


SAINT PAUL PORT AUTHORITY

MEMORANDUM

TO: CREDIT COMMITTEE **DATE:** September 14, 2017

FROM: Lee J. Krueger 

SUBJECT: REGULAR CREDIT COMMITTEE MEETING
SEPTEMBER 19, 2017 – 2:00 P.M.

NOTICE

Chair Williams is calling a meeting of the Credit Committee for Tuesday, **September 19, 2017**, at **2:00 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 August 22, 2017 Regular Credit Committee Meeting

CONFLICT OF INTEREST

NEW BUSINESS

1. Award of Contract for Construction of PW-1066 Flood Repairs; Red Rock Terminal; DR-4182-MN
2. Approval of the Issuance of up to \$1,850,000 of Tax-Exempt Tax Increment Revenue Refunding Bonds – Series 2017-6
3. District Energy St. Paul, Inc. – Authorization for an Approximate \$25,000,000 Tax-Exempt and Taxable Bond Issue
4. Energy Park Utility Company Managed by Ever-Green Energy – Approval of a \$235,000 Trillion BTU Loan
5. Forteva Investments, LLC – Approval of \$56,000 Trillion BTU Loan
6. Midway Commercial Building, LLC – Approval of a \$148,000 Trillion BTU Loan
7. Energy Park, LLC – Approval of a \$275,000 Trillion BTU Loan
8. Christopher and Lori Black – Approval of a \$191,000 Trillion BTU Loan
9. Shawn and Erica Black – Approval of a \$172,000 Trillion BTU Loan

CREDIT COMMITTEE

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10. Jon and Wendy Meyer – Approval of a \$37,000 Trillion BTU Loan

11. Such Other Business that May Come Before the Committee

/djk

cc: Press
City Clerk
Dai Thao

**PORT AUTHORITY OF THE CITY OF SAINT PAUL
MINUTES OF THE REGULAR CREDIT COMMITTEE MEETING
AUGUST 22, 2017**

Committee Chair Williams called the Regular Meeting of the Credit Committee to order at 2:00 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	Pete Klein
Michael Linder	Bruce Kessel	Andrea Novak
Laurie Siever	Sarah Savela	Dana Krueger
Ann Kosel		

Councilmember Dan Bostrom, City of Saint Paul

Councilmember Dai Thao, City of Saint Paul

Eric Larson, General Counsel, City of Saint Paul

ADMINISTRATION

General Counsel, Eric Larson, administered the oath of office to John Marshall and Don Mullin, each accepting six-year appointments.

APPROVAL OF MINUTES

Committee Member Bennett made a motion to approve the minutes of the July 18, 2017 Credit Committee meeting. The motion was seconded by Committee Member Marshall, submitted to a vote and carried unanimously.

CONFLICT OF INTEREST

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

NEW BUSINESS

JUNE 2017 YEAR-TO-DATE FINANCIAL STATEMENTS

Mr. Kessel presented the June 2017 year-to-date financial statements.

Discussion included, but was not limited to, a brief description of the Port Authority's financial statements for new Committee members, variances due to timing, and an explanation of the grant income from Capital City Properties.

There being no further discussion, Committee Member Marshall made a motion to accept the June 2017 year-to-date financial statements. The motion was seconded by Committee Member Bennett, submitted to a vote and carried unanimously.

PRELIMINARY CERTIFICATION OF TAX LEVY

Ms. Hansen reviewed her memorandum with the Committee requesting approval of the preliminary Truth in Taxation Certification.

There being no discussion, Committee Member Bennett made a motion to approve the preliminary Truth in Taxation Certification. The motion was seconded by Committee Member Marshall, submitted to a vote and carried unanimously.

MINNESOTA MUSEUM OF AMERICAN ART SPECIAL APPROPRIATION GRANT

Ms. Hansen reviewed her memorandum with the Committee requesting approval to authorize the Port Authority to serve as legal sponsor for the Special Appropriation Grant from DEED for the Minnesota Museum of American Art.

Discussion included, but was not limited to, if there is a financial benefit to the Port Authority, the definition and responsibility of being a legal sponsor, and what factors are used when determining whether to serve as the public entity for another organization.

There being no further discussion, Committee Member Mullin made a motion to approve the request to authorize the Port Authority to serve as legal sponsor for the Special Appropriation Grant from DEED for the Minnesota Museum of American Art. The motion was seconded by Committee Member Bennett, submitted to a vote and carried unanimously.

APPROVAL OF THE USE OF THE ECONOMIC DEVELOPMENT INCENTIVE FUND AS A LOSS RESERVE FOR PACE LOANS ASSUMED OR DIRECTLY FUNDED BY FINANCIAL INSTITUTIONS

Mr. Klein reviewed his memorandum with the Committee requesting approval of the use of the Economic Development Incentive Fund as a loss reserve for PACE loans assumed or directly funded by financial institutions.

Committee Member Bennett briefly explained how banks manage past due loans and how a loss reserve will provide the bank with a remedy should an assumed PACE loan become delinquent. Banks have an interest in supporting this program, and this reserve provides risk mitigation for them to be able to do so.

There being no further discussion, Committee Member Bennett made a motion, to approve the use of the Economic Development Incentive Fund as a loss reserve for PACE loans assumed or directly funded by financial institutions. The motion was seconded by Committee Member Mullin, submitted to a vote and carried unanimously.

ACCEPTANCE OF A \$3,000,000 LOAN/GRANT FROM THE KRESGE FOUNDATION ALONG WITH PORT AUTHORITY LOSS PAYEE OBLIGATION

Mr. Klein reviewed his memorandum with the Committee requesting acceptance of a \$3,000,000 loan/grant from the Kresge Foundation along with Port Authority loss payee obligation.

Discussion included, but was not limited to, the funds available for administration and marketing of the program, benchmarks for community impact of the program, and target areas of service.

There being no further discussion, Committee Member Mullin made a motion to approve the acceptance of a \$3,000,000 loan/grant from the Kresge Foundation along with Port Authority loss payee obligation. The motion was seconded by Committee Member Bennett, submitted to a vote and carried unanimously.

OTHER BUSINESS

There being no further business, the meeting was adjourned at 2:35 p.m.

By: _____

Its: _____

/djg

SAINT PAUL PORT AUTHORITY

MEMORANDUM

TO: CREDIT COMMITTEE
(Regular Meeting of September 19, 2017) **DATE:** September 14, 2017

FROM: Kathryn L. Samecki *KS*

SUBJECT: AWARD OF CONTRACT FOR CONSTRUCTION OF PW-1066 FLOOD REPAIRS; RED ROCK TERMINAL; DR-4182-MN
RESOLUTION NO.: _____

Action Requested:

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 2014 flood event identified as DR-4182-MN.

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 retain and enhance the Port Authority's capacity to provide terminal access for river shipping.

Background:

The Port Authority of the City of Saint Paul (the "Port Authority") has received bids for repairs due to 2014 flooding at our Red Rock terminal in the areas currently leased to Gavilon, LLC ("Gavilon").

The contemplated work is located at the terminus of Red Rock Road, Saint Paul, Minnesota. Please see the attached map as a reference.

The project consists of repairs of the following items:

- 3A-1: Sheet Pile & Channel Repairs
- 3A-3: Guide Post Repair
- 3A-4: Scour Remediation
- 3A-5: Fender Repairs
- 3A-6: Weep Hole Repair (Cleanout)

The City of Saint Paul Contract and Analysis Services conducted a public bidding process on behalf of the Port Authority and opened sealed bids on September 13, 2017.

CREDIT COMMITTEE

September 14, 2017

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A tabulation of the bids follows:

<u>Company</u>	<u>Bid Amount</u>
J. F. Brennan Company, Inc.	\$495,764
L.S. Marine, Inc.	\$504,740
Pember Companies, Inc	No bid

J.F. Brennan Company, Inc. is the apparent low bidder. With the award of the contract, work may begin in October 2017 and is expected to be complete by April 30, 2018.

The Port Authority has received approval from the Federal Emergency Management Agency (FEMA) and Minnesota Department of Homeland Security and Environmental Management (HSEM) to reimburse us for these repairs under DR-4182-MN as outlined in project worksheet PW-1066. The bid amounts are higher than the previously authorized funding amounts. We will, therefore, seek approval from FEMA and HSEM for the full project funding. There will be no net cost to the Port Authority for this contract. Upon authorization of the attached Resolution, and approval from funders, Port Authority management may execute the construction contract to the lowest responsive and responsible bidder.

Recommendation:

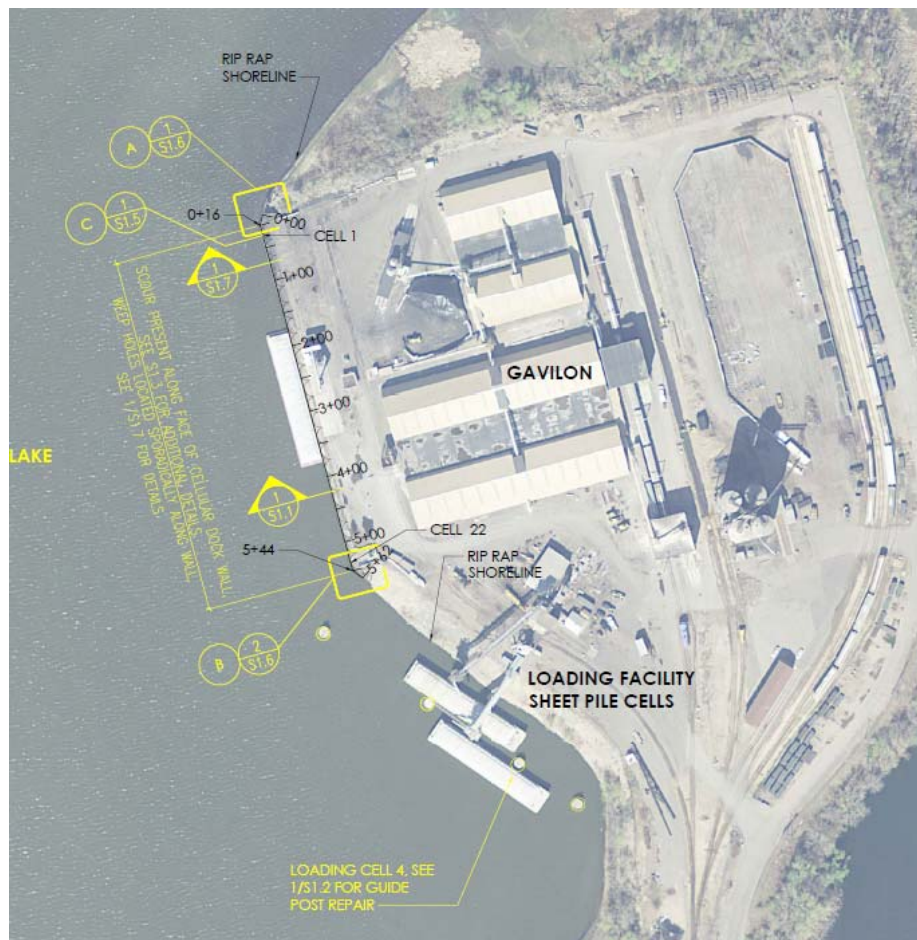
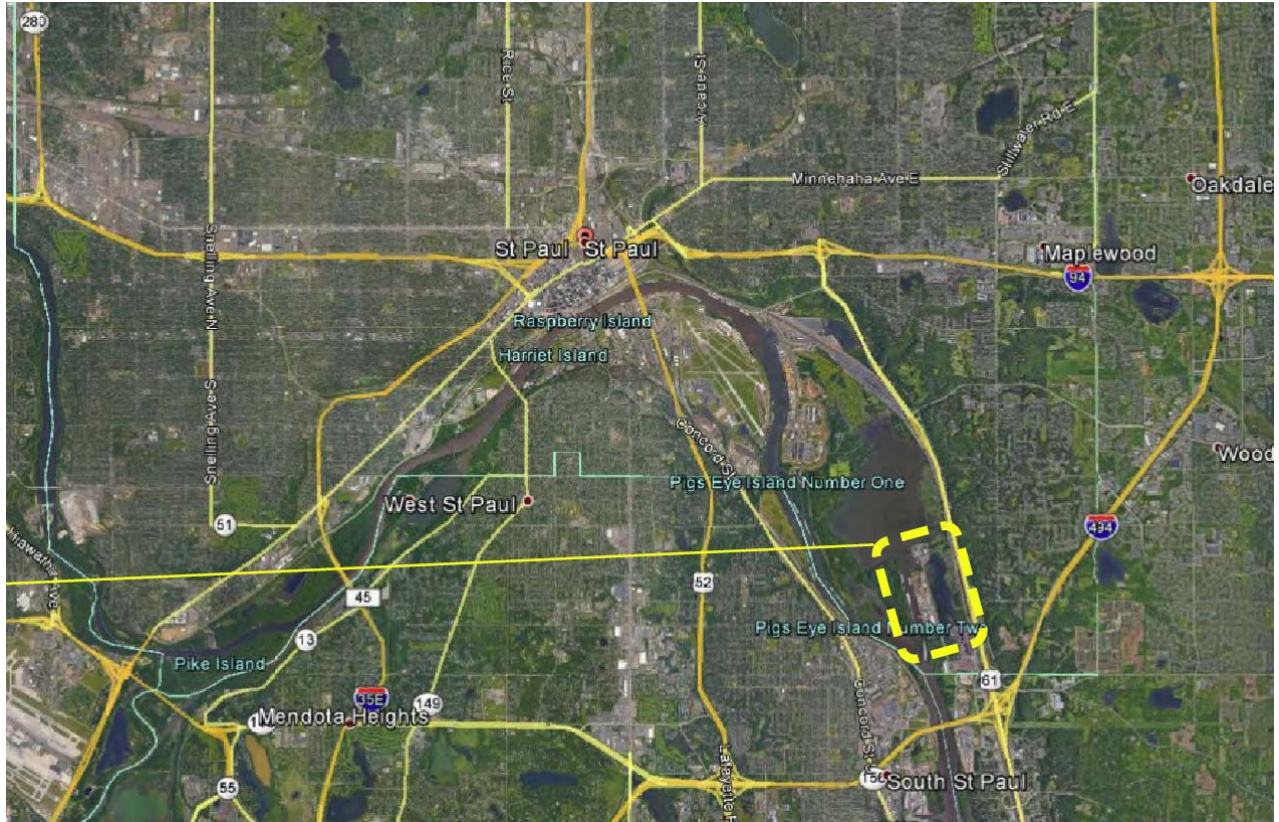
We recommend approval of authorization to award a contract to the lowest responsive and responsible bidder for construction of the PW-1066 Flood Repairs at the Red Rock Terminal under federal disaster number DR-4182-MN pending FEMA and HSEM approval.

KLS/lkw

Attachments: Map

Resolution

Project Location



**RESOLUTION OF THE
PORT AUTHORITY OF THE CITY OF SAINT PAUL
[AWARD OF CONTRACT FOR CONSTRUCTION OF PW-1066
FLOOD REPAIRS; RED ROCK TERMINAL; DR-4182-MN]**

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

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

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

WHEREAS, the Port Authority seeks to perform flood repairs at the Red Rock Terminal in response to a 2014 flood event.

WHEREAS, the City of Saint Paul's Contract and Analysis Services office on behalf of the Port Authority submitted the contract for bid and conducted an open public bidding process and opened sealed bids on September 13, 2017.

WHEREAS, the bids have been received, tabulated and evaluated, and it appears that the lowest responsive bidder is J.F. Brennan Company, Inc. in the total amount of \$495,764.

WHEREAS, the Port Authority staff is undertaking the process of determining whether the apparent lowest responsive bidder is responsible before the contract is awarded.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE PORT AUTHORITY OF THE CITY OF SAINT PAUL, that the Port Authority is authorized to award the contract for PW-1066 Flood Repairs at the Red Rock Terminal to the bidder that is ultimately determined to be the lowest responsive and responsible bidder per the terms of the Request for Bid, including all addendums and the bid submitted by the bidder.

Resolution No. _____

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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: September 26, 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 September 19, 2017) **DATE:** September 8, 2017

FROM: Laurie J. Hansen 

SUBJECT: APPROVAL OF THE ISSUANCE OF UP TO \$1,850,000 OF TAX-EXEMPT
TAX INCREMENT REVENUE REFUNDING BONDS - SERIES 2017-6
RESOLUTION NO. _____

Action Requested:

Approval of the issuance of Series 2017-6 bonds to refund the Series 2007-5 Tax-Exempt Tax Increment Revenue Bonds (Riverbend – Lot 1).

Public Purpose:

The refunding will result in interest savings and will shorten the maturity by five years. As a result, we will be able to accelerate payments on subordinate debt.

Business Subsidy:

N/A

Background:

The Series 2007-5 bonds were issued to refund an existing outstanding Riverbend revenue note and to provide funding for additional tax increment eligible costs for further development of the TIF district.

These bonds have an average coupon of 6.375% and a final maturity date of February 1, 2032.

Current Status:

An RFP was issued to local banks requesting bids to refund the outstanding bonds. With less than \$2 million of debt, a public bond issuance was not cost effective. The winning proposal was submitted by Anchor Bank with an interest rate of 4.25%. The net present value of the savings is \$469,000 and is greater than 20%. This results in a final maturity date of no later than February 1, 2027 or five years sooner.

Proposal:

Bonds/Note Up to \$1,850,000 of tax-exempt tax increment revenue refunding bonds.

The debt service would have a senior lien of Riverbend tax increment generated by lot 1, building 1 and 2.

CREDIT COMMITTEE

September 8, 2017

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Rate: 4.25%

Maturity: February 1, 2027

Lender: Anchor Bank

Borrower: Saint Paul Port Authority
Tax Increment Revenue Bonds

Bond Counsel: Kutak Rock

Financial Advisor: PFM Financial Advisor, LLC

Disclosure:

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

Recommendation:

We recommend approval of the issuance of Series 2017-6 bonds to refund the Series 2007-5 Tax-Exempt Tax Increment Revenue Bonds (Riverbend – Lot 1).

LJH:amk
Attachment

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

[TAX INCREMENT REVENUE REFUNDING NOTE - SERIES 2017-6]

WHEREAS, the Board of Commissioners of the Port Authority of the City of Saint Paul (the “**Port Authority**”) has previously created the River Bend Redevelopment Tax Increment Financing District, and a hazardous substance subdistrict therein (the “**Tax Increment District**”); and

WHEREAS, the Port Authority has previously issued its \$2,685,000 Tax Exempt Tax Increment Revenue Bonds (River Bend Project – Lot 1), Series 2007-5 (the “**Prior Bonds**”) in order to provide long-term financing for the costs associated with the buildings and improvements of approximately 21 acres of land in the Tax Increment District for use as office/warehouse space (the “**Project**”); and

WHEREAS, Port Authority has decided to issue and sell, with the advice of PFM Financial Advisors LLC (the “**Municipal Advisor**”), up to \$1,850,000 Tax Increment Revenue Refunding Note (River Bend Project – Lot 1), Series 2017-6 (the “**Note**”), and use the proceeds to currently refund the Prior Bonds on or around October 3, 2017, in order to achieve debt service savings; and

WHEREAS, the Note will be secured by a pledge of tax increments generated by the Project pursuant to Minnesota Statutes, Section 469.177; and

WHEREAS, Port Authority management and Credit Committee recommend approval of this resolution.

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

1. Authorization. On the basis of information available to the Port Authority, the Port Authority hereby finds that the issuance of the Note is authorized pursuant to Minnesota Statutes, Sections 469.174 to 469.1794 (the “**Act**”). For the purpose of currently refunding the Prior Bonds, paying certain costs of issuance and other expenses in connection with the issuance of the Note, the Port Authority hereby authorizes the issuance, sale and delivery of the Note in a principal amount not exceeding \$1,850,000. The Note shall be issued in the final principal amount, bear interest at the rate, mature and be subject to prepayment, and have such other terms as shall be determined by the President and the Chief Financial Officer of the Port Authority. The Note shall be dated, and in such form and shall have such other terms and details as may be provided in the Note Documents, as described below. The sale of the Note is subject to approval by resolution of the City Council, as required by Minnesota Statutes, Section 469.084, Subd. 11.

2. Security. The Note shall be secured by a pledge by the Port Authority of tax increments received from the Tax Increment District, as further described in the Note Documents.

3. Execution of Note Documents. The President or the Chief Financial Officer of the Port Authority are authorized and directed to execute the following documents in connection with the issuance of the Note (all together, the “**Note Documents**”):

(a) The Loan Agreement, between the Port Authority and Anchor Bank, N.A. (the “**Purchaser**”), in substantially the form on file with the Port Authority as of the date hereof, subject to modifications approved by the President and Chief Financial Officer;

(b) The Note, in substantially the form on file with the Port Authority as of the date hereof, subject to modifications approved by the President and the Chief Financial Officer;

(c) Various documents in form and substance approved by the President and Chief Financial Officer evidencing the purchase of the Note by the Purchaser and providing for the specific terms of the Note; and

(d) An arbitrage or tax certificate, an issuer's certificate, IRS Form 8038-G and such other documents or certificates as may be necessary or convenient in connection with the issuance of the Note and refunding of the Prior Bonds.

4. Findings. The Port Authority hereby finds, determines and declares that:

(a) The issuance and sale of the Note, the execution and delivery by the Port Authority of the Note Documents and the performance of the covenants and agreements of the Port Authority in the Note Documents and of all other acts and things required under the Constitution and laws of the State of Minnesota to make the Note Documents and the Note valid and binding obligations of the Port Authority in accordance with their terms, are authorized by the Act; and

(b) It is in the best interest of the Port Authority that the Note be issued pursuant to the Note Documents in order to currently refund the Prior Bonds and achieve debt service savings.

5. Revenue Obligation. The Note will not be payable from or a charge upon any funds of the Port Authority other than the revenues pledged to the payment thereof under the Note Documents; no holder of the Note shall ever have the right to compel any exercise by the Port Authority or the City of its taxing powers to pay the Note or the interest or any premium thereon, or to enforce payment thereof against any property of the Port Authority or the City except the tax increment pledged by the Port Authority to the payment of the Note; the Note shall not constitute a charge, lien or encumbrance, legal or equitable, upon any property of the Port Authority or the City except the interests of the Port Authority expressly pledged to the payment thereof under the Note Documents; the Note shall recite that the principal of and interest thereon are payable solely from the revenues pledged to the payment thereof; and the Note shall

not constitute an indebtedness of the Port Authority or the City within the meaning of any constitutional or statutory debt limitation.

6. Tax-Exemption. The Note is to be issued as a tax-exempt essential function bond. The Port Authority hereby covenants not to use the Project or to cause or permit it to be used, in such a manner as to cause the Note to be a "private activity bond" within the meaning of Sections 103 and 141 through 150 of the Internal Revenue Code of 1986, as amended (the "Code"). To this end, the Port Authority covenants and agrees that at no time shall payment of principal of, or interest on, more than five percent (5%) of the proceeds of the Note be (under the terms of the Note or any underlying arrangement) directly or indirectly (a) secured by any interest in property used or to be used for a private business use (or by any interest in payments in respect of such property), or (b) derived from payments (whether or not to the Port Authority) in respect of property (or borrowed money) used or to be used for a private business use, all within the meaning of Section 141(b)(2) of the Code. In addition, the Port Authority shall comply with all other requirements necessary under the Code to establish and maintain the exclusion from gross income under Section 103 of the Code of the interest on the Note, including without limitation (c) requirements relating to temporary periods for investments, (d) limitations on amounts invested at a yield greater than the yield on the Note, and (e) the rebate of excess investment earnings to the United States. The Chief Financial Officer of the Port Authority is hereby authorized and directed to retain such consultants and/or attorneys necessary, from time to time, to make any rebate required calculations required by Section 148 of the Code, and the applicable Treasury Regulations.

7. Other Signers; Effect of Execution. In the absence or unavailability of either the President or Chief Financial Officer, any other officer of the Port Authority may execute the Note Documents. The execution of any instrument by the appropriate officer or officers of the Port Authority herein authorized shall be conclusive evidence of the approval of such documents by the Port Authority in accordance with the terms thereof. The execution of any documents necessary for the transaction herein described by the individuals who were at the time of execution thereof the authorized officers of the Port Authority shall bind the Port Authority, notwithstanding that such individuals or any of them has ceased to hold such office or offices prior to the authentication and delivery of the Note.

8. Transcript of Proceedings. The President and other officers of the Port Authority are authorized and directed to prepare and furnish to the Purchaser and bond counsel certified copies of the proceedings and records of the Port Authority relating to the issuance of the Note and other transactions herein contemplated, and such other affidavits and certificates as may be required to show the facts relating to the legality of the Note and the other transactions herein contemplated as such facts appear from the books and records in the officers' custody and control or as otherwise known to them; and all such certified copies, certificates and affidavits, including any heretofore furnished, shall constitute representations of the Port Authority as to the truth of all statements contained therein.

9. Future Amendments. The authority to approve, execute and deliver future amendments to Note Documents entered into by the Port Authority in connection with the issuance of the Note and the other transactions herein contemplated, is hereby delegated to

the President of the Port Authority, provided that: (a) such amendments do not require the consent of the holder of the Note or, if required, such consent has been obtained; (b) such amendments do not materially adversely affect the interests of the Port Authority; (c) such amendments do not contravene or violate any policy of the Port Authority; and (d) such

amendments are acceptable in form and substance to bond counsel. The execution of any instrument by the President of the Port Authority shall be conclusive evidence of the approval of such instrument in accordance with the terms hereof.

10. Limitation. No covenant, obligation or agreement contained herein or in any Note Document shall be deemed to be a covenant, obligation or agreement of any member of the Board of Commissioners 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 nor any officer executing the Note shall be liable personally on the Note or be subject to any personal liability or accountability by reason of the issuance thereof.

Adopted: September 26, 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 September 19, 2017)

DATE: September 14, 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:

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:

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 - \$ 7,400,000 Series 2017-4 - \$ 6,000,000 Series 2017-5 - \$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 – 25 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

Use of Funds

Construction \$14,110,000

Refinancing 8,500,000

Capitalized Interest 830,000

Debt Service Reserve 1,160,000

Cost of Issuance 400,000

Total \$25,000,000

The Bonds:

The bonds will be issued in three series in the approximate total principal amount of \$25,000,000. The tax-exempt bonds will bear an initial interest rate estimated at 2.55% for the first ten years. The taxable bonds will bear an estimated interest rate of 4.25% for their term. 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.
TAX-EXEMPT AND TAXABLE CONDUIT BOND ISSUE]**

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”); and (ii) pay a portion of the costs of issuing the Series 2017 Bonds (as defined below) (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, together with the Series 2017-3 Bonds and the Series 2017-4 Bonds, the “Series 2017 Bonds”) in a direct loan placement with BMO Harris Bank N.A. (the “Tax-Exempt Lender”) and loan the proceeds derived from the sale of the Series 2017 Bonds to the Borrower; and

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

WHEREAS, the loan of the proceeds of the Series 2017 Bonds is proposed to be made by the Port Authority to the Borrower pursuant to the terms of a Loan Agreement, dated as of or after October 1, 2017, between the Port Authority and the Borrower (the “Loan Agreement”); and

WHEREAS, the payment obligations of the Borrower under the Loan Agreement and the Bond Indenture will be secured by an obligation of the Borrower issued under the terms of 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 Tax-Exempt Lender and the Borrower are now in the process of negotiating the provisions of a Continuing Covenant Agreement, to be dated on or after October 1, 2017 (as amended, supplemented, modified or restated from time to time, the "CCA"), between the Port Authority and the Tax-Exempt Lender, which will set forth the terms and conditions of a loan provided by the Tax-Exempt Lender to the Port Authority; and

WHEREAS, the Series 2017-5 Bonds are proposed to be sold by Piper Jaffray & Co. (the "Taxable Placement Agent"), in a private placement which may be issued directly by the Borrower or may be issued by the Port Authority; 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 this date (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, 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 as of or after October 1, 2017 (the "Tax Exemption Agreement"), between and the Bond Trustee or the Tax-Exempt Lender with an Endorsement of 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, and any other documents required by the Tax-Exempt Lender or the Taxable Placement Agent 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, the CCA, and any bond purchase agreement required by either the Tax-Exempt Lender or the Taxable Placement Agent shall provide the terms and conditions, covenants, rights, obligations, duties, and agreements of the owners of the Series 2017 Bonds, the Port Authority, the Tax-Exempt Lender, the Taxable Placement Agent, 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 any offering documents or official statement in connection with the issuance of the Series 2017 Bonds, but if an offering document or official statement is requested by the Borrower, the Port Authority Officials are authorized to approve any such disclosure document, including the appendices thereto; provided, however, the Port Authority assumes no responsibility for the sufficiency, accuracy, or completeness of such information except with respect to the Port Authority.

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, 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 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: September 26, 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 September 19, 2017)

DATE: September 14, 2017

FROM: Peter M. Klein 

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

Action Requested:

Provide approval for the Port Authority to initiate a Trillion BTU loan for approximately \$235,000 with Energy Park Utility Company (EPUC) for the installation of a new boiler and lighting upgrades.

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:

EPUC provides heating and cooling to 25 buildings (2.6 million square feet) in Energy Park. The system was established in the 1980s, and all of the buildings entered into new 25-year service agreements in 2012. Ever-Green Energy has managed the system since 1997.

Proposed Project:

Boiler #3 needs to be replaced with a more efficient boiler. Upgrading the lighting in the central plant with LEDs will provide a very quick payback.

Boiler and lighting upgrades	
Purchase Price and Installation	\$350,000
EPUC Reserves	<u>(115,000)</u>
Net Loan	\$235,000

Sources and Uses of Funds:

Sources of funds:	
Trillion BTU	\$235,000
EPUC Reserves	<u>115,000</u>
Total	\$350,000

CREDIT COMMITTEE

September 14, 2017

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Uses of funds:

Energy Efficiencies Project Costs \$350,000

In order to leverage the grant funds, we are requesting that all local EDA's match the Trillion funds for projects in their area. The City of Saint Paul provided a \$500,000 grant to the Trillion BTU program.

Financial Analysis:

Three years of audited financial statements have been reviewed. All of the Trillion BTU underwriting guidelines have been met. The following ratios are as of December 31, 2016:

Current Ratio:	2.25		
Debt Service Coverage:	1.22	Trillion standard of at least	1.15
Debt-to-Equity:	3.53	Trillion standard of less than	4.00

Proposal:

Source of Funds: Trillion BTU / EPUC Reserves

Use of Funds: New boiler and lighting upgrades

Amount of Loan: \$235,000

Rate: 4.0%

Term: 5 years

Collateral: Signed Loan Agreement

Energy Savings:

1,000 MMBTUs (\$30,000) annually.

Workforce Implications:

Davis-Bacon wage requirements need to be followed.

4 FTE for construction jobs.

Policy Exceptions:

None

Recommendation:

We recommend the approval of a \$235,000 Trillion BTU loan to Energy Park Utility Company.

PMK:djk

SAINT PAUL PORT AUTHORITY

MEMORANDUM

TO: CREDIT COMMITTEE
(Regular Meeting of September 19, 2017)

DATE: September 14, 2017

FROM: Michael J. Linder *MJL*

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

Action Requested:

Provide approval for the Port Authority to initiate a Trillion BTU loan for approximately \$56,000 with Forteva Investments, LLC for the installation of a 10-Kilowatt roof-mounted solar system and LED lighting on a multi-family commercial property located in Minneapolis, 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:

Forteva Investments, LLC owns the multifamily commercial property located at 3501 23rd Avenue S, in Minneapolis. The owner, Andy Root, owns Forteva Development and Forteva Solar, which focus on real estate development and commercial and residential solar installations. The project includes the installation of a new insulated roof, along with a 10-kilowatt roof mounted solar system as well as LED lighting upgrades throughout the building. The property has a tax-assessed value of \$280,500. The borrower has one other PACE loan totaling \$60,000.

Proposed Project:

10-Kilowatt Solar System & Lighting Upgrades	
Purchase Price and Installation	\$76,000

Sources and Uses of Funds:

Sources of funds:	
Trillion BTU	\$56,000
Borrower Investment	<u>\$20,000</u>
Total	\$76,000

Uses of funds:	
Solar Array and LED lighting	\$76,000

CREDIT COMMITTEE

September 14, 2017

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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. Hennepin 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 show that the property was profitable in all three years. Andy has two commercial properties, two multifamily properties and two single family residences, as well as other business ventures, which on a combined basis have been profitable. The debt service coverage ratio for the property is 2.23 to 1. Equity was negative based on the tax value of the property also caused by significant depreciation as the property has been owned since 2005.

Debt Service Coverage:	2.23	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:	Project Description
Amount of Loan:	\$56,000
Rate:	4.5%
Term:	10 years
Collateral:	Signed Loan Agreement PACE Special Assessment

Energy Savings:

120 MMBTUs (\$4,000) annually.

Workforce Implications:

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

Policy Exceptions:

Yes – There is negative equity on the property based on the tax assessed value. This is mitigated by the security of the PACE assessment as well as the adequate debt service coverage and consistent profitability.

CREDIT COMMITTEE

September 14, 2017

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Recommendation:

We recommend the approval of a \$56,000 Trillion BTU loan to Forteva Investments, LLC.

MJL:djk

SAINT PAUL PORT AUTHORITY

MEMORANDUM

TO: CREDIT COMMITTEE
(Regular Meeting of September 19, 2017)

DATE: September 14, 2017

FROM: Michael J. Linder *MJL*

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

Action Requested:

Provide approval for the Port Authority to initiate a Trillion BTU loan for approximately \$148,000 with Midway Commercial Building, LLC for the installation of a new energy efficient boiler on a commercial property located in Saint Paul, Minnesota.

Public Purpose:

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

Business Subsidy:

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

Background:

Midway Commercial Building, LLC is a retail/multi-family building located at 2512 University Avenue in St. Paul, Minnesota. The building has numerous street level retail tenants with apartment units on the second level. The project includes the replacement of an existing boiler along with all pumps and piping with a new energy efficient 300-gallon boiler system. The property has a tax assessed value of \$1,946,200.

Proposed Project:

New Energy Efficient Boiler	
Purchase Price and Installation	\$148,000

Sources and Uses of Funds:

Sources of funds:	
Trillion BTU	\$148,000
Uses of funds:	
New Energy Efficient Boiler	\$148,000

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

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

Financial Analysis:

Financial Statements were received and the property met all three underwriting criteria for Trillion BTU loans. The property was profitable in all three years. The debt service coverage ratio with the PACE assessment was 1.27 to 1 and they were within the debt-to-equity guidelines at 0.83 to 1.

Debt Service Coverage:	1.27	Trillion standard of at least	1.15
Debt-to-Equity:	0.83	Trillion standard of less than	4.00

Proposal:

Source of Funds:	Trillion BTU
Use of Funds:	New Energy Efficient Boiler
Amount of Loan:	\$148,000
Rate:	4.5%
Term:	10 years
Collateral:	Signed Loan Agreement PACE Special Assessment

Energy Savings:

330 MMBTUs (\$11,000) annually.

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 \$148,000 Trillion BTU loan to Midway Commercial Building, LLC.

SAINT PAUL PORT AUTHORITY

MEMORANDUM

TO: CREDIT COMMITTEE
(Regular Meeting of September 19, 2017)

DATE: September 14, 2017

FROM: Michael J. Linder *MJL*

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

Action Requested:

Provide approval for the Port Authority to initiate a Trillion BTU loan for approximately \$275,000 with Energy Park, LLC for the installation of new chillers and controls on a commercial property located in Saint Paul, Minnesota.

Public Purpose:

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

Business Subsidy:

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

Background:

This 30,300 square-foot building is located at 1360 Energy Park Drive and is leased and managed by Wellington Management. The property has a tax assessed value of \$2,321,700. The property has multiple tenants, including a dental office, construction consulting firm and a renewable paper packaging company. Total loans outstanding to properties owned in full or in part or managed by Wellington Management are: two PACE loans totaling \$370,000 and a Trillion BTU loan with an outstanding balance of \$49,000. Our credit experience with the company has been good.

Proposed Project:

Cooling Towers and Controls	
Purchase Price and Installation	\$275,000

Sources and Uses of Funds:

Sources of funds:	
Trillion BTU	\$275,000
Uses of funds:	
Cooling Towers and Controls	\$275,000

In order to leverage the grant funds, we are requesting that all local EDA's match the Trillion funds for projects in their area. Ramsey County is assisting with placing the PACE

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

Financial Analysis:

Financial statements for Energy Park, LLC show there were net operating losses in 2016, however the company was profitable in 2015 and 2014. Lower than anticipated rents combined with elevated repair and maintenance expenses led to the loss in 2016. When eliminating non-cash expenses, the company is profitable. They did meet their debt service coverage ratio which was 2.70 to 1. Due to significant accumulated depreciation and amortization on the balance sheet, their equity was negative. When factoring those non-cash items out, their debt-to-equity ratio would have been 3.05 to 1.

Energy Park, LLC

Debt Service Coverage:	2.70	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:	Cooling Towers and Controls
Amount of Loan:	\$275,000
Rate:	4.5%
Term:	10 years
Collateral:	Signed Loan Agreement PACE Special Assessment

Energy Savings:

445 MMBTUs (\$15,000) annually.

Workforce Implications:

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

Policy Exceptions:

Yes – Energy Park, LLC had negative equity which is mitigated by the strong cash flow and the debt-to-equity of 3.05 to 1 when excluding non-cash expenses. The security of the PACE assessments also mitigates the risk.

Recommendation:

We recommend the approval of a \$275,000 Trillion BTU loan to Energy Park, LLC.

SAINT PAUL PORT AUTHORITY

MEMORANDUM

TO: CREDIT COMMITTEE
(Regular Meeting of September 19, 2017) **DATE:** September 14, 2017

FROM: Michael J. Linder *MJL*

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

Action Requested:

Provide approval for the Port Authority to initiate a Trillion BTU loan for approximately \$191,000 with Christopher and Lori Black for the installation of 35-Kilowatt ground mounted tracking solar array on an agricultural property located in Fairfax, 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:

Christopher and Lori Black own a hog farming operation located at 49630 660th Avenue in Fairfax, Minnesota. The property consists of 112 acres of land where they raise hogs and grow grain. Shawn also has a separate trucking company which provides additional income. The three parcels of land have a tax assessed value of \$1,074,000, where the solar installations will be installed.

Proposed Project:

35-Kilowatt Solar Array	
Purchase Price and Installation	\$191,000

Sources and Uses of Funds:

Sources of funds:	
Trillion BTU	\$191,000
Uses of funds:	
35-Kilowatt Solar Array	\$191,000

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

CREDIT COMMITTEE

September 14, 2017

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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 show the borrowers meet all three underwriting criteria. They were profitable in all three years. The debt service coverage ratio with the proposed PACE assessment was 5.01 to 1 and the debt-to-equity ratio with the assessment is 0.34 to 1.

Debt Service Coverage:	5.01	Trillion standard of at least	1.15
Debt-to-Equity:	0.34	Trillion standard of less than	4.00

Proposal:

Source of Funds:	Trillion BTU
Use of Funds:	35-Kilowatt Solar Array
Amount of Loan:	\$191,000
Rate:	4.5%
Term:	10 years
Collateral:	Signed Loan Agreement PACE Special Assessment

Energy Savings:

225 MMBTUs (\$7,700) annually.

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 \$191,000 Trillion BTU loan to Christopher and Lori Black.

MJL:djk

SAINT PAUL PORT AUTHORITY

MEMORANDUM

TO: CREDIT COMMITTEE
(Regular Meeting of September 19, 2017) **DATE:** September 14, 2017

FROM: Michael J. Linder *MJL*

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

Action Requested:

Provide approval for the Port Authority to initiate a Trillion BTU loan for approximately \$172,000 with Shawn and Erica Black for the installation of a 38-Kilowatt ground-mounted tracking solar array on an agricultural property located in Fairfax, 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:

Shawn and Erica Black own a hog farming operation located at 66758 510th Street in Fairfax, Minnesota. The property consists of 85 acres of land where they raise hogs and grow grain. The two parcels of land have a tax assessed value of \$862,200. Two individual ground mounted solar installations will be installed, one on each property.

Proposed Project:

38-Kilowatt Solar Array	
Purchase Price and Installation	\$172,000

Sources and Uses of Funds:

Sources of funds:	
Trillion BTU	\$172,000
Uses of funds:	
38-Kilowatt Solar Array	\$172,000

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

CREDIT COMMITTEE

September 14, 2017

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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:

Tax Returns were received for the previous three years and show the borrowers meet all three underwriting criteria. They were profitable in all three years and have supplemental W-2 income. The debt service coverage ratio with the proposed PACE assessment was 1.66 to 1 and the debt-to-equity ratio with the assessment is 2.29 to 1.

Debt Service Coverage:	1.66	Trillion standard of at least	1.15
Debt-to-Equity:	2.29	Trillion standard of less than	4.00

Proposal:

Source of Funds:	Trillion BTU
Use of Funds:	38 -Kilowatt Solar Array
Amount of Loan:	\$172,000
Rate:	4.5%
Term:	10 years
Collateral:	Signed Loan Agreement PACE Special Assessment

Energy Savings:

235 MMBTUs (\$8,000) annually.

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 \$172,000 Trillion BTU loan to Shawn and Erica Black.

MJL:djk

SAINT PAUL PORT AUTHORITY

MEMORANDUM

TO: CREDIT COMMITTEE
(Regular Meeting of September 19, 2017) **DATE:** September 14, 2017

FROM: Michael J. Linder *MJL*

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

Action Requested:

Provide approval for the Port Authority to initiate a Trillion BTU loan for approximately \$37,000 with Jon and Wendy Meyer for the installation of 10-Kilowatt roof mounted solar system on their dairy farm located in Lake City, 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:

Jon and Wendy Meyer have a 160-acre farm located at 71520 370th Avenue in Lake City, Minnesota. They have a dairy operation and also raise cattle for sale. The property has a tax assessed value of \$1,244,200. They are installing a 10-Kilowatt solar array on one of their barns.

Proposed Project:

10-Kilowatt Roof Mounted Solar Array	
Purchase Price and Installation	\$37,000

Sources and Uses of Funds:

Sources of funds:	
Trillion BTU	\$37,000
Uses of funds:	
10-Kilowatt Roof Mounted Solar Array	\$37,000

In order to leverage the grant funds, we are requesting that all local EDA's match the Trillion funds for projects in their area. Wabasha 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 show the borrowers were profitable with their farming operations in all three years, with supplemental W-2 income. Their debt service coverage ratio for the farm was 2.10 to 1. Their global debt service coverage ratio was 5.16 to 1 with other income sources included. Their debt-to-equity ratio was below guideline at 0.30 to 1, which included the PACE assessment.

Debt Service Coverage:	2.10	Trillion standard of at least	1.15
Debt-to-Equity:	0.30	Trillion standard of less than	4.00

Proposal:

Source of Funds:	Trillion BTU
Use of Funds:	10-Kilowatt Solar Array
Amount of Loan:	\$37,000
Rate:	4.5%
Term:	10 years
Collateral:	Signed Loan Agreement PACE Special Assessment

Energy Savings:

45 MMBTUs (\$1,500) 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 \$37,000 Trillion BTU loan to Jon and Wendy Meyer.

MJL:djk