

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, July 15, 2019.

President Arnold called the meeting to order at 6:00 p.m. The following were present: Commissioners Oachs, Steiner, Whitlock, and Arnold and Executive Vice President Harrenstein, Assistant Treasurer McCann, Community Development Director Fischer and Secretary Van Genderen. Absent: Commissioner Dehen and Olenius. Commissioner Norland joined the meeting at 6:20 p.m.

Approval of the Minutes

Commissioner Steiner moved, seconded by Commissioner Whitlock, to approve the minutes of the Port Authority meeting of October 1, 2018. Vote on the motion: Steiner, Whitlock, and Arnold aye. Abstain: Oachs. Motion carried.

Approval of Bills

Commissioner Steiner moved, seconded by Commissioner Whitlock to approve the bills as presented. Vote on the motion: Oachs, Steiner, Whitlock, and Arnold aye. Motion carried.

Approval of Financial Report

Assistant Treasurer McCann reviewed the Port Authority's 2019 Budget. The report reviewed the Port Authority Funds, Tax Levy, TIF Districts, the Revolving Loan Fund Loans, Debt and Port Authority Recent Activity. The Port Authority General Fund revealed a transfer to the Joint Economic Development Fund for the final Rist payment. The National Dentex TIF was decertified in 2018, and Blue Star and Birchwood Cottages TIFs will begin in 2020. The Port Authority's main funding is a \$75,000 Tax Levy and TIF Administration Fees. The TIF Administration Fees are upfront fees and not amortized over the life of the TIF. The Port Authority expenditures include Greater Mankato Growth, City Center Partnership, and Professional services. Assistant Treasurer McCann reported the final Rist land payment depleted funds, but land sales will resolve the issue. He noted the Port Authority owns 53 acres and markets the property for \$45,000 an acre. The Port Authority partnered with BENCO Electric Co-op in 1990 to begin development of the North Port Industrial Park to acquire and develop the property and create a Revolving Loan Fund. Since its inception, 1,100 jobs have been created, and in 2019 the Taxable Market Value in the Industrial Park was \$63,232,300, an increase from the 2018 Taxable Market Value of \$52,651,500. Assistant Treasurer McCann reviewed the nine active TIF Districts with Birchwood Cottages and Blue Star collections projected to begin in 2020. Assistant Treasurer McCann reviewed the active loans and the Port Authority Debt. The Port Authority sold ten properties from 2014 to 2018 with potential sales in 2019. Commissioner Norland moved, seconded by Commissioner Whitlock to approve the Financial Report. Vote on the motion: Oachs, Steiner, Whitlock, and Arnold aye. Motion carried.

New Business

Consider Resolution Approving Terms of Loan to De Commerce Properties, LLC, or its Affiliates and Authorizing the Execution of Loan Documents.

President Arnold clarified the location of the property requesting the loan indicating it was at 1730 Commerce Drive between Kwik Trip and Big Dogs Sports Cafe. He suggested the Port Authority could consider the loan similar to the Central Business District Loans to improve the corridor. Community Development Director Fischer reported the business started as an oil change and light service company. The business had to receive a Conditional Use Permit (CUP) as it is not a permitted use in the district. It received the CUP and then expanded the business to include car sales. He stated the business might not comply with the CUP due to vehicles possibly staying on the premise longer than permitted and vehicles being double-parked. Due to the heavy volume of vehicles, the business is looking to expand the parking lot. Discussion was held concerning the original purpose of the business, the heavy volume of vehicles on the premise, and the desire for Commerce Drive to be attractive and functional. It was recommended that the Planning Commission review the business and its compliance with the CUP. Assistant Treasurer McCann reviewed the terms of the loan which includes being the third mortgage on the property and covering 100% of the loan. He noted the Port Authority Policy requires 20% from the applicant, although exceptions may be made. The rate would be 5.5% for ten years, and legal fees would be included in the loan for a total of \$29,000. Commissioners recommended the loan agreement come before the Port Authority following a review of the CUP by the Planning Commission.

Election of Officers

Commissioner Steiner moved, seconded by Commissioner Oachs to elect Dave Arnold as President, Duane Olenius as Vice President, Mark Dehen as Treasurer, reappoint Kevin McCann as Assistant Treasurer, John Harrenstein as Executive Vice President and April Van Genderen as Secretary. Vote on the motion: Oachs, Steiner, Whitlock, Norland, and Arnold aye. Motion carried.

Other Business

None

Open Meeting to the Public

None

There being no further business, Commissioner Steiner moved, seconded by Commissioner Norland, to adjourn. Vote on the motion: all ayes. Motion carried. The meeting was adjourned at 6:48 p.m.

President

Secretary



City of North Mankato, MN

Port Authority Claims

By Fund

Payment Dates 07/16/2019 - 08/05/2019

Vendor Part Number	Vendor Name	Payment Date	(None)	(None)	Amount
Fund: 256 - TIF DIST 18 LJP ENTERPRISES					
	LJP ENTERPRISES, INC	07/16/2019			35,756.18
Fund 256 - TIF DIST 18 LJP ENTERPRISES Total:					35,756.18
Fund: 257 - TIF DIST 20 ZIEGLER CATERPILLAR					
	ZIEGLER, INC.	07/16/2019			41,417.29
Fund 257 - TIF DIST 20 ZIEGLER CATERPILLAR Total:					41,417.29
Fund: 259 - TIF DIST 22 LINDSAY					
	LINDSAY WINDOW & DOOR, LL	07/16/2019			9,818.02
Fund 259 - TIF DIST 22 LINDSAY Total:					9,818.02
Grand Total:					86,991.49

Authorization Signatures

Port Authority

The above claims list is approved by:

MARK DEHEN - COMMISSIONER

JAMES WHITLOCK - COMMISSIONER

DIANE NORLAND - COMMISSIONER

WILLIAM STEINER - COMMISSIONER

SANDRA OACHS - COMMISSIONER

DUANE OLENIUS - COMMISSIONER

DAVID ARNOLD - COMMISSIONER

**RESOLUTION OF THE NORTH MANKATO PORT AUTHORITY COMMISSION
DEEMING CERTAIN PARCELS LOCATED AT 238 AND 245 BELGRADE AVENUE
TO BE OCCUPIED BY STRUCTURALLY SUBSTANDARD BUILDINGS**

Whereas, it is under consideration that the North Mankato Port Authority Commission (the "Authority") create a tax increment financing district in an area within the City to be designated a redevelopment tax increment financing district as defined in Minnesota Statutes, Section 469.174, Subdivision 10(a)(1); and

Whereas, in order to create a redevelopment tax increment financing district the Authority must make a determination that before the demolition of the substandard buildings, certain conditions existed; and

Whereas, in order to deem a parcel as being occupied by a structurally substandard building, the Authority must first pass a resolution before the demolition or removal that the parcel was occupied by one or more structurally substandard buildings and that after demolition and clearance the Authority intended to include the parcel within the proposed redevelopment tax increment financing district; and

Whereas, 238 Belgrade Ave. (consisting of parcels 18.685.0080, 18.685.0090 and 18.685.0100) contains one structurally substandard building to be demolished (the "Substandard Building Condition") as determined by the inspection completed pursuant Minnesota Statutes, Section 469.174, Subdivision 10 (c); and

Whereas, 245 Belgrade Ave. (consisting of parcel 18.685.0110) contains one structurally substandard building to be demolished (the "Substandard Building Condition") as determined by the inspection completed pursuant Minnesota Statutes, Section 469.174, Subdivision 10 (c); and

Whereas, said parcels are deemed to be occupied by structurally substandard buildings if the Substandard Building Condition is met within three years of the filing of the request for certification of the parcel as part of the redevelopment tax increment financing district with the county auditor, and if certain other conditions are met.

NOW THEREFORE, BE IT RESOLVED by the North Mankato Port Authority Commission as follows:

1. Parcels 18.685.0080, 18.685.0090, 18.685.0100 and 18.685.0110 are occupied by structurally substandard buildings and that after demolition or removal has commenced the Authority intends to include said parcels within a proposed redevelopment tax increment financing district.

2. The substandard buildings will be demolished or removed by the Authority or the demolition or removal will be financed by the Authority or be done by a developer under a development agreement with the City/Authority.

Adopted by the Authority this ____ day of _____ 2019, with the following vote:

Yes _____;
No _____;
Absent _____.

Approved and signed this _____ day of _____ 2019.

ATTEST:

Secretary

President

MEMORANDUM

To: John Harrenstein, Port Authority Executive Director

From: Ed Tschida, Development Consultant

Subject: Resolution Deeming Certain Parcels to be occupied by Structurally Substandard Buildings

Date: April 4, 2019; revised August 6, 2019

For several months there has been discussion regarding redevelopment of 238 and 245 Belgrade Ave. with a mixed-use commercial development. The developer has discussed with City/Port Authority representatives the potential for using tax increment financing (TIF) to assist this redevelopment. The developer has indicated that it may remove the existing structures before establishment of the TIF district. TIF regulations permit the City/Port Authority to designate a parcel as meeting the requirements for inclusion in a "Redevelopment" tax increment financing district even though there is not a specific request to create the district at the time of the designation. To preserve this option, the City or Port Authority must adopt a resolution deeming the parcels to be occupied by structurally substandard buildings. A parcel is deemed to be occupied by a structurally substandard building for including in a subsequent TIF district when all of the following conditions are met:

the parcel was occupied by a substandard building within three years of the filing of the request for certification of the parcel as part of the TIF district with the county auditor;

the substandard building was demolished or removed by the City/Port Authority or the demolition or removal was financed by the City/Port Authority or was done by a developer under a development agreement with the City/Port Authority;

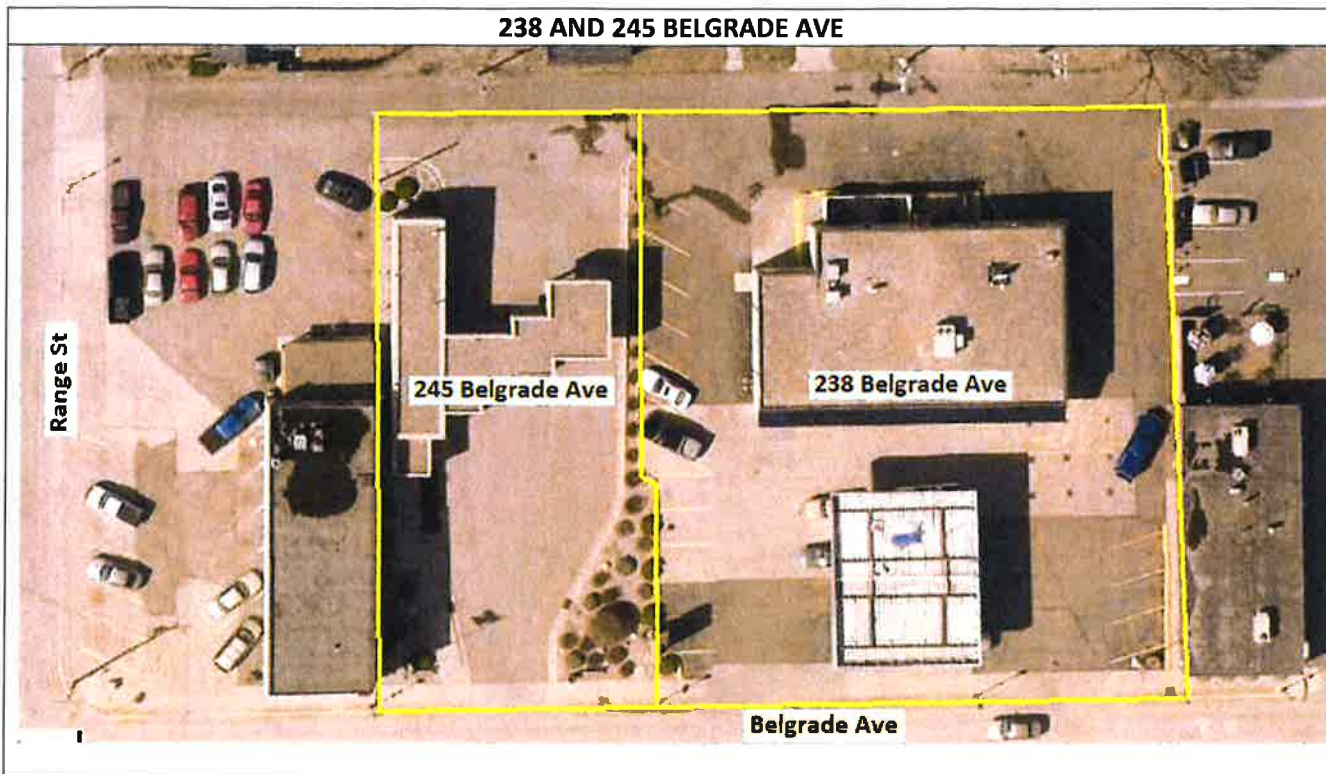
the City/Port Authority found by resolution before the demolition or removal that the parcel was occupied by a structurally substandard building and that after demolition and clearance the City/Port Authority intended to include the parcel within a TIF district; and

upon filing the request for certification of the tax capacity of the parcel as part of a TIF district, the City/Port Authority notifies the county auditor that the original tax capacity of the parcel must be adjusted as provided by Minnesota statutes, section 469.177, subdivision 1, paragraph (f).

Before adoption of the resolution, the City/Port Authority shall inspect the property and determine that the property contains defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors, which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance.

The City/Port Authority may not make such a determination without an interior inspection of the property, but need not have an independent, expert appraisal prepared of the cost of repair and rehabilitation of the building. An interior inspection of the property is not required, if the City/Port Authority finds that (1) the City/Port Authority is unable to gain access to the property after using its best efforts to obtain permission from the party that owns or controls the property; and (2) the evidence otherwise supports a reasonable conclusion that the building is structurally substandard. Items of evidence that support such a conclusion include recent fire or police inspections, on-site property tax appraisals or housing inspections, exterior evidence of deterioration, or other similar reliable evidence. Written documentation of the findings and reasons why an interior inspection was not conducted must be made and retained.

Below is a map of the property under consideration as meeting the requirements for subsequent inclusion in a redevelopment TIF district.



Address	Owner	Current Use	Parcel Numbers
238 Belgrade Ave.	Growth Holdings LLC	Vacant service station, convenience store	18.685.0080
			18.685.0090
			18.685.0100
245 Belgrade Ave.	Frandsen Bank & Trust	Bank drive-through	18.685.0110

Source: Nicollet County Property Records

Recommendation

The attached resolution is recommended for adoption. The resolution deems certain property to be occupied by substandard buildings and preserves the City's/Port Authority's option to include subsequently these parcels in a redevelopment TIF district.

Adoption of this resolution allows the developer to continue planning for the project. In addition, the developer may remove the buildings before establishment of the TIF district while maintaining the ability to meet the statutory requirements for establishing a TIF district.

Passage of this resolution does not obligate the City/Port Authority to approve subsequently the tax increment financing district. Action on the proposed tax increment financing district will follow Port Authority and City procedures for tax increment financing District review and approval.

EXTERIOR SURVEY SUMMARY

BLOCK/PARCEL Block 2 Lot S 95' of W 55' of Lot 7 and Lot S 95' of Lot 8

ADDRESS 238 Belgrade Avenue
Former Gas Station

PIN NO. _____
PARCEL ID 18-685.0090

<u>STRUCTURAL SYSTEM</u>	<u>PERCENT STANDARD</u>	<u>PERCENT BORDERLINE</u>	<u>PERCENT DEFICIENT</u>
Foundation	<u>75</u>	<u>10</u>	<u>15</u>
Structural Framing	<u>50</u>	<u> </u>	<u>50</u>
Roof	<u> </u>	<u> </u>	<u>100</u>
Exterior Access	<u>50</u>	<u> </u>	<u>50</u>
Openings	<u>25</u>	<u> </u>	<u>75</u>
Mechanical	<u> </u>	<u>100</u>	<u> </u>
Fire Prevention, Energy Efficiency and Safety Features	<u> </u>	<u> </u>	<u>100</u>

- A. In compliance with Building Code Yes _____ No _____.
* Costs of repairs are less than 15% of the cost of rehab to comply with building code.
- B. Cost of constructing new building on same site and square footage at: \$ 315 /SF
X 4108 SF = \$ 1,294,000 X 15% = \$ 194,100.
- C. Estimated cost of correcting deficiencies and repairs: \$ 616,200

Findings: -Does not meet current Minnesota Electrical Code
-Does not meet current ADA Code
-Canopy at gas pumps is deteriorating and needs to be replaced

BLIGHT FORM DOCUMENT

REASONS AND SUPPORTING FACTS

Minnesota Statutes, Chapter 469.174, Subdivision 10, Redevelopment District

Parcel PIN 18.685.0090
 (Established for purposes of assessment)

	Yes	No
Occupied by building (s)	___	___✓
Railroad Property	___	___✓

BUILDING			
Defects in structural elements:	Yes	No	Comment, attach documentation if yes
Footings	___	___✓	
Foundation	___✓	___	Foundation cracking due to settlement
Columns	___✓	___	Steel columns deteriorated at canopy due to moisture
Beams	___✓	___	Steel columns deteriorated at canopy due to moisture
Floors.....	___	___✓	
Roof System.....	___✓	___	Roof leaks and does not meet Energy Code
Other.....	___	___	
Other Deficiencies:	Yes	No	Comment, attach documentation if yes
Footings.....	___	___✓	
Facilities	___	___✓	
Light/Ventilation	___✓	___	Requires new windows, does not meet Energy Code
Fire Protection.....	___	___✓	
Egress	___✓	___	Need exit lights
Layout.....	___	___✓	
Interior Part	___	___✓	
Other Factors	___	___✓	
Asbestos	___	___✓	
Energy Conservation	___✓	___	Does not meet Minnesota Energy Code
Handicap Access	___✓	___	Does not meet ADA code

A building is not structurally standard if it is in compliance with the building code applicable to new buildings or could be modified to satisfy the building code at a cost of less than 15% of the cost of constructing a new structure of the same square footage and type of the site.

Estimated cost of new structure	\$	<u>1,294,000</u>
	X 15%=\$	<u>194,100</u>
Estimated cost of modifications	\$	<u>616,200</u>

CERTIFICATION:

Building IS/IS NOT structurally substandard requiring substantial renovation or clearance.

 Building Official

EXTERIOR SURVEY SUMMARY

BLOCK/PARCEL Block 2 Lot 9 Subdivision Cd 18685

ADDRESS 245 Belgrade Avenue
Frandsen Bank Auto Teller Building

PIN NO. _____
PARCEL ID 18-685.0110

<u>STRUCTURAL SYSTEM</u>	<u>PERCENT STANDARD</u>	<u>PERCENT BORDERLINE</u>	<u>PERCENT DEFICIENT</u>
Foundation	<u>90</u>	_____	<u>10</u>
Structural Framing	<u>100</u>	_____	_____
Roof	<u>50</u>	_____	<u>50</u>
Exterior Access	<u>80</u>	_____	<u>20</u>
Openings	<u>90</u>	_____	<u>10</u>
Mechanical	<u>80</u>	<u>10</u>	<u>10</u>
Fire Prevention, Energy Efficiency and Safety Features	<u>50</u>	_____	<u>50</u>

- A. In compliance with Building Code Yes _____ No _____
* Costs of repairs are less than 15% of the cost of rehab to comply with building code.
- B. Cost of constructing new building on same site and square footage at: \$ 350 /SF
X 840 SF = \$ 294,000 X 15% = \$ 44,100.
- C. Estimated cost of correcting deficiencies and repairs: \$ 63,000

Findings: -Does not meet current Minnesota Electrical Code
-Does not meet current ADA Code
-Settling of foundation walls
-Windows do not meet Energy Code
-HVAC requires ventilation upgrades

(Top 3 inches reserved for recording data)

**QUIT CLAIM DEED
Business Entity to Business Entity**

**Minnesota Uniform Conveyancing Blanks
Form 10.3.5 (2013)**

eCRV number: _____

DEED TAX DUE: \$ _____

DATE: _____
(month/day/year)

FOR VALUABLE CONSIDERATION, North Mankato Port Authority
(insert name of Grantor)

a Body Politic under the laws of Minnesota ("Grantor"),
hereby conveys and quitclaims to City of North Mankato
(insert name of Grantee)

a Municipal Corporation under the laws of Minnesota ("Grantee"),
real property in Nicollet County, Minnesota, legally described as follows:

Outlot B, Northport No. 20, Nicollet County Minnesota.

Check here if all or part of the described real property is Registered (Torrens)

together with all hereditaments and appurtenances belonging thereto.

Check applicable box:

- The Seller certifies that the Seller does not know of any wells on the described real property.
- A well disclosure certificate accompanies this document or has been electronically filed. (If electronically filed, insert WDC number: _____)
- I am familiar with the property described in this instrument and I certify that the status and number of wells on the described real property have not changed since the last previously filed well disclosure certificate.

Grantor

(name of Grantor)

By: _____
(signature)

Its: _____
(type of authority)

By: _____
(signature)

Its: _____
(type of authority)

State of Minnesota, County of _____

This instrument was acknowledged before me on _____, by _____
(month/day/year) *(name of authorized signer)*

_____ as _____
(type of authority)

and by _____
(name of authorized signer)

as _____ of _____
(type of authority) *(name of Grantor)*

(Stamp)

(signature of notarial officer)

Title (and Rank): _____

My commission expires: _____
(month/day/year)

THIS INSTRUMENT WAS DRAFTED BY:
(insert name and address)

Michael H. Kennedy
Kennedy & Kennedy
99 Navaho Ave. Ste. 104
Mankato, MN 56001

TAX STATEMENTS FOR THE REAL PROPERTY DESCRIBED IN THIS
INSTRUMENT SHOULD BE SENT TO:
(insert legal name and residential or business address of Grantee)

City of North Mankato
Attn: Finance Department
1001 Belgrade Avenue
North Mankato, MN 56001