

Regular Board Meeting

July 26, 2022 - 2:00 p.m.

400 Wabasha Street No., Suite 240 | Saint Paul, MN 55102

Chair Bennett is calling a meeting of the Board of Commissioners for **Tuesday, July 26, 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 attendance for one or more Commissioners at the July 26, 2022 meeting will be by telephone conference. Accordingly, for this Board meeting, any person from the public may also participate by telephone conference, from a different location than the physical location of the meeting. Members of the public may monitor this meeting by calling 651-395-7858, Conference ID: 621 083 57#.

The purpose of the meeting is:

Minutes

Approval of Minutes of the June 28, 2022 Regular Board Meeting

Conflicts of Interest

Conflicts with any Items on the Agenda

New Business

Credit Committee

1. Resolution No. 4725 - Approval of a Settlement with MTC Fitness, LLC d/b/a Conquer Ninja Gym at Treasure Island Center on a \$375,000 BDF Loan
2. Resolution No. 4726 - Authorization to Apply for Redevelopment Grant Funds for Redevelopment of The Heights, 2200 Larpenteur Avenue East, Saint Paul, Minnesota

General Matters

Such Other Business That May Come Before the Board

1. EAB Tree Program Update
2. Leadership Update
3. Commissioner Dai Thao Resolution

**SAINT PAUL PORT AUTHORITY
MINUTES OF THE REGULAR BOARD MEETING
JUNE 28, 2022**

The regular meeting of the Port Authority Board was held on June 28, 2022 at 2:00 p.m. via Microsoft Teams.

The following Board Members were present:

John Bennett	Don Mullin	John Marshall
Matt Slaven	Dai Thao	

Also present were the following:

Bruce Kessel	Todd Hurley	Ann Kosel
Dana Krueger	Brittany Nelson	Pete Klein
Laurie Siever	Andrea Novak	Kathryn Sarnecki
Monte Hilleman	Nelly Chick	Tonya Bauer
Linda Williams	Linda Tran	Angie Helms
Eric Larson, City of Saint Paul		
Sarah Illi, Consultant		
Deb Mackay, Faegre Drinker LLP		

APPROVAL OF MINUTES

Commissioner Slaven made a motion to approve the minutes of the April 26, 2022 regular Board meeting. The motion was seconded by Commissioner Mullin, submitted to a vote, and carried unanimously.

CONFLICT OF INTEREST

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

NEW BUSINESS

CREDIT COMMITTEE

RESOLUTION NO. 4720

**PUBLIC HEARING – GO WILD, LLC – AUTHORIZATION FOR THE ISSUANCE OF TAXABLE
CONDUIT REVENUE BONDS IN THE APPROXIMATE AMOUNT NOT TO EXCEED \$45,000,000**

Motion was made by Commissioner Mullin to approve Resolution No. 4720 which was reviewed by the Credit Committee and recommended for approval by the Board.

Chair Bennett stated that in accordance with Minnesota Law, the Port Authority is required to hold a public hearing regarding Resolution No. 4720 and declared the Public Hearing open. He asked if anyone in attendance wished to address the Board.

Chair Bennett declared the Public Hearing closed and asked to take a roll call vote.

Chair Bennett stated that a roll call vote is required under Chapter 469 and the Commissioners voted as follows:

Commissioner Marshall	- aye	Commissioner Mullin	- aye
Commissioner Slaven	- aye	Commissioner Thao	- aye
Chair Bennett	- aye		

The motion carried unanimously.

RESOLUTION NO. 4721
2020 LEGISLATIVE BONDING BILL SPECIAL APPROPRIATION GRANT
FOR EXPANSION OF THE MINNESOTA MUSEUM OF AMERICAN ART

Motion was made by Commissioner Mullin to approve Resolution No. 4721 which was reviewed by the Credit Committee and recommended for approval by the Board. The motion was submitted to a vote and carried unanimously.

RESOLUTION NO. 4722 – RESERVED FOR A FUTURE MEETING

RESOLUTION NO. 4723
MINNESOTA MUSEUM OF AMERICAN ART GROUND LEASE AND LEASE/USE AGREEMENT

Motion was made by Commissioner Mullin to approve Resolution No. 4723 which was reviewed by the Credit Committee and recommended for approval by the Board. The motion was submitted to a vote and carried unanimously.

RESOLUTION NO. 4724
APPROVAL OF COMMUNITY ENGAGEMENT,
MARKETING EVENTS AND PROMOTIONAL PARTNERSHIPS

Motion was made by Commissioner Mullin to approve Resolution No. 4724 which was reviewed by the Credit Committee and recommended for approval by the Board. The motion was submitted to a vote and carried unanimously.

GENERAL MATTERS

Mr. Hurley and Kathryn Sarnecki introduced the Port Authority's newest hires: Phoua Vang, Administrative Assistant; Rahma Yahya, Right Track Intern; and Sarah Illi, Director of Development.

Mr. Hurley informed the full Board that the recruitment efforts are in place for two new Credit Committee members and if all goes accordingly, they will be in attendance at the September Credit Committee meeting. He will keep the Board updated on a regular basis.

Mr. Hurley gave a high-level legislative report highlighting the lobbying efforts made on the bonding bill request for Hillcrest and expanding the use of PACE financing.

Ms. Sarnecki read the Resolution honoring Ava Langston-Kenney for her many accomplishments during her employment with the Saint Paul Port Authority. Commissioner Mullin made a motion, seconded by Commissioner Thao, to approve the Resolution honoring Ava Langston-Kenney’s employment with the Saint Paul Port Authority.

There being no further business, the meeting was adjourned at 2:21 p.m.

By _____

Its _____

MEMORANDUM

TO: BOARD OF COMMISSIONERS **Meeting Date:** July 26, 2022

FROM: Bruce Kessel 

SUBJECT: APPROVAL OF A SETTLEMENT WITH MTC FITNESS, LLC D/B/A CONQUER NINJA GYM AT TREASURE ISLAND CENTER ON A \$375,000 BDF LOAN RESOLUTION NO. 4725

Action Requested:

Recommend approval of the Port Authority of the City of Saint Paul (“Port Authority”) settlement agreement with MTC Fitness, LLC d/b/a Conquer Ninja Gym (“MTC”) regarding a \$375,000 Business Development Fund (BDF) Loan.

Background

The Conquer Ninja Gym in Saint Paul was the fifth location in Minnesota and the first location in an urban area. MTC entered into an 11-year lease in a 2,690 square foot storefront location on the skyway level of the Treasure Island Center owned by Go Wild, LLC. It joined forces with Finish Line Wellness Center, to open a shared space. In 2020, MTC entered into a \$375,000 BDF loan with the Port Authority which was used for ninja course training equipment, mats, furniture, artificial turf, and related items. The loan was fully drawn in December 2020 and was interest only for the first 180 days.

The Covid 19 pandemic and related lockdowns continued as both MTC and Finish Line Wellness were completing their buildout and opening for business. Covid regulations resulted in most businesses limiting the number and timing of employees physically at their locations. In addition, the restrictions limited in-person contact. These restrictions had a drastic impact on both MTC and Finish Line Wellness. Prior to making any payments, a forbearance agreement was entered into on November 2, 2021 which forbore any payment until October 31, 2022 and extended the loan to May 1, 2032. Earlier this year, Finish Line Wellness closed, and MTC has determined that it is not feasible to continue operations.

Both the Port Authority, as well as the property owner, have been in negotiations with MTC, as well as the Conquer Ninja Gym franchisor. The majority of the items purchased are proprietary items which restrict the ability for resale. As part of the BDF loan, personal guarantees totaling \$18,750 were received from three individuals. MTC intends to pay any remaining obligations and cease operations and as detailed more fully below represents and establishes that it has no additional assets to apply to the loan. In addition to not receiving any interest on this loan, the proposed settlement agreement would result in a write off of approximately \$291,250.

MTC have agreed to the following:

MEMORANDUM

- \$18,750 will be paid to settle the personal guarantees.
- Upon receipt of a payment of \$65,000, the Port Authority will release its UCC lien on all CNG equipment and at its own expense MTC will remove the equipment, including all Conquer Ninja Gym Brand signage from the outside of Suite 390, and within the suite, and on the field turf no later than Friday, August 26, 2022.
- The principals of MTC will represent in writing that it will cease operations at 400 Wabasha Street N, Suite 390, St. Paul, MN 55102 no later than August 26, 2022, and will make available its financial records to the Port Authority demonstrating that it has no additional assets in which to pay the loan, and, furthermore, that any and all remaining liquid assets upon closing and ceasing its operations at 400 Wabasha Street N, Suite 390, St. Paul, MN 55102 will be transmitted to the Port Authority, which remaining liquid asset amount after all bills have been paid and operations entirely closed is currently estimated to be in the approximate amount of \$5,000-10,000 and which determination is expected to be made relatively soon but no later than October 1, 2022. No payments shall be made to any of the individuals, their spouses, family members, etc. so that only unrelated 3rd parties can be paid.
- The Port Authority will cease any and all efforts to collect on the loan, except when and if MTC should ever file for bankruptcy then the Port Authority retains any and all of its rights as a creditor to collect on the outstanding amount owed under the Loan Agreement and Promissory Note and the settlement agreement will expressly provide that the agreement shall not be deemed a discharge, release, or waiver of either the outstanding principal and interest amount owed or the Port Authority's rights to collect from through the bankruptcy process.

Recommendation:

We recommend approval of the Port Authority of the City of Saint Paul ("Port Authority") settlement agreement with MTC Fitness, LLC d/b/a Conquer Ninja Gym ("MTC") regarding a \$375,000 Business Development Fund (BDF) Loan.

Attachment: Resolution

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

**[APPROVAL OF A SETTLEMENT WITH MTC FITNESS, LLC d/b/a CONQUER
NINJA GYM AT TREASURE ISLAND CENTER ON A \$375,000 BDF LOAN]**

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

WHEREAS, MTC Fitness, LLC, a Minnesota limited liability company d/b/a Conquer Ninja Gym, (the "Borrower") and the Port Authority of the City of Saint Paul, a body corporate and politic under the laws of the State of Minnesota, entered into a Business Development Fund loan on October 8, 2020, in which the Port Authority agreed to lend and did lend to Borrower the principal amount of \$375,000 ("Loan Agreement"). The loan was secured with a UCC lien on certain personal property at Treasure Island Center ("CNG Equipment") and \$18,750 in personal guarantees.

WHEREAS, as with many businesses, MTC was a victim of the COVID pandemic and, therefore, intends to cease operations and vacate the premises at Treasure Island Center, and does not have the financial resources to pay the loan in full. Furthermore, the Treasure Island Center landlord, Go Wild LLC, and MTC have reached an agreement for MTC to pay the August rent, remove the equipment, and vacate the premises and terminate the lease effective September 1, 2022.

WHEREAS, the Port Authority and MTC have reached a settlement agreement, the terms of which are detailed in the Port Authority Board memo, contingent on Port Authority Board of Commissioners' approval, and which settlement agreement in part requires the payment of the personal guarantees in the total amount of \$18,750, plus \$65,000, as well as any remaining liquid assets of MTC after ceasing operations and closing the business.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE PORT AUTHORITY OF THE CITY OF SAINT PAUL that the proposed payoff and write off settlement agreement respecting the MTC Loan, as set forth in the Memorandum to the Board, is hereby approved; and

BE IT FURTHER RESOLVED that the Interim President of the Port Authority, or anyone acting under his direction, is hereby authorized to execute on behalf of the Port Authority execute any documents in form as approved by counsel or take any other reasonable and appropriate actions in order to complete these authorized transactions in accordance with the above-referenced terms.

Adopted: July 26, 2022

PORT AUTHORITY OF THE
CITY OF SAINT PAUL

By _____
Its Chair

ATTEST:

By _____
Its Secretary

MEMORANDUM

To: BOARD OF COMMISSIONERS

Meeting Date: July 26, 2022

From: George Hoene 

**Subject: AUTHORIZATION TO APPLY FOR REDEVELOPMENT GRANT FUNDS FOR REDEVELOPMENT OF THE HEIGHTS, 2200 LARPENTEUR AVENUE EAST, SAINT PAUL, MINNESOTA
RESOLUTION NO. 4726**

Action Requested:

The Port Authority of the City of Saint Paul (the “Port Authority”) seeks authorization to apply to, and accept from, the Minnesota Department of Employment and Economic Development (“DEED”) for up to \$1,000,000 in Redevelopment Grant funds for 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.

In 1998, the Minnesota Department of Employment and Economic Development created a grant program to fund necessary public improvements related to redevelopment sites. The Redevelopment Grant Program was established by the legislature to assist with complex and costly redevelopment projects that might not occur without public financial assistance. Only public agencies are eligible to apply for these funds. These funds are important to the Port Authority’s ability to redevelop Brownfield properties and provide developable land on which companies can locate, expand, and grow jobs.

On August 1, 2022, we intend to apply for funding from DEED for redevelopment of The Heights, which the Port Authority owns in fee title. To apply for these funds, a resolution is required from the Port Authority Board of Commissioners authorizing the application, and if awarded, the Port Authority will be the grantee and agrees to act as legal sponsor to administer and be responsible for the grant funds. Eligible uses include demolition, stormwater management, site improvements, and roads and utility construction.

The Heights was acquired in partnership with the City of Saint Paul with the goal of providing remediated and improved buildable lots to deliver 1,000 housing units, 1,000 light industrial living wage jobs, 20 acres of active and passive park space, remediated and restored wetlands, trails and stormwater amenities. See attached map which shows the location of the property.

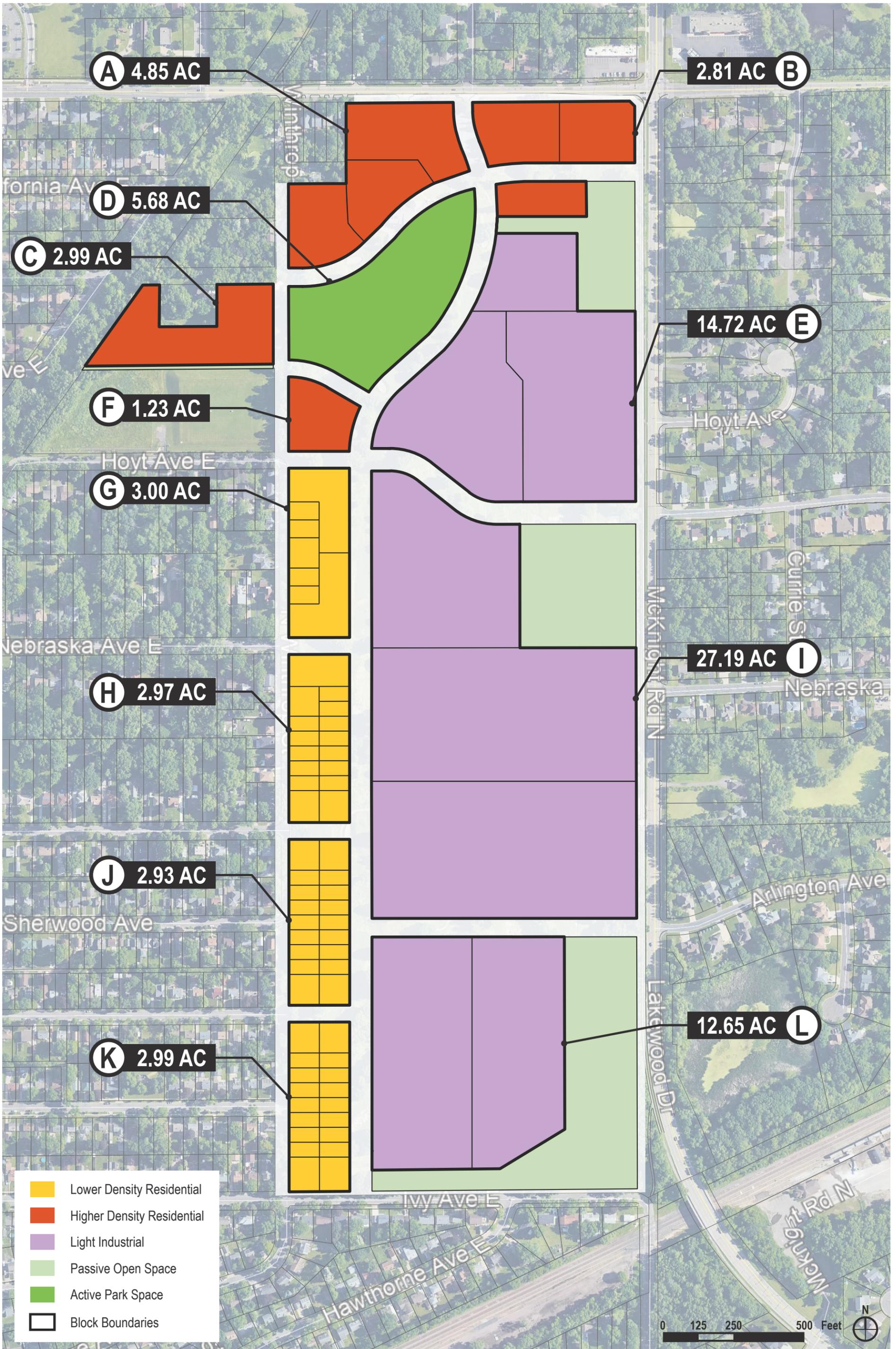
The City of Saint Paul led a land use Master Plan process including 2½ years of community engagement and planning. The Heights Master Plan was approved by the Saint Paul City Council by affirmative vote on May 25, 2022, and if funded, redevelopment could begin as soon as February of 2023.

MEMORANDUM

Recommendation:

We recommend 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.

Attachments: Block Map
 Resolution



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

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

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

WHEREAS, the Port Authority's Board of Commissioners are appointed by the Mayor of the City of Saint Paul subject to the approval of the Council of the City of Saint Paul; and

WHEREAS, two of the Port Authority Commissioners must be members of the Council of the City of Saint Paul; and

WHEREAS, said members of the Council of the City of Saint Paul serve on the Port Authority Board so long as they continue to be members of the Council of the City of Saint Paul; and

WHEREAS, the district of the Port Authority is the City of Saint Paul; and

WHEREAS, under Minn. Stat. §§ 469.048 to 469.061, the Port Authority has the powers and duties conferred upon all port authorities; and

WHEREAS, under Minn. Stat. § 469.084, Subds. 1 to 15, the Port Authority of the City of Saint Paul has additional statutory duties and powers including powers related to recreational facilities and small business capital; and

WHEREAS, under Minn. Stat. § 469.084, Subd. 8, the Port Authority of the City of Saint Paul, furthermore, has the power of and is authorized to do what a redevelopment agency may do or must do under sections 469.152 to 469.165 (Municipal Industrial Development); and

WHEREAS, the Port Authority of the City of Saint Paul has undertaken numerous redevelopment projects of industrial sites in the City of Saint Paul; and

WHEREAS, the Port Authority seeks authorization to submit a grant application to the Minnesota Department of Employment and Economic Development (DEED) for a grant of up to \$1,000,000.00 to fund redevelopment costs at The Heights; and

WHEREAS, the site is located in a duly authorized and created Industrial Development District (IDD) as a part of an IDD created by the Port Authority prior to the Port Authority's acceptance and disbursement of the grant funds; and

WHEREAS, the redevelopment of The Heights property is consistent with the City of Saint Paul's comprehensive plan for land use in the area; and

WHEREAS, The Heights redevelopment project furthers industrial development and job creation in the City of Saint Paul; and

WHEREAS, the Port Authority finds that The Heights redevelopment project will not occur through private or other public investment within the reasonably foreseeable future without this grant funding; and

WHEREAS, if the project identified in the Port Authority's application fails to substantially provide the public the benefits listed in the application within five (5) years from the date of the grant award, the Port Authority of the City of Saint Paul may be required to repay 100 percent of the awarded grant per Minn. Stat. §116J.575, Subd. 4; and

WHEREAS, the Port Authority represents that it has undertaken reasonable and good faith efforts to procure funding from other sources.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE PORT AUTHORITY OF THE CITY OF SAINT PAUL that the President is hereby authorized on behalf of the Port Authority to make a grant application to the Minnesota Department of Employment and Economic Development for a grant of up to \$1,000,000.00; to fund redevelopment costs at The Heights, 2200 Larpenteur Avenue East in Saint Paul, Minnesota.

BE IT FURTHER RESOLVED that the President is hereby authorized to enter into such documents as are necessary for the acceptance of said grant in the amount awarded to the Port Authority.

BE IT FURTHER RESOLVED that the Port Authority of the City of Saint Paul has the legal authority to apply for financial assistance, and the institutional, managerial and financial capability to ensure adequate project administration.

BE IT FURTHER RESOLVED that the sources and amounts of the local match identified in the application are committed to the project identified.

BE IT FURTHER RESOLVED that the Port Authority of the City of Saint Paul has not violated any Federal, State or local laws pertaining to fraud, bribery, graft, kickbacks, collusion, conflict of interest or other unlawful or corrupt practice.

BE IT FURTHER RESOLVED that if the Port Authority is awarded a grant by the State, the Port Authority of the City of Saint Paul will be the grantee and agrees to act as legal sponsor to administer and be responsible for grant funds expended for the project, and may enter into an agreement with the State of Minnesota for the above-referenced project, and that the Port Authority of the City of Saint Paul certifies that it will comply with all applicable laws and regulations as stated in all contract agreements.

BE IT FURTHER RESOLVED that upon approval of its application by the State of Minnesota, the Port Authority of the City of Saint Paul may enter into an agreement with the

State of Minnesota for the project and that the Port Authority of the City of Saint Paul certifies that it will comply with all applicable laws and regulations as stated in all contract agreements.

BE IT FURTHER RESOLVED that the President of the Port Authority of the City of Saint Paul is hereby authorized to execute such agreements as are necessary to implement the project on behalf of the Port Authority of the City of Saint Paul.

I certify that the above resolution was adopted by the Board of Commissioners of the Port Authority of the City of Saint Paul on July 26, 2022.

PORT AUTHORITY OF THE
CITY OF SAINT PAUL

By _____
Its Chair

ATTEST:

By _____
Its Secretary