

Pursuant to due call and notice thereof, the annual meeting of the North Mankato Port Authority Commission was held in the Council Chambers of the Municipal Building on Tuesday, July 5, 2016.

President Arnold called the meeting to order at 6:46 p.m. The following were present: Commissioners Norland, Dehen, Freyberg, Steiner, Arnold and Olenius. Executive Vice President Harrenstein, City Planner Fischer and Secretary Van Genderen. Absent: Commissioner Spears.

#### Approval of Minutes

Commissioner Dehen moved, seconded by Commissioner Norland, to approve the minutes of the Port Authority meeting of February 16, 2016. Vote on the motion: Norland, Dehen, Freyberg, Steiner, Arnold and Olenius aye; no nays. Motion carried.

#### New Business

##### **Res. No. 03-16 Authorizing the Partial Release of Mortgage between North Mankato Port Authority Commission and NMP Holdings, LLC.**

City Planner Fischer reported the Port Authority gave a \$250,000 loan backed by the two buildings on the property to NMP Holdings. NMP Holdings is looking to sell one of the buildings and staff is recommending the partial release of mortgage placing the entirety of the remaining debt on the remaining building. President Arnold stated NMP Holdings needs to remove the lien so they can sell the building. Executive Vice President Harrenstein stated Thin Film has been paying down the existing loan and staff recommends the release. Commissioner Freyberg requested information on if the City had examined NMP's debt structure. Executive Vice President Harrenstein indicated the City is a second on the mortgage and the value of the building exceeds the value of the outstanding debt. President Arnold stated he received a letter from Attorney Kennedy that analyzed the Port Authority Commissions position.

Commissioner Freyberg requested a copy of the letter be included with the resolution. **Commissioner Norland moved, seconded by Commissioner Steiner to adopt Res. No. 03-16 Authorizing the Partial Release of Mortgage between North Mankato Port Authority Commission and NMP Holdings, LLC. Vote on the motion: Norland, Dehen, Freyberg, Steiner, Arnold and Olenius aye; no nays. Motion carried.**

##### **Discuss Port Authority Revolving Loan Fund and the Community Development Block Grant Program (CDBG)**

Executive Vice President Harrenstein stated that in 1998 the North Mankato Port Authority received a \$500,000 Community Development Block Grant award from the State of Minnesota which was subsequently loaned to Sween Corporation. The interest generated from this loan in addition to other similar loans has allowed the Port Authority to create a Revolving Loan Fund used for economic development. Currently the revolving loan fund is approximately \$537,000 combined with formula funds is approximately \$645,000. Many businesses have benefited from the Revolving Loan Fund; most recently D&K Powder Coating and the Mankato Brewery. In 2008, the Office of Management and Budget established the Mankato-North Mankato Metropolitan Statistical Area (MSA) due to a combined population exceeding 50,000. North Mankato became eligible to participate in the Community Development Block

Grant Entitlement Program. The Entitlement Program provides annual federal grants on a formula basis to entitled cities and counties to develop viable urban communities principally for low-and moderate persons. The fund restricts the balance of funds to 1.5 times the annual grant allocation, which would limit the fund balance to approximately \$100,000. During the first 5 years of involvement with the Entitlement Program, the City was allowed to keep the Revolving Loan Funds separate. Recently the City received written requirements for the City to pay down the Revolving Loan Fund balance to 1.5 times the annual Entitlement Program allocation. If the City would comply the City must expend approximately \$500,000 by May 2, 2017. The Revolving Loan Fund is an important part of the Port Authority's economic development efforts. Complying with the Federal requirement to draw down the funds would negatively affect the revolving loan's ability to promote economic growth. Staff recommends the Port Authority formally request a review of the decision, direct the Executive Vice-President and the Community Development Director to continue communicating with HUD, communicate with Congressman Walz, Senator Klobuchar, and Senator Franken's office regarding the issue to determine if they can assist in the dialogue with HUD and communicate with the North Mankato City Council informing them of the likelihood the 2017 CDBG allocation will likely not be received if funds from the Revolving Loan Fund are not spent down. President Arnold stated the Revolving Loan Fund has allowed the Port Authority to help establish good businesses. President Arnold requested clarification on if the funds could be used to establish senior housing. Community Development Director Fischer stated the funds need to benefit low to moderate income residents and in the past few years the City has had a difficult time locating those residents who would qualify for housing rehabilitation purposes. **Commissioner Norland moved, seconded by Commissioner Steiner to approve Staff Recommendations Concerning the Revolving Loan Fund and the CDBG. Vote on the motion: Norland, Dehen, Freyberg, Steiner, Arnold and Olenius aye; no nays. Motion carried.**

**Election of Officers. Commissioner Steiner moved, seconded by Commissioner Norland to Elect Dave Arnold as President, Duane Olenius as Vice President and Mark Dehen as Treasurer. Vote on the motion: Norland, Dehen, Freyberg, Steiner, Arnold and Olenius aye; no nays. Motion carried.**

#### Other Business

None

#### Open the Meeting to the Public

Barb Church, 102 Wheeler Avenue, appeared before the Commission and requested clarification on the balance of the entitlement funds at the end of the year. Community Development Director Fischer reported the money would be spent down. Ms. Church stated the program should be able to locate income eligible individuals.

Phil Henry, 1300 Noretta Drive, appeared before the Commission and stated he did not believe the money should be spent on the parking lot.

Bess Tsaouse, 136 Mary Circle, appeared before the Commission and stated the Commission should consider building a homeless shelter.

There being no further business, the meeting was adjourned at 6:36 p.m.

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President

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Secretary