


**MEMORANDUM  
NOTICE**

**To:** CREDIT COMMITTEE  
**From:** Todd Hurley   
**Subject:** **REGULAR CREDIT COMMITTEE MEETING  
OCTOBER 25, 2022, 1:45 P.M.**

**Date:** October 18, 2022

Chair Mullin is calling a meeting of the Credit Committee for **Tuesday, October 25, 2022, at 1:45 p.m.** in the Board Room of the Saint Paul Port Authority, 400 Wabasha Street No., Suite 240, St. Paul, MN.

The purpose of the meeting is:

**Minutes**

Approval of Minutes of the September 27, 2022 Credit Committee Meeting

**Conflict of Interest**

Conflicts with any items on the agenda

**Agenda Items**

1. Dexter, Inc. – d/b/a Canoe On Inn – Approval of a \$34,000 Trillion BTU Loan
2. Plymouth Real Estate Holdings, LLC – Approval of a \$200,000 Trillion BTU Loan
3. Rivoli Properties, Inc. – Approval of a \$122,000 Trillion BTU Loan
4. Quarterly Report on Outside Funded PACE Projects – 3Q/2022
5. Such Other Business

**SAINT PAUL PORT AUTHORITY  
MINUTES OF THE REGULAR CREDIT COMMITTEE MEETING  
SEPTEMBER 27, 2022**

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The regular meeting of the Port Authority Credit Committee was held on September 27, 2022 at 2:04 p.m. in the Board Room of the Saint Paul Port Authority, 400 Wabasha Street, Suite 240, Saint Paul, Minnesota 55102.

The following Committee Members were present:

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

Also, present were the following:

Tonya Bauer	Nelly Chick	Jonathan Gonzales
Monte Hilleman	George Hoene	Todd Hurley
Sarah Illi	Bruce Kessel	Pete Klein
Ann Kosel	Dana Krueger	Andrea Novak
Kathryn Sarnecki	Phoua Vang	Linda Williams

Evan Jensen, University of St. Thomas Law Student  
Andrew Kasid, Ever-Green Energy  
Eric Larson, City of Saint Paul  
Amy Brendmoen, City of Saint Paul

**APPROVAL OF MINUTES**

Committee Member Bennett made a motion to approve the minutes of the July 26, 2022 Credit Committee meeting. The motion was seconded by Committee Member Hamm submitted to a vote and carried unanimously.

**CONFLICT OF INTEREST**

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

**AGENDA ITEMS**

**DISTRICT ENERGY ST. PAUL, INC. & DE ENERGY PARK, LLC – PRELIMINARY APPROVAL TO ISSUE TAX-EXEMPT BONDS; AUTHORIZATION FOR TAX-EXEMPT FINANCING ALLOCATION APPLICATION; AND DECLARATION OF INTENT TO REIMBURSE PRIOR EXPENDITURES**

Mr. Klein reviewed his memorandum with the Committee requesting preliminary approval for the Port Authority to issue tax-exempt bonds in the approximate amount of \$30,000,000 to finance the proposed extension of both companies' distribution systems in downtown Saint Paul, and at the Port Authority Energy Park Business Center, to connect new customers and thermal improvements and add capacity to the systems; authorization for application for up to a \$15,000,000 allocation of bonding authority from the Minnesota Management and Budget, Treasury Division for Section 142 exempt facility bonds; and declaration of intent to reimburse prior expenditures.

At the request of Committee Member Slaven, Mr. Kasid provided the Committee with a brief overview of the project.

Committee Member Hamm made a motion to approve the request. The motion was seconded by Committee Member Slaven, submitted to a roll call vote, and carried.

**SUCH OTHER BUSINESS**

One by one, each Credit Committee member thanked Ms. Hamm and Mr. Hill for their three years of service on the Port Authority’s Credit Committee, as their term of service has expired, and new at-large committee members will be appointed.


There being no further business, the meeting was adjourned at 2:11 p.m.

By: \_\_\_\_\_

Its: \_\_\_\_\_

## MEMORANDUM

**To:** CREDIT COMMITTEE

**From:** Peter M. Klein 

**Subject:** **DEXTER INC - d/b/a CANOE ON INN**  
**APPROVAL OF A \$34,000 TRILLION BTU LOAN**

**Meeting Date:** October 25, 2022

**Action Requested:**

Provide approval for the Port Authority to initiate a Trillion BTU loan for approximately \$34,000 with Dexter Inc – d/b/a Canoe On Inn located at 110 N. 2<sup>nd</sup> Avenue West, Ely, 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:**

Shauna Vega recently purchased the Canoe On Inn in Ely. The Inn is on Ely’s main street and is heavily used by individuals that are going to and coming from the BWCA. Shauna Vega has operated her insurance business in Ely for over 20 years and owns a mixed-use building on main street. She has also been the Ely Winter Carnival coordinator for the past 10 years.

**Proposed Project:**

New Boiler

Purchase Price and Installation	\$51,000
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**Sources and Uses of Funds:**

Sources of funds:

Trillion BTU	\$34,000
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IRRRB BER Grant Program	<u>\$17,000</u>
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Total	\$51,000
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Uses of funds:

Project Description	\$51,000
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In order to leverage the grant funds, we are working with public and private partners to ultimately fund this project. Saint Louis County is assisting with placing the PACE special assessment on the property taxes and another funder will likely finance that portion of the

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

### **Financial Analysis:**

Shauna Vega, as the owner of Dexter Inc, just purchased the building and is beginning to operate the Inn, so no financial information is available. The County has an assessed value of \$182,300 on the property. The purchase price of the building was \$325,000 and the first mortgage is \$211,250 with Frandsen Bank. The following Debt-To-Equity ratio is based on those amounts plus the \$34,000 TBTU loan:

Debt Service Coverage:	N/A	Trillion standard of at least:	1.15
Debt-to-Equity:	3.07	Trillion standard of less than:	4.00

### **Proposal:**

Source of Funds: Trillion BTU & IRRRB BER Grant

Use of Funds: New Boiler

Amount of Loan: \$34,000

Rate: 5.00%

Term: 10 years

Collateral: Signed Loan Agreement  
PACE Special Assessment

### **Energy Savings:**

TBD.

### **Workforce Implications:**

Davis-Bacon wage requirements need to be followed.

1 FTE for construction jobs.

### **Policy Exceptions:**

Yes. The operating business is just starting so we do not have three years of history. The successful long-term experience that Shauna Vega has in the Ely community, and Frandsen Bank's comfort with the PACE assessment, make us comfortable with this loan.


### **Recommendation:**

We recommend the approval of a \$34,000 Trillion BTU loan to Dexter Inc d/b/a Canoe On Inn.

## MEMORANDUM

**To:** CREDIT COMMITTEE

**Meeting Date:** October 25, 2022

**From:** Peter M. Klein 

**Subject:** **PLYMOUTH REAL ESTATE HOLDINGS, LLC**  
**APPROVAL OF A \$200,000 TRILLION BTU LOAN**

**Action Requested:**

Provide approval for the Port Authority to initiate a Trillion BTU loan for approximately \$200,000 with Plymouth Real Estate Holdings, LLC for the installation of new HVAC units on a commercial property located at 2700 Campus Drive, Plymouth, 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:**

Plymouth Real Estate Holdings, LLC is a single-asset real estate holding company that owns this approximately 55,000-square-foot office/warehouse building. The property was purchased in 2011. The current tenant is Envia Health which is owned by the same ownership group of Plymouth Real Estate Holdings. Envia Health is a 24-year-old nutra-pharma organization operating within the bioscience industry. It produces world-class nutritional and health-related products. Onsite at its FDA-registered Plymouth facility it has research and development, manufacturing, and marketing activities. The current assessed value for this property is \$3,976,000.

**Proposed Project:**

6 Roof Top HVAC Units

Purchase Price and Installation	\$200,000
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**Sources and Uses of Funds:**

Sources of funds:

Trillion BTU	\$200,000
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Uses of funds:

Project Description	\$200,000
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In order to leverage the grant funds, we are working with public and private partners to ultimately fund this project. Hennepin County is assisting with placing the PACE special

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assessment on the property taxes and another funder will likely finance that portion of the project once the special assessment is in place. Trillion BTU funds will act as a bridge loan until that time. In the unlikely event that the special assessment is not assessed or if another funder does not take out the Trillion BTU loan, Trillion BTU will remain the funder of the loan.

### **Financial Analysis:**

Financial statements for Plymouth Real Estate Holdings were received and reviewed. They indicate sufficient cash flow to service its debt. The Debt Service Coverage ratio is as of 6/30/2022. The Debt-to-Equity ratio is based on a recently completed appraisal and the 6/30/2022 balance sheet.

Debt Service Coverage:	1.60	Trillion standard of at least:	1.15
Debt-to-Equity:	.80	Trillion standard of less than:	4.00

### **Proposal:**

Source of Funds:	Trillion BTU
Use of Funds:	6 Roof Top HVAC Units
Amount of Loan:	\$200,000
Rate:	5.00%
Term:	10 years
Collateral:	Signed Loan Agreement PACE Special Assessment

### **Energy Savings:**

TBD.

### **Workforce Implications:**

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

### **Policy Exceptions:**

None.

### **Recommendation:**

We recommend the approval of a \$200,000 Trillion BTU loan to Plymouth Real Estate Holdings, LLC.

## MEMORANDUM

To: CREDIT COMMITTEE

**Meeting Date:** October 25, 2022

From: Peter M. Klein 

Subject: **RIVOLI PROPERTIES, INC.**  
**APPROVAL OF A \$122,000 TRILLION BTU LOAN**

**Action Requested:**

Provide approval for the Port Authority to initiate a Trillion BTU loan for approximately \$122,000 with Rivoli Properties, Inc. for the replacement of a boiler and HVAC units on a commercial property located at 14050 Nicollet Avenue So. 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:**

Rivoli Properties, Inc. is the real estate holding company that owns Ridge Point Medical Building located at 14050 Nicollet Avenue So. in Burnsville. The building is a three-story, 38,200-square-foot, multi-tenant medical office building that was built in 1982. The property has a tax-assessed value of \$5,693,400. The scope of the project includes the replacement of a boiler and some of the building's HVAC units. Trillion BTU funded \$116,000 for HVAC controls and some new HVAC units in 2019. That loan was funded through PACE and is current with an outstanding balance of \$97,000.

**Proposed Project:**

HVAC Units and Boiler	
Purchase Price and Installation	\$122,000

**Sources and Uses of Funds:**

Sources of funds:	
Trillion BTU	\$122,000

Uses of funds:	
Project Description	\$122,000



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In order to leverage the grant funds, we are working with private lenders to take out the Trillion BTU loan once the assessment has been placed. Dakota 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 unlikely 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:**

Rivoli Properties, Inc. acquired the building in July of 2018. Financial statements were received for the current year. The property is showing positive net operating income through September. The debt service coverage ratio as of 9/30/22 was 1.68 when including this PACE loan. The property had a debt-to-equity ratio of 0.50 to 1 using the current assessed value. The property is currently 81% occupied. The following ratios are as of September 30, 2022:

Debt Service Coverage:	1.68	Trillion standard of at least:	1.15
Debt-to-Equity:	.50	Trillion standard of less than:	4.00

### **Proposal:**

Source of Funds:	Trillion BTU
Use of Funds:	HVAC and Boiler
Amount of Loan:	\$122,000
Rate:	5.00%
Term:	10 years
Collateral:	Signed Loan Agreement PACE Special Assessment

### **Energy Savings:**

400 MMBTUs (\$13,600) annually.

### **Workforce Implications:**

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

### **Policy Exceptions:**

None.

### **Recommendation:**

We recommend the approval of a \$122,000 Trillion BTU loan to Rivoli Properties, LLC.

## MEMORANDUM

**To:** CREDIT COMMITTEE

**Meeting Date:** October 25, 2022

**From:** Peter M. Klein *PK*

**Subject:** Quarterly Report on Outside Funded PACE Projects – 3Q/2022

**Action Requested:**

Informational only.

**Public Purpose:**

Property Assessed Clean Energy (PACE) legislation was approved to assist building owners with the financing of energy efficiency and renewable energy projects.

**Business Subsidy:**

Loans financed by private parties at market rates are not a business subsidy.

**Background:**

At its February 2022 regular meeting, the Credit Committee approved the Internal Credit Committee to approve outside funded PACE financings.

**Projects Funded:**

Projects Funded	City	Lender	Loan Amount	Annual \$ Saved	BTU's Annual Savings	Use of Funds
5321 Cedar, LLC	Minneapolis	Highland Bank	\$ 131,500	\$ 9,738	213,275,913	Solar
Central Warehouse, LLC	Minneapolis	Highland Bank	\$ 285,600	\$ 14,350	398,835,000	Solar
Clement, LLC	Minneapolis	Highland Bank	\$ 192,800	\$ 11,538	267,665,451	Solar
Robill, LLC	Golden Valley	Highland Bank	\$ 450,000	\$ 30,165	769,779,154	Solar
Strive Partners, LLC	Minneapolis	Highland Bank	\$ 280,560	\$ 12,912	382,023,378	Solar
RSA Properties, LLC	Faribault	Highland Bank	\$ 130,500	\$ 10,010	262,734,906	Solar
Coventry Forest Lake	Forest Lake	PLG	\$ 2,500,000	\$ 142,890	1,070,413,000	HVAC, Lighting & Envelope
Coventry Shakopee	Shakopee	PLG	\$ 225,000	\$ 10,497	115,430,940	HVAC, Lighting & Envelope
Home2Suites	Owatonna	PLG	\$ 2,310,000	\$ 155,810	2,081,779,000	HVAC, Lighting & Envelope
Coventry Crystal	Crystal	PLG	\$ 500,000	\$ 17,324	172,443,600	HVAC, Lighting & Envelope
Coventry Prior Lake	Prior Lake	PLG	\$ 500,000	\$ 27,084	263,097,000	HVAC, Lighting & Envelope
Mark & Jennifer Boon	Maple Lake	Spire	\$ 95,000	\$ 8,424	214,964,923	Solar
Hygge Properties, LLC	Wabasha	Spire	\$ 52,900	\$ 3,342	85,303,541	Solar
Fruitville Artist	Sauk Rapids	Spire	\$ 45,620	\$ 9,627	245,674,198	Solar
			<b>\$ 7,699,480</b>	<b>\$ 463,711</b>	<b>6,543,420,004</b>	

**Financial Analysis:**

These projects represent fee income to the Port Authority of approximately \$19,000 in their initial year of assessment payments and \$250,000 over their term if not prepaid.

**Energy Savings:**

Annual dollars saved - \$463,711

Annual BTUs saved – 6,543,420,004

**Workforce Implications:**

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82 FTE construction jobs.

**Policy Exceptions:**

None.

**Recommendation:**

Informational only.