


MEMORANDUM NOTICE

To: CREDIT COMMITTEE
From: Lee Krueger 
Subject: **REGULAR CREDIT COMMITTEE MEETING
MAY 26, 2020 – 2:00 P.M.**

Date: May, 21 2020

Chair Mullin is calling a meeting of the Credit Committee for **Tuesday, May 26, 2020, at 2:00 p.m.** Chair Mullin has determined, due to the emergency declared by the Governor of Minnesota and the Mayor of Saint Paul regarding the COVID-19 health pandemic, that it is not practical nor prudent for the Saint Paul Port Authority Credit Committee and members of the staff to meet in-person or pursuant to Minnesota Statutes, Section 13D.02. In light of the COVID-19 health pandemic, it is not feasible for any member of the Saint Paul Port Authority Credit Committee and staff to be present at the regular location, and all staff and Committee members of the Saint Paul Port Authority will attend this meeting by telephone or other electronic means.

It is also not feasible for members of the public to attend the meeting at its regular location due to the health pandemic and emergency. Accordingly, no meeting will be held at the Saint Paul Port Authority offices which are located at 380 St. Peter Street, Suite 850, St. Paul, MN. Members of the public may monitor this meeting remotely at 651-395-7858, Conference ID: 603 551 271#. The purpose of the meeting is:

Minutes

Approval of Minutes of the April 21, 2020 Regular Credit Committee Meeting

Conflict of Interest

Conflicts with any items on the agenda

Agenda Items

1. Revised, Amended and Restated Resolution No. 4673 to Comply with DEED's Requirements to Apply for Contamination Cleanup Grant Funds for United Village at Midway Project (Block B)
2. Approval of the Issuance of One or More Series of up to \$11,075,000 of Taxable Tax Increment Revenue Refunding Bonds (Treasure Island Center) Series 2020
3. Prospect Foundry, LLC – Forbearance Agreement
4. Spectrum Investment Group, LLC – Forbearance Agreement
5. Shawn Callahan – Approval of a \$62,000 Trillion BTU Loan

6. Minnesota Senior Federation-Seven County Region – Approval of a \$30,720 Trillion BTU Loan
7. Northgate Development, LLC – Approval of a \$173,000 Trillion BTU Loan
8. Such other business that may come before the Committee

**SAINT PAUL PORT AUTHORITY
MINUTES OF THE REGULAR CREDIT COMMITTEE MEETING
APRIL 21, 2020**

The regular meeting of the Port Authority Credit Committee was held on April 21, 2020 at 2:04 p.m. via Microsoft Teams.

The following Committee Members were present:

Don Mullin	John Bennett	Brianne Hamm
Matt Hill	John Marshall	Paul Williams

Also present were the following:

Lee Krueger	Todd Hurley	Monte Hilleman
Michael Linder	Pete Klein	Bruce Kessel
Andrea Novak	Dana Krueger	Kathryn Sarnecki
Ann Kosel	Tonya Bauer	David Johnson
Nelly Chick	Sarah Savela	Ava Langston-Kenney
Linda Williams		
Eric Larson, City of Saint Paul		
Jane McClure, Villager		
Emma Nelson, Star Tribune		

APPROVAL OF MINUTES

Committee Member Marshall made a motion to approve the minutes of the February 25, 2020 Credit Committee meeting. The motion was seconded by Committee Member Bennett, submitted to a roll call vote and carried unanimously.

CONFLICT OF INTEREST

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

AGENDA ITEMS

**AUTHORIZATION TO APPLY FOR CONTAMINATION CLEANUP
GRANT FUNDS FOR UNITED VILLAGE AT MIDWAY PROJECT (BLOCK B)**

Ms. Langston-Kenney reviewed her memorandum with the Committee requesting approval to apply for contamination cleanup grant funds for the redevelopment of Block B. Committee Member Marshall made a motion to approve the request. The motion was seconded by Committee Member Williams, submitted to a roll call vote and carried unanimously.

**AUTHORIZATION TO ENROLL IN AND ADMINISTER LOANS
THROUGH DEED'S SMALL BUSINESS LOAN GUARANTEE PROGRAM**

Mr. Linder reviewed his memorandum with the Committee requesting approval to enroll and participate in DEED's Small Business Loan Guarantee program. Committee Member Hamm made a motion to approve the request. The motion was seconded by Committee Member Marshall, submitted to a roll call vote and carried unanimously.

HAYES PROPERTIES, LLC – APPROVAL OF A \$240,000 TRILLION BTU LOAN

Mr. Linder reviewed his memorandum with the Committee requesting approval to initiate a \$240,000 Trillion BTU loan with Hayes Properties, LLC for the installation of high-efficiency HVAC units. Committee Member Marshall made a motion to approve the request. The motion was seconded by Committee Member Hill, submitted to a roll call vote and carried unanimously.

LEHNER PROPERTIES, LLC – APPROVAL OF A \$55,000 TRILLION BTU LOAN

Mr. Linder reviewed his memorandum with the Committee requesting approval to initiate a \$55,000 Trillion BTU loan with Lehner Properties, LLC for the installation of a 10-kW solar array. Committee Member Hamm made a motion to approve the request. The motion was seconded by Committee Member Williams, submitted to a roll call vote and carried unanimously.

PORT ARTHUR DEVELOPMENT, LLC – APPROVAL OF A \$361,000 TRILLION BTU LOAN

Mr. Linder reviewed his memorandum with the Committee requesting approval to initiate a \$361,000 Trillion BTU loan with Port Arthur Development, LLC for the installation of energy efficiency improvements. Committee Member Bennett made a motion to approve the request. The motion was seconded by Committee Member Hill, submitted to a roll call vote and carried unanimously.

RIVER BLUFF FARMS, INC. – APPROVAL OF A \$40,000 TRILLION BTU LOAN

Mr. Linder reviewed his memorandum with the Committee requesting approval to initiate a \$40,000 Trillion BTU loan with River Bluff Farms, Inc. for the installation of LED lighting upgrades. Committee Member Marshall made a motion to approve the request. The motion was seconded by Committee Member Hamm, submitted to a roll call vote and carried unanimously.

OTHER BUSINESS

There being no further business, the meeting was adjourned at 2:43 p.m.

By: _____

Its: _____

MEMORANDUM

To: CREDIT COMMITTEE **Meeting Date:** May 26, 2020

From: Ava Langston-Kenney 

Subject: **REVISED, AMENDED AND RESTATED RESOLUTION NO. 4673 TO COMPLY WITH DEED'S REQUIREMENTS TO APPLY FOR CONTAMINATION CLEANUP GRANT FUNDS FOR UNITED VILLAGE AT MIDWAY PROJECT (BLOCK B) RESOLUTION NO. _____**

Action Requested:

Approval of the revised, amended and restated Resolution No. 4673 to comply with Minnesota Department of Employment and Economic Development's (DEED) grant requirements.

Background

On April 28, 2020, the Port Authority Board authorized staff to apply to DEED for up to \$1,000,000.00, the Metropolitan Council for up to \$500,000.00 and Ramsey County for up to \$500,000.00 in contamination cleanup grant funds for the United Village at Midway Project (Block B) on an approximate 2-acre site located at 1574 University Avenue West in Saint Paul, Minnesota. See the attached map showing the location of the property.

On May 1, 2020, staff and staff consultants applied for funding from DEED, Met Council and Ramsey County on behalf of the property owner, Snelling-Midway Redevelopment, LLC, which plans to remediate the site. A resolution is required from the Port Authority Board of Commissioners authorizing the applications. If one or more grants are awarded, the Port Authority will provide grant oversight and environmental project management services on a fee basis to Snelling-Midway.

On May 15, 2020, staff was contacted by DEED and informed that Resolution 4673 does not contain a few provisions that DEED would like to see in the Port Authority's resolution from its Board of Commissioners.

On May 18, 2020, staff and its consultant contacted DEED to discuss the meaning of the approved resolution and put forth staff's willingness to provide a revised resolution that provides the wording and information DEED seeks. (A marked-up version of Resolution 4673 is attached.)

In the interim, DEED has accepted the revisions by e-mail, as it evaluates the Port Authority's grant application, knowing that the Port Authority will supplement the record with a revised resolution approved by our Board on May 26, 2020.

The additions DEED has requested have been incorporated into our grant application resolutions template to preclude further administrative discrepancies in the future.

MEMORANDUM

Recommendation:

We recommend approval of the revised, amended and restated resolution granting the Port Authority authorization to apply to Minnesota Department of Employment and Economic Development for up to \$1,000,000.00, the Metropolitan Council for up to \$500,000.00 and Ramsey County for up to \$500,000.00 in contamination cleanup grant funds.

Attachments: Original Resolution No. 4673
 Revised Resolution No. 4673, marked up
 Map

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

**[AUTHORIZATION TO APPLY FOR CONTAMINATION CLEANUP
GRANT FUNDS FOR UNITED VILLAGE AT MIDWAY PROJECT (BLOCK B)]**

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

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

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.

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).

WHEREAS, the Metropolitan Livable Communities Act permits a grant to a metropolitan county or a development authority, such as the Port Authority of the City of Saint Paul, but the project must be located in a participating municipality.

WHEREAS, the City of St. Paul is a participant in the Livable Communities Act's Local Housing Incentives Account Program for 2020 as determined by the Metropolitan Council; and is therefore eligible to make application apply for funds under the Tax Base Revitalization Account.

WHEREAS, the Port Authority represents that it has undertaken reasonable and good faith efforts to procure funding in pursuit of its mission from other sources in addition to grant, or other program resources to which it may seek assistance.

WHEREAS, the Port Authority desires to request and accept from, if awarded, a grant from the Minnesota Department of Employment and Economic Development in an amount up to \$1,000,000.00, a grant from the Metropolitan Council in an amount up to \$500,000.00; and a grant from Ramsey County in an amount up to \$500,000.00 for contamination cleanup 0grant funds for redevelopment of Block B at the United Village at Midway, an approximately 2-acre site located at 1574 University Avenue West in Saint Paul, Minnesota.

WHEREAS, the Port Authority has identified a contamination cleanup project within the City that meet the Tax Base Revitalization Account's purposes and criteria and are consistent with and promote the purposes of the Metropolitan Livable Communities Act and the policies of the Metropolitan Council's adopted metropolitan development guide.

WHEREAS, the Port Authority has the institutional, managerial and financial capability to ensure adequate project and grant administration.

WHEREAS, the Port Authority certifies that it will comply with all applicable laws and regulations as stated in the contract grant agreements.

WHEREAS, the Port Authority finds that the required contamination cleanup will not occur through private or other public investment within the reasonably foreseeable future without Tax Base Revitalization Account grant funding.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE PORT AUTHORITY OF THE CITY OF SAINT PAUL:

1. That the Port Authority act as the legal sponsor for the project contained in the Contamination Cleanup Grant Program, Tax Base Revitalization Account Grant Program, and Environmental Response Fund Grant Program to be submitted on May 1, 2020 and that Lee Krueger, President, is hereby authorized to apply to the Department of Employment and Economic Development, Metropolitan Council, and Ramsey County for funding of this project on behalf of the Port Authority.

2. That the Port Authority has the legal authority to apply for financial assistance, and the institutional, managerial, and financial capability to ensure adequate project administration.

3. That the Port Authority 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.

4. That upon approval of its application, the Port Authority may enter into an agreement with the State of Minnesota, Metropolitan Council, and Ramsey County for the above-referenced project, and that the Port Authority certifies that it will comply with all applicable laws and regulations as stated in all contract agreements.

5. That the President is hereby encouraged and authorized to request and accept from, if awarded, a Contamination Cleanup grant from the Minnesota Department of Employment and Economic Development (DEED) in an amount up to \$1,000,000.00; a Tax Base Revitalization Account Contamination Cleanup grant from the Metropolitan Council in an amount up to \$500,000.00; and, an Environmental Response Fund grant from Ramsey County

in an amount up to \$500,000.00 in grant funds for the United Village at Midway Project (Block B).

6. That the President or anyone acting under his direction is hereby authorized and directed to execute any and all necessary documents to complete the grant application and secure its receipt, including any matching fund requirements.

Adopted: April 28, 2020

PORT AUTHORITY OF THE
CITY OF SAINT PAUL

By 
Its Chair

ATTEST:

By 
Its Secretary

REVISED, AMENDED AND RESTATED
RESOLUTION OF THE
PORT AUTHORITY OF THE CITY OF SAINT PAUL

**[AUTHORIZATION TO APPLY FOR CONTAMINATION CLEANUP
GRANT FUNDS FOR UNITED VILLAGE AT MIDWAY PROJECT (BLOCK B)]**

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, 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.

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

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.

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

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

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.

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).

WHEREAS, the Metropolitan Livable Communities Act permits a grant to a metropolitan county or a development authority, such as the Port Authority of the City of Saint Paul, but the project must be located in a participating municipality.

WHEREAS, the City of St. Paul is a participant in the Livable Communities Act's Local Housing Incentives Account Program for 2020 as determined by the Metropolitan Council; and is therefore eligible to ~~make application~~ apply for funds ~~under the Tax Base Revitalization Account~~.

WHEREAS, the Port Authority represents that it has undertaken reasonable and good faith efforts to procure funding in pursuit of its mission from other sources in addition to grant, or other program resources to which it may seek assistance.

WHEREAS, the Port Authority desires to request and accept from, if awarded, a grant from the Minnesota Department of Employment and Economic Development in an amount up to \$1,000,000.00, a grant from the Metropolitan Council in an amount up to \$500,000.00; and a grant from Ramsey County in an amount up to \$500,000.00 for contamination cleanup grant funds for redevelopment of Block B at the United Village at Midway, an approximately 2-acre site located at 1574 University Avenue West in Saint Paul, Minnesota.

WHEREAS, the Port Authority has identified a contamination cleanup project within the City that meet the Tax Base Revitalization Account's purposes and criteria and are consistent with and promote the purposes of the Metropolitan Livable Communities Act and the policies of the Metropolitan Council's adopted metropolitan development guide.

WHEREAS, the Port Authority has the institutional, managerial and financial capability to ensure adequate project and grant administration.

WHEREAS, the Port Authority certifies that it will comply with all applicable laws and regulations as stated in the contract grant agreements.

WHEREAS, the Port Authority finds that the required contamination cleanup will not occur through private or other public investment within the reasonably foreseeable future without Tax Base Revitalization Account grant funding.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE PORT AUTHORITY OF THE CITY OF SAINT PAUL:

1. That the Port Authority act as the legal sponsor for the project contained in the Contamination Cleanup Grant Program, Tax Base Revitalization Account Grant Program, and Environmental Response Fund Grant Program to be submitted on May 1, 2020 and that Lee Krueger, President, is hereby authorized to apply to the Department of Employment and Economic Development, Metropolitan Council, and Ramsey County for funding of this project on behalf of the Port Authority.

1.——2. That the City of Saint Paul is located within the seven county metropolitan area defined in Section 473.121, subdivision 2, and is participating in the local housing incentives program for 2020 as determined by the Metropolitan Council and under Section 473.254.

3. That the Port Authority has the legal authority to apply for financial assistance, and the institutional, managerial, and financial capability to ensure adequate project administration.

2.4. That the sources and amounts of the local match identified in the application are committed to the project identified.

3.5. That the Port Authority 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.

4.6. That upon approval of its application, the Port Authority may enter into an agreement with the State of Minnesota, Metropolitan Council, and Ramsey County for the above-referenced project, and that the Port Authority certifies that it will comply with all applicable laws and regulations as stated in all contract agreements.

5.7. That the President is hereby encouraged and authorized to request and accept from, if awarded, a Contamination Cleanup grant from the Minnesota Department of Employment and Economic Development (DEED) in an amount up to \$1,000,000.00; a Tax Base Revitalization Account Contamination Cleanup grant from the Metropolitan Council in an amount up to \$500,000.00; and, an Environmental Response Fund grant from Ramsey County in an amount up to \$500,000.00 in grant funds for the United Village at Midway Project (Block B).

6.8. That the President or anyone acting under his direction is hereby authorized and directed to execute any and all necessary documents to complete the grant application and secure its receipt, including any matching fund requirements.

Adopted: ~~April 28~~ May 26, 2020

PORT AUTHORITY OF THE
CITY OF SAINT PAUL

By _____
Its Chair

ATTEST:

By _____
Its Secretary

**REVISED, AMENDED AND RESTATED
RESOLUTION OF THE
PORT AUTHORITY OF THE CITY OF SAINT PAUL**

**[AUTHORIZATION TO APPLY FOR CONTAMINATION CLEANUP
GRANT FUNDS FOR UNITED VILLAGE AT MIDWAY PROJECT (BLOCK B)]**

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

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

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.

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).

WHEREAS, the Metropolitan Livable Communities Act permits a grant to a metropolitan county or a development authority, such as the Port Authority of the City of Saint Paul, but the project must be located in a participating municipality.

WHEREAS, the City of St. Paul is a participant in the Livable Communities Act's Local Housing Incentives Account Program for 2020 as determined by the Metropolitan Council; and is therefore eligible to apply for funds.

WHEREAS, the Port Authority represents that it has undertaken reasonable and good faith efforts to procure funding in pursuit of its mission from other sources in addition to grant, or other program resources to which it may seek assistance.

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WHEREAS, the Port Authority has the institutional, managerial and financial capability to ensure adequate project and grant administration.

WHEREAS, the Port Authority certifies that it will comply with all applicable laws and regulations as stated in the contract grant agreements.

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2. That the City of Saint Paul is located within the seven county metropolitan area defined in Section 473.121, subdivision 2, and is participating in the local housing incentives program for 2020 as determined by the Metropolitan Council and under Section 473.254.

3. That the Port Authority has the legal authority to apply for financial assistance, and the institutional, managerial, and financial capability to ensure adequate project administration.

4. That the sources and amounts of the local match identified in the application are committed to the project identified.

5. That the Port Authority 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.

6. That upon approval of its application, the Port Authority may enter into an agreement with the State of Minnesota, Metropolitan Council, and Ramsey County for the above-referenced project, and that the Port Authority certifies that it will comply with all applicable laws and regulations as stated in all contract agreements.

7. That the President is hereby encouraged and authorized to request and accept from, if awarded, a Contamination Cleanup grant from the Minnesota Department of Employment and Economic Development (DEED) in an amount up to \$1,000,000.00; a Tax Base Revitalization Account Contamination Cleanup grant from the Metropolitan Council in an amount up to \$500,000.00; and, an Environmental Response Fund grant from Ramsey County in an amount up to \$500,000.00 in grant funds for the United Village at Midway Project (Block B).

8. That the President or anyone acting under his direction is hereby authorized and directed to execute any and all necessary documents to complete the grant application and secure its receipt, including any matching fund requirements.

Adopted: May 26, 2020

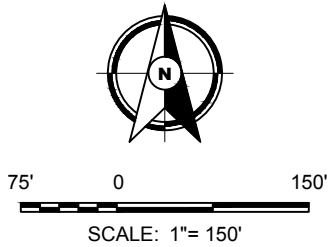
PORT AUTHORITY OF THE
CITY OF SAINT PAUL

By _____
Its Chair

ATTEST:

By _____
Its Secretary

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Drawing Information

Project No:
B1600941.07

Drawing No:
B1600941-06

Drawn By: BJB
Date Drawn: 8/20/19
Checked By: KL
Last Modified: 4/1/20

Project Information

United Villages at
Midway Project


Block B Development

Saint Paul, Minnesota

Project Location
Map

MEMORANDUM

To: CREDIT COMMITTEE **Meeting Date:** May 26, 2020

From: Todd P. Hurley 

Subject: **APPROVAL OF THE ISSUANCE OF ONE OR MORE SERIES OF UP TO \$11,075,000 OF TAXABLE TAX INCREMENT REVENUE REFUNDING BONDS (TREASURE ISLAND CENTER) SERIES 2020 RESOLUTION NO. _____**

Action Requested:

Approval of a resolution authorizing the issuance of one or more series of Taxable Tax Increment Revenue Refunding Bonds (Treasure Island Center Project), Series 2020 and authorizing the execution of an Indenture of Trust with U.S. Bank National Association, as trustee, and related financing documents.

Public Purpose:

Approval of the issuance of the refunding bonds will provide funding to repay and refinance the Port Authority's outstanding Taxable Tax Increment Revenue Note (Treasure Island Project), Series 2017 and reimburse the borrowing entity for other tax increment eligible costs incurred in connection with the redevelopment of Treasure Island Center.

Business Subsidy:

N/A

Background:

In 2015, The Port Authority and City of Saint Paul (with the consent of the HRA) created the Wabasha and Sixth Street Redevelopment Tax Increment Financing District (the "TIF District") within the Downtown Industrial Development District ("IDD") (as amended, the "IDD"), located on a 2.25 acre site located adjacent to Wabasha Street North, East Sixth Street, Cedar Street North and the Wells Fargo Center complex in Saint Paul, Minnesota (the "City"), in order to redevelop previously improved land which had become blighted and contaminated.

On October 25, 2016, the Port Authority passed a resolution to issue Taxable Tax Increment Revenue Notes (Treasure Island Center Project), Series 2017 (the "Prior Note"), in the original principal of \$11,077,000 to obtain funds to finance certain tax increment redevelopment costs associated with the redevelopment of the Treasure Island Center.

The Port Authority is now proposing to issue one or more series of its Taxable Tax Increment Revenue Refunding Bonds (Treasure Island Center Project), Series 2020 (the "Series 2020 Bonds"). In conformance with the TIF plan, the proceeds will be used by the Port Authority to: (i) redeem and prepay the Port Authority's outstanding Prior Note; (ii) fund or reimburse the Port Authority for tax increment eligible projects in the TIF District (the "2020 Project"); (iii) fund an amount in the reserve funds for the Series 2020 Bonds; and (iv) pay costs of issuance for the Series 2020 Bonds.

The Series 2020 Bonds are special, limited obligations of the Port Authority payable solely from and secured by a first charge and lien upon: (i) tax increments generated from the TIF District (the “Tax Increments” or the “Tax Increment Revenues”), (ii) the reserve funds and bond funds established under the Indenture; and (iii) investment earnings on money held under the Indenture (collectively, the “Pledged Revenues”), all as provided for in the Indenture.

The outstanding note has an interest rate of 5%. These bonds are estimated to have a true interest cost of 4.75% (as of May 20, 2020) and a final maturity date of March 1, 2045.

Proposal:

Bonds:	Up to \$11,075,000 of Taxable Tax Increment Revenue Refunding bonds
Rate:	4.75%
Term:	25 years
Maturity:	March 1, 2045
Issuer:	Saint Paul Port Authority
Bond Counsel:	Ballard Spahr LLP
Municipal Advisor/Pricing:	Baker Tilly Municipal Advisors, LLC
Underwriter:	Dougherty & Company LLC
Underwriter’s Counsel:	Kennedy & Graven, Chartered
Trustee:	U.S. Bank National Association

Disclosure:

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

Recommendation:

We recommend approval of one or more series of Taxable Tax Increment Revenue Refunding Bonds (Treasure Island Center Project), Series 2020 and the authorization to execute of an Indenture of Trust and related financing documents.

Attachment: Resolution

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

**[ISSUANCE OF TAXABLE TAX INCREMENT REVENUE REFUNDING BONDS
(TREASURE ISLAND CENTER) SERIES 2020]**

WHEREAS, the Port Authority of the City of Saint Paul, Minnesota, a public body corporate and politic organized and existing under the laws of the State of Minnesota (the "Issuer"), is authorized by Minnesota Statutes, Sections 469.048-469.068, as amended, and Section 469.084, as amended (collectively, the "Port Authority Act"), and Minnesota Statutes, Sections 469.174-469.1794, as amended (the "TIF Act"), to undertake redevelopment projects, to create tax increment financing districts, and to authorize, sell, and issue revenue bonds payable, in whole or in part, from tax increment revenues derived from tax increment financing districts; and

WHEREAS, pursuant to the provisions of Sections 469.178 and 469.174, subdivision 3, of the TIF Act, the Issuer is authorized to issue refunding bonds to redeem and prepay tax increment revenue bonds issued under the provisions of the TIF Act; and

WHEREAS, the Issuer created, and the City of Saint Paul, Minnesota (the "City") approved the creation of, the Wabasha and Sixth Street Redevelopment Tax Increment Financing District (the "TIF District") within the Downtown Industrial Development District, located on a 2.25 acre site located adjacent to Wabasha Street North, East Sixth Street, Cedar Street North and the Wells Fargo Center complex in the City in order to redevelop previously improved land which for many years was the site of a Dayton's/Macy's department store and had become blighted and contaminated; and

WHEREAS, to obtain funds to refinance certain redevelopment costs associated with the redevelopment of the TIF District, the Issuer issued its Taxable Tax Increment Revenue Note (Treasure Island Project), Series 2017 (the "Prior Note"), in the original principal amount of up to \$11,077,000; and

WHEREAS, the Prior Note was issued pursuant to a resolution adopted by the Board of Commissioners (the "Board") of the Issuer on October 25, 2016 (the "Prior Note Resolution"); and

WHEREAS, the tax increment revenues derived from the TIF District which have been received and retained by the Issuer in accordance with the provisions of the TIF Act, including without limitation Section 469.177 thereof (the "Tax Increment Revenues") were pledged to payment of the Prior Note pursuant to the terms of the Prior Note Resolution and a Tax Increment Financing Plan (the "TIF Plan"), adopted by the Issuer on September 22, 2015, and approved by the City Council of the City on November 18, 2015; and

WHEREAS, it is necessary and desirable and in the best interests of the Issuer and the City to issue tax increment revenue refunding bonds of the Issuer and apply the proceeds derived from the sale of the revenue refunding bonds to (i) the redemption and prepayment of the outstanding Prior Note, (ii) fund or reimburse the Issuer for tax increment eligible costs previously incurred in the TIF District; (iii) fund a deposit to the reserve fund(s); and (iv) pay costs of issuance for the Series 2020 Bonds; and

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

1. For the purposes set forth above, there is hereby authorized the issuance, sale, and delivery of one or more series of revenue bonds of the Issuer to be designated Taxable Tax Increment Revenue Refunding Bonds (Wabasha and Sixth Street Redevelopment Tax Increment Financing District - Treasure Island Center Project), Series 2020 (the "Series 2020 Bonds"), to be issued in a combined original aggregate principal amount not to exceed \$11,075,000. In the discretion of the Issuer, the Series 2020 Bonds may be designated as otherwise determined by the Chief Financial Officer of the Issuer. The Series 2020 Bonds shall be issued under the terms of an Indenture of Trust, to be dated on or after June 1, 2020 (the "Indenture"), between the Issuer and U.S. Bank National Association, or such other trustee as may be selected by the Chief Financial Officer of the Issuer (the "Trustee"). The Series 2020 Bonds shall bear interest at fixed rates established by the terms of the Indenture in accordance with Section 9 hereof. The Series 2020 Bonds shall be numbered, shall be dated, shall mature, shall be subject to redemption prior to maturity, shall be in such form, and shall have such other terms, details, and provisions as are prescribed in the Indenture, in the form now on file with the Issuer. All of the provisions of the Series 2020 Bonds, when executed as authorized herein, shall be deemed to be a part of this resolution (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.

2. The Indenture is hereby approved in substantially the form now on file with the Issuer, with such necessary and appropriate variations, omissions, and insertions as do not materially change the substance thereof, or as President of the Issuer (or any Commissioner) and the Chief Financial Officer of the Issuer or his designee (collectively, the "Issuer Officials"), in their discretion, shall determine, and the execution and delivery thereof by the Issuer Officials shall be conclusive evidence of such determination. All of the provisions of the 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.

3. The Tax Increment Revenues are hereby pledged to payment of the principal of, premium, if any, and interest on the Series 2020 Bonds when due in accordance with the terms of this Resolution and the Indenture. The pledge of the Tax Increment Revenues to the Series 2020 Bonds shall constitute a first, superior, and prior pledge of the Tax Increment Revenues (upon the defeasance of the Prior Note pursuant to the terms of the Prior Resolution), subject to the right of the Issuer to issue Additional Bonds (as defined in the Indenture) to which the Issuer may pledge the Tax Increment Revenues on a parity basis with the Series 2020 Bonds, and subject to the other limitations set forth in Indenture. Nothing in this Resolution or in the Indenture or the Series 2020 Bonds shall preclude the Issuer from issuing obligations secured by a subordinate pledge of the Tax Increment Revenues.

4. The Pricing Committee created by this Resolution, and consisting of the President and Chief Financial Officer of the Issuer or their designee and a representative of Baker Tilly Municipal Advisors, LLC (the "Municipal Advisor") (the "Pricing Committee") is hereby delegated the authority to determine the final pricing of the Series 2020 Bonds and to negotiate the sale of the Series 2020 Bonds with Dougherty & Company LLC, including any successor thereto by merger, acquisition, or otherwise (the "Underwriter") and to authorize the Issuer to enter into a Bond Purchase Agreement with the Underwriter to be dated the date of the purchase of the Series 2020 Bonds (the "Bond Purchase Agreement") with the Underwriter. The Pricing Committee is hereby delegated the authority to establish the terms and conditions of each series of the Series 2020 Bonds, subject to the limitations set forth in Section 9 of this Resolution.

5. The Issuer Officials are hereby authorized and directed to execute and deliver on behalf of the Issuer a Continuing Disclosure Certificate, to be dated on or after June 1, 2020 (the "Continuing Disclosure Certificate"). The Continuing Disclosure Certificate is hereby approved in substantially the form now on file with the Issuer, with such necessary and appropriate variations, omissions, and insertions as do not materially change the substance thereof, or as the Issuer Officials, in their discretion, shall determine, and the execution of the Continuing Disclosure Certificate by the Issuer Officials shall be conclusive evidence of such determination. All of the provisions of the Continuing Disclosure Certificate, 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 Chief Financial Officer, in the sole and absolute discretion of the Chief Financial Officer, may elect to terminate the Continuing Disclosure Certificate and substitute therefor a continuing disclosure certificate or continuing disclosure undertaking pursuant to which the Issuer will assume the sole responsibility for complying with the continuing disclosure obligations of the Issuer pursuant to SEC Rule 15c2-12, as amended.

6. The Issuer Officials, with the approval as to form by the City Attorney, are hereby authorized and directed to execute and deliver the Series 2020 Bonds, the Indenture, the Bond Purchase Agreement, the Continuing Disclosure Certificate and any consents, subordinations, and such other documents as are necessary or appropriate in connection with the issuance, sale, and delivery of the Series 2020 Bonds, including without limitation various certificates of the Issuer, and similar documents (collectively, the "Financing Documents"); provided that the Bond Purchase Agreement may be executed on behalf of the Issuer by the President or the Chief Financial Officer of the Issuer.

The approval hereby given to the Financing Documents includes approval of such additional details therein as may be necessary and appropriate and such modifications thereof, deletions therefrom and additions thereto as may be necessary and appropriate as determined by the parties thereto and approved by bond counsel to the Issuer, the appropriate Issuer staff person or by the officers authorized herein to execute or accept, as the case may be, said documents prior to their execution; and said officers or staff members are hereby authorized to approve said changes on behalf of the Issuer. The execution of any instrument by the appropriate officer or officers of the Issuer herein authorized shall be conclusive evidence of the approval of such document in accordance with the terms hereof. In the event of absence or disability of the officers, any of the documents authorized by this Resolution to be executed may be executed without further act or authorization of the Board by any member of the Board or any duly designated acting official, or by such other officer or officers of the Board as, in the opinion of the bond counsel to the Issuer, may act in their behalf.

It is hereby found, determined, and declared that the issuance and sale of the Series 2020 Bonds, the execution and delivery by the Issuer of the Financing Documents, and the performance of all covenants and agreements of the Issuer contained in the Financing Documents and of all other acts and things required under the Constitution and laws of the State of Minnesota to make the Financing Documents and the Series 2020 Bonds the valid and binding special obligations of the Issuer in accordance with their terms, are authorized by applicable Minnesota law, including, without limitation, the Port Authority Act, the TIF Act, and this Resolution.

7. The Series 2020 Bonds shall not constitute general or moral obligations of the Issuer or the City. The Series 2020 Bonds are revenue bonds of the Issuer and are not to be payable from or chargeable against any funds other than the Pledged Revenues (as defined in the Indenture) and other assets expressly pledged to the payment of the Series 2020 Bonds pursuant to the terms of this Resolution, the Indenture, and the terms of the Series 2020 Bonds. The Issuer and the City shall not be subject to any liability thereon other than from such Revenues and assets pledged thereto and no holder of any Series 2020 Bonds shall have the right to compel any exercise by the Issuer or the City of their taxing powers (other than as contemplated by the pledge of Tax Increment Revenues) to the payment of the principal of, premium, if any, and interest on the Series 2020 Bonds or to enforce payment thereof against any property of the Issuer or the City other than the property expressly pledged thereto. The Series 2020 Bonds shall not constitute a charge, lien, or encumbrance, legal or equitable, upon any property of the Issuer or the City other than the Revenues and other assets described in the Granting Clauses of the Indenture, all of which have been assigned to the Trustee under the terms of the Indenture. The Series 2020 Bonds shall not constitute a debt of the Issuer within the meaning of any constitutional or statutory limitation on indebtedness.

8. With the assistance of the Underwriter, counsel to the Underwriter, the Municipal Advisor, bond counsel to the Issuer and the City Attorney, the Chief Financial Officer is hereby authorized to prepare a Preliminary Official Statement and an Official Statement with respect to the offer and sale of the Series 2020 Bonds and to authorize the distribution of the Preliminary Official Statement and the Official Statement to prospective purchasers of the Series 2020 Bonds. When deemed appropriate by the Chief Financial Officer, the Chief Financial Officer is authorized to deliver to the Underwriter a certification on behalf of the Issuer that the Preliminary Official Statement is deemed final as of its date except for the omission of no more than the following information: (i) the offering prices; (ii) interest rates; (iii) selling compensation; (iv) aggregate principal amount; (v) principal amount per maturity; (vi) delivery date; and (vii) any other terms of the Series 2020 Bonds depending on such facts.

9. The Pricing Committee is hereby authorized and directed to make the following determinations (subject to the limitations expressed herein): (i) the original principal amount of the Series 2020 Bonds, provided that the aggregate original aggregate principal amount of the Series 2020 Bonds shall not exceed the maximum principal amount authorized in Section 1 of this Resolution; (ii) the combined interest rate per annum to be borne by each maturity of the Series 2020 Bonds, provided that the combined true interest cost for the Series 2020 Bonds shall not exceed 5.00%; (iii) the maturity dates for the Series 2020 Bonds, provided that the final maturity date for the Series 2020 Bonds shall not be later than March 1, 2045; (iv) the principal amount of each serial maturity of the Series 2020 Bonds and the sinking fund redemption schedule for each term maturity of the Series 2020 Bonds; (v) the dates on which each series of Series 2020 Bonds may be optionally redeemed; and (vi) the original issue discount or the original issue premium at

which each maturity of the Series 2020 Bonds will be offered, subject to the true interest cost limitation set forth in clause (ii) of this Section 9. On the date such determinations are made and the Bond Purchase Agreement is signed, the members of the Pricing Committee shall execute a certificate setting forth its determinations, which certificate shall be attached to this Resolution and become part of the official records of the Issuer relating to the Series 2020 Bonds.

10. The Issuer hereby approves the execution and delivery by the Trustee of the Indenture and all other instruments, certificates, and documents prepared in conjunction with the issuance of the Series 2020 Bonds that require execution by the Trustee. The Trustee is appointed as Paying Agent pursuant to Section 9-10 of the Indenture and is directed to maintain and keep a Bond Register for the registration and transfer of Series 2020 Bonds pursuant to Section 2-9 of the Indenture and such appointments are hereby ratified and confirmed.

11. On or after the date of issuance of the Series 2020 Bonds, the Issuer Officials are hereby authorized and directed to take any or all of the following actions to provide for the defeasance, redemption, and prepayment of the Prior Note, including providing for the delivery of any conditional or unconditional notices of redemption and obtaining a defeasance opinion of bond counsel.

12. In case any one or more of the provisions of this Resolution, or of the aforementioned documents, or of the Series 2020 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 2020 Bonds, but this Resolution, the aforementioned documents, and the Series 2020 Bonds shall be construed and endorsed as if such illegal or invalid provisions had not been contained therein.

13. The Series 2020 Bonds, when executed and delivered, shall contain a recital that they are issued pursuant to the Port Authority Act and the TIF Act, and such recital shall be conclusive evidence of the validity of the Series 2020 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 2020 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.

14. The officers of the Issuer, bond counsel, disclosure counsel, other attorneys, and other agents or employees of the Issuer 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 2020 Bonds for the full, punctual, and complete performance of all the terms, covenants, and agreements contained in the Series 2020 Bonds, the aforementioned documents, and this Resolution. In the event that for any reason any of the Issuer 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 Issuer or the City delegated the duties of any such Issuer Official with the same force and effect as if such documents were executed and delivered by such Issuer Official.

15. On any date subsequent to the date of issuance of the Series 2020 Bonds, the Issuer Officials are hereby authorized to execute and deliver any amendments or supplements to any of the documents referred to in this Resolution or other documents executed and delivered in connection with the issuance of the Series 2020 Bonds. The Issuer Officials may impose any

terms or conditions on the execution and delivery of any such amendment or supplement as the Issuer Officials deem appropriate. The authority to approve, execute, and deliver future amendments to the documents referred to in this Resolution or other documents executed and delivered in connection with the issuance of the Series 2020 Bonds entered into by the Issuer in connection with the transactions contemplated hereby is hereby delegated to the Chief Financial Officer of the Issuer, subject to the following conditions: (a) such amendments do not require the consent of the holders of the Series 2020 Bonds or, if required, such consent has been obtained; (b) such amendments do not materially adversely affect the interests of the Issuer as the Issuer; (c) such amendments do not contravene or violate any policy of the Issuer; and (d) such amendments are acceptable in form and substance to the City Attorney for the Issuer, bond counsel, or other counsel retained by the Issuer 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 Chief Financial Officer of the Issuer shall be conclusive evidence of the approval of such instruments in accordance with the terms hereof. In the absence of the Chief Financial Officer of the Issuer, any instrument authorized by this paragraph to be executed and delivered may be executed by the officer of the Issuer authorized to act in their place and stead.

16. This Resolution shall be in full force and effect from and after its passage.

Adopted: May 26, 2020

PORT AUTHORITY OF THE
CITY OF SAINT PAUL

By _____
Its _____

ATTEST:

By _____
Its _____

MEMORANDUM

To: CREDIT COMMITTEE

Meeting Date: May 26, 2020

From: Peter M. Klein

Subject: PROSPECT FOUNDRY, LLC – FORBEARANCE AGREEMENT

Action Requested:

Provide approval of a one-year forbearance agreement with Prospect Foundry, LLC until May 1, 2021.

Background:

In August 2016, the Credit Committee approved a \$225,000 Trillion BTU loan to Prospect Foundry in Minneapolis. The term is for five years and the interest rate is 4.00%. Funds were used for energy efficient lighting upgrades. This loan is current through April 2020 and has an outstanding balance of \$83,907.

In July 2017, the Credit Committee approved a \$150,000 Trillion BTU loan to Prospect Foundry. The term is five years and the interest rate is 4.50%. Funds were used to purchase an energy efficient dust collection system. The loan is current through April 2020 and has an outstanding balance of \$81,697.

Current Status:

The uncertain business environment has Prospect Foundry looking for ways to conserve cash. The Foundry's business has slowed but continues to operate.

Proposal:

The forbearance will extend the term of the loans for one year. Interest will accrue during the year forbearance and the accrued interest will be added to the outstanding principal amount of each loan. The payments will be adjusted, reflecting the new principal amounts, and will resume on May 1, 2021. This proposal would provide Prospect Foundry with \$6,940 of monthly cash flow relief for one year.

Recommendation:

We recommend approval of a one-year forbearance agreement with Prospect Foundry, LLC until May 1, 2021.

MEMORANDUM

To: CREDIT COMMITTEE

Meeting Date: May 26, 2020

From: Peter M. Klein

Subject: SPECTRUM INVESTMENT GROUP, LLC – FORBEARANCE AGREEMENT

Action Requested:

Provide approval of a one-year forbearance agreement with Spectrum Investment Group, LLC until May 1, 2021.

Background:

In November 2015, the Credit Committee approved a \$220,000 Trillion BTU loan to Spectrum Investment Group in Eagan. This loan had a five-year term and a 4.00% interest rate. Funds were used for energy efficient lighting which significantly lowered the energy use of this facility. This loan is current through April 2020 and has an outstanding balance of \$39,784.

Current Status:

Spectrum has three major tenants in its Eagan facility. The tenants are car rental agency, a company that repairs the agency's cars, and a flight training facility for the major airlines. All of these tenants have been negatively impacted by the current economic situation and they are requesting rent accommodations from Spectrum. Spectrum is looking at ways to conserve its cash and has requested a forbearance.

Proposal:

The forbearance will extend the term of the loans for one year. Interest will accrue during the year forbearance and the accrued interest will be added to the outstanding principal amount of each loan. The payments will be adjusted, reflecting the new principal amount, and will resume on May 1, 2021. This proposal would provide Spectrum with \$4,052 of monthly cash flow relief for one year.

Recommendation:

We recommend approval of a one-year forbearance agreement with Spectrum Investment Group, LLC until May 1, 2021.

MEMORANDUM

To: CREDIT COMMITTEE

From: Michael J. Linder *MJL*

Subject: **SHAWN CALLAHAN**
APPROVAL OF A \$62,000 TRILLION BTU LOAN

Meeting Date: May 26, 2020

Action Requested:

Provide approval for the Port Authority to initiate a Trillion BTU loan for approximately \$62,000 with Shawn Callahan for the installation of 16-kW solar array on a commercial property located in Biwabik, 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 Callahan owns and operates Green Gate Guest Houses, a vacation rental business located at 5748 Giants Ridge Road in Biwabik. The resort includes six unique wooded and lakeside cabins located just outside of Giants Ridge ski and resort. The property where the 16-kW solar array is being installed has a tax assessed value of \$245,200 and an appraised value of \$410,000.

Proposed Project:

16-kW Solar Array

Purchase Price and Installation	\$62,000
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Sources and Uses of Funds:

Sources of funds:

Trillion BTU	\$62,000
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Uses of funds:

16-kW Solar Array	\$62,000
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St. Louis 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 funding source.

Financial Analysis:

Personal tax returns were received for the last three years ending in 2019 and show the business had losses due to depreciation in those years. When excluding depreciation, the business had net operating profits in all three years. There was adequate debt coverage with a ratio of 2.78 to 1 in 2019. With the PACE loan, the debt service coverage ratio would have been 1.97 to 1. The debt-to-equity was 0.83 to 1. The property was recently appraised at a value of \$450,000. With the existing debt the loan to value is 50%. The following ratios are as of December 31, 2019:

Debt Service Coverage:	2.78	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:	16-kW Solar Array
Amount of Loan:	\$62,000
Rate:	4.25%
Term:	10 years
Collateral:	Signed Loan Agreement PACE Special Assessment

Energy Savings:

95 MMBTUs (\$3,200) annually.

Renewable Energy Rebates and Incentives:

The borrower is eligible to receive additional incentives including the investment tax credit equal to 30% of the system's cost, accelerated depreciation and performance-based incentives through the local utility.

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 \$62,000 Trillion BTU loan to Shawn Callahan.

MEMORANDUM

To: CREDIT COMMITTEE

From: Michael J. Linder *MJL*

Subject: MINNESOTA SENIOR FEDERATION-SEVEN COUNTY REGION
APPROVAL OF A \$30,720 TRILLION BTU LOAN

Meeting Date: May 26, 2020

Action Requested:

Provide approval for the Port Authority to initiate a Trillion BTU loan for approximately \$30,720 with Minnesota Senior Federation-Seven County Region for the installation of energy efficiency improvements on a commercial property located in Mora, 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:

The Minnesota Senior Federation-Seven County Region owns and operates the One More Time Thrift Store located at 206 Forest Avenue W in Mora. The nonprofit owns the facility, which is in need of many energy efficiency upgrades, including LED lighting retrofits, insulation improvements and water heating equipment. The property has a tax assessed value of \$153,600, limiting the PACE loan to the amount requested.

Proposed Project:

LED Lighting and Energy Efficiency Improvements	
Purchase Price and Installation	\$30,720

Sources and Uses of Funds:

Sources of funds:	
Trillion BTU	\$30,720
Uses of funds:	
LED Lighting and Energy Efficiency Improvements	\$30,720

Kanabec 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 funding source.

Financial Analysis:

Tax returns were received for the last three years showing the nonprofit had an increase of net assets over that period. A 2020 operating budget show the thrift store continues to be profitable and has no liabilities. The debt coverage ratio with the PACE debt would be 1.09 to 1. With no debt on the property a debt-to-equity ratio was no applicable. Using the assessed value of the property and the PACE debt the ratio would be 0.26 to 1. The following ratios are as of December 31, 2019:

Debt Service Coverage:	N/A	Trillion standard of at least:	1.15
Debt-to-Equity:	N/A	Trillion standard of less than:	4.00

Proposal:

Source of Funds: Trillion BTU

Use of Funds: LED Lighting and Building Envelope Improvements

Amount of Loan: \$30,720

Rate: 4.25%

Term: 10 years

Collateral: Signed Loan Agreement
PACE Special Assessment

Energy Savings:

75 MMBTUs (\$2,600) annually.

Workforce Implications:

Davis-Bacon wage requirements need to be followed.

1 FTE for construction jobs.

Policy Exceptions:

Yes – Debt service coverage is below guidelines at 1.09 to 1. This is mitigated by the fact that there is no other debt on the property and the security of the PACE assessment.

Recommendation:

We recommend the approval of a \$30,720 Trillion BTU loan to Minnesota Senior Federation-Seven County Region.

MEMORANDUM

To: CREDIT COMMITTEE

From: Michael J. Linder *MJL*

Subject: **NORTHGATE DEVELOPMENT, LLC**
APPROVAL OF A \$173,000 TRILLION BTU LOAN

Meeting Date: May 26, 2020

Action Requested:

Provide approval for the Port Authority to initiate a Trillion BTU loan for approximately \$173,000 with Northgate Development, LLC for the installation of a 155-kW roof-mounted solar array and heat pumps on a 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:

This loan request was originally approved in November of 2018. Due to delays in approval from grant funding sources, including the Metropolitan Council, the project was delayed. Renewable Energy Partners has now fully secured all funding sources needed to move forward and has requested the Port Authority to fund the loan. Given the loan was approved over one year ago, we are requesting re-approval.

Renewable Energy Partners (REP) was formed in 2015, following the enactment of Minnesota's Solar Jobs Act, as a solar developer and construction services firm for solar energy projects. REP is a Subchapter S corporation and certified Minority Business Enterprise (MBE) that is wholly owned by Jamez Staples.

REP had limited activity for the first two years as it built its capacity, sought working capital, and engaged in training for entry-level solar positions. REP also found that there are significant barriers to entry into the solar development market by new firms in Minnesota, particularly due to labor rules that restrict the use of unlicensed personnel for solar construction.

Minnesota law prohibits subcontracting on solar projects and requires all personnel on-site to be W-2 employees of the licensed master electrician of record. State law also requires there be one licensed electrician for every two unlicensed workers on a job site, the lowest ratio of licensed-to-unlicensed workers in the nation. This strict ratio applies to all work on the job site, including assembly of equipment and cleanup, all of which has been deemed to be "electrical work" requiring licensure.

Despite these challenges, REP has built a robust pipeline of projects for 2019 and 2020 and expects to develop and install a minimum of more than 4,900 kilowatts of solar at an estimated total project cost of \$7.5 million. A signature project that was to be started in 2019 to build REP's development capacity, is the installation of solar PV on the roof of the existing building at 1200 Plymouth Avenue N.

Northgate Development was formed as a limited liability corporation in 2017 and is also wholly owned by Jamez Staples. It was formed to hold the real estate purchased December of 2017.

Northgate purchased 1112-1200 Plymouth Avenue N. from the State of Minnesota for \$1,560,000. The property has a tax assessed value of \$1,803,200. The site includes an existing 22,000 square foot building that is a former state workforce center, and a vacant lot that is slated for development of 100,000 square feet anchored by the Minneapolis Apprenticeship Training Center (MATC).

Funding for the site purchase came from a private loan that is non-recourse and was made to support Staple's vision for the training center and broader redevelopment along Plymouth Avenue. Northgate makes interest-only payments on the private loan at a rate of 3.0% or 1.0% above the 90-day LIBOR, whichever is less.

Northgate continues to work on developing the partnerships with public school systems and others for the training center. It has secured a commitment to finance the new construction from an entity that has an allocation of New Markets Tax Credits. In addition to the rooftop solar and heat pumps on the existing building, Northgate will host a demonstration of battery storage in a partnership with the University of Minnesota. Northgate was also awarded grants and financing to install four electric vehicle charging stations at the site and implement advanced practices for management of stormwater runoff.

Proposed Project:

155-kW Roof-top Solar Array and High Efficiency Heat Pumps

Purchase Price and Installation	\$600,000
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Sources and Uses of Funds:

Sources of funds:

Minneapolis Green Biz Incentive	\$ 70,000
Metropolitan Council and Hennepin County Grants	\$357,000
Trillion BTU	\$173,000

Uses of funds:

155-kW Roof-top Solar Array	\$240,000
High Efficiency Heat Pumps	\$360,000

In order to leverage the grant funds, we are requesting that all local EDAs match the Trillion funds for projects in their area. The City of Minneapolis 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:

Given the delay in moving forward with this project, there is currently no financial activity to present. Northgate Development, LLC provided a sources and uses statement for the grant funds that have been invested in the project, and the current status of development. The lack of financial statements is mitigated by the security of the PACE assessment as collateral for repayment. The following ratios are as of December 31, 2019:

Debt Service Coverage:	N/A	Trillion standard of at least:	1.15
Debt-to-Equity:	N/A	Trillion standard of less than:	4.00

Proposal:

Source of Funds:	Trillion BTU
Use of Funds:	155-kW Roof-top Solar Array and High Efficiency Heat Pumps
Amount of Loan:	\$173,000
Rate:	4.25%
Term:	10 years
Collateral:	Signed Loan Agreement PACE Special Assessment

Energy Savings:

765 MMBTUs (\$26,000) annually.

Renewable Energy Rebates and Incentives:

The borrower is eligible to receive additional incentives including the investment tax credit equal to 30% of the system's cost, accelerated depreciation and performance-based incentives through the local utility.

Workforce Implications:

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

Policy Exceptions:

Yes – This loan is being requested absent financial statements being available given the mission driven nature of the organization and the owner's ability to raise capital to pursue his mission. The security of the PACE loan mitigates this risk and reduces the possibility of loss.

Recommendation:

We recommend the approval of a \$173,000 Trillion BTU loan to Northgate Development, LLC.

Trillion BTU / PACE Loan Summary
For the month of May 2020

Borrower	Shawn Callahan	MN Senior Federation-Seven County Region	Northgate Development, LLC
Loan Amount	\$ 62,000	\$ 30,720	\$ 173,000
Interest Rate	4.25%	4.25%	4.25%
Term (Years)	10	10	10
Collateral			
Signed Loan Agreement	Y	Y	Y
Personal Guaranty	N	N	N
PACE Special Assessment	Y	Y	Y
Project Description	Solar	Lighting & other efficiencies	Solar / Heat Pump
Sources & Uses			
Sources of Funds:			
Trillion BTU	\$ 62,000	\$ 30,720	\$ 173,000
Other Funding Sources			427,000
Total Sources	\$ 62,000	\$ 30,720	\$ 600,000
Uses of Funds:			
HVAC			\$ 360,000
LED Lighting		\$ 25,000	\$ -
Solar Array	\$ 62,000		\$ 240,000
Boiler			
Other		\$ 5,720	\$ -
Total Uses	\$ 62,000	\$ 30,720	\$ 600,000
Financial Ratios			
Debt Service Coverage (Std > 1.15)	2.78	N/A	N/A
Debt-to-Equity (Std < 4.00)	0.83	N/A	N/A
Profitable in 2 of last 3 years (Y/N)	Y	Y	N
Policy Exception (Y/N)	N	Y	Y
Annual Energy Savings			
MMBTUs	95	75	765
Dollars	\$ 3,200	\$ 2,600	\$ 26,000
Workforce Implications			
Construction Jobs	1	1	6