

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 Wednesday, October 20, 2010.

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

#### Approval of the Minutes

On a motion by Commissioner Knutson, seconded by Commissioner Steiner, the minutes of the Port Authority meeting of September 14, 2010 were approved.

#### Finance

##### A. Approval of Bills – September 2010

Finance Director Mork presented the Port Authority expenditures for September 2010. Commissioner Kirschbaum moved, seconded by Commissioner Zellmer, to approve the Port Authority expenditures for September 2010. Vote on the motion: Kirschbaum, Zellmer, Abbott, Steiner, Knutson and Hensel, aye; no nays. Motion carried.

##### B. Res. No. 10-10 Authorizing Decertification of Tax Increment Financing District No. IDD 1-12 (Oak Terrace Assisted Living)

Finance Director Mork presented Resolution No. 10-10 Authorizing Decertification of Tax Increment Financing District No. IDD 1-12 (Oak Terrace Assisted Living) reporting this is the final year of the TIF for this project and the property will revert to the regular tax rolls in 2011. Commissioner Steiner moved, seconded by Commissioner Abbott, to adopt Resolution No. 10-10 Authorizing Decertification of Tax Increment Financing District No. IDD 1-12 (Oak Terrace Assisted Living). Vote on the Resolution: Kirschbaum, Zellmer, Abbott, Steiner, Knutson and Hensel, aye; no nays. Motion carried.

##### C. Res. No. 11-10 Approving and Authorizing Execution of a Declaration of Official Intent of the City Under the Reimbursement Bond Regulations of the Internal Revenue Service (TIF District IDD 1-19, 422 Belgrade Avenue)

Finance Director Mork presented a reimbursement resolution for TIF District IDD 1-19. He reported this will allow reimbursement of any monies expended for the redevelopment of the 422 Belgrade Avenue project. Commissioner Knutson moved, seconded by Commissioner Steiner, to adopt Resolution No. 11-10 Approving and Authorizing Execution of a Declaration of Official Intent of the City Under the Reimbursement Bond Regulations of the Internal Revenue Service (TIF District IDD 1-19, 422 Belgrade Avenue). Vote on the Resolution: Kirschbaum, Zellmer, Abbott, Steiner, Knutson and Hensel, aye; no nays. Motion carried.

#### Report of Executive Vice President

##### A. Dollar Store Redevelopment Project – 422 Belgrade Avenue

Executive Vice President presented a proposal for the redevelopment of the former Dollar Store at 422 Belgrade Avenue. He reported this project is eligible for

redevelopment tax increment financing and our consultants have developed a TIF Plan and schedule of TIF activities to implement the proposed project. He reported this would be an approximately \$2 million project with a proposed TIF subsidy of \$400,000. The increased tax value of the project will generate the revenue to repay the TIF Bonds. But for the TIF subsidy, the project would not go forward. The architect and developer for the project, Corey Brunton, appeared before the Commission and presented an artist rendering of the proposed building and layouts of the two floors. He reported this is a 2-story building comprised of approximately 12,000 square feet of commercial space on the ground floor and approximately 9,200 square feet of apartments on the second level. There would be a total of seven apartments and five commercial spaces. Executive Vice President Sande reported this TIF project is proposed to be funded with a G.O. Tax Increment Financing Bond to be issued in the spring of 2011 with a construction loan in the interim administered by the bank in the amount of \$400,000.

Res. No. 12-10 Initiating Process for Adoption and Establishment of Tax Increment Financing District No. IDD 1-19

Commissioner Kirschbaum moved, seconded by Commissioner Steiner, to adopt Resolution No. 12-10 Initiating Process for Adoption and Establishment of Tax Increment Financing District No. IDD 1-19 and Setting Public Hearing for 7:30 a.m. on Wednesday, November 17, 2010. Vote on the Resolution: Kirschbaum, Zellmer, Abbott, Steiner, Knutson and Hensel, aye; no nays. Motion carried.

B. Infill Project – 225 Belgrade Avenue

Executive Vice President Sande presented a proposal for an infill project at 225 Belgrade Avenue which is immediately adjacent to Like Nu Cleaners and the Kenne building. Corey Brunton, architect and proposed developer of the project, appeared before the Commission and summarized the project reporting the building would consist of approximately 2,250 square feet of commercial space on the ground floor and a similar amount of square footage on the second level consisting of two apartments. The estimated cost of the project is \$408,500. He reported three parking spaces have been identified for this building. Executive Vice President Sande reported soil samples were taken which indicated soil corrections were needed at this site at an approximate cost of \$50,000 which is considered an extraordinary project cost. The necessary subsidy for this project including the \$50,000 for the soil corrections is \$126,000. Executive Vice President Sande reported the project has been reviewed in detail with the developers and that, absent the subsidy, the project is not feasible. The recommendation to the Port Authority Commission is to consider the subsidy and authorize the expenditure from sales tax funds. Commissioner Knutson asked that a concept drawing be prepared of the 200 Block of Belgrade Avenue. Commissioner Abbott moved, seconded by Commissioner Knutson, to authorize a subsidy in the amount of \$126,000 to be paid from the Sales Tax Fund for the 225 Belgrade Avenue Project. Vote on the motion: Kirschbaum, Zellmer, Abbott, Steiner, Knutson and Hensel, aye; no nays. Motion carried.

C. Central Business District Grant – Jeff and Tammy Kenne

Executive Vice President Sande presented a Central Business District grant request from Jeff and Tammy Kenne in the amount of \$25,000 for major renovations of their building at 223 Belgrade Avenue which was previously occupied by the coin laundry.

The Kennes also propose to make improvements to the upstairs apartments. Commissioner Steiner moved, seconded by Commissioner Abbott, to approve a Central Business District grant request for Jeff and Tammy Kenne, 223 Belgrade Avenue, in the amount of \$25,000 subject to documentation of eligible project expenses. Vote on the motion: Kirschbaum, Zellmer, Abbott, Steiner, Knutson and Hensel, aye; no nays. Motion carried.

Other Business

A. Set Port Authority Meeting for Wednesday, November 17, 2010 at 7:30 a.m.

Commissioner Abbott moved, seconded by Commissioner Zellmer, to set a Port Authority meeting for Wednesday, November 17, 2010 at 7:30 a.m. Vote on the motion: Kirschbaum, Zellmer, Abbott, Steiner, Knutson and Hensel, aye; no nays. Motion carried.

Executive Vice President Sande reported he expects to receive the MPCA permit for the LJP Project in the near future.

Open 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 8:10 a.m.

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President

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Secretary