Port Authority in that person's individual capacity, and neither the Board of Commissioners of the Port Authority nor any officer or employee executing the Series 2017 Bonds shall be liable personally on the Series 2017 Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

No provision, covenant, or agreement contained in the aforementioned documents, the Series 2017 Bonds or in any other document relating to the Series 2017 Bonds, and no obligation therein or herein imposed upon the Port Authority or the breach thereof, shall constitute or give rise to any pecuniary liability of the Port Authority or any charge upon its general credit or taxing powers. In making the agreements, provisions, covenants, and representations set forth in such documents, the Port Authority has not obligated itself to pay or remit any funds or revenues, other than funds and revenues derived from the Loan Agreement which are to be applied to the payment of the Series 2017 Bonds, as provided therein and in the Bond Indenture.

9. Except as herein otherwise expressly provided, nothing in this resolution or in the aforementioned documents expressed or implied, is intended or shall be construed to confer upon any person or firm or corporation, other than the Port Authority or any holder of the Series 2017 Bonds issued under the provisions of this resolution, any right, remedy, or claim, legal or equitable, under and by reason of this resolution or any provisions hereof, this resolution, the aforementioned documents and all of their provisions being intended to be and being for the sole and exclusive benefit of the Port Authority and any holder from time to time of the Series 2017 Bonds issued under the provisions of this resolution.

10. In case any one or more of the provisions of this resolution, other than the provisions contained in Section 8 hereof, or of the aforementioned documents, or of the Series 2017 Bonds issued hereunder shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this resolution, or of the aforementioned documents, or of the Series 2017 Bonds, but this resolution, the aforementioned documents, and the Series 2017 Bonds shall be construed and endorsed as if such illegal or invalid provisions had not been contained therein.

11. The Series 2017 Bonds, when executed and delivered, shall contain a recital that they are issued pursuant to the Act, and such recital shall be conclusive evidence of the validity of the Series 2017 Bonds and the regularity of the issuance thereof, and that all acts, conditions, and things required by the laws of the State of Minnesota relating to the adoption of this resolution, to the issuance of the Series 2017 Bonds, and to the execution of the aforementioned documents to happen, exist, and be performed precedent to the execution of the aforementioned documents have happened, exist, and have been performed as so required by law.

12. The officers of the Port Authority, Briggs and Morgan, Professional Association (as "Issuer's Counsel"), other attorneys, engineers, and other agents or employees of the Port Authority and Barnes & Thornburg LLP as bond counsel are hereby authorized to do all acts and things required of them by or in connection with this resolution, the aforementioned documents, and the Series 2017 Bonds for the full, punctual, and complete performance of all the terms, covenants, and agreements contained in the Series 2017 Bonds, the aforementioned documents, and this resolution. In the event that for any reason any of the Port Authority Officials is unable to carry out the execution of any of the documents or other acts provided herein, such documents may be executed and such actions may be taken by any official or employee of the Port Authority or the City delegated the duties of any such Port Authority Official

with the same force and effect as if such documents were executed and delivered by such Port Authority Official.

13. The Borrower has agreed and it is hereby determined that any and all costs incurred by the Port Authority in connection with the financing of the Project will be paid by the Borrower, including the costs and expenses of Issuer's Counsel and the Port Authority's initial and ongoing annual issuance fees for the Series 2017 Bonds. It is understood and agreed that the Borrower shall indemnify, defend and hold harmless the Port Authority against all liabilities, losses, damages, costs and expenses (including reasonable attorney's fees and expenses incurred by the Port Authority) arising with respect to the Project or the Series 2017 Bonds, as provided for and agreed to by and between the Borrower and the Port Authority in the Loan Agreement.

14. The authority to approve, execute and deliver future amendments to the Financing Documents entered into by the Port Authority in connection with the issuance of the Series 2017 Bonds and consents required under the Financing Documents is hereby delegated to the Port Authority Officials, subject to the following conditions: (a) such amendments or consents do not require the consent of the respective holders of the Series 2017 Bonds or such consent has been obtained; (b) such amendments or consents do not materially adversely affect the interests of the Port Authority; (c) such amendments or consents do not contravene or violate any policy of the Port Authority, and (d) such amendments or consents are acceptable in form and substance to the counsel retained by the Port Authority to review such amendments. The authorization hereby given shall be further construed as authorization for the execution and delivery of such certificates and related items as may be required to demonstrate compliance with the agreements being amended and the terms of this Resolution. The execution of any instrument by the Port Authority Officials shall be conclusive evidence of the approval of such instruments in accordance with the terms hereof.

15. This Resolution shall be in full force and effect from and after its passage.

Adopted: October 24, 2017

PORT AUTHORITY OF THE CITY OF
SAINT PAUL

By _____
Its _____

ATTEST

By _____
Its _____

SAINT PAUL PORT AUTHORITY

MEMORANDUM

TO: CREDIT COMMITTEE
(Regular Meeting of October 24, 2017)

DATE: October 16, 2017

FROM: Peter M. Klein 

SUBJECT: **AWARD OF CONTRACT
ENERGY PARK UTILITY COMPANY BOILER REPLACEMENT
RESOLUTION NO. _____**

Action Requested:

Authorization to award a contract to the lowest responsive and responsible bidder for a new boiler at Energy Park Utility Company (EPUC).

Background:

Last month, the Credit Committee approved financing this project with Trillion BTU funds.

Current Status:

Ever-Green Energy, the system manager and operator, requested bids for a new boiler. Bids were received on October 11, 2017 and three companies submitted bids. Bid results are as follows:

<u>Company</u>	<u>Bid Amount</u>
Pioneer Power	\$184,400
Corval Constructors	\$275,455
Huot Construction	\$469,800

The engineer's estimate for this work was \$180,000. Pioneer Power has the lowest bid upon opening, and it appears Pioneer Power is the lowest responsive and responsible bidder.

Recommendation:

We recommend approval of authorization to award a contract to the lowest responsive and responsible bidder for a new boiler at Energy Park Utility Company.

PMK:djk

**RESOLUTION OF THE
PORT AUTHORITY OF THE CITY OF SAINT PAUL
[AWARD OF CONTRACT FOR ENERGY PARK
UTILITY COMPANY BOILER REPLACEMENT]**

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, Ever-Green Energy, the system manager and operator, requested bids on behalf of the Port Authority and the bids were received on October 11, 2017.

WHEREAS, the bids have been received, tabulated and evaluated, and it appears that the lowest responsive bidder is Pioneer Power in the total amount of \$184,400.

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 advise Ever-Green Energy to award the contract for a new boiler at Energy Park Utility Company to the lowest responsive and responsible bidder.

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

Adopted: October 24, 2017

PORT AUTHORITY OF THE
CITY OF SAINT PAUL

By _____
Its _____

ATTEST:

By _____
Its _____

SAINT PAUL PORT AUTHORITY

MEMORANDUM

TO: CREDIT COMMITTEE
(Regular Meeting of October 24, 2017)

DATE: October 13, 2017

FROM: Laurie J. Hansen 

SUBJECT: ENERGY PARK UTILITY COMPANY FRANCHISE
APPROVAL OF RATES
RESOLUTION NO.

Action Requested: Approval of Schedule A - Energy Park Utility Company (EPUC) Rates effective January 2, 2018.

Background:

The EPUC Franchise Ordinance Section 6(e) requires the Port Board to approve any changes in the schedule of rates and charges. The rates typically change each year based on the budgeted costs of operating EPUC. The customers of EPUC acknowledged the Franchise Agreement and the periodic change in rates in the First Amendment to the Hot and Chilled Water Service Agreement. The rates effective January 2, 2018 reflect the budgeted costs for 2018.

Proposal:

Attached please find the Schedule A, which includes a complete list and the methodology for establishing the new rates effective January 2, 2018. In summary, new rates will be:

	<u>Current Charges</u>	<u>Proposed Charges 1/3/2018</u>	<u>% Change</u>
Demand Charge (\$/MMBtu/Mo):			
Heating Demand Charge	\$1,567.00	\$1,629.00	3.96%
Chilled Water Demand Charge	\$1,646.00	\$1,712.00	4.01%
Hot Water Commodity Charge Base (\$/MMBtu)	\$ 3.80	\$ 3.80	0.0%
Chilled Water Commodity Charge Base (\$/MMBtu)	\$ 3.73	\$ 3.73	0.0%
Fuel Adjustment Charge – Difference Between Actual Variable Cost and Base Variable Cost (\$/MMBtu)		Varies	

Rate increases from 2013 – 2017 have ranged from 2.5% to 4.2% with an average increase of 3.27%.

Recommendation:

We recommend approval of the Schedule A - Rates and Charges.

LJH:amk
Attachments

SCHEDULE A
ENERGY PARK UTILITY COMPANY
CALENDAR YEAR 2018

DEMAND CHARGE CALCULATION

		<u>1/2/18-1/2/19</u>
i)	Budgeted Operating Expenses	\$952,701
ii)	All Debt Service Costs and Requirements	640,263
iii)	Fixed Reimbursement	<u>170,000</u>
	Subtotal	\$1,762,964
	Multiplied By	1
iv)	Budgeted demand revenues before Reserve for Repairs, Replacements, Modifications, and Expansions	\$1,762,964
	Divided By	<u>93.43%</u>
	Budgeted Total Demand Revenues	\$1,886,936
	Divided by Budgeted Cooling Energy Demand (Total MMBtuh per Period)	622.4
	Cooling Demand Charge (\$ per MMBtuh per Month)	\$1,712.00
	Divided by Budgeted Heating Energy Demand (Total MMBtuh per Period)	504.3
	Heating Demand Charge (\$ per MMBtuh per Month)	\$1,629.00

COMMODITY CHARGE: The Hot Water Commodity Charge is \$3.80 per MMBtu, and the Chilled Water Commodity Charge is \$3.73 per MMBtu.

FUEL ADJUSTMENT CHARGE: The commodity portion of the Hot Water and Chilled Water rate schedules will be adjusted upward or downward each month based on the difference between actual variable costs and base variable costs. (The base variable costs built are \$3.80 per MMBtu for Hot Water and \$3.73 per MMBtu for Chilled Water.) Actual variable costs will be computed each month by dividing the cost of fuel (electricity, gas, oil, propane and any other fuel) plus water treatment expenses to operate the central energy plant by sales made during the corresponding month. The fuel adjustment charge applied to each customer's bill will be the difference between actual variable costs and base variable costs (expressed dollars per MMBtu) multiplied by that customer's heating or cooling energy use during the corresponding month. Actual variable costs for the current month will not be known at the time of billing; and, therefore, for the purpose of computing the fuel adjustment charge, actual variable costs shall be deemed to be the average monthly actual variable costs over the preceding twelve (12) months.

ADMINISTRATIVE SERVICES CHARGE: The Administrative Services Charge shall be established pursuant to the Energy Park Utility Company Franchise.

BILLING ADMINISTRATIVE SERVICE CHARGE: The Billing Administrative Service Charge is that part of the rate schedule to be paid by Customers who desire to have their total monthly bill subdivided and billed directly to tenants based on allocation factors or submeters. The Billing Administrative Service Charge is \$75.00 per month per bill.

LATE FEE: The Company may charge a late payment penalty of five (5) percent of the total amount due which may be added to bills which are not paid within twenty-one (21) days of the billing date.

SURCHARGE: All rates for providing Chilled Water and Hot Water services will be subject to the City of Saint Paul franchise fee and other appropriate state and local taxes. Residential, commercial and industrial bills shall be subject to separate charges.

**RESOLUTION OF THE
PORT AUTHORITY OF THE CITY OF SAINT PAUL
(ENERGY PARK UTILITY COMPANY FRANCHISE – 2018 RATE SCHEDULE)**

WHEREAS, the City of Saint Paul granted the Port Authority of the City of Saint Paul, doing business as Energy Park Utility Company, a franchise for providing hot and chilled water in the Energy Park Industrial District in 1982; and

WHEREAS, the Energy Park Utility Company franchise ordinance requires the Port Board to approve any changes in the schedule of rates and charges; and

WHEREAS, Port Authority staff has proposed a new rate structure reflecting the proposed 2018 budget as set forth in Schedule A attached hereto.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE PORT AUTHORITY OF THE CITY OF SAINT PAUL, that the rates for the Energy Park Utility Company as set forth in Schedule A are hereby adopted effective January 2, 2018; and

BE IT FURTHER RESOLVED, that the President on behalf of the Port Authority is hereby authorized and directed to file the proposed rate schedule with supporting information with the City Clerk of the City of Saint Paul for approval of the rates pursuant to the Energy Park Utility Company franchise ordinance.

Adopted: October 24, 2017

By _____
Its _____

Attest:


By _____
Its _____

SAINT PAUL PORT AUTHORITY

MEMORANDUM

TO: CREDIT COMMITTEE
(Regular Meeting of October 24, 2017)

DATE: October 19~~23~~, 2017

FROM: Ava Langston-Kenney 

SUBJECT: APPLICATION TO MINNESOTA'S DEPARTMENT OF EMPLOYMENT
AND ECONOMIC DEVELOPMENT AND METROPOLITAN COUNCIL FOR
~~CONTAMINATION-CLEANUP~~ INVESTIGATION AND RESPONSE ACTION
PLAN DEVELOPMENT GRANT FUNDS FOR HMONGTOWN MARKETPLACE
LOCATED AT 217 COMO AVENUE, SAINT PAUL, MN
RESOLUTION NO. _____

Action Requested:

Authorization to apply to Minnesota's Department of Employment and Economic Development for up to \$50,000.00 and Metropolitan Council for up to \$50,000.00 in ~~Gontamination-Cleanup~~ Investigation and Response Action Plan Development Grant funds for Hmongtown Marketplace at an approximate 5.7- acre site located at 217 Como Avenue, Saint Paul, Minnesota. See an attached map showing the location of the property.

Background:

The Minnesota Department of Employment and Economic Development (DEED) and the Metropolitan Council created grant programs to fund the investigation and remediation of contaminated properties. Only public agencies are eligible to apply on a competitive basis for these funds, but both publicly and privately-owned sites with known or suspected soil or groundwater contamination qualify. Remediation grant funds have proven to be essential in redeveloping Brownfield properties with business centers and providing developable land for companies to locate, expand and grow jobs.

On November 1, 2017, we intend to apply for funding from DEED and Met Council on behalf of the property owner, Mr. Toua Xiong, who plans to redevelop the Hmongtown Marketplace site. Mr. Xiong has put together a redevelopment consultant team that includes the Port Authority. In order to apply for these funds, a resolution is required from the Port Authority Board of Commissioners authorizing the application. If one or both grants are awarded, the Port Authority will provide grant oversight for the environmental investigation and response action planning work and be reimbursed for those associated costs at an amount not to exceed \$5,000.00.

Hmongtown Marketplace is a Saint Paul business that has been operating for 15 years. Hmong Marketplace is considered the Mall of America of the Hmong Community and also serves the Karen ~~Courian~~, Nepalese, and Somali Communities of Saint Paul. Mr. Xiong has preliminary plans to build a three-story marketplace/office building on the site, along with an open-air type market and park-like green space.

CREDIT COMMITTEE

October 19²³, 2017

Page 2

Recommendation:

We recommend approval of a resolution granting the Port Authority authorization to apply to Minnesota's Department of Employment and Economic Development for up to \$50,000.00 and Metropolitan Council for up to \$50,000.00 in ~~Contamination Cleanup~~[Investigation and Response Action Plan Development](#) gGrant funds.

ALK/lkw

Attachments: Map

Resolution

Hmongtown Market



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

**[APPLICATION TO DEED AND METROPOLITAN COUNCIL FOR
CONTAMINATION CLEAN-UP INVESTIGATION AND RESPONSE ACTION PLAN
DEVELOPMENT GRANT FUNDS – HMONGTOWN MARKETPLACE]**

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

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; and

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

WHEREAS, said members of the Council of the City of Saint Paul serve on the Port Authority Board so long as they continue to be members of the Council of the City of Saint Paul; and

WHEREAS, the Port Authority of the City of Saint Paul has undertaken numerous redevelopment projects of industrial sites in the City of Saint Paul; and

WHEREAS, the Port Authority desires to submit a grant application on November 1, 2017, to the Minnesota Department of Employment and Economic Development for up to \$50,000.00 and Metropolitan Council for up to \$50,000.00 in Contamination Cleanup Investigation and Response Action Plan Development Grant funds for use at the Hmongtown Marketplace site located at 217 Como Avenue, Saint Paul, Minnesota; and

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

WHEREAS, the site is located in an Industrial Development District (IDD) as a part of an IDD created by the Port Authority; and

WHEREAS, said environmental investigation and cleanup response action planning work furthers industrial development and job creation in the City of Saint Paul; and

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

WHEREAS, the Port Authority finds that the required redevelopment will not occur through private or other public investment within the reasonably foreseeable future without this grant funding; and

WHEREAS, the Port Authority represents that it has undertaken reasonable and good faith efforts to procure funding from other sources.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE PORT AUTHORITY OF THE CITY OF SAINT PAUL that the President is hereby authorized and directed on behalf of the Port Authority to make a grant application to the Minnesota Department of Employment and Economic Development for up to \$50,000.00 and to Metropolitan Council for up to \$50,000.00 in ~~Contamination Cleanup~~[Investigation and Response Action Plan Development](#) Grant funds for use at the Hmongtown Marketplace site located at 217 Como Avenue, Saint Paul, MN.

BE IT FURTHER RESOLVED that the Port Authority of the City of Saint Paul has the legal authority to apply for financial assistance, and the institutional, managerial, and financial capability to ensure adequate project administration.

BE IT FURTHER RESOLVED that the sources and amounts of the local match identified in the application are committed to the project identified.

[BE IT FURTHER RESOLVED that the City of Saint Paul is located within the seven county metropolitan area defined in Section 473.121, subdivision 2 and is participating in the local housing incentives program under Section 473.254.](#)

BE IT FURTHER RESOLVED that the Port Authority of the City of Saint Paul has not violated any Federal, State or local laws pertaining to fraud, bribery, graft, kickbacks, collusion, conflict of interest or other unlawful or corrupt practice.

BE IT FURTHER RESOLVED that upon approval of its application by the State [or the Metropolitan Council](#), the Port Authority of the City of Saint Paul may enter into an agreement with the State of Minnesota [or the Metropolitan Council](#) for the above-referenced project(s), and that the Port Authority of the City of Saint Paul certifies that it will comply with all applicable laws and regulations as stated in all contract agreements.

BE IT FURTHER RESOLVED that if the project identified in the application fails to substantially provide the public benefits listed in the application within five years from the date of the grant award, the Port Authority of the City of Saint Paul may be required to repay 100 percent of the awarded grant per Minn. Stat. § 116J.575 Subd. 4.

BE IT FURTHER RESOLVED that the President of the Port Authority of the City of Saint Paul is hereby authorized to execute such agreements as are necessary to implement the project on behalf of the Port Authority of the City of Saint Paul.

I certify that the above resolution was adopted by the Board of Commissioners of the Port Authority of the City of Saint Paul on October 24, 2017.

PORT AUTHORITY OF THE
CITY OF SAINT PAUL

SAINT PAUL PORT AUTHORITY

MEMORANDUM

TO: CREDIT COMMITTEE DATE: October 19, 2017
(Regular Meeting of October 24, 2017)

FROM: Ava Langston-Kenney ALK

SUBJECT: GRANT APPLICATION TO MINNESOTA'S PORT DEVELOPMENT
ASSISTANCE PROGRAM TOWARDS CONSTRUCTION OF A BARGE
MOVING SYSTEM AT THE RED ROCK TERMINAL
RESOLUTION NO. _____

Action Requested:

Approval for the Port Authority to request funding from the Minnesota Port Development Assistance Program for a Grant in the amount of \$2,000,000 towards construction of a barge moving system on the property used by Gavilon at the Red Rock Terminal.

Public Purpose:

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 allow the Port Authority's tenant, Gavilon, to increase capacity by providing a more efficient way of moving barges for loading and unloading. If constructed, this will be the first barge moving system of its type located in Saint Paul Port Authority Terminals

Background:

The Minnesota Port Development Assistance (PDA) Program has provided the Port Authority with grant dollars for capital improvements in the Saint Paul Harbor since 1996. The Ports & Waterways Section of MNDOT administers the Program which is funded by State Legislature. The grant requires a local match of 20% of the improvement cost. For this Project the Port proposes to secure a 46% tenant/private match.

The new two-lane barge loading system will allow for up to 10 empty barges to be delivered at a time. Empty barges will be staged and secured and then fed into either lane 1 or 2 for loading. A winching system will provide both lateral and forward shuttling of as many as five empty barges to both lanes. As each barge is loaded, the next barge will be laterally moved into the loading lane, which can then stage all five barges prior to being hauled away when the last barge is filled. This proposed layout allows for the continued use of the existing loadouts on tower 1 and 2. This new system will enable Gavilon's tonnage output capacity to double. See Figure 1 on following page:

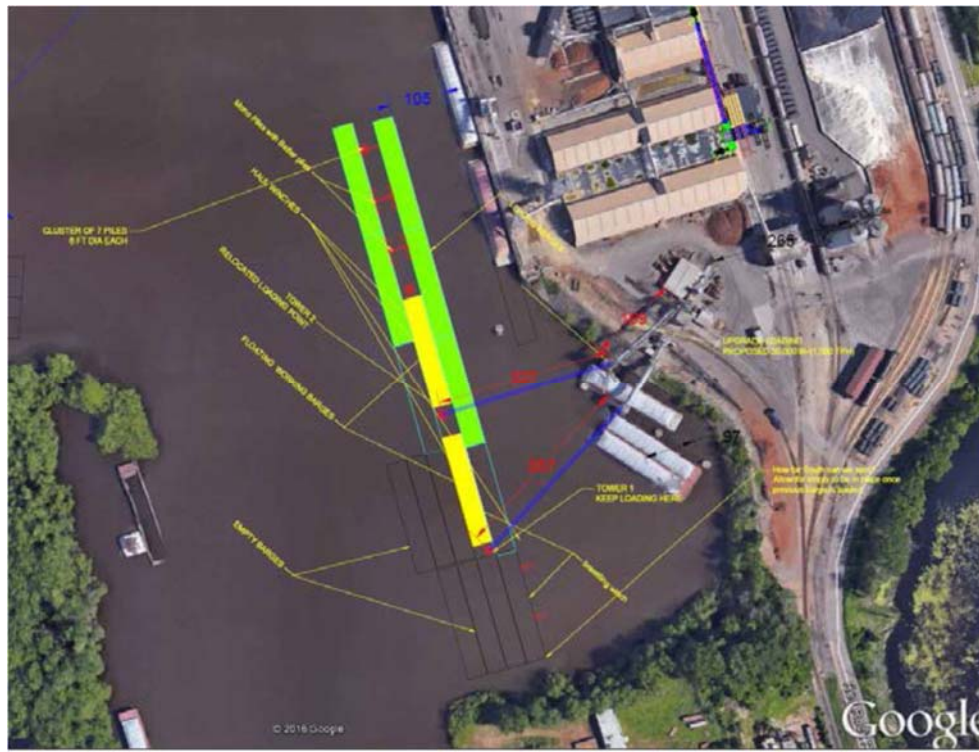


Figure 1 – Initial Concept Sketch

The proposed new two-lane barge loading system will increase the number of barges handled, and therefore, the commodity volumes loaded and unloaded in the following ways (See Table 1 on following page):

- As currently designed, the Project would extend towers into main channel which would allow for more barges to be loaded in a day.
- Belt speeds would be increased to 50,000 bushels per hour which would allow Gavilon to take trucks direct and flow from the elevator on one belt to increase bushels dumped in a day.
- Project would allow Gavilon to load 4 more barges a day which would free up capacity for more rail to truck grain or bulk rail to truck throughput of commodities.

Table 1 - Incremental Project Benefits

Tower / Barge Expansion Project							
Scenario	Belt Speed	Tower Location			Incremental Capacity		
		Outside	Inside				
			On-Site Rail	No On-Site Rail	Barges	Bushels	Tons
Current	25,000 bph*	5 barges/day	4 barges/day	2 barges/day	N/A	N/A	N/A
Proposed	50,000 bph	8 barges/day	5 barges/day	3 barges/day	4	8,000,000	224,000

* Bushels per hour

Proposed Capital Investment:

Total Project Cost: \$3,800,000.

PDA Award: \$2,000,000 (requested)

Local Match: Assessments \$1,800,000.

Description of Work: Construction of a Barge Moving System located in the Red Rock Terminal.

Recommendation:

Approval of an application to the Port Development Assistance Program for a \$2,000,000 grant to complete construction of a Barge Moving System in the Red Rock Terminal.

ALK/lkw

Attachment: Resolution

**RESOLUTION OF THE
PORT AUTHORITY OF THE CITY OF SAINT PAUL
[GRANT APPLICATION TO MINNESOTA'S PORT DEVELOPMENT
ASSISTANCE PROGRAM TOWARDS CONSTRUCTION
OF A BARGE MOVING SYSTEM AT THE RED ROCK TERMINAL]**

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

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

WHEREAS, under Minn. Stat. § 469.084, Subds. 1 to 15, the Port Authority of the City of Saint Paul has additional statutory duties and powers including powers related to recreational facilities and small business capital.

WHEREAS, under Minn. Stat. § 469.084, Subd. 8, the Port Authority of the City of Saint Paul, furthermore, has the power of and is authorized to do what a redevelopment agency may do or must do under sections 469.152 to 469.165 (Municipal Industrial Development).

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

WHEREAS, the Port Authority desires to submit a grant application to the Minnesota Port Development Assistance Program in the amount of \$2,000,000 for the construction of a barge moving system at the Red Rock Terminal. The Port Authority is committed to securing matching funds in the amount of \$1,800,000 to complete the project. The Minnesota Port Development Assistance Program requires a minimum 20% match to this grant request.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE PORT AUTHORITY OF THE CITY OF SAINT PAUL: That the President is hereby encouraged and authorized to apply to, and accept from, if awarded, a grant, or some other financial or resource assistance from the Minnesota Port Development Assistance Program in the amount of \$2,000,000; and

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

Adopted: October 24, 2017

PORT AUTHORITY OF THE
CITY OF SAINT PAUL

By _____
Its Chair

ATTEST:

By _____
Its Secretary

SAINT PAUL PORT AUTHORITY

MEMORANDUM

TO: CREDIT COMMITTEE
(Regular Meeting of October 24, 2017)

DATE: October 19, 2017

FROM: Keith K. Mensah *KKM*

SUBJECT: CONVEYANCE OF LAND TO S & R CONSULTING, LLC
RESOLUTION NO. _____

Action Requested:

Approval of the sale of an 0.11-acre remnant parcel of land to S & R Consulting, LLC.

Background:

Attached is a memo outlining the terms of the land conveyance transaction to S & R Consulting, LLC for the property located at 0 Russell Street, Saint Paul, MN 55102. The property lies adjacent to the Port Authority's Beacon Bluff Business Center. The Port Authority acquired the former 3M Main Plant Campus in 2009 and subsequently developed the Beacon Bluff Business Center. This remnant was created as the area was replatted to maximize redevelopment potential and install upgraded infrastructure within Beacon Bluff.

As the fee owner of this and other remnant parcels at Beacon Bluff, these parcels are tax exempt and generate no tax base. The Port Authority cannot develop this parcel nor has any expressed purpose for the ownership of this remnant parcel. In addition, as the fee owner of these remnant parcels, the Port Authority is subject to special assessments when and if imposed. Accordingly, the Port Authority seeks to convey an 0.11-acre remnant parcel to the adjacent residential property owner, S & R Consulting, LLC and return it to the property tax roll.

Recommendation

We recommend approval of the sale of an 0.11-acre remnant parcel of land to S & R Consulting, LLC.

MMH:KKM:djk

Attachments

**PORT AUTHORITY OF THE CITY OF SAINT PAUL
LAND SALE TRANSACTION**

Action Requested: Approval of the sale of a remnant parcel of land to S & R Consulting, LLC for Conveyance of Land Assembly.

Development Officer: Keith Mensah

Purchaser: S & R Consulting, LLC

Purchaser Address: 71 Maple Lane
Little Canada, MN 55117

Location of Property to be Conveyed: 0 Russell Street, Saint Paul MN 55102
(PID 282922310148), see Exhibit A

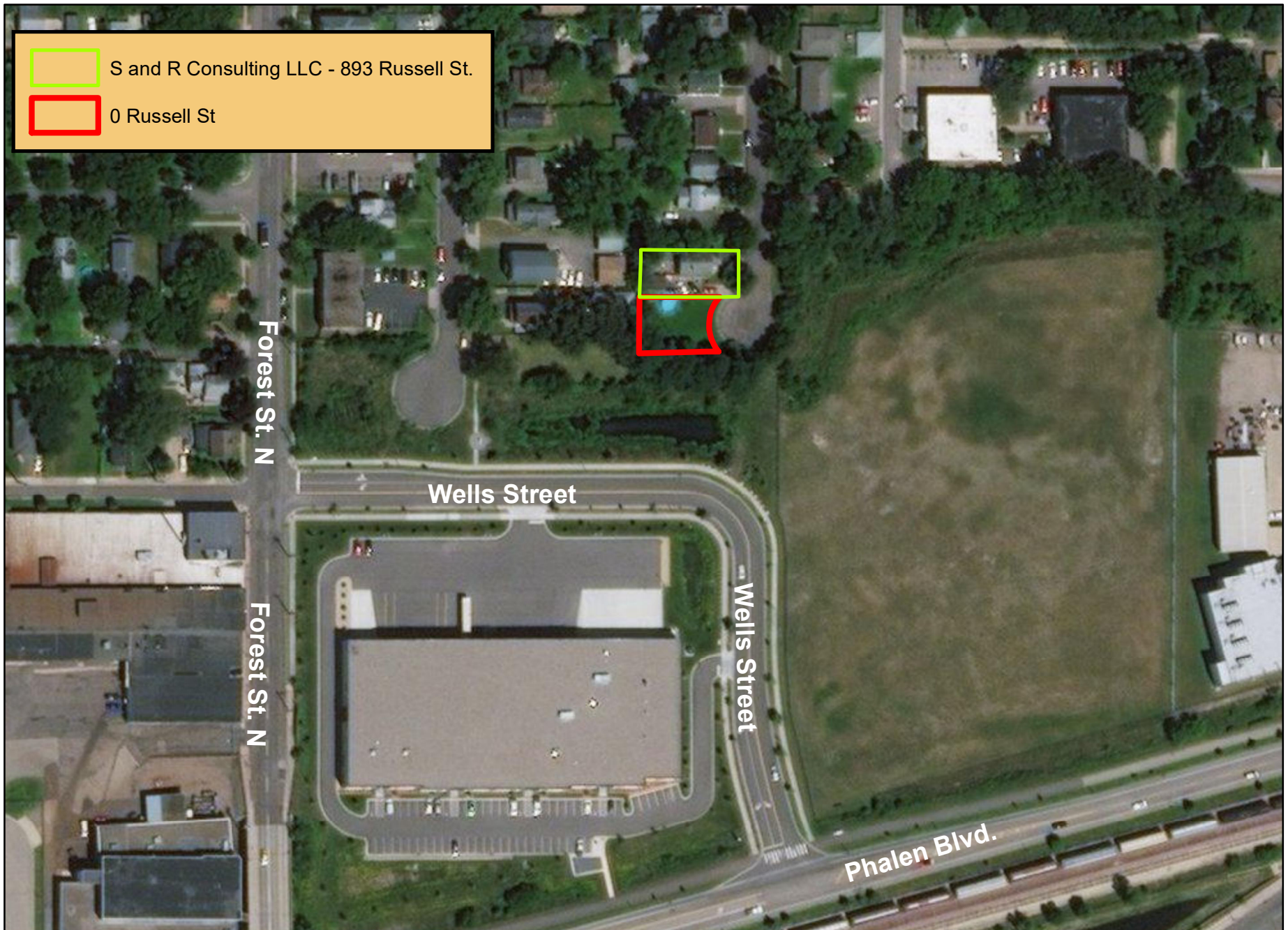
Conveyance Structure: The Port Authority entered into a contingent purchase agreement on October 12, 2017 with S & R Consulting, LLC for the sale of the Port Authority's interest in the property listed above. The purchase price is \$1.00. The property is to be sold as-is, with no further obligations of the Port Authority after closing. Closing is expected to occur November 8, 2017.

Nature of Intended Use: Appurtenance to adjacent residential lot.

Business Subsidy Agreement:
None.

Exception from Port's Development Goals/Covenants:
None.

Development Officer's Comments:
Approval is recommended.



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

**[CONVEYANCE OF LAND-BEACON
BLUFF REMNANT TO S & R CONSULTING, LLC]**

WHEREAS, the Port Authority of the City of Saint Paul ("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 land 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 grant the conveyance of land at 0 Russell Street in Saint Paul, Minnesota (the "Property") to S & R Consulting, LLC or verified affiliate(s).

WHEREAS, the Port Authority did conduct a public hearing pursuant to said notice on Tuesday, October 24, 2017, at which hearing all taxpayers in the port district, both for and against the conveyance, were allowed to state their views.

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 conveyance.

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 said agreement to convey the land.

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.

3. That the President of the Port Authority is hereby authorized and directed to complete and execute said agreement to convey, in substantially the form as is on file in the office of the Port Authority, and the proper Port Authority officers are hereby authorized and

Resolution No. _____

Page 2

directed to complete and execute all documents necessary to convey title in form as approved by counsel.

Adopted: October 24, 2017

PORT AUTHORITY OF THE
CITY OF SAINT PAUL

By _____
Its Chair

Attest:

By _____
Its Secretary

SAINT PAUL PORT AUTHORITY

MEMORANDUM

TO: CREDIT COMMITTEE
(Regular Meeting of October 24, 2017)

DATE: October 19, 2017

FROM: Michael J. Linder 

SUBJECT: **212 SEED & AG, INC.
APPROVAL OF A \$110,000 TRILLION BTU LOAN**

Action Requested:

Provide approval for the Port Authority to initiate a Trillion BTU loan for approximately \$110,000 with 212 Seed & Ag, Inc. for the installation of two solar arrays on a commercial property located in Bird Island and Sacred Heart, 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:

212 Seed & Ag, Inc. is an agricultural services provider with two locations at 3 Ash Avenue in Bird Island, MN and 82818 County Road 9 in Sacred Heart, MN. The company provides various farm products and services including seed and fertilizer as well as consulting services, educational programs and innovative technologies to advance crop production. The company is installing solar arrays on the two properties. The parcel in Bird Island has a tax value of \$300,000 and the Sacred Heart property has a tax value of \$344,000.

Proposed Project:

Bird Island – 18-kilowatt Solar Array	\$ 60,000
Sacred Heart – 15-kilowatt Solar Array	<u>\$ 50,000</u>
Purchase Price and Installation	\$110,000

Sources and Uses of Funds:

Sources of funds:	
Trillion BTU	\$110,000

Uses of funds:	
Two Solar Array Installations	\$110,000

CREDIT COMMITTEE

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In order to leverage the grant funds, we are requesting that all local EDA's match the Trillion funds for projects in their area. Renville County is assisting with placing the PACE special assessment on the property taxes and another funder may finance that portion of the project once the special assessment is in place. Trillion BTU funds will act as a bridge loan until that time. In the event that the special assessment is not assessed or if another funder does not take out the Trillion BTU loan, it will remain the funder of the loan.

Financial Analysis:

Three years of tax returns were received for 212 Seed & Ag. The business was established in 2013 and profitability has increased in each of the three years. The company had net losses in 2014 and 2015 but was profitable in 2016. Excluding non-cash depreciation, the company had positive earnings in all three years. The debt service coverage ratio in 2016 was 1.20 to 1 prior to the PACE assessment and 1.08 to 1 including the assessment. Equity was negative due to the losses in 2014 and 2015. Excluding accumulated depreciation, debt-to-equity in 2016 would have been 2.80 to 1.

Debt Service Coverage:	1.08	Trillion standard of at least	1.15
Debt-to-Equity:	Neg.	Trillion standard of less than	4.00

Proposal:

Source of Funds: Trillion BTU

Use of Funds: Two Solar Arrays Totaling 33-kilowatts

Amount of Loan: \$110,000

Rate: 4.5%

Term: 10 years

Collateral: Signed Loan Agreement
PACE Special Assessment

Energy Savings:

125 MMBTUs (\$4,300) annually.

Workforce Implications:

Davis-Bacon wage requirements need to be followed.

1 FTE for construction jobs.

Policy Exceptions:

Yes – The company was not profitable in two of the past three years as the company is relatively new. Earnings were positive excluding non-cash expenses. Debt coverage ratio was below guideline; however, the company has increased profits year over year. Due to

CREDIT COMMITTEE

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losses in 2014 and 2015, there was negative equity on their tax returns, mitigated by the debt-to-equity ratio of 2.80 to 1, excluding accumulated depreciation.

Recommendation:

We recommend the approval of a \$110,000 Trillion BTU loan to 212 Seed & Ag, Inc.

MJL:djk

SAINT PAUL PORT AUTHORITY

MEMORANDUM

TO: CREDIT COMMITTEE
(Regular Meeting of October 24, 2017)

DATE: October 19, 2017

FROM: Michael J. Linder 

SUBJECT: **ADC COMMERCIAL REAL ESTATE, INC.
AND AFRICAN DEVELOPMENT CENTER
APPROVAL OF A \$10,000 TRILLION BTU LOAN**

Action Requested:

Provide approval for the Port Authority to initiate a Trillion BTU loan for approximately \$10,000 with ADC Commercial Real Estate, Inc. and African Development Center for the installation of new HVAC unit on a commercial property located in Willmar, 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:

ADC is dedicated to the economic empowerment and success of African immigrants. ADC actively works to reduce language, cultural, and religious barriers and create a path for African immigrants to achieve financial success. ADC is a leader in micro-lending to small businesses, outperforming even the largest banking institutions in the state of Minnesota. The city of Willmar is switching off a district energy system in a few years, however, their current heating unit needs to be replaced before the winter. The property is located at 518 Litchfield Avenue SW in Willmar, Minnesota and has a tax assessed value of \$87,900.

Proposed Project:

New HVAC

Purchase Price and Installation	\$10,000
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Sources and Uses of Funds:

Sources of funds:

Trillion BTU	\$10,000
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Uses of funds:

New HVAC	\$10,000
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CREDIT COMMITTEE

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In order to leverage the grant funds, we are requesting that all local EDA's match the Trillion funds for projects in their area. Kandiyohi County is assisting with placing the PACE special assessment on the property taxes and another funder may finance that portion of the project once the special assessment is in place. Trillion BTU funds will act as a bridge loan until that time. In the event that the special assessment is not assessed or if another funder does not take out the Trillion BTU loan, it will remain the funder of the loan.

Financial Analysis:

Tax returns were received for the previous three years and show the organization was profitable in 2014 and 2015, but showed loss due to a drop in program revenue in 2016, leading to a reduction in net assets. The loss was related to a dispute with a previous partnership with the Afro Deli restaurant. This resulted in a one-time write down of \$110,000. ADC is still well capitalized and ended 2016 with \$1,348,078 in net assets. Due to the loss, the organization had negative cash available for debt service. Excluding this loss their debt service coverage ratio would have been 6.95 to 1 and in 2015, with income from the restaurant operation, was 25 to 1. They do not expect any further losses in 2017 and have a new partnership and restaurant that opened in May of 2017.

Debt Service Coverage:	Neg.	Trillion standard of at least	1.15
Debt-to-Equity:	1.63	Trillion standard of less than	4.00

Proposal:

Source of Funds:	Trillion BTU
Use of Funds:	Project Description
Amount of Loan:	\$10,000
Rate:	4.5%
Term:	5 years
Collateral:	Signed Loan Agreement PACE Special Assessment

Energy Savings:

15 MMBTUs (\$500) annually.

Workforce Implications:

Davis-Bacon wage requirements need to be followed.

1 FTE for construction jobs.

Policy Exceptions:

Yes – Net losses in 2016 resulted in negative cash available for debt service, mitigated by the adequate historical debt service coverage and security of the PACE assessment.

Recommendation:

We recommend the approval of a \$10,000 Trillion BTU loan to ADC Commercial Real Estate, Inc. and African Development Center.

MJL:djk

SAINT PAUL PORT AUTHORITY

MEMORANDUM

TO: CREDIT COMMITTEE
(Regular Meeting of October 24, 2017)

DATE: October 19, 2017

FROM: Michael J. Linder 

SUBJECT: **CONFORTI HOLDINGS, LLC AND
AMERICAN PRECLINICAL SERVICES, LLC
APPROVAL OF A \$635,000 TRILLION BTU LOAN**

Action Requested:

Provide approval for the Port Authority to initiate a Trillion BTU loan for approximately \$635,000 with American Preclinical Services, LLC for the installation of new HVAC units on two commercial properties located in Coon Rapids, 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:

APS is a contract research organization specializing in preclinical medical device and pharmaceutical testing. The company recently acquired a facility located at 9055 Evergreen Boulevard, in Coon Rapids and is in the process of completing tenant improvements. Part of the renovation includes new roof-top air handling units. They are also replacing a make-up air unit at their main facility, located at 8945 Evergreen Boulevard. The \$150,000 loan will be unsecured while the \$485,000 loan will have a PACE assessment. APS had two previous loans through the Trillion BTU program, both of which are paid off. The property that will have the PACE assessment has a tax value of \$2,684,100.

Proposed Project:

Roof-top Air Handling Unit at 9055 Evergreen Blvd	\$150,000
Make-up Air Handling Unit at 8945 Evergreen Blvd	<u>\$485,000</u>
Purchase Price and Installation	\$635,000

Sources and Uses of Funds:

Sources of funds:	
Trillion BTU	\$635,000

Uses of funds:	
New HVAC Units	\$635,000

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In order to leverage the grant funds, we are requesting that all local EDA's match the Trillion funds for projects in their area. Anoka County is assisting with placing the PACE special assessment on the property taxes and another funder may finance that portion of the project once the special assessment is in place. Trillion BTU funds will act as a bridge loan until that time. In the event that the special assessment is not assessed or if another funder does not take out the Trillion BTU loan, it will remain the funder of the loan.

Financial Analysis:

Financial statements were received for the past three years and show the company was profitable in all three years. They had adequate cash flow to service their debt, including the proposed loans, with a debt service coverage ratio of 2.06 to 1. They also met the debt-to-equity guideline with a debt-to-equity ratio of 1.37 to 1, which included the proposed loans.

Debt Service Coverage:	2.06	Trillion standard of at least	1.15
Debt-to-Equity:	1.37	Trillion standard of less than	4.00

Proposal:

Source of Funds: Trillion BTU

Use of Funds: Project Description

Amount of Loan: \$150,000 – Trillion BTU
\$485,000 – PACE

Rate: 4.5%

Term: 5 years – TBTU
10 years – PACE

Collateral: Signed Loan Agreement
PACE Special Assessment (\$485,000)

Energy Savings:

300 MMBTUs (\$10,000) annually.

Workforce Implications:

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

Policy Exceptions:

None.

Recommendation:

We recommend the approval of a \$635,000 Trillion BTU loan to American Preclinical Services, LLC.

MJL:djk

SAINT PAUL PORT AUTHORITY

MEMORANDUM

TO: CREDIT COMMITTEE
(Regular Meeting of October 24, 2017)

DATE: October 19, 2017

FROM: Michael J. Linder 

SUBJECT: **HUB'S LANDING AND MARINA, LLC
APPROVAL OF A \$52,000 TRILLION BTU LOAN**

Action Requested:

Provide approval for the Port Authority to initiate a Trillion BTU loan for approximately \$52,000 with Hub's Landing and Marina, LLC for the installation of 18-kilowatt solar array on a commercial property located in Hastings, 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:

Hub's Landing is a full-service marina located at 6 Spiral View Loop Road in Hastings, MN. The Marina has a club house with a full-service ship store and deli as well as showers and restrooms for customers and guests renting out slips in the marina. They also offer seasonal boat storage and sell boats on consignment. The property has a tax assessed value of \$261,100.

Proposed Project:

18-kilowatt Solar Array	
Purchase Price and Installation	\$52,000

Sources and Uses of Funds:

Sources of funds:	
Trillion BTU	\$52,000
Uses of funds:	
18-kilowatt Solar Array	\$52,000

In order to leverage the grant funds, we are requesting that all local EDA's match the Trillion funds for projects in their area. Washington 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

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as a bridge loan until that time. In the event that the special assessment is not assessed or if another funder does not take out the Trillion BTU loan, it will remain the funder of the loan.

Financial Analysis:

Tax returns were received for Hub's Landing and Marina for the past three years and the company was profitable in all three years. The company had a debt service coverage ratio of 1.65 to 1, including the PACE assessment. There was negative equity due to accumulated depreciation, debt-to-equity excluding the depreciation would have been 1 to 1.

Debt Service Coverage:	1.65	Trillion standard of at least	1.15
Debt-to-Equity:	Neg.	Trillion standard of less than	4.00

Proposal:

Source of Funds:	Trillion BTU
Use of Funds:	18-kilowatt Solar Array
Amount of Loan:	\$52,000
Rate:	4.5%
Term:	10 years
Collateral:	Signed Loan Agreement PACE Special Assessment

Energy Savings:

70 MMBTUs (\$2,400) annually.

Workforce Implications:

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

Policy Exceptions:

Yes – There was negative equity due to accumulated depreciation. This is mitigated by the sufficient cash flow with the PACE assessment and overall profitability of the company.

Recommendation:

We recommend the approval of a \$52,000 Trillion BTU loan to Hub's Landing and Marina, LLC.


MJL:djk

SAINT PAUL PORT AUTHORITY

MEMORANDUM

TO: CREDIT COMMITTEE
(Regular Meeting of October 24, 2017)

DATE: October 19, 2017

FROM: Michael J. Linder 

SUBJECT: **NICOLLET CORPORATE, LLC
APPROVAL OF AN \$82,000 TRILLION BTU LOAN**

Action Requested:

Provide approval for the Port Authority to initiate a Trillion BTU loan for approximately \$82,000 with Nicollet Corporate, LLC for the installation of a roof-top air handling unit on a commercial property located in Burnsville, Minnesota.

Public Purpose:

The Trillion BTU Revolving Loan Fund was established with a grant from the State of Minnesota via a Federal stimulus grant for energy conservation and the retention and expansion of jobs in the State. Additionally, the Minnesota Legislature has mandated that all utilities attempt to reduce existing customer energy usage by 1.5% annually.

Business Subsidy:

Loans under the Trillion BTU Fund are not subject to business subsidy reporting because they are for energy efficiency projects.

Background:

Nicollet Corporate, LLC owns a three-building complex with a total of 82,670 square feet of office space. One of the buildings is in need of a new roof-top air handling unit, which is located at 12250 Nicollet Avenue S in Burnsville. Wellington Management, Inc. purchased the complex in 2007 and continues to provide all leasing and property management services. The parcel where the PACE assessment will be placed has a tax value of \$1,950,000.

Proposed Project:

Roof-top Air Handling Units	
Purchase Price and Installation	\$82,000

Sources and Uses of Funds:

Sources of funds:	
Trillion BTU	\$82,000

Uses of funds:	
Roof-top Air Handling Units	\$82,000

In order to leverage the grant funds, we are requesting that all local EDA's match the Trillion funds for projects in their area. Dakota County is assisting with placing the PACE special assessment on the property taxes and another funder may finance that portion of

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the project once the special assessment is in place. Trillion BTU funds will act as a bridge loan until that time. In the event that the special assessment is not assessed or if another funder does not take out the Trillion BTU loan, it will remain the funder of the loan.

Financial Analysis:

Financial statements for Nicollet Corporate, LLC show the company was net losses in the past three years due to lower than budgeted rental income, although rental income has steadily increased over that period. When excluding non-cash expenses, the property showed positive net operating income, however, they were unable to meet their debt service coverage ratio, which was 0.80 to 1. Building improvements were in progress and a current rent roll was requested showing the building has only 3,200 square feet vacant, which an existing tenant has expressed interest in. With the building now near full occupancy, they will exceed the required debt coverage ratio going forward. Estimated debt coverage ratio for 2016 would have been 1.06 to 1 using the current rent roll. Their debt to equity ratio was within guideline at 3.26 to 1.

Nicollet Corporate, LLC

Debt Service Coverage:	0.80	Trillion standard of at least	1.15
Debt-to-Equity:	3.26	Trillion standard of less than	4.00

Proposal:

Source of Funds:	Trillion BTU
Use of Funds:	Roof-top Air Handling Units
Amount of Loan:	\$82,000
Rate:	4.5%
Term:	10 years
Collateral:	Signed Loan Agreement PACE Special Assessment

Energy Savings:

575 MMBTUs (\$19,000) annually.

Workforce Implications:

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

Policy Exceptions:

Yes – Nicollet Corporate, LLC was not profitable in the last three years and did not meet their debt service coverage ratio. This is mitigated by the current rent roll showing minimal vacancy, along with the increasing rents year over year and positive cash flow excluding non-cash expenses. The security of the PACE assessments also mitigates the risk.

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Recommendation:

We recommend the approval of an \$82,000 Trillion BTU loan to Nicollet Corporate, LLC.

MJL:djk

SAINT PAUL PORT AUTHORITY

MEMORANDUM

TO: CREDIT COMMITTEE
(Regular Meeting of October 24, 2017)

DATE: October 19, 2017

FROM: Michael J. Linder 

SUBJECT: **PETER AND AMYANN MURSU
APPROVAL OF A \$389,000 TRILLION BTU LOAN**

Action Requested:

Provide approval for the Port Authority to initiate a Trillion BTU loan for approximately \$389,000 with Peter and Amyann Mursu for the installation of ground mounted 125-kilowatt tracking solar arrays on an agricultural property located in New York Mills, 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:

Peter and Amyann have a farm located at 51113 340th Street in New York Mills, Minnesota. They have multiple parcels of farm land where they have a dairy operation, grow grain and raise cattle for sale. The parcels of land that will have the PACE assessment have a total value of \$1,945,000.

Proposed Project:

125-kilowatt Solar Array	
Purchase Price and Installation	\$389,000

Sources and Uses of Funds:

Sources of funds:	
Trillion BTU	\$389,000

Uses of funds:	
125-kilowatt Solar Array	\$389,000

In order to leverage the grant funds, we are requesting that all local EDA's match the Trillion funds for projects in their area. Otter Tail County is assisting with placing the PACE special assessment on the property taxes and another funder may finance that portion of the project once the special assessment is in place. Trillion BTU funds will act as a bridge

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

Financial Analysis:

Tax returns were received for the past three years and their farm has been profitable for all three years. They also have supplemental income from other businesses. Their debt service coverage ratio with the PACE assessment was 3.61 to 1. Using the tax assessed value of the properties, there is negative equity as the borrower recently received a loan to complete significant additions to their facilities, which are not reflected in the assessed value. This is mitigated by the priority lien of the PACE assessment and sufficient cash flow.

Debt Service Coverage:	3.61	Trillion standard of at least	1.15
Debt-to-Equity:	Neg.	Trillion standard of less than	4.00

Proposal:

Source of Funds:	Trillion BTU
Use of Funds:	125-kilowatt Solar Array
Amount of Loan:	\$389,000
Rate:	4.5%
Term:	10 years
Collateral:	Signed Loan Agreement PACE Special Assessment

Energy Savings:

520 MMBTUs (\$18,000) annually.

Workforce Implications:

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

Policy Exceptions:

Yes – The negative equity in the property using the tax value of the parcels of land was due to a mortgage received for facility improvements that are not reflected in the tax value of the property, mitigated by the security of the PACE assessment.

Recommendation:


We recommend the approval of a \$389,000 Trillion BTU loan to Peter and Amyann Mursu.

SAINT PAUL PORT AUTHORITY

MEMORANDUM

TO: CREDIT COMMITTEE
(Regular Meeting of October 24, 2017)

DATE: October 19, 2017

FROM: Michael J. Linder 

SUBJECT: **GARY STILLER AND CYNTHIA BAACK
APPROVAL OF A \$105,000 TRILLION BTU LOAN**

Action Requested:

Provide approval for the Port Authority to initiate a Trillion BTU loan for approximately \$105,000 with Gary Stiller and Cynthia Baack for the installation of 20-kilowatt solar array on an agricultural property located in Zumbrota, 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:

Gary Stiller and Cynthia Baack have a 155-acre farm operation located at 43404 165th Avenue in Zumbrota, Minnesota. They raise dairy cattle and goats as well as grow grain to support the livestock. Their property has a tax assessed value of \$1,108,400 and they are installing a solar array on their dairy barn.

Proposed Project:

20-kilowatt Solar Array

Purchase Price and Installation	\$105,000
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Sources and Uses of Funds:

Sources of funds:

Trillion BTU	\$105,000
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Uses of funds:

20-kilowatt Solar Array	\$105,000
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In order to leverage the grant funds, we are requesting that all local EDA's match the Trillion funds for projects in their area. Goodhue 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

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

Financial Analysis:

Tax returns were received for the previous three years and the borrowers were profitable in all three years with supplemental W-2 and other business income. The property does not have a mortgage so the debt service coverage ratio for the PACE assessment would be 8.9 to 1. The debt-to-equity is 0.10, including the PACE assessment.

Debt Service Coverage:	8.9	Trillion standard of at least	1.15
Debt-to-Equity:	0.10	Trillion standard of less than	4.00

Proposal:

Source of Funds:	Trillion BTU
Use of Funds:	20-kilowatt Solar Array
Amount of Loan:	\$105,000
Rate:	4.5%
Term:	10 years
Collateral:	Signed Loan Agreement PACE Special Assessment

Energy Savings:

120 MMBTUs (\$4,200) 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 \$105,000 Trillion BTU loan to Gary Stiller and Cynthia Baack.

MJL:djk

SAINT PAUL PORT AUTHORITY

MEMORANDUM

TO: CREDIT COMMITTEE
(Regular Meeting of October 24, 2017)

DATE: October 19, 2017

FROM: Michael J. Linder 

SUBJECT: **JIT POWDER COATING COMPANY
APPROVAL OF A \$30,000 TRILLION BTU LOAN**

Action Requested:

Provide approval for the Port Authority to initiate a Trillion BTU loan for approximately \$30,000 with JIT Powder Coating Company for the installation of LED lighting on a commercial property located in Farmington, 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:

JIT Powder Coating Company is located at 21020 Eaton Ave in Farmington, Minnesota. The company provides a variety of powder coating, sandblasting and assembly services for large and small applications in over 500 finish colors. The company was founded in 1993 and provides, packaging, pick-up, delivery and drop shipping services and also works with a silk-screening firm to apply graphics and lettering to finished products.

Proposed Project:

LED Lighting Upgrades

Purchase Price and Installation	\$30,000
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Sources and Uses of Funds:

Sources of funds:

Trillion BTU	\$30,000
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Uses of funds:

LED Lighting Upgrades	\$30,000
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In order to leverage the grant funds, we are requesting that all local EDA's match the Trillion funds for projects in their area. Trillion BTU funds will remain the funder of the loan and a personal guaranty from the owners is being requested for added security.

Financial Analysis:

Financial statements were received for the past three years and the company was in compliance with all underwriting criteria. They were profitable in the last three years and had a debt service coverage ratio with the Trillion BTU loan of 2.03 to 1 and a debt to equity ratio of 2.12 to 1.

Debt Service Coverage:	2.03	Trillion standard of at least	1.15
Debt-to-Equity:	2.12	Trillion standard of less than	4.00

Proposal:

Source of Funds:	Trillion BTU
Use of Funds:	LED Lighting Upgrades
Amount of Loan:	\$30,000
Rate:	4.5%
Term:	3 years
Collateral:	Signed Loan Agreement

Energy Savings:

550 MMBTUs (\$20,000) 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 \$30,000 Trillion BTU loan to JIT Powder Coating Company.

MJL:djk

Saint Paul Port Authority
Trillion BTU Loan Program
Accounts with Past Due Balances 90+ Days
 Report includes Invoice amounts and outstanding late fees
As of 9/30/2017

Customer	0-30 Days	30-60 Days	60-90 Days	90+ Days	Total A/R	Loan Balance	Total Amount Due
2752 Lyndale , LLC	1,879.92	2,106.85	1,715.19	1,340.53	7,042.49	25,210.42	32,252.91
Triple J Family Farms, LLC	-	-	-	54,133.33	54,133.33	-	54,133.33

Bankruptcy:

Owatanna Pump and Grocery						-	-
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** Owatonna Pump and Grocery declared bankruptcy and has since settled. We received our portion of the settlement in the amount of \$522.87. The balance, which had been reserved for, was written off in the amount of \$12,541.20.