

# PORT AUTHORITY OF WINONA MINUTES

**DATE:** January 17, 2019

**PRESENT:** Commissioners: Cichanowski, Thurley, Borzyskowski, Lucas, Hansen, Gorman and Executive Secretary Sarvi

**ABSENT:** Commissioner Johnson

**STAFF PRESENT:** Director of Community Development Lucy McMartin, Development Coordinator Myron White; Finance Director Mary Burrichter

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

The meeting was called to order at 4:00 PM by President Cichanowski. A motion was made by Commissioner Lucas and seconded by Commissioner Thurley to approve the December 13, 2018 minutes. The motion carried with all Commissioners present voting aye.

## **2. REMARKS BY PRESIDENT**

President Cichanowski referenced the development that has and will take place in downtown Winona. He mentioned it was the responsibility of the staff and the Port Authority to insure we have completed our due diligence with regard to each project. While we don't necessarily need to use all of the tools at our disposal, we would be remiss if we did not consider all options.

## **3. OLD BUSINESS**

### **A. CONSENT: CD CORP NAME CHANGE TO CD TERMINAL**

Director of Community Development McMartin reminded the Port Authority of the changes that had been approved to the CD Corp lease at the December 2018 meeting. She mentioned those changes were necessary to remain in compliance with Minnesota Management and Budget Port Development Assistance Grants.

This month CD Corp has requested approval of a name change from CD Corp to CD Terminal LLC. Ms. McMartin indicated the terms of any and all agreements in place with CD Terminal LLC would remain the same. The action requested is to approve a name change.

A motion was made by Commissioner Borzyskowski for the name change and seconded by Commissioner Hansen to authorize execution of the Consent. The motion carried with all Commissioners present voting aye.

**B. SECOND AMENDMENT TO CD CORP LEASE AGREEMENT**

Director of Community Development McMartin explained that, because of the name change, we should again consider approval to the lease agreement reviewed at the December 2018 meeting.

A motion was made by Commissioner Lucas and seconded by Commissioner Hansen to approve the execution of the Second Amendment to the Lease Agreement between the Port Authority and CD Terminal LLC. The motion carried with all Commissioners present voting aye.

**C. MAIN SQUARE CLEAN-UP**

Director of Community Development McMartin provided a brief history of the clean-up efforts at the site of the Main Square Development. She indicated that the Port had applied for a clean-up grant in the amount of \$599,678 along with \$150,000 in Port match money for the site clean-up. In the end, the Port Authority was awarded \$422,228. As the project progressed, Ms. McMartin indicated that soil remediation work was more extensive than anticipated. Ms. McMartin recommended the Port Authority Commissioners consider using funds that were escrowed at the time of the property sale to cover the costs for the additional work since that was the purpose for establishing the escrow fund. The recommended amount to cover the costs is \$210,000 for the additional work.

Commissioner Borzyskowski asked how much money had been escrowed at the time of closing, Ms. McMartin replied that \$800,000 was in escrow.

A motion was made by Commissioner Borzyskowski and seconded by Commissioner Thurley to approve a resolution authorizing this action. The motion carried with all Commissioners present voting aye.

**RESOLUTION # 748**

**WHEREAS**, The Port Authority of Winona (seller) entered into an Escrow Agreement on July 27, 2018; with Main Square Development LLC, (buyer) a Minnesota limited liability company; and

**WHEREAS**, the Seller and the Buyer entered into a Purchase Agreement on May 17, 2018 pertaining to the sale and purchase of certain Real Property in Winona, Minnesota; and

**WHEREAS**, Section 5 of the Purchase Agreement required an escrow amount of \$800,000.00 of the purchase price be deposited with the Escrow Agent to be held in escrow by the Escrow Agent; and

**WHEREAS**, the Escrowed Funds were to pay for completing the Response Action Plan if grant funds were not received or if the amount of the grant was less than the remediation costs; and

**WHEREAS**, terms and conditions of the Escrow Agreement are met including; submittal of itemized invoices, and grant dollars are fully utilized; and

**WHEREAS**, the Port Authority of Winona and Main Square Development LLC, must execute and deliver to the Escrow Agent written authorization to release the invoice amount.

**NOW THEREFORE BE IT**, resolved that the Port Authority of Winona authorizes the necessary signatures and release of up to \$210,000 to cover the costs related to the remediation at the property as outlined in the Response Action Plan.

#### **4. NEW BUSINESS**

##### **A. DOWNTOWN STRATEGIC PLAN**

Director of Community Development McMartin explained as part of the Opportunity Winona initiative, the Port had budgeted \$10,000 as a contribution toward a \$30,000 Downtown Strategic Planning initiative. The remaining \$20,000 would come from the Planning Budget.

The plan would enlist the services of ISG to help the City identify and prioritize infrastructure, public safety and beautification projects.

A motion was made by Commissioner Borzyskowski and seconded by Commissioner Thurley to authorize staff to enter into the professional services agreement with ISG. The motion carried with all Commissioner present voting aye. Commissioner Hansen abstained from the vote.

##### **B. FASTENAL AGREEMENT AND RESOLUTION**

Director of Community Development McMartin explained as part of the "due diligence" related to the 90,000 square foot Fastenal Expansion, the Port had received a redevelopment grant to help defray the costs related to the demolition of the buildings on the site. Ms. Martin also explained that because of the risks related to contamination at the site, the Port elected to complete survey work at the site to determine if the site could be classified as blighted. If, in the future, the City were to utilize Tax Increment proceeds to help fund site clean-up, the blight determination would be a necessary step if Tax Increment were to be considered as an available funding tool.

The Port Authority was presented an agreement which provided for the demolition of the buildings in question as well as a resolution and a letter of finding of blight.

As the property is reviewed for redevelopment, the Port Authority and City would follow their processes including public hearings and required approvals.

A motion was made by Commissioner Lucas and seconded by Commissioner Hansen to approve the agreement for demolition, resolution, and letter of finding. All those Commissioners present voted aye.

**RESOLUTION # 749 MAKING CERTAIN  
FINDINGS WITH RESPECT TO  
SUBSTANDARD BUILDINGS**

**WHEREAS**, the Port Authority of Winona (the "Authority") may establish a tax increment financing district within the Riverfront Development District, including the Parcels, as defined below, as a "redevelopment district"; and

**WHEREAS**, there are 5 ( Five ) buildings (the "Buildings") located on the parcels described on Exhibit A (the "Parcels") and the deteriorated condition of the Buildings create a health and safety concern necessitating the demolition of the Buildings; and

**WHEREAS**, Minnesota Statutes, Sections 469.174 to 469.1794, as amended (the "Tax Increment Act") provides that an Authority may create a tax increment financing district (the "TIF District") if the Authority finds by resolution that parcels consisting of 70% of the area of the TIF District are occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures, and more than 50% of the buildings, not including out buildings, are structurally substandard to a degree requiring substantial renovation or clearance; and

**WHEREAS**, Minnesota Statutes, Section 469.174, subdivision 10(d), provides, among other things, that a parcel may be deemed to be occupied by a structurally substandard building if (1) 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; (2) the substandard building was demolished or removed by the Authority, the demolition or removal was financed by the Authority or was done by a developer under a development agreement with the Authority; and (3) the 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 Authority intended to include the parcel within the district.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Commissioners of the Port Authority of Winona, as follows:

The Buildings are "structurally substandard" within the meaning of Minnesota Statutes, Section 469.174, subdivision 10. The reasons and supporting facts for this determination are on file with the staff of the City.

Fastenal Company intends to demolish the Buildings in connection with a project it is developing on the parcels and the Authority intends to subsequently include the Parcels in the TIF District, if established.

The President and Executive Secretary are hereby authorized and directed to execute a Demolition Agreement with the Developer in substantially the form submitted to the Board of Commissioners to provide for the demolition of the Buildings.

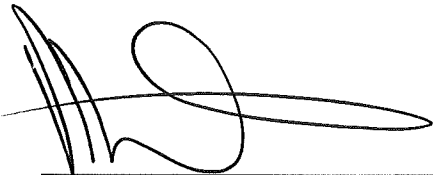
Upon filing the request for certification of the tax capacity of the Parcels as part of the TIF District, if established, the Authority will notify the county auditor that the original tax capacity of the Parcels must be adjusted as provided in Minnesota Statutes, Section 469.177, subdivision 1, paragraph (f).

**5. FINANCIAL REPORT**

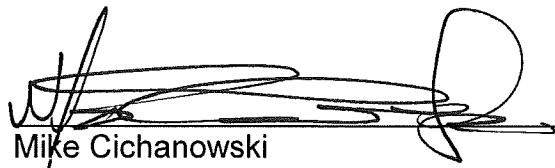
Finance Director Burrichter provided an overview of tax capacity and property valuation (both trending in the right direction). Ms. Burrichter also commented that Port Financials appeared to be in order.

**6. ADJOURNMENT**

A motion was made by Commissioner Lucas and seconded by Commissioner Hansen to adjourn the meeting. The meeting was adjourned at 4:25 pm.



Myron White  
Development Coordinator

  
Mike Cichanowski  
President