

The Saint Paul Port Authority Helps Grow Family Trees



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(standing, left to right)

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1900 Landmark Towers • 345 St. Peter Street • Saint Paul • Minnesota • 55102
 TEL: 651.224.5686 • FAX: 651.223.5198 • TOLL FREE: 800.328.8417
 E-MAIL: info@sppa.com • WEB: www.sppa.com



From the Chairman and President

Providing assistance to family-owned businesses has been the Saint Paul Port Authority's main focus since 1932, and this year has been no exception. Nine of 13 new buildings either occupied or under construction in our business centers are family ventures. And in one of them — an office-condominium complex in our Westminster Junction Business Center — the first three companies carry their owners' family names.

These families — whose Minnesota roots run deep — comprise the bulk of the goods-and-services companies in our 18 fully developed business centers. Down-to-earth and practical, their growth closely resembles our own: small steps before large strides.

Successful collaborations with these business people helped us exceed our job creation/retention goal of 2,200 workers. We helped create or retain 2,355 jobs in 2005 from our various brownfield redevelopment, finance and workforce development programs.

We also laid a strong foundation for many more jobs to come. Six companies in three of our North End and East Side business centers agreed to participate in a new Port customized job-training program. More businesses will be invited to participate in this program to train residents in those neighborhoods and to link them to new jobs. We partnered with the St. Paul Foundation to cover the program's training costs.

Participating employers pledge that those who complete the training program will get first crack at the more than 100 jobs expected to be created by 2007 in the Great Northern Business Center (GNBC) North and South — on Saint Paul's North End and in Frogtown — and Westminster Junction (WJBC) on the city's East Side.

Our confidence is bolstered by the growth potential of the businesses in those centers. In total, for example, GNBC North and South eventually are expected to house nine businesses with 680 employees in 460,000 square feet of space. WJBC is expected to be home to six businesses with 614 employees in 422,000 square feet of space, when all six developments are completed. ►

Last in the ground in Westminster Junction in December 2005 was a 130,000-square-foot medical complex to house outpatient and other services provided by Regions and Gillette Children's hospitals. The complex and another launched in December in our River Bend Business Center, that could total 270,000 square feet, are examples of Port equal-equity investments. The Port partnered with Frauenshuh Companies on the Westminster Junction complex, and with Wellington Management Co. at River Bend.

This relatively new development tool provides us with 50 percent of a joint-venture project's net income. Fees from those and other projects provide needed revenue to the Port, which is a self-funded, community-based organization. Our unique expertise continues to be attractive to East Metro cities and counties, as well as the State of Minnesota.

In addition to success in training workers and redeveloping brownfields, our finance division had one of its most productive years ever, providing more than \$75 million in expansion, renovation and equipment financing to entities as diverse as Michel Sales Inc., the Hmong Cultural Center, Esch Construction Supply Inc. and HealthEast Care System.

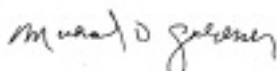
When businesses called, the Port was there. Our help ranged from providing tax-exempt expansion financing for smaller nonprofits to assisting in the financing of the renovation of St. Joseph's Hospital downtown. Whatever the project, the Port adapts to the challenges and welcomes opportunities to assist the community. And we anticipate providing additional services in the future.

Although we often work in the background, we were proud to have been drawn to the forefront as a partner in the development of the new Phalen Boulevard on Saint Paul's East Side. The roadway, which was completed in 2005, is expected to attract more than \$100 million in redevelopment in that area of the city.

The Port and its community partners recently were recognized internationally with the U.S. Environmental Protection Agency's Phoenix Grand Prize, as well as two other redevelopment awards, for the skill, tenacity and, most of all, the collaboration it took to complete Phalen Boulevard.

Finally, we have agreed to sell, to a private developer, the last two hotels owned by the Port Authority. New York City-based Trinity Hotel Investors has agreed to buy the two hotels and a parking garage attached to one of them — the Radisson Riverfront. Earlier in 2005, we also sold the Four Points Sheraton hotel to Target Corp. We financed and operated those hotels to benefit the city's hospitality industry. But it was always our intent to return them to the private marketplace, and conditions now warranted these sales.

We are extremely proud of our work this year, and proud of the staff at the Port that made those achievements possible. Please let us know how we can best continue to serve you and our community.



Michael D. Goldner, Chair



Kenneth R. Johnson, President



Port Authority and family-run companies go way back

Local family entrepreneurs have been mainstays of the Saint Paul Port Authority for 73 years.

Take Michel Sales Agency, started by Kelly Michel's grandfather in 1932 just as the Minnesota Legislature was forming the Port Authority.

Or Dan Esch's grandfather who sold hand tools from the back of his station wagon.

James Warner was a fill-in appliance salesman who bought Warners' Stellian.

Howard Siewert traded a job as printing salesman for a chance to start his own company.

Kurian Benjamin began by using his car to deliver documents, while Laly Benjamin took orders from the kitchen telephone.

Patty and Tim Labey's cleaning business began with a second-hand carpet-cleaning machine kept in the trunk of the car.

Now these companies operate from Port business centers. Five of the six set down roots in 2005. By nurturing these and other family-owned businesses, the Port Authority has grown from one barge terminal in the 1930s to 18 fully developed business centers today.



The Michel Family: (back, left to right) Matt, Teddy, Dan, Rick; (front) Kelly...just after radiant heat piping, which the company sells, was installed in their new headquarters in Westminster Junction.

Michel Sales Agency: 12,000 square feet of space in Phalen Westminster Crossing condominium complex in the Port's Westminster Junction Business Center adjacent to the new Phalen Boulevard. Twelve employees. Phalen Westminster Crossing was developed by another deep-rooted Minnesota family — the Langers.

Kelly Michel's great-great-grandfather, Bernard Michel, emigrated from Germany to work on the Saint Paul docks. In 1869 he opened a mercantile on Rice Street, where the ox carts came in with goods from the Red River Valley.

In 1891, Bernard's son, Theodore, launched Union Brass and Metal Manufacturing — the first brass foundry in the Midwest. "At that time, you couldn't get brass goods from the East," said Kelly Michel, the current company owner. "This was the boondocks."

By 1932, Theodore's son, Clarence, had started the plumbing and heating manufacturers' representative business that Kelly Michel still runs today.

He credits the Port with easing the move from the company's former Selby Avenue headquarters to the Port business center. The Port provided a \$465,000 lower-interest Business Development Finance loan to help Michel expand into space that allows for a showroom as well as a planned training center.

"[Port employees] were tremendous assets to me. They took time to understand our business." Kelly Michel said.



The Esch Family: (left to right) Greg, Tom, Dan, Elizabeth and Mike, with samples of the diamond blades they sell from their new building in Westminster Junction.

Esch Construction Supply Inc.: 4,950 square feet in Phalen Westminster Crossing. Seven employees.

In 1948, Otto Esch began peddling hand tools to veterans returning from World War II. He made sales from the back of his automobile, which also served as the company's billboard: "Here Comes Otto" said the wooden sign attached to the car roof. Contractors grew to expect efficient service from Esch, and they got it.

Otto's sons, Greg and Mike, went to work for their father, selling tools to commercial and residential customers. "They built the business into a full-line equipment supply house," said Dan Esch, Greg's son and the company's current owner.

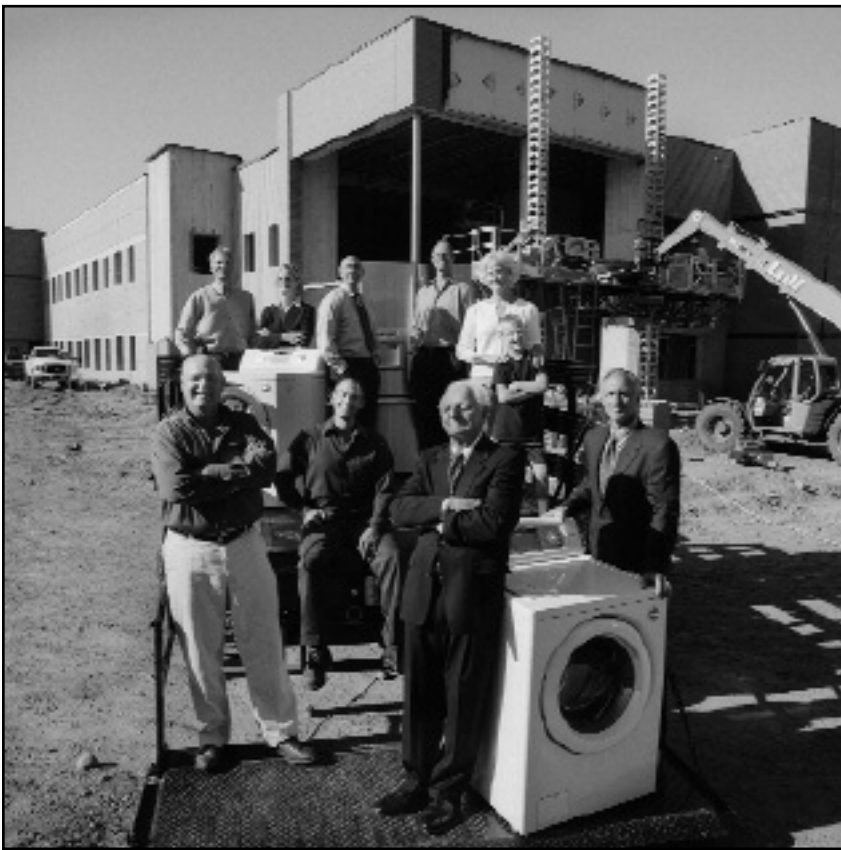
In 1970, Otto sold the family business to the Brock-White Company, with Mike employed as the firm's equipment sales manager. Greg became a business consultant.

Then in 1984, from his home in Highland Park, Mike started Esch Construction Supply Inc., specializing in diamond blade cutting tools. After graduation from the University of St. Thomas in 1988, Dan Esch went to work for his Uncle Mike. He purchased the company in 1998.

"It was a good fit," Esch said. "I wanted to try small-business management. Mike called me and needed help. I was really attracted by the deep family tradition of the company."

In 2005, the Port helped finance the company's expansion into the Phalen Westminster Crossing condominium complex with a \$522,000 Business Development Finance loan.

"This is a central location that enables us to provide fast-service delivery to our customers' job sites," said Esch, whose wife, Elizabeth, and brother, Tom, also work for the business.



The Warner Family: (back, left to right) Paul, Carla, Bill, John, Gayle Stage and Mark; (front, left to right) Jeff, Robert, Jim Sr. and Jim Jr. get an early start on appliance sales from their new building in Great Northern North.

Warners' Stellan Inc.: 120,000-square-foot headquarters building in the Port's Great Northern Business Center North at Dale and Topping Streets. One hundred employees.

Nine members of the Warner family own the appliance business that James Warner bought in 1971. Six actively participate in the company today.

"It is unique to have so many members of our family involved in the business," said Robert Warner, director of operations. "Dad really encouraged each and every one of us to work for the business."

James Warner joined the former Stellan Appliance Company in 1953 as a bookkeeper, but was repeatedly pushed out front to help the busy sales staff handle the customer flow. "He was told not to let any customers leave until a sales person got to talk to them," Robert Warner said.

In the early 1970s, James became restless and wanted to look for work elsewhere. He told his boss, who countered by asking if James wanted to run the business. Warner added his name to the masthead and Warners' Stellan proceeded to grow.

The company, cramped in its Rice Street warehouse, accepted the Port's \$1 price of land in the Great Northern Business Center North.

"We're a Saint Paul family. We want to work and live here. It's very good to get back to home territory," Warner said, adding that the business center's location near major routes was very appealing.

"This is a tremendous opportunity for us. We are very comfortable working with the Port, and very pleased at how the Port Authority has worked with us to make this dream a reality."



The Benjamin Family: (left to right) Matthew, Shawn, Kurian and Laly near one of their products sold out of their new building in Great Northern North.

Benco Delivery Service Inc. and Premium Stoneworks, Inc., a granite fabricating company: 30,000-square-foot building in the Port's Great Northern Business Center North. Seventy employees.

Kurian and Laly Benjamin started Benco Delivery Service in 1989—out of their home. Laly took orders from the kitchen telephone; Kurian made deliveries. Business continued to increase, and soon Benjamin was hiring employees to help.

Then, in 1999, while building his current home, Benjamin discovered the wonders and beauty of granite. And he learned that the granite to be used as floors and counters in the new house was quarried in his native India.

“I contacted relatives and was told that some of my friends owned a quarry and a factory,” he said. “I went to India the day after they dug the lot for my house.”

On that trip, he purchased four containers of granite and shipped them to the United States. Later that year, he became a wholesale distributor of Indian granite for the Midwest.

Three years ago, his employees encouraged him to start a granite fabricating business. Benjamin called the Port Authority and entered negotiations to purchase land in the Great Northern Business Center North.

The rent he'd been putting into Benco Delivery Service and the new granite business, Premium Stoneworks, paid for the building in the Port's business center. “The Port was very cooperative with me,” Benjamin said. “I feel like they are my business partner.”



The Siewert Family: (left to right) Joan Siewert-Cardona, Francisco Cardona, Howard Siewert, Andy Olson and Lana Siewert-Olson amid a sample of their printing supplies in their headquarters in Williams Hill.

Ideal Printers Inc.: 55,659-square-foot building in the Port's Williams Hill Business Center. Sixty-six employees.

Howard Siewert and his wife, Rhoda, started their company in 1979, after Howard grew tired of the nonstop travel required for his job as a national sales executive for a large printing company.

"I told my wife that I thought I could make a living at printing on my own," he said. Almost overnight he went from jetting cross-country to pounding the pavement on West Broadway in Minneapolis, vying for work printing menus for small Chinese restaurants and health food stores. In the early days, he was out the door before 5 a.m. and not home until 7 or 8 at night.

His daughter, Lana Siewert-Olson, Ideal's current president, said she and her sister, Joan, were used to their father's putting in long workdays, so the amount of time he spent on the fledgling business was nothing new.

Lana, Joan and their husbands planned other careers but gradually made their way into their parents' printing company.

Lana and her father agree that the site for their growing business is "ideal." It's centrally located and the company is highly visible along University Avenue, a major Saint Paul thoroughfare.

In addition to the free land and building-design assistance, the company's \$3 million bond financing is through the Port Authority. "That was tremendously beneficial in helping us keep expenses down," Howard Siewert said.



The Labey Family: (clockwise from left) Marah Labey, Leah Herland, Ed Strom, Tim Labey, Patty Labey and Rachel Labey are set to work constructing their headquarters building in Great Northern South.

Restoration Professionals: 35,000-square-foot building in the Port's Great Northern Business Center South. Thirty-six employees. Opening Spring 2006.

In 1997 Tim and Patty Labey needed a change. They were between unsatisfying jobs, so they used Patty's \$3,000 severance check to start their own business.

They plopped the money down on a used carpet-cleaning machine—which Tim threw in the back of his old Chevy Blazer—and started bidding for work in strip malls.

That year, through tenacity and the kindness of friends, the business grossed \$40,000, most of it reinvested in better equipment and additional training. "Then we bought a truck-mounted cleaning system, and then more and more trucks," Tim Labey said.

What was at first Tim and Patty and "one other guy" grew to a company of 36—including two of the Labeys' daughters, Tim's brother and Patty's brother, Ed Strom, now company president.

"With family and friends you get built-in trust and loyalty," Tim Labey said.

The Labeys, raised blocks apart in Saint Paul, were eager to return. Their burgeoning business was the tipping point that prompted them to approach the Port Authority.

"With the Port Authority site, we could use the land as equity for a bank loan. And that's very important to a business like ours where cash flow is unpredictable," Patty Labey said.

"The Port Authority added legitimacy to this transaction," Tim Labey said. "It did a wonderful job for us from start to finish."



Port Authority Business Centers

- 1 Arlington – Jackson
- 2 Barge Terminal #1
- 3 Barge Terminal #2
- 4 Crosby Lake
- 5 Empire Builder
- 6 Great Northern North
- 7 Great Northern South
- 8 Midway
- 9 Red Rock
- 10 Rice Street
- 11 River Bend
- 12 Riverview
- 13 Riverview West
- 14 Energy Park
- 15 Southport
- 16 Westgate
- 17 Williams Hill
- 18 Westminster Junction

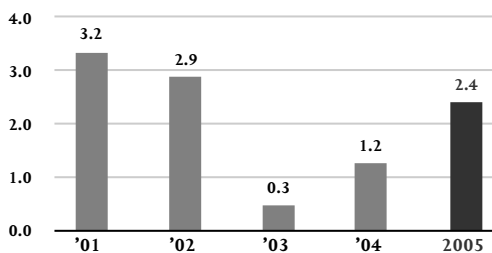
Port Partners

Capital City Partnership
 City of Saint Paul
 Economic Development Association of Minnesota
 Great River Greening
 Hmong American Partnership
 Lao Family Services
 Metropolitan Council

Midway Chamber of Commerce
 Minnesota Department of Employment and Economic Development
 Minnesota Hmong Chamber of Commerce
 Minnesota Museum of American Art
 Minnesota Pollution Control Agency
 Minnesota Ports Association
 Neighborhood Development Center

Phalen Corridor Initiative
 Ramsey County
 River Resource Alliance
 Saint Paul Area Chamber of Commerce
 Saint Paul Riverfront Corporation
 Twin Cities Economic Development
 Upper Minnesota Waterways Association
 U.S. Environmental Protection Agency

Total Jobs Created and Retained*
 (in thousands)



*These totals include jobs retained and projected to be created by the end of our customers' 10-year Workforce Agreements.

Total River Tonnage (in millions)

