

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, October 23, 2009.

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

#### Approval of the Minutes

On a motion by Commissioner Steiner, seconded by Commissioner Knutson, the minutes of the Port Authority meeting of September 28, 2009 were approved.

#### Public Hearing, 7:30 a.m. – Sale of Real Estate to South Central Service Cooperative

President Hensel opened the public hearing to consider the sale of Lot 2, Block 1, Northport No. 13 to South Central Service Cooperative. Executive Vice President Sande reported a public hearing was previously held to consider this item but due to insufficient publication of the Notice of Hearing, it was necessary to republish and hold a public hearing at this meeting. He presented a copy of the published notice of hearing and a plat of the 5.58-acre parcel which is located immediately west of the current South Central Service Cooperative building and east of Lot 1, Block 1, Northport No. 13 which was recently sold to BENCO Electric for a future substation. There being no one appearing before the Port Authority Commission, President Hensel closed this portion of the meeting.

#### Res. No. 12-09 Authorizing the Sale of Real Estate

Commissioner Knutson moved, seconded by Commissioner Abbott, to adopt Resolution No. 12-09 Authorizing the Sale of Real Estate, Lot 2, Block 1, Northport No. 13, to South Central Service Cooperative. Vote on the Resolution: Abbott, Steiner, Knutson, Arnold, Hensel and Zellmer, aye; no nays. Motion carried.

#### Finance

##### A. Approval of Bills – August and September 2009

Finance Director Mork presented the Port Authority expenditures for August and September 2009. Commissioner Arnold moved, seconded by Commissioner Steiner, to approve the Port Authority expenditures for August and September 2009. Vote on the motion: Abbott, Steiner, Knutson, Arnold, Hensel and Zellmer, aye; no nays. Motion carried.

##### B. Revolving Loan Fund

Executive Vice President Sande presented a recap of cash on hand and receivables for the Port Authority Revolving Loan Fund. He reported monthly scheduled loan payments are \$11,506, cash on hand as of October 21, 2009 is \$440,500 and Loan Receivables are \$1,176,471. The Port Authority Commission approved a preliminary loan commitment to Beans Plus several months ago in the amount of

\$275,000 and a request for a final commitment will be brought before the Port Authority when the construction is completed. A request for a loan to Thin Film Technology in the amount of \$250,000 is on today's agenda. In response to a question from Commissioner Abbott, Executive Vice President Sande reported sufficient funds are available from other Port Authority resources if needed to cover these commitments.

#### Report of Executive Vice President

##### A. Minnesota Truck & Tractor Loan Request

Executive Vice President Sande presented a loan request from Gary M. and Michelle L. Schmit, dba Minnesota Truck & Tractor. He reported the Schmits' original request for a \$150,000 loan was referred to the Loan Committee for their review. Subsequent to review by the Loan Committee and with the assistance of Wendy Anderson from the Small Business Development Center, a revised loan package of \$150,000 was devised from three sources. Region 9 will provide \$50,000 from their Revolving Loan Fund, BENCO will provide \$50,000 from their Loan Fund and \$50,000 is requested from the Port Authority utilizing community development funds. The three entities will share a third mortgage which will be subordinate to the mortgages of Pioneer Bank and the Small Business Administration. Executive Vice President Sande reported Gary M. and Michele L. Schmit will provide Personal Guarantees. Commissioner Knutson reported the Loan Committee reviewed the revised loan request and recommended approval of the request since it includes an injection of \$77,500 of owners' equity. Executive Vice President Sande reported that five new jobs would be created over a period of several years. Commissioner Knutson moved, seconded by Commissioner Arnold, to approve the loan request from Gary M. and Michelle L. Schmit, dba Minnesota Truck & Tractor. Vote on the motion: Abbott, Steiner, Knutson, Arnold, Hensel and Zellmer, aye; no nays. Motion carried.

##### B. Thin Film Technology

Executive Vice President Sande reported that for several months staff has been working with the management and owners of Thin Film Technology in an attempt to assist in a management buyout of the company. Susumu intended to cease production at the Thin Film location and maintain only a sales staff for North American operations. Planner Fischer appeared before the Port Authority Commission and reported a grant application was submitted earlier this week to the Minnesota Department of Employment and Economic Development (DEED) for a \$250,000 grant from their Minnesota Investment Fund. Upon repayment, the City will retain 20 percent of the grant and 80 percent will be recycled back to DEED. Mr. Tom Leitha, President of Thin Film Technology, appeared before the Port Authority Commission and thanked the City staff and members of the community who came together to help in this effort. He reported that six engineering jobs were saved immediately, employment levels will increase to the mid 20s by the end of the first year, mid 30s by the end of the second year and mid 40s by the end of the third year. In response to a question, he reported the jobs will be engineering or

production operator/technician positions. He stated that the primary lender is US Bank and the DEED loan would be senior to any equity or private capital. Commissioner Zellmer moved, seconded by Commissioner Steiner, to authorize approval of the grant from DEED in the amount of \$250,000 and preliminary approval of a \$250,000 loan from the Port Authority Revolving Loan Fund. Vote on the motion: Abbott, Steiner, Knutson, Arnold, Hensel and Zellmer, aye; no nays. Motion carried.

Other

Executive Vice President Sande reported he met with the plant manager and engineers of Coloplast on October 22, 2009 and reviewed their remodeling project. He reported their Vadnais Heights facility will be closed and 50-70 jobs will be transferred to the North Mankato facility. Portions of the facility will be remodeled to accommodate an additional production line.

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 7:55 a.m.

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President

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Secretary