

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 16, 2018.

President Arnold called the meeting to order at 6:00 p.m. The following were present: Commissioners Whitlock, Norland, Arnold, Olenius, Dehen, Freyberg, and Steiner, Executive Vice President Harrenstein, Finance Director McCann, Community Development Director Fischer and City Clerk Van Genderen.

Approval of the Minutes

Commissioner Dehen moved, seconded by Commissioner Whitlock, to approve the minutes of the Port Authority meeting of July 2, 2018. Vote on the motion: Whitlock, Norland, Arnold, Olenius, Dehen, Freyberg and Steiner aye; no nays. Motion carried.

Approval of Bills

Commissioner Norland moved, seconded by Commissioner Olenius to approve the bills as presented. President Arnold requested clarification of the bills. Executive Vice President Harrenstein stated the bills were the TIF Distributions. Vote on the motion: Whitlock, Norland, Arnold, Olenius, Dehen, Freyberg and Steiner aye; no nays. Motion carried.

Financial Report

Assistant Treasurer McCann reviewed the Port Authority Finances including the Port Authority Budget. Assistant Treasurer McCann noted the TIF districts were mainly pay as you go, so the taxes that are collected are redistributed to the holder of the TIF. Commissioner Dehen pointed out that the National Dentex TIF is complete and the collection will now roll onto the tax rolls. Assistant Treasurer McCann reviewed the Port Authority General Fund Expenditures which includes \$31,000 for Greater Mankato Growth, \$5,000 for City Center Partnership and approximately \$20,000 for professional services. Assistant Treasurer McCann reviewed the Joint Economic Development Fund which was developed in partnership with BENCO Electric Co-op in 1990 to develop the North Port Industrial Park. The Taxable Market Value of the land in the North Port Industrial Park rose from \$44,431,400 in 2017 to \$52,651,500 in 2018. Assistant Treasurer McCann stated there were two Revolving Loan Funds; the Federal Revolving Loan Fund and the Local Revolving Loan Fund and noted Thin Film and Creative Company have both paid off their loans, and there are no loans in default. Assistant Treasurer McCann reported the Port Authority Debt at the end of 2017 was \$4,580,000 which included several GO Bonds and GO Tax Increment Bonds. President Arnold noted the 2011A GO Bonds helped pay for the Hwy 14 & CSAH41 work, indicating the 3.2 million the Port invested should provide the Port with more say concerning road access. Executive Director Harrenstein stated that ½ of the HWY 14 & CSAH 41 project was funded by the Sales Tax Fund, the other ½ by the Debt Service Levy, and was part of the 6 million sales tax authorized in 2008. Commissioner Dehen noted the project was a worthwhile endeavor adding value to the North Port Industrial Park. Assistant Treasurer McCann reported the recent land sales and loans.

Commissioner Olenius requested clarification on a transfer out of \$141,406. Assistant Treasurer McCann stated it was related to the Rist land payment. Commissioner Dehen moved, seconded by Commissioner Norland to Approve the Financial Report. Vote on the motion: Whitlock, Norland, Arnold, Olenius, Dehen, Freyberg and Steiner aye; no nays. Motion carried.

Election of Officers

Commissioner Whitlock moved, seconded by Commissioner Norland to elect Dave Arnold as President, Duane Olenius as Vice President, Mark Dehen as Treasurer, appoint Kevin McCann as Assistant Treasurer, John Harrenstein as Executive Vice President and April Van Genderen as Secretary. Vote on the motion: Whitlock, Norland, Arnold, Olenius, Dehen, Freyberg and Steiner 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 Dehen moved, seconded by Commissioner Steiner, to adjourn. Vote on the motion: all ayes. Motion carried. The meeting was adjourned at 6:22 p.m.

President

Secretary



City of North Mankato, MN

Port Authority Claims

By Fund

Payment Dates 07/17/2018 - 08/06/2018

Vendor Part Number	Vendor Name	Payment Date	(None)	(None)	Amount
Fund: 228 - PORT AUTHORITY					
	BOLTON & MENK, INC.	07/18/2018			80
	ABDO, EICK & MEYERS, LLP	08/06/2018			1140
				Fund 228 - PORT AUTHORITY Total:	1220
Fund: 257 - TIF DIST 20 ZIEGLER CATERPILLAR					
	ZIEGLER, INC.	07/18/2018			38046.36
				Fund 257 - TIF DIST 20 ZIEGLER CATERPILLAR Total:	38046.36
Fund: 261 - TIF DIST 23 D & K POWDERCOATING					
	D & K POWDER COATING	07/18/2018			17429.74
				Fund 261 - TIF DIST 23 D & K POWDERCOATING Total:	17429.74
				Grand Total:	56696.1

Authorization Signatures

Port Authority

The above claims list for 8-6-18 is approved by:

MARK DEHEN - COMMISSIONER

JAMES WHITLOCK - COMMISSIONER

DIANE NORLAND - COMMISSIONER

WILLIAM STEINER - COMMISSIONER

ROBERT FREYBERG - COMMISSIONER

DUANE OLENIUS - COMMISSIONER

DAVID ARNOLD - COMMISSIONER

RESOLUTION CALLING A PUBLIC HEARING ON THE
ADOPTION OF A BUSINESS SUBSIDY LOAN

WHEREAS, the North Mankato Port Authority Commission (the "Authority") was created pursuant to Minnesota Statutes, Sections 469.048 through 469.068, as amended, and Section 469.079 (the "Act") and was authorized to transact business and exercise its powers by a resolution of the City Council of the City of North Mankato, Minnesota (the "City"); and

WHEREAS, pursuant to the Act, the Authority is authorized to award business subsidies as defined under Minnesota Statutes 116J.993 through 116J.995; and

WHEREAS, the NextGen RF Design, Inc. a limited liability company has requested a business subsidy loan of \$300,000; and

WHEREAS, prior to the granting of a business subsidy the Board of Commissioners of the Authority is required to conduct a public hearing;

NOW THEREFORE BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE NORTH MANKATO PORT AUTHORITY COMMISSION that the Board of Commissioners of the Authority will hold a public hearing regarding the business subsidy request on Monday, August 20, 2018, on or after 6:30 p.m. at City Hall.

Approved by the Board of Commissioners of the North Mankato Port Authority Commission this 6th day of August 2018.

President

ATTEST:

Secretary

NORTH MANKATO PORT AUTHORITY COMMISSION
NICOLLET COUNTY
STATE OF MINNESOTA

NOTICE IS HEREBY GIVEN that the Board of Commissioners (the "Board") of the North Mankato Port Authority commission (the "Authority") will hold a public hearing on Monday, August 20, 2018 at or after 6:30 p.m. at City Hall, 1001 Belgrade Avenue, North Mankato, Minnesota, with respect to granting financial assistance to NextGen RF Design, Inc., a Minnesota limited liability company, or an affiliate (the "Developer"). The proposed financial assistance constitutes a business subsidy under Minnesota Statutes, Sections 116J.993 through 116J.995, as amended (the "Business Subsidy Act").

The Developer is an engineering firm interested in relocating to the City of North Mankato, Minnesota (the "City") and has proposed the purchase of 2130 Howard Drive to allow for the expansion of the business, the building would require updates to accommodate the business (the "Project").

Following the public hearing, the Board will consider providing the Developer with a loan from the Authority's State Revolving Loan Fund in the amount of \$300,000 (the "Authority Loan"). The financial assistance to be considered is a business subsidy which is proposed to make the purchase and site improvements of the Project economically feasible.

Any person with a residence in the City or who is the owner of taxable property in the City may file a written complaint with the Authority if the authority fails to comply with the Business Subsidy Act. No action may be filed against the Authority for the failure to comply unless a written complaint is filed. Any person wishing to express an opinion on the matters to be considered at the public hearing will be heard orally or in writing.

BY ORDER OF THE NORTH MANKATO PORT
AUTHORITY COMMISSION

REQUEST FOR FINANCIAL ASSISTANCE – PROJECT APPLICATION FORM

PROJECT:

1. Business Name: NextGen RF Design, Inc
 Address: 1004 W Elm Avenue
 Telephone: 507-201-8401
 Contact: Luke Tholen, 507-201-8401 ext 303, luke.tholen@nextgenrf.com
2. Brief description of the business: Contract engineering service provider specializing in RF (radio frequency) research and product development across a variety of markets including commercial, medical, industrial, military, and eSports. NextGen Currently employs 12 full time engineering resources in Waseca, MN, and 1 full time sales resource in Longmont, CO.
3. Present ownership of the site: Tyler of Minnesota, LLC
4. Proposed project: Building square footage, size of property, description of buildings – materials, etc. NextGen wishes to acquire 2130 Howard Drive Building, and move the entire engineering operation including 12 currently employed engineering resources, corporate headquarters, and engineering lab. Currently the 11,700 sq. ft. building exceeds the space need, however NextGen has exhibited 20-25% growth over a 3 year period, and growth is anticipated to continue at that level. The building will uniquely support NextGen's requirement for a mixed use office and light industrial space. Small updates must be made to the property including electrical updates and installation of an ESD safe flooring.

5. Total Estimated Project Costs:

a.	Land Acquisition	\$ _____
b.	Site Development	\$ 30k _____
c.	Building Cost	\$ 850k _____
d.	Soft Costs	\$ 20k _____
e.	Financing Costs	\$ 398k _____
f.	Contingencies	\$ 30k _____
	Total	\$ 1,328K _____

6. Estimated Project Costs Eligible for Assistance (i.e. Acquisition, Demolition, Site Improvements, Utilities, Streets):

a.	Acquisition	\$ 850k _____
b.	Site Improvements	\$ 30k _____

c.	\$ _____
d.	\$ _____
Total	\$ <u>880k</u>

7. SUBMIT PROJECT PROFORMAS SHOWING NEED FOR ASSISTANCE (I.E. WITH ASSISTANCE AND WITHOUT).

8. Total Estimated Market Value at completion: \$ 900k

9. Estimated real estate taxes upon completion: \$ 900k

10. Source of Financing

a. Equity	\$ <u>100k</u>
b. Bank Loan	\$ <u>500k</u>
c. Incentive ("the gap")	\$ <u>300k</u>
Total	\$ <u>900k</u>

11. Amount of Assistance (Estimated Gap): 300k

12. Type of Assistance Requested (Upfront or PayGO): Both: requesting requesting loan financing and abatement

13. Name & Address of architect, engineer, and general contractor: TBD

14. Project construction schedule:

a. Construction Start Date	<u>10/1/18</u>
b. Construction Completion Date	<u>10/31/18</u>

c. If phase project: _____Year _____% Complete
_____Year _____% Complete

15. State specific reasons why assistance is necessary for the project (the "but for" test).

But for financial assistance, NextGen lacks the CapEx / OpEx budget to in the short term to simultaneously support growth and relocation to a suitable space in North Mankato. Alternative low cost facilities are available, however North Mankato is preferable as it provides better access to additional workforce due to proximity to local universities.

16. Please circle each economic development goal the proposed project advances. Provide explanation below:

- a) To retain and/or expand existing businesses located in the City
- b) To increase the tax base
- c) To diversify the local economy, encourage economic and commercial activity, including the range of goods and services available
- d) To retain local jobs and/or increase the number and diversity of jobs that offer stable employment and/or attractive wages and benefits
- e) To encourage additional unsubsidized private development in the area, either directly or indirectly through "spin off" development or attracting other businesses, jobs, and investments in the area
- f) To facilitate the development process and to achieve development on sites which would not otherwise be developed or that would be underdeveloped without assistance
- g) To remove blight and/or encourage redevelopment of commercial and industrial areas in the city that result in quality redevelopment and private reinvestment
- h) To provide significant economic impact by attracting other businesses, jobs, or investment
- i) To offset increased costs of development or redevelopment (i.e. contaminated site clean-up) over and above the costs normally incurred in development
- j) To fully utilize existing or planned infrastructure improvements
- k) To encourage fast-growing businesses
- l) To encourage businesses that provide basic goods and services
- m) To create opportunities for affordable housing

n) To contribute to the implementation of other identifiable goals of the City

Explain Selections:

NextGen employs high salary engineering positions, and our business model requires us to add continue to add employees of the same nature as revenue increases. By moving our business to North Mankato, we expect to use MSU and SCC to provide a significant portion of the additional workforce.

17. Municipal Reference (if applicable). Please name any other municipalities wherein the applicant, or other corporations the applicant has been involved with, has completed developments within the last five years.

18. Additional Comments:

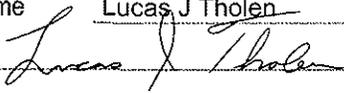
ADDITIONAL DOCUMENTATION AND CHECKLIST

Applicants are required to provide the following documentation.
All personal financial information will be kept private and confidential.

- 1. Written business plan or a description of the business, ownership/management, date established, products and services, and future plans.
- 2. Two year financial projections, or if housing project, or leased space, include a 10-year operating pro-forma.
- 3. Letter of commitment from other sources of financing, stating terms and conditions of their participation in the project.

- 4. Attach the following documentation:
 - Business Plan Part 1 – Corporation/Partnership Description
 - Business Plan Part 2 – List of Shareholders/Partners
 - Herein Part 3 – Description of Project
 - Herein Part 4 – *But For* Analysis
 - N/A Part 5 – List of Prospective Lessees
 - Attachment Part 6 – Legal Description, Property Identification Numbers, maps of the project area, and project renderings
 - Herein Part 7 – Public Purpose Narrative
 - Herein and Attached Part 8 – Sources & Uses of Funds – Additional Information

The undersigned certifies that all information provided in this application is true and correct to the best of the undersigned's knowledge. The undersigned authorizes the City of North Mankato to check credit references, verify financial and other information, and share this information with other political subdivisions as needed. The undersigned also agrees to provide any additional information as may be requested by the City after the filing of this application.

Applicant Name Lucas J Tholen Date 7/20/2018
By 
Its CEO

July 19, 2018

NextGen RF Design, Inc.
Luke Tholen
David Mitchell
1004 West Elm Avenue
Waseca, MN 56093

Re: Preliminary Terms and Conditions

Dear Luke and David:

First National Bank of Waseca is pleased to provide you with the following financing proposal to assist with your purchase of 2140 Howard Drive in North Mankato. The potential terms and conditions presented are meant to serve as a basic outline under which funding would be made available. This proposal does not represent a formal commitment to lend as appropriate loan approvals are necessary. Certain transaction assumptions are made which could change specific terms and conditions presented. The assumptions made are as follows:

Purchase Price	\$	950,000
Improvement Cost	\$	50,000
Total Funds Required	\$	1,000,000
City of North Mankato Note	\$	300,000
First National Bank of Waseca Note	\$	700,000
Total Funds Available	\$	1,000,000

Proposed terms and conditions for First National Bank financing:

Borrower: Entity to be established
Loan Amount: \$700,000
Loan Term: 20 Years
Loan Amortization: 20 Years
Interest Rate: Option 1 – Initial interest rate of 5.25% fixed for 3 years. Rate to adjust every 3 years at the 3-Year US Treasury Index + 3.25%. Initial payment amount would be approximately \$4,716 / Month.

Option 2 – Initial interest rate of 5.50% fixed for 5 years. Rate to adjust every 5 years at the 5-Year US Treasury Index + 3.25%. Initial payment amount would be approximately \$4,815 / Month.

Collateral: Collateral for the loan will consist of a 1st Real Estate Mortgage on 2140 Howard Drive in North Mankato, MN. It is understood that the City of North Mankato may take a 2nd Real Estate Mortgage to secure their loan.

Guarantors: Luke Tholen
David Mitchell

Other: All fees and expenses incurred with issuing the loan will be the responsibility of the Borrower. A detailed list of fees will be provided.

Thank you for working with First National Bank of Waseca and providing us with an opportunity to finance your building purchase. The terms and conditions presented may change slightly as the project moves forward. We are flexible with these terms and can make adjustments easily. If you have any questions or need additional information, please let me know.

Sincerely,



Marty Armstrong
Vice-President