

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 Thursday, September 18, 2008.

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

Approval of the Minutes

On a motion by Commissioner Knutson, seconded by Commissioner Kirschbaum, the minutes of the Port Authority meeting of September 9, 2008 were approved.

Finance

A. Update of Revolving Loan Fund

Finance Director Mork presented an update of the Revolving Loan Fund showing a cash and investment balance of \$460,430 and principal on Raberge property loan of \$91,713. He reported the Raberge loan was scheduled to be paid off this month. Total funds available after payment of the Raberge loan will be \$552,143. Loan commitments for 2009 include \$250,000 for the Dentex Project and \$300,000 for the Daycare Project. The current monthly cash flow from principal and interest is \$14,429.

Report of Executive Vice President

A. Marigold Project

1. Grant Award

Executive Vice President Sande reported notice was received from the Commissioner of the Department of Employment and Economic Development (DEED) that our application for a Redevelopment Grant for the Marigold Dairy site was approved for funding. DEED will award the City \$128,491 for infrastructure improvements for the Marigold Dairy site.

Executive Vice President Sande also reported the City received a \$250,000 grant for infrastructure improvements for the extension of Howard Drive West which will serve the industrial park.

2. Development Agreement – Phase I

Executive Vice President Sande presented the Development Agreement for Phase I of the Marigold Project. The Agreement has been reviewed by the City Attorney and the attorney for the developer. The documents contain the personal guarantees of the developers. Roger Guenette of Advance Resources and Vanyo Moody, the developer, were in attendance at the meeting. Mr. Guenette reported the developer would be purchasing a 1.06-acre parcel and construction of minimum improvements would be completed by December 31, 2009 for Phase I of the project. The Port Authority shall reimburse itself with Tax Increment payments made by the developer for the land acquisition in an amount not to exceed \$451,500 plus interest at 6.3 percent. In response to questions from the Port Authority Commissioners,

Executive Vice President Sande reported that since the amount of the redevelopment grant was \$128,491 versus \$142,931, which was projected, the amount of the sales tax contribution would increase from \$179,919 to \$194,359 and the Development Agreement would be amended to incorporate these changes. Discussion was held on the formula for the tax increments which has been set for a 25-year reimbursement. Van Moody addressed the Port Authority Commission and reported work would begin this fall on soil correction with an expected completion of Phase I of August or September 2009.

Commissioner Kirschbaum moved, seconded by Commissioner Knutson, to approve the Development Agreement for Phase I of the Marigold Project. Vote on the motion: Arnold, Hensel, Kirschbaum, Zellmer, Abbott, Steiner and Knutson, aye; no nays. Motion carried.

3. Preliminary Development Agreement – Phase II

Executive Vice President Sande reported the Preliminary Development for Phase II of the Marigold Project provides a framework for an agreement on development of the second phase of the project. The proposed agreement provides the developer with an exclusive purchase option on the property for a period of three (3) years from the issuance of a Certificate of Occupancy for Phase I. Vanyo Moody addressed the Port Authority Commissioners reporting he has been working for 19 months on Phase I of the project and the three-year option is the minimum needed for development of Phase II which could possibly include an 8-12 story building with a hotel and 150 to 200 underground parking stalls. Roger Guenette, Advance Resources for Development, reported that the Port Authority Commission does have the authority to create tax abatement for Phase II and could ask for special legislation for tax increment financing. Executive Vice President Sande reported that amendments are made every year for TIF districts and legislation would be pursued in 2009 for Phase II. Commissioner Steiner moved, seconded by Commissioner Kirschbaum, to approve the preliminary Development Agreement for Phase II with a 3-year exclusive first right-of-refusal that may be extended by one-year increments. Vote on the motion: Arnold, Hensel, Kirschbaum, Zellmer, Abbott, Steiner and Knutson, aye; no nays. Motion carried.

B. Resolution No. 10-08 Authorizing Exchange of Real Estate

Executive Vice President Sande reported that acting upon a request from the North Mankato City Council to undertake certain redevelopment activities, the North Mankato Port Authority Commission acquired real estate on Webster Avenue. The non-conforming residence previously located at 514 Webster Avenue has been relocated and re-addressed as 434 Pierce Avenue. In order to acquire the property adjacent to the Taylor Library for the planned library expansion, the City has entered into an agreement with the property owner at 925 Nicollet Avenue to acquire that real estate in exchange for the property at 434 Pierce Avenue. In order to defray the Port Authority's costs

related to the rehabilitation of 434 Pierce Avenue, the City will reimburse the Port Authority in an amount of \$145,000. The house from 925 Nicollet Avenue will be moved to the property known as 506 Garfield Avenue. A Tax Increment Financing District will be established for the Webster Avenue property which will be used as commercial building sites. Commissioner Knutson moved, seconded by Arnold, to adopt Resolution No. 10-08 Authorizing Exchange of Real Estate. Vote on the Resolution: Arnold, Hensel, Kirschbaum, Zellmer, Abbott, Steiner and Knutson, aye; no nays. Motion carried.

Other Business

A. Loan for 300 Belgrade Avenue Project

Executive Vice President Sande reported he received the loan to value ratio for the property at 300 Belgrade Avenue. This item was tabled at the September 9, 2008 Port Authority Commission meeting. Will Dauffenbach, MLB Property Management, was in attendance at the meeting. Commissioner Arnold asked if the electrical wires on the outside of the building will be addressed as part of the improvement project. Mr. Dauffenbach reported he will look at addressing the wires to improve the exterior look of the building. Commissioner Steiner moved, seconded by Commissioner Abbott, to approve the low-interest loan request in the amount of \$9,000 to repair the basement stairwell, a new awning and replacement of the store front. Vote on the motion: Arnold, Hensel, Kirschbaum, Zellmer, Abbott, Steiner and Knutson, aye; no nays. Motion carried.

B. Mayor's Tour

Executive Vice President Sande reported the Mayor's Tour has been scheduled for Monday, October 6, 2008 with the bus leaving from Fire Station No. 2 at 5:15 p.m.

C. Groundbreaking for Daycare Center

Executive Vice President Sande reported a groundbreaking ceremony was held on Wednesday, September 17, 2008 for the Bean's Plus Daycare Center to be constructed at the corner of Carlson Drive and Rolling Green Lane.

Open the Meeting to the Public

President Hensel opened the meeting to the public with no one appearing.

There being no further business, the meeting was adjourned at 8:25 a.m.

President

Secretary