

2010

Annual Report

• ELECTED OFFICIALS • NEIGHBORHOODS • MANUFACTURERS • COMMUNITY • SMALL BUSINESS • LARGE ENERGY USERS • RIVER SHIPPERS • WORKFORCE • NONPROFITS • DEVELOPERS



YOU ARE WHY WE'RE HERE

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& President**

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From the Chair & President



“If enough people think of a thing and work hard enough at it, I guess it’s pretty nearly-bound to happen, wind and weather permitting.” — Laura Ingalls Wilder, American author

The Saint Paul Port Authority was clearly in an expansion mode in 2010, despite the economic malaise that roiled the country. True to our mission to advance sustainable development, we launched two initiatives in the areas of energy conservation and large-scale stormwater treatment. Two century-old Saint Paul businesses now bookend the Beacon Bluff Business Center – our largest redevelopment in nearly 30 years – to further our goal of creating quality job opportunities and expanding the Saint Paul tax base. And we set in motion a merger between Saint Paul’s past and its future through the sale of four former 3M Co. structures in Beacon Bluff for possible reuse by other businesses.

We saw expansions in each of our four lines of business in 2010 – from the banks of the Mississippi River, where we improved our river-terminal operations, inland, and throughout Saint Paul with the redevelopment of two additional business centers and the accompanying employment activity.

On the following pages, we will provide more detail on our work in 2010. Our many customers also will have their say, offering a report card, of sorts, on the work we have been doing in Saint Paul for nearly 80 years.

Beacon Bluff

We couldn’t be prouder of the attention Beacon Bluff received in 2010. Not only did the U.S. Environmental Protection Agency highlight our work there as a national case study, but both the local **Real Estate Journal** and the national **Brownfield Renewal** magazine named Beacon Bluff as one of the top construction projects in the country. Our Beacon Bluff project manager, Monte Hilleman, was designated **Brownfield Renewal’s** 2010 Person of the Year.

While we certainly welcome such attention, our success lies in being able to close deals. Our first two came from companies that have called Saint Paul home for more than a century. HealthEast and Baldinger Bakery benefited not only from land in Beacon Bluff but also from the Port’s \$15 million allocation of federal New Market Tax Credits. The program, managed by Bruce Gehrke, Port Vice President of Lending Services, enabled them to secure lower-interest financing to build in the Port’s service area.

We also made significant progress in 2010 toward our community-partnership goal of reusing the remaining 3M structures in the middle of Beacon Bluff, including the company’s former global headquarters. The Ironton Asset Fund will spend the next year developing a plan to find new uses.

DID YOU KNOW?

The Port Authority, over three-quarters of a century, has redeveloped more than two square miles of Saint Paul into productive and prosperous jobs centers. That’s 3 ½ times the size of downtown Saint Paul.

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Among the Fund's investors are descendants of 3M's founders, and the firm's principal, Jim Stolpested, has family roots on the East Side dating back 122 years.

We will help Ironton locate potential users for the buildings and continue making Beacon Bluff attractive for business expansion. One of those incentives is a state-of-the-art stormwater treatment system we installed with the help of University of Minnesota technology, the City of Saint Paul, Minnesota Pollution Control Agency, and Capital Region Watershed District. Project Manager Monte Hilleman explains that this innovative system will eliminate 90 percent of runoff sediment that could otherwise carry contaminants to the river. The system will even be able to measure infiltration rates and water quality.

Trillion BTU Fund

Stride for stride with our expansion projects is our Trillion BTU Fund, managed by Port Vice President of Finance Pete Klein, and marketed by Brenda Kyle, our Vice President of Business Development, and Lorrie Louder, our Director of Business and Intergovernmental Affairs. This program epitomizes our work because, like everything we do, it is an intersection – of federal and state energy policies, federal stimulus policy, utility priorities and funding, the Mayor's Rebuild Saint Paul Initiative, the Port's long-term goals, and private business' vision for a healthier future.

Armed with \$5 million in federal stimulus seed money and matched by funds from Xcel Energy, local economic development agencies, and nonprofits, we help finance energy-saving improvements to large commercial/industrial users and nonprofit organizations in the Xcel service area. The energy savings repays the loans and provides capital for improvements to other users. In 2010, we approved 12 Trillion BTU loans, totaling \$6.8 million.

On another green-energy front, we set in



Joan Grzywinski, Chair



Louis Jambois, President

motion in 2010 a plan to install two more pipes to boost – and make more reliable – heating and cooling services to 2.2 million square feet of building space in our Energy Park Business Center. The current two-pipe system is inadequate to meet the needs of our customers. Our Chief Financial Officer Laurie Hansen will help issue bonds to finance the \$8.5 million construction project. The new system is expected to be operational later this year and will be managed by Ever-Green Energy.

Hansen also worked on financing for the green-energy company, eCullet, to retrofit and equip a leased building at 2075 Ellis Ave., Saint Paul. eCullet, based in Palo Alto, CA, processes post-consumer recyclables and waste to produce furnace-ready glass.

River-Shipping and Other Redevelopment Projects

We also strived to better position our Southport River Terminal to serve river-shipping businesses and contribute to a cleaner and more efficient harbor. Port Vice President of Property Development Kelly Jameson and Port Manager of Development Services Chuck Derscheid oversaw the installation of a new dock wall and stormwater management system there. We also helped restore nearby wetlands.

Further inland, we have completed remediation and site preparation at our Chatsworth Street and Pierce Butler Road as well as our Pelham Boulevard and Wabash Avenue redevelopment projects. Bill Morin, our Director of Real Estate and Development, negotiated deals for the two developments, and Jameson manages both projects.

We continually search out opportunities like these to create quality jobs, expand our local tax base, and advance sustainable development in Saint Paul. After all, that's why we exist. You can help us in this search by telling us how we're doing. Call us. Write us. E-mail us. Stop by. We believe that only by hearing from you can we help Saint Paul grow and prosper.

BUILDING

Active Neighborhoods

EASTSIDE HERITAGE PARK

Eastside Heritage



... For Our Customers

We can say we are a lot of things; that we are customer friendly, dependable, experts at this and that, active and engaged, and your partner in growing your business.

Organizations do it all the time. But, as we all know, it is only meaningful when customers say it. So, in the pages ahead, a few of our customers tell us what they think about our work.

[Continued on page 5](#)

DID YOU KNOW?

Since 1995, private businesses invested nearly \$200 million in Saint Paul neighborhoods as a result of Port Authority redevelopment projects.

DEPENDABILITY

We get the deal done



Economic Development Association of Minnesota tour of Beacon Bluff

Continued from page 4

Our redevelopment work continues to pay dividends in terms of business, tax, and job growth in our community. But we do nothing in a vacuum. Without a myriad of partners all working toward the same goal, we could easily become just another in a long line of hurdles blocking our customers' path to economic prosperity.

Yet, they describe us as facilitators – rather than roadblocks – to their vision. They use words like professional, dependable, attentive, and efficient to describe their dealings with us in 2010.

“I would say painless,” said Jim Hannigan, president of J&J Distributing in Saint Paul. To make this North End produce business more energy efficient, J&J received a total of \$1.3 million from our Trillion BTU program, another Port loan program, a portion of the City of Saint Paul's U.S. Department of Energy block grant allocation, and an Xcel Energy rebate. “The Port Authority was very accommodating, very easy to work with, and passionate about what it does.”

Even our skeptics agree we're inclusive.

“When the Port Authority took on Beacon Bluff, I was somewhat negative and was concerned the Port's Board had less of a city perspective and more of a narrow Port light industrial-development perspective,” said Jane Prince, an East Side resident who served on the 3M Community Advisory Committee that helped the Port lay out a redevelopment vision for most of the the 61-acre Beacon Bluff Business Center.

“However, this truly was an amazing community process. We emerged with a consensus that reflected the view of everyone there,” she said.

“Now we have the prospect that local buyers with roots in 3M and the East Side share our interest in historic preservation and will attempt to reuse the former 3M buildings at Beacon Bluff.

“The yearlong process with the Port was a really good learning experience for all of us.”

DID YOU KNOW?

HealthEast Medical Transportation and Baldinger Bakery bookend Beacon Bluff, the Port's largest redevelopment in nearly 30 years. Both companies have been in business for more than a century.

We build jobs, grow the tax base, and revitalize communities. That's why we're here. Together with you, we can do what neither one of us can do alone.

Consider our Trillion BTU Fund, which helps businesses reduce fuel costs by using off-the-shelf products to conserve energy. The idea for a revolving loan vehicle to help finance this fund evolved from our work to make the Rock-Tenn paper recycling plant in Saint Paul more competitive by reducing its energy costs. To launch the Trillion BTU project, we needed help from federal stimulus, the Minnesota Legislature and Department of Commerce, the Center for Energy and Environment, the cities of Saint Paul and Minneapolis, and Xcel Energy Co. Other private and public nonprofit groups have since joined the effort.

The positive results have been catching.

Security National Properties, which has a national portfolio of buildings, used a \$356,000 Trillion loan to cut energy costs at Alliance Bank in downtown Saint Paul. "The Port Authority has been incredibly quick and attentive to our needs," said Michael Willcutt, Security National's Director of Leasing. "My principal was so impressed with the program and how it came together in Saint Paul that he's actually instituted a portfolio-wide project, looking at similar-type savings for properties we own throughout the country."

David Bergstrom, Director of Project Management and Construction Services for Wellington Management Co., added: "We found the Port's Trillion BTU loan program to be of great value – an easy source of low-cost funds allowing us to make energy-efficient improvements to our buildings.

"Working with Pete Klein of the Port was the easiest part of the process," Bergstrom said. "Our hope is that this program can continue since it provides another tool to make Minnesota industries and businesses more competitive in today's market."

EXPERTS *at expansion*



VALUED *Partnerships*



HealthEast Medical Transportation Ribbon Cutting

We have the unique transactional expertise to help your organization expand in Saint Paul by offering clean building sites and specialized expansion financing.

Baldinger Bakery and HealthEast Medical Transportation, which bookend our Beacon Bluff Business Center, needed the clean land on which to build, of course; but we also helped them secure lower-interest financing through our New Market Tax Credit program.

"The Port Authority staff bring professionalism that assists organizations like ours greatly. Their expertise and tireless advocacy for Saint Paul are truly an asset to the community," said Dr. John Kvasnicka of HealthEast Medical Transportation.

And what of the former 3M Co. buildings in the middle of the site that the Port and greater community wanted saved and reused? We recently put under contract to sell that site to Ironton Asset Fund, which will attempt to draw expanding businesses into them.

"I've wanted to work with the Port Authority for quite a while and this process reinforced everything I've heard about the Port in the community. They were extremely professional and attentive," Ironton's Jim Stolpested said.

HealthEast Medical Transportation
at Beacon Bluff

JOBS

build community

DID YOU KNOW?

Port Authority construction projects employed 924 people throughout Saint Paul in 2010.



Ground-breaking ceremony at Baldinger Bakery in Beacon Bluff

We provide site-specific buildable land. We do not compete with the private market, so you can expect a focused and clean deal.

Steve Baldinger, chief executive officer of Baldinger Bakery, said the Port Authority lived up to its reputation. He operates under the “but-for” rule.

“But-for the Port Authority, we would be in Eagan,” he said. “The expansion project in Eagan was going forward, but the Port’s free land and New Market Tax Credit financing did change our mind as to where we would go. Without the dedication of your staff, especially Bruce Gehrke and Bill Morin, this deal would not have gotten done.”

A neighborhood advisory council, comprised

of numerous partners, also helped form the development plan for the Beacon Bluff redevelopment project of which Baldinger is a part. Community engagement in 2010, on a scale unprecedented during the Port’s 78-year history, helped us further our goal of sustainable earth-friendly development, while adding to Saint Paul’s tax and job base.

“It was a process I could really be proud of,” said community member Jane Prince. “I give credit to the Port Authority now because I don’t feel, given your mission and statutory responsibility, it was necessary for you to do something that reflected what the community wanted. It was above and beyond the call of duty.”

Another community advisory panel member is pleased that the process ultimately will mean more jobs for Saint Paulites.

“With Beacon Bluff, we have an opportunity to replace the jobs that slowly leaked away,” said District 2 President Gary Unger. “A lot of innovation happened in these buildings, but today we have the opportunity to put up what the next innovators are going to use.”

CLEAN

Deals

IMPROVE *your bottom line*

Our programs help businesses in a number of ways, all designed to improve the bottom line. So you can improve the environment and the value of your business at the same time.

We are in it for the long haul with you. We are closers, and we get the deal done.

“The Port Authority was very helpful in working with us to make this move happen,” said Steve Williams of Lexion Medical, which is expanding its operation into the former Benco building in the Port’s Great Northern Business Center. Lexion develops tools and processes to make laparoscopic surgery more efficient and easier on patients. “The workforce agreement is still a sticky thing since it was grandfathered in, but the Port really worked with us on tailoring it to fit our needs.

“The parking situation also has opened up around the building thanks to you.”

INCREASE *your reach*



State Sen. Ellen Anderson and Lorrie Louder, Port Director of Business and Intergovernmental Affairs



Celebrating Trillion BTU Fund loan recipient J&J Distributing’s investment this fall were (left to right) U.S. Rep. Betty McCollum, U.S. Sen. Al Franken, U.S. Sen. Amy Klobuchar, J&J Distributing President Jim Hannigan, Saint Paul City Council Member Melvin Carter, Port President Louis Jambois, and Mayor Chris Coleman

We have a long and successful track record of generating business growth, construction, and permanent jobs, and increasing the tax base to revitalize communities. For our partners, including local, state, regional, and federal agencies, our services increase the reach of their programs to build stronger communities.

“Strong partnerships are the cornerstones for stimulating economic growth throughout Saint Paul. From improvements at J&J Distributing to rehabilitating the former 3M site, the Port Authority has played an important role in Saint Paul’s rebirth as a national model for economic development,” Mayor Chris Coleman said.

“I’m very pleased that the Port Authority helped maximize the federal stimulus dollars by working with me on a new energy program during the legislative process,” Minnesota State Sen. Ellen Anderson said, adding: “I’m also impressed that the Port Authority took the energy conservation learnings from its Rock-Tenn initiative and then turned that into assistance to other businesses with their energy conservation needs.”

“This project was a win-win-win-win enterprise,” U.S. Sen. Al Franken, DFL-MN, said of the impact of the Port’s Trillion BTU Fund on J&J Distributing, a Saint Paul produce distributor. “It involved energy conservation, job creation, a reduction in the carbon footprint of food distribution through local growing, and ultimately, reduced food costs to consumers.”



Working River

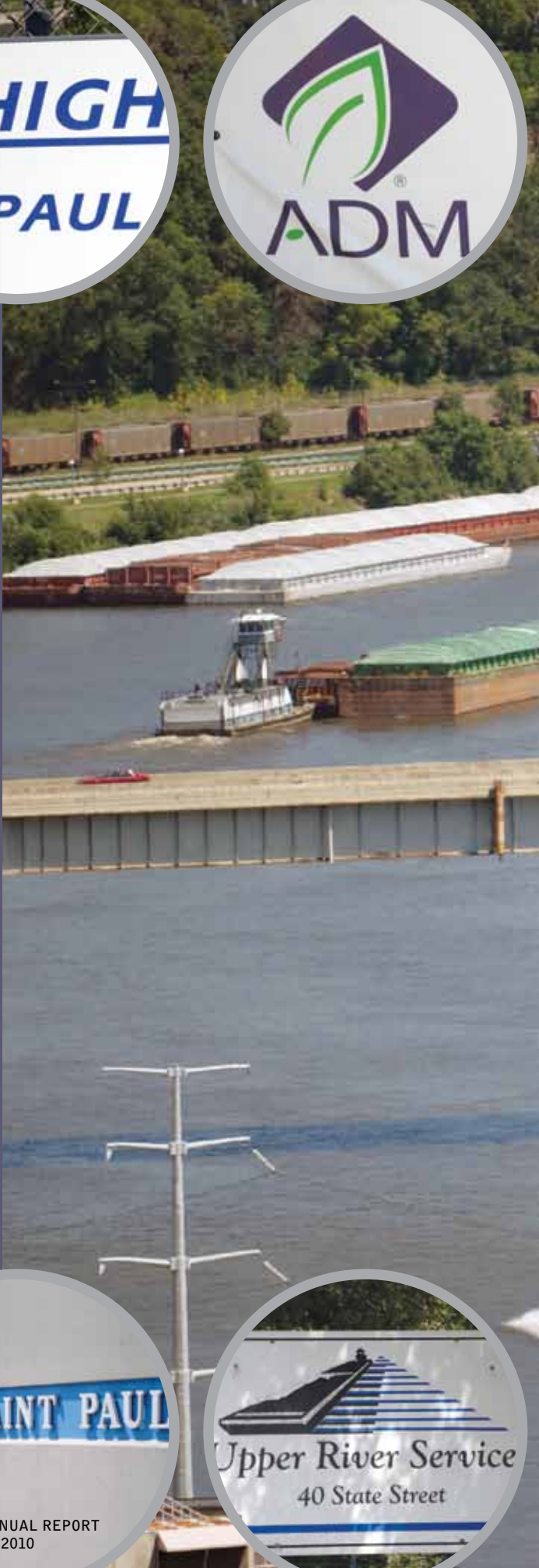
Our three Mississippi River terminals, home to more than 20 river-shippers, serve as portals for commodities transfer throughout the world.

In 2010, we added to our ability to better serve our working river customers by completing installation of a new dock wall and stormwater management system at our Southport Terminal.

Nearly 5.2 million tons of commodities were either loaded or unloaded from Saint Paul-area terminals in 2010 on their way either to or from Minnesota. Chief among them was grain, including corn, soybeans, and wheat. The U.S. Department of Agriculture estimated the value of Minnesota's corn and soybean crops at \$8 billion.

Imports also included sand, gravel, fertilizer, salt, cement, and coal.

The Upper Mississippi River Waterway system consists of 29 locks that create a staircase of water from the Twin Cities to St. Louis, MO. This is the heavily traveled river passage for about 500 million tons of commodities annually to and from the Midwest.





DID YOU KNOW?

One barge carries as much cargo as 70 trucks or 16 rail cars.

DID YOU KNOW?

For every ton of cargo moved by barge, we reduce carbon emissions into our air by 73 percent compared to truck transportation.



Expert Forums

You don't operate a successful business with magic or by shooting from the hip or spitting in the wind. It requires dedication to a goal, hard work, constant nurturing, and the ability to embrace new ideas – even if someone else had them first. You roll with whatever economic punches are thrown your way. These are the observations of private business and finance executives, state and regional economic development experts, and state economists and demographers who so graciously spent an hour at the Port Authority describing the multifaceted economic-development environment in which we do business every day.

(FROM TOP LEFT TO BOTTOM RIGHT)

Bob Kill	Enterprise MN	Executive Director
Charlie Weaver	MN Business Partnership	Executive Director
Dan McElroy	MN DEED	Commissioner
Jim McDonough	Ramsey County	Commissioner
Lana Siewert-Olson	Ideal Printers	President
Mark Landerville	Piper Jaffray & Co.	Managing Director
Matt Kramer	Saint Paul Area Chamber	President
Peter Bell	Metropolitan Council	Chair
Robert Lunz	Nicollet Partners	Principal
Steven Baker	Ramsey County	Assessor
Thomas Fladung	Pioneer Press	Editor
Tom Gillaspay	State of Minnesota	Demographer
Tom Stinson	State of MN and U of M	State Economist and Professor at U of M
Ward Einess	State of MN Revenue	Commissioner
Alice Hausman	MN House of Representatives	Representative



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BOARD OF COMMISSIONERS
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(FROM LEFT TO RIGHT)

Daniel Bostrom, Commissioner
Councilmember, Saint Paul City Council, Ward 6

John Bennett, Commissioner
Vice President and Commercial Loan Officer,
Western Bank

Joan Grzywinski, Chair
Retired President, Wells Fargo,
Saint Paul and South Minneapolis Districts

Nneka Morgan, Commissioner
Financial Advisor, Merrill Lynch

John Regal, Vice Chair
Director of Risk Management and Local Government
Affairs, Securian Financial Group

Harry Melander, Commissioner
President, Minnesota Building and Trades Council

Kathleen Lantry, Secretary and Treasurer
President, Saint Paul City Council, Ward 7

SAINT PAUL PORT AUTHORITY MISSION

THE SAINT PAUL PORT AUTHORITY CREATES QUALITY JOB OPPORTUNITIES,
EXPANDS THE TAX BASE, AND ADVANCES SUSTAINABLE DEVELOPMENT

PORT STAFF

Senior Management



Louis F. Jambois,
President
651.204.6233
lfj@sppa.com



Laurie J. Hansen,
Chief Financial Officer
651.204.6215
ljh@sppa.com



William M. Morin,
Director of Real Estate and Development
651.204.6226
wmm@sppa.com



Lorrie J. Louder,
Director of Business and
Intergovernmental Affairs
651.204.6236
ljl@sppa.com



Laurie A. Siever,
Director of Human Resources
651.204.6231
las@sppa.com



Thomas J. Collins,
Director of Marketing and Communications
651.204.6239
tjc@sppa.com

Finance



Peter M. Klein,
Vice President of Finance
651.204.6211
pmk@sppa.com



Bruce A. Kessel,
Controller
651.204.6212
bak@sppa.com



Bruce H. Gehrke,
Vice President of Lending Services
651.204.6238
bhg@sppa.com



Debra S. Forbes,
Financial Reporting Analyst
651.204.6213
dsf@sppa.com



Dana J. Krueger,
Cash Management Analyst
651.204.6214
djk@sppa.com



Ann M. Kosel,
Accounts Payable
651.204.6220
amk@sppa.com

Development



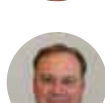
Monte M. Hilleman,
Vice President of Redevelopment
651.204.6237
mmh@sppa.com



Brenda L. Kyle,
Vice President of Business Development
651.204.6241
blk@sppa.com



Kelly A. Jameson,
Vice President of Property Development
651.204.6240
kaj@sppa.com



Charles F. Derscheid,
Manager of Development Services
651.204.6243
cfd@sppa.com

Support



Carol A. Abbas,
Senior Executive Assistant
651.204.6227
caa@sppa.com



Carol M. Pearson,
Secretary/Receptionist
651.204.6201
cmp@sppa.com



Robyn R. Dixon,
Executive Assistant
651.204.6229
rrd@sppa.com



Tonya K. Bauer,
Executive Assistant
651.204.6228
tkb@sppa.com

General Counsel



Eric D. Larson
651.204.6225
edl@sppa.com

Employer Solutions Inc.



Janet V. Ludden,
Chief Executive Officer
651.204.6234
jvl@sppa.com



BUSINESS CENTERS

- | | |
|--------------------------------|---------------------------|
| 1. ARLINGTON-JACKSON | 11. SYCAMORE-RICE |
| 2. BARGE TERMINAL #1 | 12. RIVER BEND |
| 3. BARGE TERMINAL #2 | 13. RIVERVIEW |
| 4. CROSBY LAKE | 14. RIVERVIEW WEST |
| 5. EMPIRE BUILDER | 15. ENERGY PARK |
| 6. BEACON BLUFF | 16. SOUTHPORT |
| 7. GREAT NORTHERN NORTH | 17. WESTGATE |
| 8. GREAT NORTHERN SOUTH | 18. WILLIAMS HILL |
| 9. MIDWAY | 19. WESTMINSTER |
| 10. RED ROCK | 20. CHATSWORTH |
| | 21. PELHAM |

Baldinger Bakery
OPENING IN 2011

SAINT PAUL PORT AUTHORITY PARTNERS

Capital City Partnership, City of Saint Paul, Economic Development Association of Minnesota, Fresh Energy, Great River Greening, Hmong American Partnership, Lao Family Services Council, Midway Chamber of Commerce, Minnesota Agri-Growth Council, Minnesota Brownfields, Minnesota Department of Commerce, Minnesota Department of Employment and Economic Development, Minnesota Environmental Initiative, Minnesota Hmong Chamber of Commerce, Minnesota Legislature, Minnesota Pollution Control Agency, Minnesota Ports Association, Minnesota's U.S. Congressional Delegation, Neighborhood Development Center, Ramsey County, River Resource Alliance, Saint Paul Area Chamber of Commerce, Saint Paul District Councils, Saint Paul Riverfront Corporation, 1,000 Friends of Minnesota, Upper Mississippi Waterways Association, U.S. Economic Development Administration, U.S. Environmental Protection Agency



Trillion BTU Program participant J&J Distributing

DID YOU KNOW?

Our next-generation stormwater system at Beacon Bluff will now treat runoff from 163 acres of Saint Paul's East Side that previously flowed untreated into the Mississippi River. For the first time, it will even measure infiltration rates and water quality.

DID YOU KNOW?

Port Authority projects generate more than \$33 million a year in real estate and personal property tax revenue.

DID YOU KNOW?

The Port Authority's affiliate organization, Employer Solutions Inc., has brought nearly a million dollars in free training to the East Side of Saint Paul over the last ten years through its customized job training and workforce development initiatives.

DID YOU KNOW?

390 businesses now operate in 21
Port Authority Business Centers.



1900 Landmark Towers - 345 St. Peter Street - Saint Paul - Minnesota 55102 - 1661
TEL: 651.224.5686 - FAX: 651.223.5198 - TOLL FREE: 800.328.8417 - info@sppa.com



RECYCLED
Paper made from
recycled material
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Art Direction and Design: **MartinJohn Heubach**
Photography: **Andy Hardman, Tonya Bauer, Chuck Derscheid,**
Debra Forbes and Emily Harris