

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, May 25, 2017.

President Arnold called the meeting to order at 12:15 p.m. The following were present: Commissioners Olenius, Dehen, Freyberg, Steiner, Whitlock, Norland, and Arnold; Executive Vice President Harrenstein, Finance Director McCann, Community Development Director Fischer and City Clerk Van Genderen.

Approval of the Minutes

Commissioner Steiner moved, seconded by Commissioner Dehen, to approve the minutes of the Port Authority meeting of May 1, 2017. Vote on the motion: Olenius, Dehen, Freyberg, Steiner, Norland, Whitlock and Arnold aye; no nays. Motion carried.

Old Business

None

New Business

Res. No. 1-17 Setting a Public Hearing for 6:30 p.m. on June 5, 2017, to consider the purchase of property. Executive Vice President Harrenstein stated the property consisted of approximately 50 acres currently owned by Timm Farms, Inc. The Port Authority would purchase the property for \$35,000 per acre for a total of \$1,740,550. Two businesses are preparing to purchase two portions of the property for industrial development leaving approximately 22 acres for the Port Authority to market and develop. Commissioner Freyberg moved, seconded by Commissioner Dehen to adopt Resolution No. 1-17 Setting a Public Hearing to Consider the Purchase of Real Estate. Vote on the motion: Olenius, Dehen, Freyberg, Steiner, Norland, Whitlock and Arnold aye; no nays. Motion carried.

Res. No. 2-17 Setting a Public Hearing for 6:30 p.m. on June 5, 2017, to consider the sale of real estate to Mankato Holdings, LLC also known as Palmer Bus Services. Executive Vice President Harrenstein reported Palmer Bus Services is seeking to expand and accommodate growth. They plan on purchasing approximately 9 acres to build a 60,000 square foot building. Renderings were included in the Purchase Agreement, and they anticipate digging in the next six weeks. Commissioner Steiner moved, seconded by Commissioner Norland to adopt Resolution No. 2-17 Setting a Public Hearing to Consider the Sale of Real Estate to Mankato Holdings, LLC. Vote on the motion: Olenius, Dehen, Freyberg, Steiner, Norland, Whitlock and Arnold aye; no nays. Motion carried.

Res. No. 3-17 Setting a Public Hearing for 6:30 p.m. on June 5, 2017, to consider the sale of real estate to Iowa Lakes Holding, LLC also known as Blue Star Power Systems. Iowa Lakes Holding, LLC is interested in purchasing approximately 18.5 acres to construct an 84,000 square foot facility to accommodate their expansion. Executive Vice President Harrenstein reported the company intends to begin

construction in 2018 and may be requesting business incentives. Commissioner Freyberg moved, seconded by Commissioner Dehen to adopt Resolution No. 3-17 Setting a Public Hearing to Consider the Sale of Real Estate to Iowa Lakes Holding, LLC. Vote on the motion: Olenius, Dehen, Freyberg, Steiner, Norland, Whitlock and Arnold aye; no nays. Motion carried.

Discuss Business Subsidy Request from Cottages of Mankato, LLC. Executive Vice President Harrenstein stated Cottages of Mankato, LLC is proposing the construction of a memory loss care facility at 1610 LorRay Drive and are requesting business incentives. He reported this is just a discussion and no action would be taken. Executive Vice President Harrenstein said Cottages of Mankato is planning to build (2) two (2) 16,000 square foot buildings plus a potential third building. They are requesting a business subsidy loan and Tax Increment Financing (TIF). He stated a TIF would allow them to serve low-income residents more quickly which would help eliminate the need to relocate this population out of North Mankato. Executive Vice President Harrenstein stated City staff would need to review senior housing and incentives before making a recommendation on a TIF. Commissioner Arnold said he was in favor of the business subsidy loan to Cottages of Mankato, LLC but would like to have the Port Authority review the business subsidy policy. He was concerned that the issuance of a Port Authority Loan had the potential to undermine local banks. Commissioner Olenius reported these loans were often beneficial for banks as it helps them meet their underwriting terms. Discussion was held concerning the policy and it was determined that the fixed loan rates were acceptable but additional discussion may need to be held concerning the term. Executive Vice President Harrenstein reported there was an anticipated 70 to 100 new jobs with the construction of the proposed memory care facility. Commissioner Freyberg stated he had difficulty providing both a subsidy loan and a TIF to a medical business. He said the business plan should not rely on the TIF because as a medical business, they would have a guaranteed revenue stream with insurance coverage. Commissioner Norland suggested a review of nursing homes or memory loss centers that take in low-income residents would reveal that the government subsidy does not cover the actual cost of caring for the fragile and vulnerable elderly. She reported she was for both a subsidy loan and a TIF. President Arnold stated he was not against the loan but would like more research conducted concerning the TIF, especially considering the proposed creation of jobs. Commissioner Freyberg expressed concerns that the business subsidy policy is only requiring jobs that are 110% above poverty level. Executive Vice President Harrenstein indicated if the Port Authority proceeds with a TIF expectations could be set concerning job creation. Commissioner Freyberg indicated he had additional concerns over the continued use of tax abatement and TIFs as he wants to ensure that the City can maintain its credit rating. Executive Vice President Harrenstein reported City staff would take the Commissioners' comments into consideration and craft a recommendation and if any Port Authority members were interested in sitting in on the review process to let him know. Commissioner Whitlock indicated he was in favor of providing both the business subsidy loan and the TIF to support new businesses in the

Other Business

Executive Vice President Harrenstein reminded Port Authority Members that the Annual Meeting would be held on July 10, 2017, and the Finance Director would provide a detailed report for their review.

Open Meeting to the Public

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

There being no further business, the meeting was adjourned at 12:47 p.m.

President

Secretary