



To: City Council

Agenda Item #: IV. L.

From: Scott H. Neal, City Manager

Action

Discussion

Date: August 19, 2014

Information

Subject: Designate the St. Paul Port Authority (SPPA) as the Administrator of the Edina Emerald Energy Program (EEEEP)

Action Requested:

Adopt proposed Joint Powers Agreement and approved excerpted minutes

Information / Background:

The City Council received an Advisory Communication from the Energy & Environment Commission on June 3, 2014 recommending the Council modify or discontinue the Edina Emerald Energy Program (EEEEP) because of changes in the nature of the energy conservation market; changes in Minnesota law; and the extraordinary administrative burden the EEEP places on City staff.

Staff have discussed the proposed action with representatives of the St. Paul Port Authority. They have confirmed their interest in taking over as the administrator of our EEEP. They believe they have the staff and the expertise to better market and administer the EEEP. Based on staff research, we agree with that assessment.

If the Council approves the attached Joint Powers Agreement and excerpted minutes, the SPPA will assume management of the EEEP in Edina. We are also discussing the prospect of them taking over the management of the two EEEP deals previously implemented.

If this action is approved by the Council, the effective date of the change will be November 1, 2014.

Recommendation

I recommend the City Council approve the requested actions.

ADVISORY COMMUNICATION



To: City Council

From: Energy and Environment Commission

Date: June 3, 2014

Subject: Recommend City Council Modify or discontinuing the Edina Emerald Energy Program (EEEP) and Designate the St. Paul Port Authority To Implement and Administer a Property Assessed Clean Energy (PACE) Program On Behalf of the City

Attachments: Example Joint Powers Agreement and Excerpt of Minutes

Action Requested:

The EEC requests City Council modify or discontinue the Edina Emerald Energy Program (EEEP) and designate the St. Paul Port Authority (SPPA) to implement and administer a Property Assessed Clean Energy (PACE) program on behalf of the City of Edina.

Situation:

Since the City passed the first PACE program in Minnesota in 2011, the St. Paul Port Authority has expanded the kinds of governmental programs providing financing in the State of Minnesota. Under the state PACE statute, Minn. Stat. Sections 216C.435 and 216C.436 and Chapter 429, the City can designate another local governmental unit to implement its PACE program on its behalf. The SPPA recently created a program under the PACE statute known as PACE OF MN, and is willing to implement and administer this PACE program on behalf of the City. The SPPA also administers other energy improvement financing programs, including the Trillion BTU program on behalf of Xcel Energy, and has a high degree of financial expertise and is available within the City's boundaries. Designating the SPPA as the program administrator for the City's PACE program will significantly reduce the administrative burden that the City has experienced in handling its first two PACE projects. The only significant role remaining for the City is to impose and collect the special assessments imposed under PACE and transfer such collections to the SPPA.

Background:

The City has already enacted a city-wide PACE program under Minn. Stat. Sections 216C.435 and 216C.436 and Chapter 429, and financed the first two PACE projects in Minnesota. This change will reduce the City's administrative role.

ADVISORY COMMUNICATION

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Assessment:

The EEC does not see a downside to designating the SPPA to administer the City's PACE program. For the reasons discussed above, this action will also reduce the City's administrative expenses. Attached is the sample SPPA joint powers agreement.

Recommendation:

The Commission recommends that the City Council modify or discontinue EEEP and designate the SPPA to implement and administer a PACE program on behalf of the City of Edina.

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**Port Authority of the City of Saint Paul
Property Assessed Clean Energy Program
(PACE OF MN)
JOINT POWERS AGREEMENT**

Saint Paul Port Authority
850 Lawson Commons
380 St. Peter Street
Saint Paul, MN 55102
(651) 224-5686
(651) 223-5198 (fax)
www.sppa.com

REV 10/21/2013

JOINT POWERS AGREEMENT

This Agreement, made and entered into as of the _____ day of _____, 2014, by and between the Port Authority of the City of Saint Paul (the "Port Authority"), a body corporate and politic, and the City of Edina, Minnesota, a municipal corporation (the "City"), provides as follows:

WHEREAS, the Port Authority has been engaged in governmental programs for providing financing in the City of Saint Paul and in other areas of the State of Minnesota (the "State") by making loans evidenced by various financing leases and loan agreements, and in the process of operating these program the Port Authority has developed a high degree of financial expertise and strength; and

WHEREAS, Minnesota Statutes, Sections 216C.435 and 216C.436 and Chapter 429 (the "Act") authorize the City to provide for the financing of the acquisition and construction or installation of energy efficiency and conservation improvements (the "Improvements") on properties located within the boundaries of the City through the use of special assessments; and

WHEREAS, the Act authorizes the City to designate a local government unit other than the City to implement the program under the Act on behalf of the City; and

WHEREAS, the City has identified one or more projects within the boundaries of the City that will result in Improvements in need of financing, and has adopted its Resolution No. _____ (a copy of which is attached hereto as Exhibit A) to designate the Port Authority to implement and administer a program on behalf of the City to finance such Improvements; and

WHEREAS, the Port Authority has created a program under the Act known as the Property Assessed Clean Energy Program ("PACE OF MN") for purposes of implementing and administering the activities described in the Act, and the Port Authority is willing to implement and administer that program on behalf of the City as requested herein; and

WHEREAS, the City has expressed a desire to make energy improvement financing programs of the kind managed by the Port Authority available for improvements of eligible properties within its boundaries, including but not limited to the Energy Savings Partnership, Trillion BTU (within the portion of the City served by Xcel Energy) and MNPace, and a joint powers agreement is required between the City and the Port Authority in the case of MnPACE authority; and

WHEREAS, the Improvements will serve citizens of the City of Saint Paul and the City, as well as Ramsey and _____ Counties and the State of Minnesota.

NOW THEREFORE, in consideration of the mutual covenants herein made, the parties to this Agreement hereby agree as follows:

1. The Port Authority shall exercise the powers of the Act on behalf of the City by utilizing to provide financing for Improvements located within the boundaries of the City. Except as otherwise provided in this Joint Powers Agreement, the Port Authority shall be solely responsible for the implementation and administration of PACE OF MN and the financing of the Improvements.

2. In connection with its implementation and administration of PACE OF MN, and its financing of the Improvements located within the boundaries of the City, it is anticipated that the Port Authority will enter into various agreements with persons wishing to obtain financing for Improvements located within the boundaries of the City as well as with sources of financing for such Improvements (collectively the "Program Documents").

3. The Port Authority will charge a fee for its implementation and administration of PACE OF MN, which fee will be described in, and payable under, the Program Documents.

4. The Port Authority will have the sole duty and responsibility to comply with or enforce covenants and agreements contained in the Program Documents. This power shall specifically include the responsibility for monitoring and enforcing compliance with the provisions of the Program Documents.

5. The source of funds to finance the Improvements shall be a taxable special assessment revenue bond (the "Bond") issued by the Port Authority in favor of Bremer Bank (the "Lender"), pursuant to which the Lender will advance funds under the Program Documents.

6. The Bond shall be a special/limited obligation of the Port Authority, payable solely from special assessments levied by the City as provided herein. The Bond and interest thereon shall neither constitute nor give rise to a general indebtedness or pecuniary liability, or a general or moral obligation, or a pledge or loan of credit of the Port Authority, the City, the City of Saint Paul or the State of Minnesota, within the meaning of any constitutional or statutory provision. To that end, the Port Authority hereby agrees to indemnify and hold harmless the City from and against any claims or losses arising out of the failure of the Port Authority to provide for the payment of principal of, and the interest or any premium on the Bond, from special assessment payments actually paid to the Port Authority by the City. This indemnity shall not, however, be construed to relate to any claims or losses which might arise by virtue of the exercise, by the City, of its governmental powers in connection with the Project, or by virtue of the failure of the City to levy and collect special assessments with respect to the Improvements or promptly remit such special assessment payments to the Port Authority as provided in the Program Documents.

7. As and for its contribution to the financing of the Improvements, and as provided in the Act, the City shall impose and collect special assessments necessary to pay debt service on that portion of the Bond attributable to the Improvements located within the boundaries of the City. Evidence that the City has imposed such special assessments is a precondition to the Port Authority's obligation to provide financing to any Improvements located within the boundaries of the City.

8. Once the City has imposed special assessments to finance Improvements located within the boundaries of the City, the City shall collect and transfer all collections of the assessments upon receipt to the Port Authority for application to the payment of the Bond. The City will take all actions permitted by law to recover the assessments, including without limitation, reinstating the outstanding balance of assessments when the land returns to private ownership, in accordance with Minn. Stat. Section 429.071, Subd. 4. The City acknowledges that the Lender is a third-party beneficiary of the City's covenants herein with respect to the imposition, collection and transfer of special assessments described herein.

9. Unless otherwise provided by concurrent action of the Port Authority and the City, this Agreement shall terminate upon the retirement or defeasance of the Bond, and this Agreement may not be terminated in advance of such retirement or defeasance.

10. This Agreement may be amended by the Port Authority and the City, at any time, by an instrument executed by both of them. No amendment hereof may be entered into by the Port Authority or the City, however, if the effect of such amendment would impair the rights of the holder of the Bond, unless such holder has consented to such amendment.

11. This Agreement may be executed in any number of counterparts, each of which when taken together shall constitute a single agreement.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Port Authority and the City have caused this Agreement to be executed on their behalf, by their duly authorized officers, as of the day and year first above written.

PORT AUTHORITY OF THE
CITY OF SAINT PAUL

By: _____
Its: President

By: _____
Its: Chief Financial Officer

CITY OF _____, MINNESOTA

By: _____
Its: _____

By: _____
Its: _____

EXHIBIT A

Extract of Minutes of Meeting of the
City Council of the City of Edina, Minnesota

Pursuant to due call and notice thereof, a regular meeting of the City Council of the City of Edina (the "City"), was duly held at the City Hall in the City, on _____, _____, 20____, at _____ P.M.

The following members were present:

and the following were absent:

*** **

The Mayor announced that the next order of business was consideration of the designation of the Port Authority of the City of Saint Paul to implement and administer a program under Minnesota Statutes, Sections 216C.435 and 216C.436 and Chapter 429 on behalf of the City.

Member _____ introduced the following resolution and moved its adoption, the reading of which had been dispensed with by unanimous consent:

RESOLUTION NO. _____

RESOLUTION DESIGNATING THE PORT AUTHORITY TO IMPLEMENT AND ADMINISTER A PROJECT ASSESSED CLEAN ENERGY IMPROVEMENT FINANCING ON BEHALF OF THE CITY, AND PROVIDING FOR THE IMPOSITION OF SPECIAL ASSESSMENTS AS NEEDED IN CONNECTION WITH THAT PROGRAM

BE IT RESOLVED by the City Council of the City of Edina (the "City"), as follows:

1. The Port Authority of the City of Saint Paul (the "Port Authority") has established the Property Assessed Clean Energy Program ("PACE OF MN") to finance the acquisition and construction or installation of energy efficiency and conservation improvements (the "Improvements"), on properties located throughout the State of Minnesota through the use

of special assessments pursuant to Minnesota Statutes Sections 216C.435 and 216C.436 and Chapter 429 (the "Act").

2. The City has received and approved one or more applications and petitions for Special Assessments from owners of property located in the City desiring to participate in and receive financing pursuant to the Act.

3. In order to finance the Improvements, the City hereby determines that it is beneficial to participate in PACE OF MN, and to designate the Port Authority as the implementor and administrator of that program on behalf of the City for purposes of financing Improvements located within the City.

4. The City understands that the Port Authority will issue its PACE OF MN special assessment revenue bond to finance the Improvements, and that the sole security for that bond will be special assessments imposed by the other cities participating in PACE OF MN, and .

5. To facilitate and encourage the financing of Improvements located within the City, the City covenants to levy assessments for said Improvements on the property so benefitted, in accordance with the Application and Petition for Special Assessments received from the owner(s) of the Property and approved by the Port Authority. The interest rate on the Special Assessments shall be the interest rate on the Bond, plus ____%.

6. After imposition of the special assessments, the City shall collect such assessments and remit them to the Port Authority for use in the repayment of the Bond. The City will take all actions permitted by law to recover the assessments, including without limitation, reinstating the outstanding balance of assessments when the land returns to private ownership, in accordance with Minn. Stat. Section 429.071, Subd. 4.

The motion for the adoption of the foregoing resolution was duly seconded by Member

_____ upon vote being taken thereon the following voted in favor thereof:

and the following voted against the same:

whereupon said resolution was declared duly passed and adopted.

STATE OF MINNESOTA)

COUNTY OF _____) SS.

CITY OF _____)

I, the undersigned, being the duly qualified and acting City Clerk of the City of _____, hereby certify that I have carefully compared the attached and foregoing extract of minutes of a meeting of the City Council of said City held _____, with the original thereof on file and of record in my office and the same is a full, true and complete transcript therefrom.

WITNESS My hand officially and the seal of the City this _____ of _____

City Clerk
City of Saint Paul

(Seal)