
Sponsor: Community & Economic Development

Meeting Date: 11/2/2021

Title: Certification of Property Assessed Clean Energy Charges for Energy Improvements

File Number: 2021-606

Background and Rationale:

On November 24, 2015, the Ramsey County Board of Commissioners approved an agreement with the Saint Paul Port Authority (SPPA) for the administration and implementation of Property Assessed Clean Energy Program of Minnesota (PACE OF MN) on behalf of the county for energy improvements to eligible properties and providing for the imposition of special assessments as needed in connection with the program (Resolution B2015-355).

Per Minnesota Statutes, Section 429.061, the Ramsey County Board is required to adopt by resolution each assessment. This action is the nineteenth certification of PACE OF MN special assessments; the first was completed December 22, 2015. With these special assessments, property owners have invested over \$42.4 million in energy improvements.

SPPA has reviewed the applications of Drake Building, LLC and Hmong Village, LLC and determined the interested property owners meet all eligibility requirements. SPPA, on behalf of the property owners, requests the county apply special assessments and collect repayment on property tax bills on behalf of the SPPA.

The owner of any property so assessed may, at any time prior to certification of the assessment to the county auditor, pay the whole of the assessment on such property. An owner may at any time thereafter, pay to the county auditor the entire amount of the assessment remaining unpaid, with interest accrued to December 31 of the year in which such payment is made. Such payment must be made before November 15 or interest will be charged through December 31 of the succeeding year.

PACE OF MN Process/Eligibility/Requirements

Commercial and industrial businesses, non-profits (including religious institutions), and owners of multi-family housing are eligible for PACE OF MN. Approved projects are eligible for 100% financing from SPPA and other non-county sources and the repayment schedule is structured to have an immediate positive cash flow. Interest rates vary depending on the length of the financing term and include SPPA processing charges.

Interested applicants for the PACE OF MN program connect with the SPPA. Applicants are required to be the legal owner of the property and all of the legal owners of the property must agree to participate. The interested property owner must be current on any existing mortgage and the property owner must not have defaulted on the deeds of trust. Property must not be subject to any involuntary liens or judgments, not be delinquent on property taxes and the property owner must not be in bankruptcy. SPPA performs a thorough credit analysis and applications are approved by the SPPA's Credit Committee prior to the SPPA submitting an assessment request to the county.

Following review by SPPA, SPPA requests the county apply a special assessment and collect repayment on property tax bills on behalf of the SPPA. Loan payments for PACE OF MN projects

cannot exceed the greater of 20% of the property's assessed value as determined by the county assessor or 20% of an appraised value that has been accepted or approved by the mortgage lender. The second clause allows PACE assessments to be applied to new construction where the value increase has not yet been realized from a property tax perspective. The assessment stays with the property in the event of a sale. The special assessment becomes a lien against the property at the point that it is extended to the tax rolls. If not timely paid, the special assessment would accrue penalties and interest as with other delinquent taxes and is subject to tax forfeiture. Unpaid assessments become a lien on the property like any other special assessment or unpaid property taxes.

Recommendation:

The Ramsey County Board of Commissioners resolved to:

1. Ratify the removal of the special assessment on the following property:
Owner: St. Paul Wabasha Partners, LLC
Property Address: 386 Wabasha Street N, Saint Paul
PIN: 062822120033
Assessment Request: \$12,000,000
Interest Rate: 6.44%
Interest Starts Accruing: 01/01/2022
Term: 20 years
2. Request the County Auditor to extend the proposed special assessment plus interest on the following property:
Owner: Drake Building, LLC
Property Address: 60 Plato Blvd, Saint Paul
PIN: 05-28-22-33-0059
Project Type: Energy efficient HVAC
Assessment Request: \$440,000
Interest Rate: 4.25 %
Interest Starts Accruing: 01/01/2022
Finance Period: 10 years
3. Request the County Auditor to extend the proposed special assessment plus interest on the following property:
Owner: Hmong Village, LLC
Property Address: 1001 Johnson Parkway, Saint Paul
PIN: 27-29-22-23-0082
Project Type: Lighting upgrade to LED
Assessment Request: \$315,000
Interest Rate: 5.00 %
Interest Starts Accruing: 07/01/2021
Finance Period: 10 years

Such assessments shall be payable in equal annual principal and interest installments extending over the term of the special assessment. The first of the installments shall be payable with general property taxes in 2022, and shall bear interest at the rates per annum and interest start date stated above, and to the first installment shall be added interest on the entire assessment from the interest start date until December 31 of the tax payable year to which the first installment will be extended, and to each subsequent installment, when due, shall be added interest for one year on all unpaid installments and to each installment shall also be added the special assessment administration fee required by Minnesota Statutes section 429.061, subd. 5.
4. Direct the Chief Clerk to send a certified copy of this Resolution to the County Auditor to ratify the removal of the previously approved assessment for St. Paul Wabasha Partners, LLC and to extend the assessments for Drake Building, LLC and Hmong Village, LLC on the property tax lists of the county.

A motion to approve was made by Commissioner MatasCastillo, seconded by Commissioner Ortega. Motion passed.

Aye: - 7: Carter, Frethem, MatasCastillo, McDonough, McGuire, Ortega, and Reinhardt

By: 
Mee Cheng, Chief Clerk - County Board