


MEMORANDUM NOTICE

To: CREDIT COMMITTEE
From: Todd Hurley 
Subject: **REGULAR CREDIT COMMITTEE MEETING
SEPTEMBER 27, 2022, 2:00 P.M.**

Date: September 21, 2022

Chair Mullin is calling a meeting of the Credit Committee for **Tuesday, September 27, 2022 at 2:00 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 July 26, 2022 Credit Committee Meeting

Conflict of Interest

Conflicts with any items on the agenda

Agenda Items

1. 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
2. Such Other Business

**SAINT PAUL PORT AUTHORITY
MINUTES OF THE REGULAR CREDIT COMMITTEE MEETING
JULY 26, 2022**

The regular meeting of the Port Authority Credit Committee was held on July 26, 2022 at 1:30 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:

Don Mullin	John Bennett	Matt Slaven
Brianne Hamm	John Marshall, via Microsoft Teams	

Also, present were the following:

Tonya Bauer	Nelly Chick	Angie Helms
Monte Hilleman	George Hoene	Todd Hurley
Bruce Kessel	Pete Klein	Annamarie Kosel
Dana Krueger	Brittany Nelson	Andrea Novak
Kathryn Sarnecki	Laurie Siever	Linda Tran
Phoua Vang	Linda Williams	Jonathan Amigon Gonzales

Eric Larson, City of Saint Paul
Nneka Constantino, Merrill Lynch, via Microsoft Teams
Rebecca Noecker, City of Saint Paul, via Microsoft Teams

Mr. Hurley introduced two new Port Authority hires to the Committee, Phoua Vang, Administrative Assistant, and Jonathan Amigon Gonzales, Finance Intern.

APPROVAL OF MINUTES

Committee Member Bennett made a motion to approve the minutes of the June 28, 2022 Credit Committee meeting. The motion was seconded by Committee Member Slaven submitted to a vote and carried unanimously.

CONFLICT OF INTEREST

Committee Member Bennett stated that he would abstain from discussion and voting on agenda item number one due to his professional banking relationship with MTC Fitness.

AGENDA ITEMS

**APPROVAL OF A SETTLEMENT WITH MTC FITNESS, LLC D/B/A
CONQUER NINJA GYM AT TREASURE ISLAND CENTER ON A \$375,000 BDF LOAN**

Mr. Kessel reviewed his memorandum with the Committee requesting approval of the Port Authority of the City of Saint Paul settlement agreement with MTC Fitness, LLC d/b/a Conquer Ninja Gym regarding a \$375,000 Business Development Fund Loan. 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 by a vote of three with Committee Member Bennett abstaining.

**AUTHORIZATION TO APPLY FOR REDEVELOPMENT GRANT FUNDS FOR
REDEVELOPMENT OF THE HEIGHTS, 2200 LARPENTEUR AVENUE EAST, SAINT PAUL, MINNESOTA**

Mr. Hoene reviewed his memorandum with the Committee requesting approval of a resolution authorizing the Port Authority to apply to, and accept from, the Minnesota Department of Employment and Economic Development for up to \$1,000,000 in Redevelopment Grant funds for the redevelopment of The Heights (f/k/a Hillcrest Redevelopment Site), an approximately 112-acre site located at 2200 Larpenteur Avenue East, in Saint Paul, Minnesota. Committee Member Bennett made a motion to approve the request. The motion was seconded by Committee Member Hamm, submitted to a vote, and carried unanimously.

WABASHA PARTNERS, LLC – APPROVAL OF A \$371,000 TRILLION BTU LOAN

Mr. Klein reviewed his memorandum with the Committee requesting approval for the Port Authority to initiate a Trillion BTU loan for approximately \$371,000 with Wabasha Partners LLC for the installation of new lighting and HVAC systems in a 13,700 square-foot building located at 162 Wabasha Street S, Saint Paul, Minnesota. Committee Member Bennett made a motion to approve the request. The motion was seconded by Committee Member Slaven, submitted to a vote, and carried unanimously.

Committee Member Marshall joined the meeting via Teams.

**DAVID AND MICHELLE WINKELMAN
D/B/A/ WINKELMAN SOLAR, LLC - APPROVAL OF A \$70,000 TRILLION BTU LOAN**

Mr. Klein reviewed his memorandum with the Committee requesting approval for the Port Authority to initiate a Trillion BTU loan for approximately \$70,000 with David and Michelle Winkelman – dba Winkelman Solar, LLC, 13169 Prairie Ridge Court, Brainerd, Minnesota. Committee Member Bennett made a motion to approve the request. The motion was seconded by Committee Member Hamm, submitted to a roll call vote, and carried unanimously.

**KANABEC COUNTY AGRICULTURAL SOCIETY
APPROVAL OF A \$100,000 TRILLION BTU LOAN**

Mr. Klein reviewed his memorandum with the Committee requesting approval for the Port Authority to initiate a Trillion BTU loan for approximately \$100,000 with the Kanabec County Agricultural Society for the installation of new Lighting at the County Fairgrounds located at 701 South Union Street, Mora, Minnesota. Committee Member Hamm made a motion to approve the request. The motion was seconded by Committee Member Bennett, submitted to a roll call vote, and carried unanimously.

**SUCH OTHER BUSINESS
QUARTERLY REPORT ON OUTSIDE FUNDED PACE PROJECTS – 2Q/2022**

Committee Chair Mullin thanked Mr. Klein for providing the Committee with the 2nd Quarter Report on Outside Funded PACE Projects.

There being no further business, the meeting was adjourned at 2:05 p.m.

By: _____

Its: _____

MEMORANDUM

To: CREDIT COMMITTEE **Meeting Date:** September 27, 2022
From: Peter M. Klein 
Subject: 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
RESOLUTION NO. _____**

Action Requested:

Provide 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. (Preliminary Approval Resolution).

Public Purpose:

The \$30,000,000 financing will enable District Energy St. Paul, Inc. and DE Energy Park, LLC to finance the proposed extension of both companies' distribution systems, in downtown Saint Paul and at Energy Park, respectively, to connect new customers and thermal improvements and capacity to the systems.

Business Subsidy:

This proposal does not involve a business subsidy.

Background:

District Energy is a 501(c)(3) non-profit company that provides energy services to 200 buildings with nearly 32 million building square feet in downtown Saint Paul. It has operated since 1983 and continues to steadily grow.

DE Energy Park is a Limited Liability Company, formed in 2021, that leases and thereby manages and oversees the Energy Park Utility Company (EPUC) system from and for the Port Authority. DE Energy Park is owned by District Energy St. Paul and projects at Energy Park are eligible for tax-exempt financing.

Proposal:

District Energy and DE Energy Park have requested that the Port Authority apply for an allocation of tax-exempt bonding authority from the Public Facilities pool, which is administered by the Minnesota Management and Budget, Treasury Division. This pool has been established to finance public utility projects throughout the State and is similar to the Small Issue pool that the Port Authority utilizes to finance small manufacturing projects.

Approval of this resolution and authorization to make an application for allocation of bonding authority now will ensure that the upcoming expenses that the company may be incurring will be considered eligible expenses under the tax-exempt financing law. The authorization to make an application will allow the Port Authority to apply for an allocation of bonding authority from the State of Minnesota. The inducement resolution expresses a preliminary intention of the Port Authority to issue obligations for this project, identifies the proposed project, and discloses the proposed amount of the bonds. Once the company determines the specifics of its construction project, it will be required to provide additional information to the Port Authority's Credit Committee for consideration prior to the final approval of the bond issue. In order for this portion of the project to proceed on a tax-exempt revenue bond basis, District Energy, through the Port Authority, must obtain an allocation of bonding authority from the Minnesota Management and Budget, Treasury Division.

Workforce Implications:

No direct implications other than construction jobs.

Policy Exceptions:

None.

Recommendation:

We recommend approval to provide 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.

Attachment: Approval Resolution

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

**[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]**

WHEREAS, the Port Authority of the City of Saint Paul, Minnesota (the “Port Authority”) has received a request from District Energy St. Paul, Inc. and DE Energy Park (hereinafter referred to collectively, as “Company”) that the Port Authority consider the issuance of its revenue bonds (which may be in the form of one or more notes) to finance improvements for the Company’s distribution system to connect new customers and upgrade existing system infrastructure in and around downtown Saint Paul and the Energy Park Utility Company (EPUC) system located at the Port Authority Energy Park Business Center which are anticipated to occur in late 2022, 2023 and 2024 including improvements to the thermal system to add capacity to the system (the “Projects”).

WHEREAS, the Port Authority desires to facilitate the selective development of the City of Saint Paul and the metro east community, to retain and improve its tax base and to help it provide the range of services and employment opportunities required by its population, and said Projects will assist in achieving that objective by increasing the assessed valuation of the metro east community; helping to maintain a positive relationship between assessed valuation and debt; and enhancing the image and reputation of the metro east community.

WHEREAS, the Projects to be financed by revenue bonds will result in additional employment opportunities in the City of Saint Paul and the metro east community.

WHEREAS, the Port Authority has been advised by representatives of the Company that the Company has been acting to date in anticipation that the Port Authority would favorably consider this financing proposal.

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

1. On the basis of information available to the Port Authority it appears, and the Port Authority hereby finds, that: said Projects constitutes properties, used or useful in connection with one or more revenue producing enterprises engaged in any business within the meaning of Minnesota Statutes, Sections 469.152 to 469.1655 (the “Act”); the Projects furthers the purposes stated in the Act; and it is in the best interests of the port district and the people of the City of Saint Paul and metro east community and in

furtherance of the general plan of development to assist the Company in financing the Projects.

2. The Port Authority hereby indicates its intention to issue its tax-exempt revenue bonds, in a principal amount up to \$30,000,000, to provide funds to the Company to finance the Projects, provided that the Port Authority, the Company and the purchaser of the revenue bonds are able to reach agreement as to the details of the revenue agreement and other documents necessary to evidence and effect the financing of the Projects and the issuance of the revenue bonds, and further provided that the Projects and its financing receive approval by the Department of Employment and Economic Development of the State of Minnesota and an allocation of any bonding authority necessary for the tax-exempt bonds from the Minnesota Management and Budget, Treasury Division.

3. The staff of the Port Authority is authorized to prepare, execute and submit the application(s) for allocation of bonding authority from the 2023 Public Facilities Pool, administered by the Minnesota Management and Budget, Treasury Division, as needed, for approximately \$15,000,000, and to continue negotiations with the Company so as to resolve the issues necessary to the preparation of the revenue agreement and other documents necessary to the approval by the Port Authority of the proposed revenue bond financing.

4. If issued, the revenue bonds (including any interim note or notes) and interest thereon shall not constitute an indebtedness of the Port Authority or the City of Saint Paul within the meaning of any constitutional or statutory limitation and shall not constitute or give rise to a pecuniary liability of the Port Authority or the City of Saint Paul or a charge against their general credit or taxing powers and neither the full faith and credit nor the taxing powers of the Port Authority or the City of Saint Paul is pledged for the payment of the bonds (and interim note or notes) or interest thereon.

5. Approval of this resolution is not a commitment from the Port Authority, and final approval of the Projects, and the issuance of revenue bonds to finance the Projects, is subject to further review by the Port Authority following submission of a full application by the Company and satisfaction of the conditions and approvals described in paragraph 2, above.

6. The Company intends to make expenditures for the capital projects financed by the obligations and reimburse such expenditures from the proceeds of the obligations. This resolution is intended to constitute a declaration of the Port Authority's official intent, for purposes of Section 1.150-2 of the Treasury Regulations, with respect to certain original expenditures made from any sources other than the proceeds of the obligations, in conjunction with the capital projects financed thereby for the Projects.

Adopted: September 27, 2022

PORT AUTHORITY OF THE CITY OF SAINT PAUL

By: _____
Its: Chair

ATTEST

By _____
Its _____