

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, June 5, 2017.

President Arnold called the meeting to order at 6:30 p.m. The following were present: Commissioners Dehen, Freyberg, Steiner, Whitlock, Norland, Arnold, and Olenius; 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 25, 2017. Vote on the motion: Dehen, Freyberg, Steiner, Norland, Whitlock, Arnold, and Olenius aye; no nays. Motion carried.

Public Hearing-6:30 pm Purchase of Property PIN 01.103.0100

President Arnold opened the Public Hearing indicating the hearing was to consider the purchase of approximately 50 acres currently owned by Timm Farms, Inc. With no one appearing, President Arnold closed the Public Hearing.

Public Hearing-6:30 pm Sale of Property to Mankato Holdings, LLC

President Arnold opened the Public Hearing indicating the hearing was to consider the sale of approximately 9 acres to Mankato Holdings, LLC commonly known as Palmer Bus Service. The land is a portion of the property that is being purchased from Timm Farms, Inc. With no one appearing, President Arnold closed the Public Hearing.

Public Hearing-6:30 pm Sale of Property to Iowa Lakes Holding, LLC

President Arnold opened the Public Hearing indicating the hearing was to consider the sale of approximately 18.5 acres to Iowa Lakes Holding, LLC commonly known as Blue Star Power Systems. The land is a portion of the property that is being purchased from Timm Farms, Inc. With no one appearing, President Arnold closed the Public Hearing.

New Business

Res. No. 4-17 Authorizing the Purchase of Real Estate.

Executive Vice President Harrenstein reported the proposed resolution authorizes the purchase 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 Norland to adopt Resolution No. 4-17 Authorizing the Purchase of Real Estate. Vote on the motion: Dehen, Freyberg, Steiner, Norland, Whitlock, Arnold, and Olenius aye; no nays. Motion carried.

Res. No. 5-17 Conveying Certain Property Located in the City of North Mankato to Mankato Holdings, LLC.

Executive Vice President Harrenstein reported Palmer Bus Service is seeking to expand and accommodate growth, with the purchase of approximately 9 acres to build a 60,000 square foot building. The Port Authority negotiated a purchase price of 65,000 per acre for a total sale price of \$585,000.00. Commissioner Steiner moved, seconded by Commissioner Norland to adopt Resolution No. 5-17 Conveying Certain Property Located in the City of North Mankato to Mankato Holdings, LLC. Vote on the motion: Dehen, Freyberg, Steiner, Norland, Whitlock, Arnold Olenius aye; no nays. Motion carried.

Consider Approving Exchange Agreement between Mankato Holdings, LLC and St. Andrews Title & Exchange, Inc.

President Arnold stated this is a 1031 exchange agreement. Executive Vice President Harrenstein stated it is a straight forward exchange; and the Port Authority will sign the property over to St. Andrews Title & Exchange, Inc. who will then complete the exchange with Mankato Holdings, LLC. The Port Authority has been requested to approve the documents. Commissioner Norland moved, seconded by Commissioner Steiner to Approve the Exchange Agreement between Mankato Holdings, LLC and St. Andrews Title & Exchange, Inc. Vote on the motion: Dehen, Freyberg, Steiner, Norland, Whitlock, Arnold Olenius aye; no nays. Motion carried.

Consider Res. No. 6-17 Conveying Certain Property Located in the City of North Mankato to Iowa Lakes Holding, Inc.

Executive Vice President Harrenstein reported the Port Authority has negotiated the sale of approximately 18.5 acres of land to Iowa Lakes Holding, Inc. more commonly known as Blue Star Power Systems. This is a portion of the property the Port Authority is purchasing from Timm Farms, Inc. The Port Authority negotiated a purchase price of \$65,000 per acre for a total sale price of \$1,202,500. The company is anticipating building in 2018. Commissioner Norland moved, seconded by Commissioner Steiner to Adopt Res. No. 6-17 Conveying Certain Property Located in the City of North Mankato to Iowa Lakes Holding, Inc. Vote on the motion: Dehen, Freyberg, Steiner, Norland, Whitlock, Arnold Olenius aye; no nays. Motion carried.

Consider Res. No. 7-17 Resolution Approving Terms of Loan to the Cottages of Mankato, LLC, or its Affiliates, and Authorizing the Execution of Loan Documents.

Executive Vice President Harrenstein stated this is the documentation concerning a business subsidy loan for Birchwood Cottages that was discussed at the last meeting. The staff reviewed their business plan, financials and they have obtained a bank letter of credit, so staff supports proceeding with the business subsidy loan of \$300,000 with a 3% interest rate and a 15-year term. The loan program does require the creation of one job for every \$50,000 loaned and Cottages of Mankato, LLC are prepared to meet those terms. Commissioner Norland moved, seconded by Commissioner Steiner to Adopt Res. No. 7-17 Approving Terms of Loan to the

Cottages of Mankato, LLC, or its Affiliates, and Authorizing the Execution of Loan Documents. Vote on the motion:

Dehen, Freyberg, Steiner, Norland, Whitlock, Arnold Olenius aye; no nays. Motion carried.

Other Business

Commissioner Dehen moved, seconded by Commissioner Whitlock to conduct the Annual Port Authority Meeting at 6:30 p.m. on July 10, 2017. Vote on the motion: Dehen, Freyberg, Steiner, Norland, Whitlock, Arnold Olenius aye; no nays. Motion carried.

President Arnold stated he was proud of the work accomplished at this meeting of purchasing and selling land and giving a loan to develop a piece of property. He thanked the staff for their hard work.

Open the 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 6:47 p.m.

President

Secretary



City of North Mankato, MN

Port Authority Claims

By Fund

Payment Dates 05/01/2017 - 07/10/2017

Vendor Part Number	Vendor Name	Payment Date	(None)	(None)	Amount
Fund: 228 - PORT AUTHORITY					
	BOLTON & MENK, INC.	06/21/2017			934.5
	KENNEDY & KENNEDY LAW OFI	06/21/2017			112
	CITY CENTER PARTNERSHIP	05/01/2017			5000
	ABDO, EICK & MEYERS, LLP	05/15/2017			1960
	GISLASON & HUNTER LLP	05/15/2017			39
	HILDI, INC.	05/15/2017			256.5
	I & S GROUP, INC.	06/05/2017			2850
	LEAGUE OF MINNESOTA CITIES	06/05/2017			192
	FREE PRESS	06/19/2017			21.5
	FREE PRESS	06/19/2017			21.5
	FREE PRESS	06/19/2017			43
	I & S GROUP, INC.	07/10/2017			1545.25
	KENNEDY & GRAVEN CHARTER	07/10/2017			839.75
	CARDMEMBER SERVICE	06/21/2017			62.35
Fund 228 - PORT AUTHORITY Total:					13877.35
Fund: 240 - JOINT ECONOMIC DEVELOPMENT					
	BOLTON & MENK, INC.	05/03/2017			437
	NICOLLET COUNTY	05/03/2017			515
	NICOLLET COUNTY	05/03/2017			105
	NICOLLET COUNTY	05/03/2017			2011
	NICOLLET COUNTY	05/03/2017			2018
	NICOLLET COUNTY	05/03/2017			1381
	BOLTON & MENK, INC.	06/21/2017			9053.5
	KENNEDY & KENNEDY LAW OFI	06/21/2017			160
	NICOLLET COUNTY	06/23/2017			105
	HAZEL L. HOERST	07/10/2017			1500
	RIST, ALBERT J.	07/10/2017			1500
	RIST, JOHN A.	07/10/2017			1500
	RIST, LOREN E.	07/10/2017			1500
Fund 240 - JOINT ECONOMIC DEVELOPMENT Total:					21785.5
Grand Total:					35662.85

Authorization Signatures

Port Authority

The above claims list is approved by:

MARK DEHEN - COMMISSIONER

JAMES WHITLOCK - COMMISSIONER

DIANE NORLAND - COMMISSIONER

WILLIAM STEINER - COMMISSIONER

ROBERT FREYBERG - COMMISSIONER

DUANE OLENIUS - COMMISSIONER

DAVID ARNOLD - COMMISSIONER

**NORTH MANKATO PORT AUTHORITY COMMISSION
COUNTY OF NICOLLET, STATE OF MINNESOTA**

RESOLUTION NO. _____

**RESOLUTION INITIATING PROCESS FOR MODIFICATION
OF TAX INCREMENT FINANCING DISTRICT IDD NO. 1-23**

BE IT RESOLVED by the North Mankato Port Authority Commission (the "Commission") as follows:

1. Recitals.

(a) Pursuant to Laws of Minnesota 1985, Chapter 188, as codified in Minnesota Statutes, Section 469.079, the Commission has been established and is authorized to exercise port authority, housing and redevelopment authority, and tax increment powers, among others; and

(b) In furtherance of the objectives of the Commission, the Commission is considering modifying the Tax Increment Financing Plan for Tax Increment Financing District IDD No. 1-23 within Industrial Development District No. 1, and approving the related tax increment financing plan (the "Plan").

2. Public Hearing of the Commission. As required by its enabling legal authority, the Commission will hold a public hearing on the Plan at a meeting of the Commission to be held in the Municipal Building on Monday, August 7, 2017 commencing at 6:30 PM. The staff of the Commission is hereby authorized and directed to cause the notice of public hearing which is attached to this Resolution to be published in the City's official newspaper not less than 10 days prior to the scheduled hearing date.

3. City Council Public Hearing. Under the Tax Increment Act, it is necessary for the North Mankato City Council to hold a public hearing on the Plan, and the Commission hereby requests the Council to hold such public hearing, following notice thereof having been published not less than 10 and not more than 30 days prior thereto, and to consider thereafter the Plan for approval at a meeting of the Council on August 21, 2017.

Adopted by the Commission this 10th day of July 2017.

Secretary

President

NOTICE OF PUBLIC HEARING

**NORTH MANKATO PORT AUTHORITY COMMISSION
COUNTY OF NICOLLET
STATE OF MINNESOTA**

NOTICE IS HEREBY GIVEN that the North Mankato Port Authority Commission will hold a public hearing on Monday, August 7, 2017, at a meeting of the Commission beginning at approximately 6:30 PM, at the North Mankato Municipal Building, 1001 Belgrade Avenue, North Mankato, Minnesota, relating to the proposal of the Commission to modify the Tax Increment Financing Plan for Tax Increment Financing District IDD No. 1-23 within Industrial Development District No. 1, and to adopt the Tax Increment Financing Plan relating thereto pursuant to Minnesota Statutes, Sections 469.174 to 469.179. A copy of the documentation proposed to be considered at the hearing will be on file and available for public inspection at the office of the City Administrator at the Municipal Building.

All interested persons may appear at the public hearing and present their views orally or in writing.

/s/April Van Genderen

April Van Genderen

Secretary

North Mankato Port Authority Commission

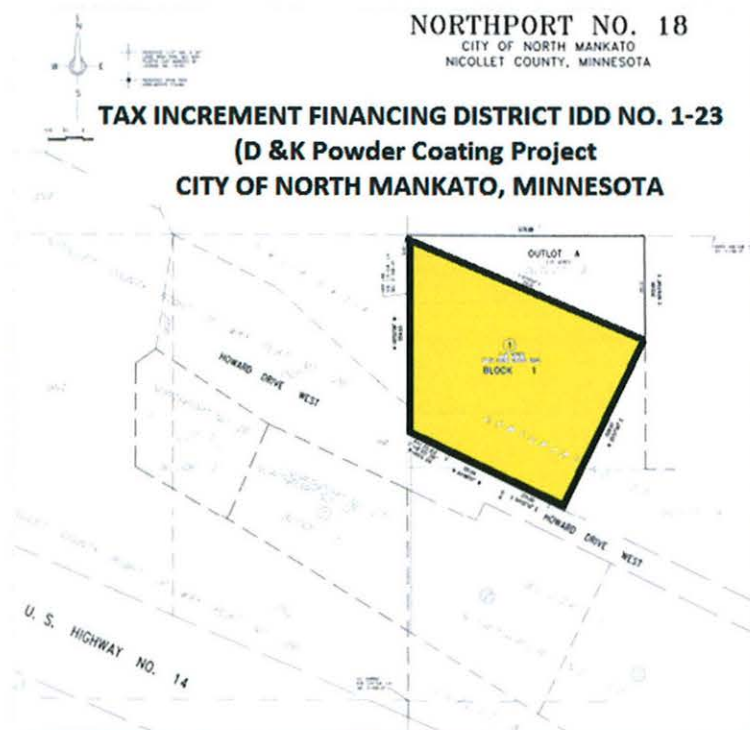
[VIA EMAIL]

To: North Mankato Port Authority
From: Ed Tschida
Re: D&K Powder Coating Project Request for Financial Assistance – Tax Increment Financing District Modification
Date: June 21, 2017

PROJECT DESCRIPTION

North Mankato approved Tax Increment Financing District IDD No. 1-23 (the “District”) for D&K Powder Coating on September 15, 2014. Subsequent to this approval, the company constructed its 25,380 ft.² manufacturing facility on Lot 1, Block 1 Northport No. 18 (2240 Howard Dr. W.). The company is exploring a 20,000-ft.² facilities expansion continues to accommodate growth. The company is requesting tax increment financing assistance to finance eligible project costs.

TAX INCREMENT FINANCING DISTRICT MODIFICATION



The Port Authority and City may modify the District in different circumstances. In this instance, because total estimated tax increment expenditures would increase beyond the amount approved in the original plan the modification is required. This modification requires a public hearing.

The effect of this modification would permit the company to receive additional tax increment reimbursement of eligible project costs provided those costs are incurred within five years from certification of the original district plan. The original district plan was certified by Nicollet County on March 31, 2015. Additional project expenditures incurred before March 31, 2020 are eligible for TIF reimbursement. As part of the original project approval, the company entered into a development agreement with the

port authority stipulating project goals. Currently, the company complies with all provisions of the development agreement.

Modification of the TIF plan does not increase the duration of the district. The original plan provided TIF reimbursement beginning in 2017 and continuing through 2025. The scheduled decertification of the district is December 31, 2025. The following table shows the increment estimate as presented in the original TIF plan that was based on information provided by the County assessor’s office. The actual increment the company begins to receive in 2017 is less than the plan estimate, because the County assessor’s final valuation is lower than the valuation presented in the TIF plan. A calculation showing the amount of additional increment that would be generated by the proposed expansion is provided. The increment estimate is based on current value associated with the existing plant. Finally, the estimated total TIF benefit is provided. The impact of the modification would be to increase the total TIF benefit from \$385,852 to \$474,601.

TIF COMPARISONS: PLAN, ACTUAL, EXPANSION AND TOTAL				
YEAR TAXES PAYABLE	SEPT 5, 2014 TIF PLAN ESTIMATE¹	ACTUAL 2017 TIF²	ADDITIONAL TIF FROM EXPANSION³	ESTIMATED TOTAL TIF
2015	0	0	0	0
2016	0	0	0	0
2017	42,872	32,622	0	32,622
2018	42,872	32,622	0	32,622
2019	42,872	32,622	25,857	58,480
2020	42,872	32,622	25,857	58,480
2021	42,872	32,622	25,857	58,480
2022	42,872	32,622	25,857	58,480
2023	42,872	32,622	25,857	58,480
2024	42,872	32,622	25,857	58,480
2025	42,872	32,622	25,857	58,480
TOTALS	\$385,852	\$293,599	\$181,002	\$474,601
¹ TIF amount is based on the estimate prepared for the September 5, 2014 TIF public hearing. ² TIF amount is based on actual TIF paid in 2017. ³ Increased TIF due to expansion is estimate based on comparison to 2017 market values prepared by County Assessor.				

OBSERVATION AND RECOMMENDATION

Observation: The development proposal meets the Port Authority and City goals for financial assistance, and is compatible with community plans and City ordinances. The Port Authority’s and City’s modification of the TIF plan is within the parameters of community development guidelines and TIF statutes. If the company demonstrates a financial need and provides documentation of eligible TIF expenses, the request for modification would be appropriate.

Recommendation: If the Port Authority concurs with the above observations, it should recommend to the City Council to proceed with a TIF district plan modification.

SCHEDULE OF EVENTS TO ADOPT
TAX INCREMENT DISTRICT DOCUMENTS
CITY OF NORTH MANKATO, MINNESOTA
D & K POWDER COATING EXPANSION PROJECT
TAX INCREMENT FINANCING DISTRICT IDD NO. 1-23

DEADLINE DATE	✓	DESCRIPTION	MEETING TYPE	MEETING TIME
Monday, July 10, 2017	<input type="checkbox"/>	Port Authority Resolution requesting public hearing on Tax Increment Plan	Regular	6:30 P.M.
Friday, July 21, 2017	<input type="checkbox"/>	Notification of County and School District (30 days before public hearing) TIF Plan must be mailed by this date to school and county		
Friday, July 28, 2017	<input type="checkbox"/>	Publish Port Authority Notice of Hearing		
Monday, August 07, 2017	<input type="checkbox"/>	Port Authority recommends approval of TIF Plan	Regular	6:30 P.M.
Monday, August 07, 2017	<input type="checkbox"/>	City Council adopts Resolution calling for public hearing	Regular	7:00 P.M.
Friday, August 11, 2017	<input type="checkbox"/>	Publish City Council Notice of Hearing - Notice must include map of proposed district		
Monday, August 21, 2017	<input type="checkbox"/>	Date of Public Hearing	Regular	7:00 P.M.
Monday, August 21, 2017	<input type="checkbox"/>	City Council adopts Resolution approving TIF Plan	Regular	7:00 P.M.
Within 30 days following hearing	<input type="checkbox"/>	File Documents With City, County and State		

Waiver

I acknowledge as a member of the North Mankato Port Authority Commission I am entitled under Minn. Stat. 469.050, Subd. 5 to a stipend in the amount of \$35.00 for each regular or special Port Authority meeting I attend. I hereby waive any claim I may have to such amount as to all meetings I may attend while serving as a Commissioner. I may withdraw this waiver at any time and request payment for all meetings held after the withdrawal of the waiver.

Date: _____

Commissioner
North Mankato Port Authority Commission