

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 Monday, September 18, 2017.

President Arnold called the meeting to order at 6:30 p.m. The following were present: Commissioners Olenius, Dehen, Freyberg, Whitlock, Norland, and Arnold, Executive Vice President Harrenstein, Finance Director McCann, Community Development Director Fischer and City Clerk Van Genderen. Commissioner Steiner arrived during the first Public Hearing.

#### Approval of the Minutes

Commissioner Dehen moved, seconded by Commissioner Olenius, to approve the minutes of the Port Authority meeting of August 21, 2017. Vote on the motion: Olenius, Dehen, Freyberg, Whitlock, Norland, and Arnold aye; no nays. Motion carried.

#### Approval of Bills

Commissioner Dehen moved, seconded by Commissioner Norland to approve the bills as presented. Vote on the motion: Olenius, Dehen, Freyberg, Whitlock, Norland, and Arnold aye; no nays. Motion carried.

#### Public Hearing- Enlarge Industrial Development District No. 1 and Public Hearing Establish Tax Increment Financing District IDD 1-24 within Industrial Development Financing District No. 1 (Birchwood Cottages).

President Arnold stated the first two public hearings would be combined because both discuss the establishment of a Tax Increment Financing District for Birchwood Cottages. Barb Church, 102 Wheeler Avenue, appeared before the Port Authority and stated that on page 4 of 13 in paragraph number two in TIF IDD 1-24 agreement states "providing affordable assisted living units." She indicated the language discussed during the City Council, Planning Commission, and Port Authority meetings was a "residential assisted living, memory care facility," which was used throughout the rest of the document. She wanted to ensure this sentence was changed. With no one else appearing before the Commission, President Arnold closed the Public Hearing.

#### Public Hearing-Enlarge Industrial Development District No. 1 and Establish Tax Increment Financing District IDD No. 1-25. (Blue Star Power Systems)

President Arnold opened the Public Hearing. With no one appearing President Arnold closed the Public Hearing.

#### New Business

President Arnold invited consultant Ed Tschida of Advance Resources for Development, Inc. to speak on Resolutions 13-17, 14-17 and 15-17 because all three resolutions were in regards to the establishment of a TIF District for Birchwood Cottages. Consultant Tschida stated Resolution 13-17 expands Development District No. 1 to include the property located at 1610 Lor Ray Drive as the owners of the property are requesting Tax Increment Financing. Resolution 14-17 approves the

Development Plan, with a 7-year term and a maximum reimbursement of \$486,480. The TIF is pay-as-you-go and if the value is higher than anticipated the district may close early. If the value is lower than expected the maximum number of years is seven.

Resolution 15-17 approves the development agreement between the Port Authority and Birchwood Cottages and sets up pay-as-you-go and sets the maximum dollar amount. Mr. Tschida stated the development agreement maintains the use of the facility as an assisted living, memory care facility. Chief Manager of Birchwood Cottages, Dustin Wempen, thanked the City for being good to work with.

Commissioner Freyberg stated he was not going to vote for Resolutions 13-17, 14-17 or 15-17. He stated he outlined his disagreement in an email to City Administrator Harrenstein, Finance Director McCann and Community Development Director Fischer and met separately with City Administrator Harrenstein and explained his reasons for not supporting the TIF. Commissioner Freyberg indicated the 'but for' reasons for establishing a TIF District were not met with the Birchwood Cottages Development. He indicated there were no hard feelings with the business owners; he just did not believe the business met the TIF requirements.

Res. No. 13-17 of the North Mankato Port Authority Commission Approving the Modification of Industrial Development District No. 1 and Filing of an Application to the North Mankato City Council. Commissioner Steiner moved, seconded by Commissioner Norland to adopt Res. No. 13-17 of the North Mankato Port Authority Commission Approving the Modification of Industrial Development District No. 1 and Filing of an Application to the North Mankato City Council. Vote on the motion: Dehen, Whitlock, Norland, and Arnold aye; Olenius abstain; Freyberg nay. Motion carried.

Res. No. 14-17 Approving Tax Increment Financing District IDD 1-24 Plan. (Birchwood Cottages) Commissioner Dehen suggested the language in TIF IDD No. 1-24 on page 4 in paragraph number two that states "providing affordable assisted living units" be changed to a "residential assisted living, memory care facility." Commissioner Norland moved, seconded by Commissioner Steiner to adopt Res. No. 14-17 Approving Tax Increment Financing District IDD 1-24 Plan with the changes suggested by Commissioner Dehen. Vote on the motion: Dehen, Whitlock, Norland, and Arnold aye; Olenius abstain; Freyberg nay. Motion carried.

Res. No. 15-17 Awarding the Sale of, and Providing the Form, Terms, Covenants, and Directions for the Issuance of its Tax Increment Revenue Note, Series 2017, in the Maximum Principal Amount of \$486,480. Commissioner Norland moved, seconded by Commissioner Steiner to Adopt Res. No. 15-17 Awarding the Sale of, and Providing the Form, Terms, Covenants, and Directions for the Issuance of its Tax Increment Revenue Note, Series 2017, in the Maximum Principal Amount of \$486,480. Vote on the motion: Dehen, Whitlock, Norland, and Arnold aye; Olenius abstain; Freyberg nay. Motion carried.

President Arnold invited consultant Ed Tschida of Advance Resources for Development, Inc. to the podium to review resolutions 16-17, 17-17 and 18-17 which provide the establishment of a TIF District for Blue Star Power Systems. Mr. Tschida stated Res. No. 16-17 modified Industrial Development District No. 1 to include the Lot 1, Block 1 Northport No. 20 and Outlot B, Northport No. 20. Resolution No. 17-17 establishes the TIF District with a nine-year pay-as-you-go TIF. He reported the property owned by Blue Star Power Systems has soil that must be remediated and in order to start building next year, they must address the issue this fall. This sped up the TIF process and required the County and the School District to sign notification waivers. Both delivered the waivers. Mr. Tschida reported Blue Star Power Systems has a proven track record and have just outgrown their previous site in Lake Crystal, MN and are unable to expand in their current location. He stated the company currently employees 55 individuals and plans to continue to grow by 6 to 8 employees per year for the next few years. Mr. Tschida noted the TIF is pay-as-you-go and the company will incur 100% of the cost and will be reimbursed for approved costs. He noted the County provided an estimated value of over 10 million. Resolution No. 18-17 approves the development agreement. Doug Farforth, the owner of Blue Star Power Systems, thanked the City for their work. Commissioner Steiner requested clarification on the soil remediation. Mr. Farforth reported the soil needs to be replaced and will cost over a half million to complete. Commissioner Freyberg reported he supported this project due to the need for soils correction which meets one of the 'but for' requirements of establishing a TIF District.

Resolution 16-17 of the North Mankato Port Authority Commission Approving the Modification of Industrial Development District No. 1 and Filing of an Application to the North Mankato City Council. Commissioner Steiner moved, seconded by Commissioner Norland to adopt Resolution 16-17 of the North Mankato Port Authority Commission Approving the Modification of Industrial Development District No. 1 and Filing of an Application to the North Mankato City Council. Vote on the motion: Olenius, Dehen, Freyberg, Steiner, Whitlock, Norland, and Arnold aye; no nays. Motion carried.

Resolution 17-17 Approving Tax Increment Financing District IDD 1-25 Plan. (Blue Star Power Systems) Commissioner Freyberg moved, seconded by Commissioner Norland to adopt Resolution 17-17 Approving Tax Increment Financing District IDD 1-25 Plan. (Blue Star Power Systems) Vote on the motion: Olenius, Dehen, Freyberg, Steiner, Whitlock, Norland, and Arnold aye; no nays. Motion carried.

Resolution 18-17 Awarding the Sale of, and Providing the Form, Terms, Covenants, and Directions for Issuance of its Tax Increment Revenue Note, Series 2017, in the Maximum Principal Amount of \$1,649,000. Commissioner Steiner moved, seconded by Commissioner Norland to adopt Resolution 18-17 Awarding the Sale of and Providing the Form, Terms, Covenants, and Directions for Issuance of its Tax Increment Revenue Note, Series 2017, in the Maximum Principal Amount of \$1,649,000. Vote on the motion: Olenius, Dehen, Freyberg, Steiner, Whitlock, Norland, and Arnold aye; no nays.

Motion carried.

Other Business

None.

Open Meeting to the Public

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

There being no further business, Commissioner Norland moved, seconded by Commissioner Olenius, to adjourn. Vote on the motion: all ayes. Motion carried. The meeting was adjourned at 7:03 p.m.

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President

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Secretary