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August 27, 2014

City Council President Kathy Lantry
Saint Paul City Council Members
15 West Kellogg Blvd., #320C
Saint Paul, MN 55102

RE: Joint Powers Agreement with the Saint Paul Port Authority for Administration of the
PACE (Property Assessed Clean Energy) Program

Dear Council President Lantry and Members of the City Council:

The Saint Paul Port Authority is requesting approval of a Joint Powers Agreement between the City of Saint Paul and the Saint Paul Port Authority for the administration of the PACE program. The Port Authority has been working with City Finance and Attorney staff during the preparation of this packet for your consideration. The Port Authority will implement and administer this energy program on behalf of the City.

Background:

The PACE statute was approved by the Minnesota Legislature a few years ago (MS 471.59-9997). The Port Authority and local units of government may enter into Joint Powers Agreements. The Port Authority assists local units of government by implementing energy efficiency and renewable energy projects in industrial and commercial facilities through loans to property owners. Other units of government to date with whom the Port Authority has a Joint Powers Agreement include Oakdale, Cottage Grove, Mankato, Eden Prairie, Minneapolis, and Sherburne County.

The PACE program is a financing tool that allows private capital to pay for business building upgrades that facilitate clean energy improvements (i.e. energy; mechanical; geothermal; solar; thermal; and photovoltaic systems, etc.). It allows eligible property owners to finance the installation of energy systems on their property and repay the borrowed funds through special assessments on the commercial or industrial property. No City of Saint Paul funds will be used to finance this program; its special assessment process will be used. The Port Authority will review, underwrite, and manage the improvement loans.

Recommendation:

The Saint Paul Port Authority recommends that the City Council approve the proposed Joint Powers Agreement between the City and the Port Authority.

Thank you for your consideration of this important energy financing matter.

Sincerely,

Louis F. Jambois
President

cc: Lorrie J. Louder