

Pursuant to due call and notice thereof, a meeting of the North Mankato Port Authority Commission was held in the Council Chambers of the Municipal Building on Friday, November 2, 2007.

President Hensel called the meeting to order at 7:30 a.m. The following were present: Commissioners Abbott, Schindle, Knutson, Behrens, Hensel, Kirschbaum and Zellmer, Executive Vice President Sande, Finance Director Mork and Secretary Gehrke.

Approval of the Minutes

On a motion by Commissioner Knutson, seconded by Commissioner Zellmer, the minutes of the Port Authority meeting of August 14, 2007 were approved.

Finance

A. Approval of Bills – July through September 2007

Finance Director Mork presented the Port Authority expenditures for July through September 2007. Commissioner Kirschbaum moved, seconded by Commissioner Abbott, to approve the Port Authority expenditures for July through September 2007. Vote on the motion: Abbott, Schindle, Knutson, Behrens, Hensel, Kirschbaum and Zellmer, aye; no nays. Motion carried.

Report of Executive Vice President

A. Loan Application - Reno Enterprises LLC

Executive Vice President Sande presented background information for the Reno Bastian Enterprises, Inc. loan application reporting the Loan Committee appointed by the Port Authority Commission at their August 14, 2007 meeting has met with the applicant and other interested parties on several occasions and reviewed three separate loan proposals. The Loan Committee has settled on the financing proposal as outlined in the revised loan application. The loan application is for a low-interest revolving loan in the amount of \$100,000 at 4.00% interest on a 10-year term based on a 20-year amortization subject to the following criteria:

1. Personal Guarantees from the parties.
2. SBA final approval.
3. Creation of a minimum of two full-time positions within two years.
4. Letter agreement from Reno Bastian Enterprises LLC committing any future expansion of the corporation to locate in the City of North Mankato.

Executive Vice President Sande noted Voyager Bank provided a commitment letter and SBA Loan Authorizations, which lists the participation of the Southern Minnesota Initiative Fund and Region 9 as partners in financing this project. Mark Murphy, Voyager Bank, appeared before the Port Authority Commission and reported Voyager Bank has reviewed the loan request with due diligence and their Loan Committee voted unanimously to support the loan to Reno Bastian Enterprises, Inc., which they believe has a proven product and will enhance the

community. Dan and Angie Bastian appeared before the Port Authority Commission and thanked the Commission and the Loan Committee for working with them in putting a loan package together. Mr. and Mrs. Bastian voiced their commitment to creating jobs in the community and creating a business atmosphere which will grow and thrive.

Loan Committee Member Knutson reported the items which created a positive outcome to the loan application request: 1) This is the second project the Port Authority Commission has undertaken with the Bastians, 2) This business has an association with other distributors in addition to Old Dutch, and 3) Their commitment to future expansion in North Mankato.

Loan Committee Member Abbott reported he supports the loan because of the proven track record with the Bastians and the Port Authority's commitment of \$100,000 is key to the success of this project.

Commissioner Knutson moved, seconded by Commissioner Behrens, to approve a low-interest revolving loan in the amount of \$100,000 at 4.00% interest on a 10-year term based on a 20-year amortization. Vote on the motion: Abbott, Schindle, Knutson, Behrens, Hensel, Kirschbaum and Zellmer, aye; no nays. Motion carried. Commissioner Zellmer thanked the Loan Committee for their work on this loan application.

B. Res. No. 07-01 Authorizing the Purchase of Real Estate

Executive Vice President Sande reported a verbal agreement has been reached with Mr. Roy Burnett to purchase 30.13 acres of his property immediately west of Northport Industrial Park north of Highway 14 with a purchase price of \$20,000 per acre for a total of \$602,300. A closing date of January 15, 2008 is proposed to coincide with a pending property sale. Of the 30.13 acres, approximately 12 acres would be sold for development and 6.42 acres would be utilized for road right-of-way for T.H. 14 and the extension of Howard Drive. The acquisition of the road right-of-way will be reimbursed from transportation funds. The balance of the property will be used for future development.

Commissioner Schindle moved, seconded by Commissioner Abbott, to adopt Resolution No. 07-01 Authorizing the Purchase of Real Estate. Vote on the Resolution: Abbott, Schindle, Knutson, Behrens, Hensel, Kirschbaum and Zellmer, aye; no nays. Motion carried.

C. Set Public Hearing for Sale of Real Estate for 7:30 a.m. on Thursday, November 15, 2007.

Executive Vice President Sande reported it is necessary to set a public hearing for the proposed sale of land. An agreement has been reached for the sale of 19.91 acres in Northport Industrial Park to Ziegler Mankato, LLC for the purpose of building a sales and service facility on the site. The agreement also provides Ziegler with a first right-of-refusal on the property to be platted as Lot 2, Block 1,

Northport 10 which contains approximately 5.25 acres. Total sale price of the property is \$912,300 with an estimated closing date of January 15, 2008. The project will necessitate the extension of Howard Drive West to a point where it will meet the future T.H. 14/CSAH 41 interchange off ramps.

Commissioner Knutson moved, seconded by Commissioner Zellmer, to set a public hearing for 7:30 a.m. on Thursday, November 15, 2007 for the sale of real estate. Vote on the motion: Abbott, Schindle, Knutson, Behrens, Hensel, Kirschbaum and Zellmer, aye; no nays. Motion carried.

Other Business

A. Set Port Authority Meeting

Commissioner Knutson moved, seconded by Commissioner Behrens, to set a Port Authority meeting for 7:30 a.m. on Thursday, November 15, 2007. Vote on the motion: Abbott, Schindle, Knutson, Behrens, Hensel, Kirschbaum and Zellmer, aye; no nays. Motion carried.

Open Meeting to the Public

President Hensel opened the meeting to the public for comment. With no one appearing before the Commission, President Hensel closed this portion of the meeting.

There being no further business, the meeting was adjourned at 7:53 a.m.

President

Secretary