

PORT AUTHORITY OF WINONA MINUTES

DATE: August 16, 2007

PRESENT: President Cichanowski, Commissioners Glubka, Kiekbusch, Hansen, Thurley and Borzyskowski

ABSENT: Commissioner Johnson, Executive Secretary Sorensen

1. **CALL TO ORDER – APPROVAL OF MINUTES**

The meeting was called to order at 4:00 p.m. by President Cichanowski. A motion was made by Commissioner Thurley, seconded by Commissioner Kiekbusch to approve the minutes from the July 12, 2007 meeting. Motion carried unanimously.

2. **REMARKS BY THE PRESIDENT**

President Cichanowski commented on the Aghaming Park breach project. Staff informed the Port the project was underway and the Engineering Tech had a bad case of poison ivy from monitoring the project.

3. **NEW BUSINESS**

A. Bluffview Montessori Bond Issue

Commissioner Glubka asked what the split between refunding and new construction was. She was informed by Leslie Hittner, representing Bluffview, the new construction was estimated between \$1,500,000 to \$2,000,000 with the remainder being refunding. He stated the refunding will lower the interest rate, saving about \$30,000 per year in debt payments. This savings can be used for the new addition with additional lease aid as needed.

President Cichanowski asked about enrollment. Mr. Hittner stated they have 207 students enrolled in K through 8 with an operating budget of \$1,400,000 to \$1,600,000. Their fund raising activities raise about \$20,000.

Commissioner Glubka asked if the \$10,000,000 bank qualified amount would be impacted in 2008 and was informed it will not impact 2008.

Commissioner Hansen asked if they had the property needed for the expansion. Mr. Hittner said the expansion would occur on the existing site. Commissioner Borzyskowski asked if the students pay tuition and was informed it is a public school with no tuition however there is a cost for preschool.

There being no further discussion, Commissioner Glubka moved, seconded by Commissioner Thurley, carried to approve the following resolution:

RESOLUTION # 651

RESOLUTION RECITING PROPOSAL FOR
A REVENUE PROJECT GIVING PRELIMINARY
APPROVAL TO THE PROJECT PURSUANT TO THE MINNESOTA
MUNICIPAL INDUSTRIAL DEVELOPMENT ACT
AUTHORIZING THE SUBMISSION OF AN APPLICATION
FOR APPROVAL OF SAID PROJECT TO THE
MINNESOTA DEPARTMENT OF EMPLOYMENT AND ECONOMIC
DEVELOPMENT
AND AUTHORIZING THE PREPARATION OF
NECESSARY DOCUMENTS AND MATERIALS
IN CONNECTION WITH SAID PROJECT

(BLUFFVIEW MONTESSORI CHARTER SCHOOL PROJECT)

WHEREAS, pursuant to Minnesota Statutes, Sections 469.152 through 469.1651, as amended (the "Act"), the Port Authority of Winona (the "Authority") is authorized to issue revenue bonds for the purpose of financing real and personal property whether or not now in existence, which property is used or useful in connection with a revenue producing enterprise, whether or not operated for profit; and

WHEREAS, in enacting the Act, the Legislature found that the welfare of the State of Minnesota requires the active promotion, attraction, encouragement and development of economically sound industry and commerce to prevent, as far as possible, the emergence of blight and areas of chronic unemployment and to prevent economic deterioration; and

WHEREAS, BMS Building Company, a Minnesota nonprofit corporation (the "Company") has proposed that the Authority issue lease revenue bonds in the approximate principal amount of \$5,700,000 (the "Bonds"), to be issued in one or more series, to refund the Authority's Lease Revenue Bonds, Series 1999 (Bluffview Montessori School Project) and to finance the construction and equipping of an approximately 15,700 square foot addition to the existing public charter school facility located at 1321 Gilmore Avenue in the City (collectively the "Project"); and

WHEREAS, the City conducted a public hearing on the Company's proposal on August 6, 2007 at which hearing all persons who appeared were given an opportunity to express their views with respect to the proposal; and

WHEREAS, the Company's proposal calls for the Authority to loan the proceeds realized upon the sale of the Bonds to the Company pursuant to a revenue agreement wherein the Company will be obligated to make payments at the times and in the amounts sufficient to provide for the prompt payment of principal of, premium, if any, and interest on the Bonds and all costs and expenses of the Authority incident to the issuance and sale of the Bonds; and

WHEREAS, the undertaking of the proposed Project and the issuance of the Bonds to finance the cost thereof will further promote the public purposes and legislative objectives of the Act by the continuation of the educational facilities of the Company in the City area; and

WHEREAS, neither the full faith and credit of the Authority, nor the City will be pledged to the Project or for the payment of the principal of, premium, if any, and interest on the Bonds;

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Port Authority of Winona, Minnesota:

1. The issuance by the Authority of the Bonds pursuant to the Act, in an approximate aggregate principal amount of \$5,700,000 to finance the costs of the Project, all as referred to above, is hereby authorized and approved by the Authority, subject to the approval of the Project by the Minnesota Department of Employment and Economic Development ("DEED") under the Act, and to the agreement of the Authority, the Company and the original purchaser or purchasers of the Bonds on the terms and conditions on which the Bonds will be issued, sold and secured.

2. On the basis of information available to this Board of Commissioners it appears, and the Board of Commissioners hereby finds, that the Project constitutes properties, real and personal, used or useful in connection with one or more revenue producing enterprises within the meaning of Subdivision 2(b) of Section 469.153 of the Act; that the Project furthers the purposes stated in Section 469.152 of the Act; that the availability of financing under the Act and the willingness of the Authority to furnish such financing will be a substantial inducement to the Company to undertake the Project, and that the effect of the Project, if undertaken, will be to assure that educational facilities will be available to, among others, the residents of the City a reasonable cost.

3. In accordance with Subdivision 3 of Section 469.154 of the Act, the Executive Secretary is hereby authorized and directed to submit the proposal for the Project to DEED and to request its approval, and the other officers, employees and agents of the Authority are hereby authorized to provide DEED with such preliminary information as it may require.

4. The Company has agreed and it is hereby determined that any and all costs incurred by the Authority in connection with the financing of the Project whether or not the Project is carried to completion and whether or not the Project is approved by DEED will be paid by Company.

5. Briggs and Morgan, Professional Association, acting as bond counsel, is authorized to assist in the preparation and review of the necessary documents relating to the Project, to consult with the Authority, the Company, the original purchaser or purchasers of the Bonds, and their respective attorneys, as to the maturities, interest rates and other terms and provisions of the Bonds and as to the covenants and other

provisions of the revenue agreement and other necessary documents and to submit such documents to the Board for final approval.

6. Nothing in this resolution or in the documents prepared pursuant hereto shall authorize the expenditure of any municipal funds on the Project other than the revenues derived from the Project or otherwise granted to the Authority for this purpose. The Bonds shall not constitute a charge, lien or encumbrance, legal or equitable, upon any property or funds of the Authority or the City except the revenue and proceeds pledged to the payment thereof, nor shall the Authority or the City be subject to any liability thereon. The holder of the Bonds shall never have the right to compel any exercise of the taxing power of the Authority or the City to pay the outstanding principal on the Bonds or the interest thereon, or to enforce payment thereof against any property of the Authority or the City. The Bonds shall recite in substance that the Bonds, including interest thereon, are payable solely from the revenue and proceeds pledged to the payment thereof. The Bonds shall not constitute a debt of the Authority or the City within the meaning of any constitutional, or statutory limitation.

7. The adoption of this resolution by the Authority does not constitute a guarantee or a firm commitment that the Authority will issue the Bonds as requested by the Company. The Authority reserves the right, in its sole discretion, to withdraw from participation and accordingly not issue any Bonds to finance the Project at any time prior to the adoption of the final resolution authorizing the issuance of such Bonds should the Authority so determine.

Adopted by the Board of Commissioners of the Port Authority of Winona, Minnesota this 16th day of August, 2007.

B. Fund 945 – Cash Deficit

Judith Bodway explained that the Commercial Harbor Fund had a cash deficit of \$21,104.70 as of July 31, 2007. She asked the Port to approve a loan from the General Fund to cover the deficit. Reimbursement of \$67,600 has been requested from the Minnesota Port Development Fund.

Commissioner Kiekbusch moved, Commissioner Borzyskowski seconded, to approve a loan of \$21,104.70 from Fund 911 to Fund 945. Motion carried with all voting aye.

C. Port Authority Budgets for 2008

Judith Bodway presented the proposed budgets for 2008 to the Port Commissioners. The following actions were taken:

- 1) Commissioner Thurley moved, Commissioner Hansen seconded, carried to approve an increase in the hourly rate for the Port Authority attorney from \$97.45 to \$101.35.

- 2) Commissioner Thurley moved, seconded by Commissioner Borzyskowski to approve the 2008 tax levy for the debt service for the Pelzer Street Transportation project and to recommend the City Council approve the tax levy. Discussion on the need for the Louisa Street project was held. There being no further discussion, the motion was called with all voting aye.
- 3) The Port Authority proposed 2008 budgets were discussed individually. General Fund 911 items include reimbursement change from Public Works Director to City Engineer, ask City to take over mowing services along Pelzer street after project is completed, estimate needed for potential property taxes in Technology Park, and matching funds for the Commercial Harbor dock project.

The Commissioners questioned property taxes being paid on Technology Park when most of the property still cannot be development. Staff informed the Commissioners they were working with the County Assessor on the issue. The Commissioners stated that the Port Authority's development activities are an asset to Winona County. The Port encourages development which increases property values and increases the labor force.

Commissioner Glubka moved, Commissioner Kiekbusch seconded, to accept the 2008 proposed budgets with a reduction of \$20,000 in the General Fund account 911-46511-5909 Property Taxes. Motion carried.

- 4) Staff informed the Commissioners that the Watlow TIF District must be decertified by November 23, 2007. There will be a remaining balance due to the Port General Fund which made a loan to the District. Staff would recommend the General Fund write off any loan balance as of November 23, 2007.

Commissioner Hansen moved, seconded by Commissioner Glubka, carried to approve the following resolution decertifying the Watlow TIF District.

RESOLUTION # 652

RESOLUTION DECERTIFYING TIF DISTRICT #3
WATLOW, TI BONDS 1983A

WHEREAS, the Port Authority of Winona has heretofore created the Watlow Tax Increment Finance District within the Riverbend Development District; and

WHEREAS, the Tax Increment District as set forth in the Tax Increment Plan is required to be decertified on November 23, 2007; and

WHEREAS, there are no excess tax increments generated by the Tax Increment district.

NOW, THEREFORE, BE IT RESOLVED by the board of the Port Authority of Winona, Minnesota as follows:

1. The Port Authority of Winona hereby finds, determines and declares to dissolve the Watlow Tax Increment District #3 as of November 23, 2007.
2. The Port Authority staff is hereby directed to send a copy of this resolution to the Winona County Auditor and to take all other steps which are necessary to dissolve the Watlow Tax Increment District #3.

Commissioner Borzyskowski moved, Commissioner Hansen seconded, carried to write off any remaining loan balance due to the General Fund 911 from the Watlow TI District Fund 934. Motion carried.

- 5) Staff requested the commissioners agree to write off the account receivable due from Kujak Brothers, Inc of \$103,045 in the General Fund 911. Staff will continue to try to collect the amount. Commissioner Thurley moved, Commissioner Hansen seconded, to write off the receivable due from Kujak Brothers. Motion carried with Commissioner Glubka voting nay.

4. FINACNIAL REPORTS

The Port financial reports for July were received.

5. ADJOURNMENT

Commissioned Kiekbusch moved, Commissioner Hansen seconded, to adjourn the meeting at 4: 55 pm.



Judith Bodway
Assistant City Manager for Economic Development