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AGENDA

DATE: March 8, 2018
TIME: 4:00 P.M.
PLACE: Council Chambers, City Hall

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

Approval of the minutes from the February 15, 2018 meeting.

2. **REMARKS BY PRESIDENT**

3. **PUBLIC HEARINGS**

A. **Public Hearing for the Proposed Sale of Land to Main Square Development, LLC and the Hiawatha Education Foundation**

Pursuant to a Public Hearing Notice published on Sunday February 25, 2018, the Port Authority will consider the sale of land to Main Square Development LLC and the Hiawatha Education Foundation. If Commissioners concur, a motion would be appropriate to authorize and direct staff to negotiate a purchase agreement and return to the Port Authority at a subsequent meeting.

4. **NEW BUSINESS**

A. **Parking Agreements on Property Proposed for Main Square Community Development**

The Port Authority has two agreement related to parking on the block of 100 West Fifth Street. Staff is proposing to provide notice for the leased parking with the Winona County Historical Society. If Commissioners concur, a motion to authorize this would be appropriate. Secondly, staff will be meeting with Winona County regarding the Parking Usage Agreement. No action needed at this time.

**B. Port Development Assistance: 890 Riverview Drive Stormwater
(Supersede Resolution #730)**

In September of 2017, the Port Authority passed Resolution #730 approving application and matching funds for Port Development Assistance Funding. If Commissioners concur, a motion to approve the amended resolution would be appropriate.

C. Proposed Loan to 102 Walnut Winona LLC

At the February meeting, the Port Authority approved a loan to 102 Walnut Winona LLC with the contingency that the loan could be made from Federal Revolving Loan Funds. It has been determined that the loan could not be made from those funds. Port staff will provide recommendations at the April 12th Port Meeting. Information only, no action required.

D. Nominating Committee

President Cichanowski will appoint a Nominating Committee to return to the April meeting with a proposed slate of officers.

5. FINANCIAL REPORTS

6. ADJOURNMENT

PORT AUTHORITY AGENDA ITEM

AGENDA ITEM: 1. Approval of Minutes

DATE: March 8, 2018

Following are the minutes from the February 15, 2018 meeting for Commission's review and approval.

PORT AUTHORITY OF WINONA MINUTES

DATE: February 15, 2018

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

ABSENT: Commissioner Gorman

STAFF PRESENT: Director of Community Development McMartin, Finance Director Burrichter, and Development Coordinator White

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 Borzyskowski, and seconded by Commissioner Thurley to approve the December 14, 2017 minutes. The motion carried with all Commissioners present voting aye.

2. REMARKS BY PRESIDENT

President Cichanowski had no remarks.

3. PUBLIC HEARING

A. Public Hearing for Lease/Option of Parking at 167 East Second Street

Director of Community Development McMartin provided an overview of the 102 Walnut project which included a request for Tax Increment Financing (approved), a Port Loan (agenda item) and a request for parking accommodations on Port-owned property located at 167 East 2nd Street. Ms. McMartin indicated that the agreement provided a yearly lease for up to 3 years with an option to purchase the property at a cost of \$95,300. She indicated that past developments that have included this level of investment have often included some type of accommodation for parking.

President Cichanowski opened the public hearing.

Peter Shortridge, partner in the 102 Walnut Winona LLC, commented that the project was moving toward construction and parking was a critical component of the project.

President Cichanowski made 3 requests calling for additional comments. Hearing none, Commissioner Hansen made a motion to approve the Lease Option for the 167 East 2nd Street property. The motion was seconded by Commissioner Johnson with all Commissioners present voting aye.

4. NEW BUSINESS

A. 102 Walnut LLC Loan Request

Development Coordinator White provided an overview of the loan request of \$150,000 made by 102 Walnut Winona LLC. Mr. White reported that the Federal Revolving Loan Fund had a current cash balance of \$350,000 while the State Fund had a balance of \$339,000. Mr. White also indicated that

\$250,000 of the State funds were to be earmarked for a special exemption that had been discussed in a previous Port meeting. Given that information, it was suggested that if the loan were to be considered it would come out of Federal Revolving Loan Funds.

Commissioner Borzyskowski made a motion to approve the loan with the contingency that the loan could be made with Federal Funds. The motion was seconded by Commissioner Thurley with all Commissioners present voting aye.

B. Request for Letter

Director of Community Development McMartin reported she had received a request from the Port Authority of Austin to support a change in legislation to allow approval of Port-owned property to be made with a simple majority of the Port Authority rather than the current required 2/3 vote.

Commissioner Johnson asked if other operating Ports (St. Paul, Duluth and Red Wing) had expressed support for the request from Austin.

Commissioner Lucas made a motion to support the consensus of the Minnesota Ports Association and to be included in the signature of any forthcoming Ports Association letter. The motion was seconded by Commissioner Hansen with all Commissioners present voting aye.

C. Update on Creative/Co-work Space Loan

Development Coordinator White reported as a follow-up to the December Port Authority meeting that a LLC had been formed to receive the loan that had been approved by the Port Authority. He anticipated the project would move forward shortly.

5. FINANCIAL REPORT

City Finance Director Burrichter provided information on the County .05 cent sales tax and reported that monthly reports appear to be within budget.

6. CLOSED SESSION

President Cichanowski asked for a motion to go into Closed Session pursuant to Minn. Stat. 13D.05, subd.3(c) to develop or consider offers or counteroffers for the sale of real property located at 128 West 5th Street, 201 Main Street and 127 West 4th Street. A motion was made by Commissioner Borzyskowski and seconded by Commissioner Hansen to enter into closed session with all Commissioners present voting aye.

At the conclusion of the closed session Commissioner Johnson made a motion to direct staff to pursue establishing a hearing and options and terms for the sale of the block of 100 West Fifth Street and bring the same back to the Port at a future date for consideration. The motion was seconded by Commissioner Lucas with all Commissioners present voting aye.

7. ADJOURNMENT

A motion to adjourn was made by Commissioner Borzyskowski and seconded by Commissioner Johnson. The meeting was adjourned at 4:58 pm.

Myron White
Development Coordinator

Mike Cichanowski
President

PORT AUTHORITY AGENDA ITEM

AGENDA ITEM: 3. A. Public Hearing – Proposed Sale of Land to Main Square Development LLC and the Hiawatha Education Foundation

DATE: March 8, 2018

Pursuant to a Public Hearing Notice published on Sunday February 25, 2018, the Port Authority will consider the sale of land to Main Square Development LLC and the Hiawatha Education Foundation.

The Port Authority staff has been working with Pete Schwab representing investors for the Main Square Community Development. The proposed development consist of 60 units of rental housing consisting of upscale and market rate one, two and three bedroom apartments. The apartments would have underground parking. The development would also have 10,000 square feet of Class A commercial space. The proposed sale of land for this portion of the project would be from the Port Authority of Winona to Main Square Development LLC. The land would include approximately $\frac{3}{4}$ of Block 29 in the Original Plat of Winona.

The proposed development on the Northwest Quarter of the block would consist of a new Montessori School offering toddler and preschool programs for children. An important component of the development is tuition subsidies for children of low income families. The proposed sale of land for this portion of the project would be from the Port Authority of Winona to the Hiawatha Education Foundation. The land would include approximately $\frac{1}{4}$ of the NW quarter of Block 29, Original Plat of Winona.

The project would consist of land acquisition, excavation work and site improvements. Following site work, construction would begin on the first phase of the project which will include approximately 60 units in two apartment buildings for both market rate and upscale professional housing. In addition, the first phase includes 10,000 square feet of Class-A commercial space and construction of a separate Montessori School building. A planned second phase will add approximately 20-30 apartments.

Commissioners should note that this project is in preliminary form; details will be reviewed through the site plan approval process at a later date. The project is being designed in accordance with the new Unified Development Code.

The purpose for the public hearing and review for the Port Authority at this stage is to determine whether it is in the best interest of the Port and the community to proceed with the proposed sale.

Terms of the proposed sale include:

- Selling to Main Square Development LLC a parcel of approximately 75,500 s.f. of Block 29 for \$21.11 per square foot for a total of \$1,593,805.
- Selling to the Hiawatha Education Foundation approximately 14,500 square feet in the Northwest corner of Block 29 for a total of \$306,095.
- The Port Authority would make sand available that is located at Technology Park for the project.
- The Port Authority will seek funding for the clean-up of the site through DEED.

The development of the land is zoned appropriately for this use and is in harmony with the Comprehensive Plan which calls for mixed use including professional residential housing in this downtown block.

Next steps include:

- Finalizing the legal description and size of the two parcels on Block 29 (Developer)
- Finalizing the Purchase Agreement (Port and Developer)
- Pursue funding for the soil remediation work (Port and DEED)
- Other agreements as deemed necessary

If Commissioners concur, a motion would be appropriate to authorize and direct staff to negotiate a purchase agreement, with the aforementioned terms for the sale of real property to Main Square Development LLC and the Hiawatha Education Foundation, and return at a subsequent meeting with documents as are necessary to affect the sale of the real property.

PORT AUTHORITY AGENDA ITEM

AGENDA ITEM: 4. A. Parking Agreements – 100 Block of West Fifth Street

DATE: March 8, 2018

There are two parking agreements related to the 100 West Fifth Street block where the proposed Main Square Community Development project will be undertaken.

The Port Authority of Winona approved entering into a lease with the Winona County Historical Society in November of 2010. The lease property was the former Charter building site on the Northwest Corner of Block 29 in Downtown Winona. The parking was an important piece in the development of the History Center expansion project. They undertook all of the costs to develop the parking lot. The lease agreement included language for the Port Authority to end the lease if a development opportunity existed. This language was included as the block was being assembled by the Port Authority for future mixed use development as outlined in the City of Winona Comprehensive Plan. Staff will provide an update at the meeting including information and details on the proposed termination.

The second agreement is a Parking Usage Agreement that allowed for 24 permitted parking stalls for Winona County employee parking at the lot on the east side of Block 29 across from the Winona County Administrative Building. This development was entered into in August of 2007 to help facilitate and assemble the land for the Winona County History Center expansion project. This agreement has language included to relocate the County Employee Parking of 24 stall to an area within two block of the Winona County Administrative Building if development occurred on the block.

As you are aware, the Main Square Community Development has proposed development on the block. The development consists of 60 units of housing and 10,000 square feet of Class A commercial space. In addition, the first phase of development also includes plans for a new Montessori School offering toddler and preschool programs for children.

Staff is requesting authorization to provide notice for ending the lease with the Winona County Historical Society so that soil remediation and redevelopment can begin in the coming months. We will work with the WCHS to locate other potential areas for parking and will return to the Port Authority if further assistance is requested.

Secondly, staff will be meeting with Winona County regarding the Parking Usage Agreement. No action needed at this time.

If Commissioners concur, a motion to proceed with ending the Winona County History Center lease would be appropriate.

PORT AUTHORITY AGENDA ITEM

AGENDA ITEM: **4. B. Port Development Assistance: 890 Riverview Drive Stormwater (Supersede Resolution #730)**

DATE: **March 8, 2018**

ATTACHMENTS: **Resolution #730**
 Proposed New Resolution

At the September 2017, Port Meeting the Port passed Resolution #730 authorizing application for Port Development Assistance Funds for stormwater improvements to the 890 Riverview Drive Dock (south bulkhead).

- 1) Engineers provided the Port an engineer's estimate of the project of \$649,550.
- 2) Based on MN Department of Transportation guidelines for Port Development Assistance Funds and coordination with other statewide Port projects, the Port Authority of Winona applied for \$499,550 in Port funding (77% of the project costs) and committed to \$150,000 in local match monies (23% of the project).
- 3) Due to an increasing demand for statewide Port Development projects, the Port Authority of Winona was awarded \$454,512 of the \$499,500 requested (\$45,038 less than requested).

The resolution before the Port Authority increases the local match committed to the project from \$150,000 to \$198,038. These costs are based on engineer's estimates and the project budget will be adjusted when actual bids are received (construction bids will be brought before the Port for consideration). Port staff is also working on ways in which we might bring down project costs.

If Commissioners concur, a motion to approve the amended resolution committing additional matching funds for the 890 Riverview Drive Stormwater Project would be appropriate.

RESOLUTION # 730
AUTHORIZING APPLICATION TO THE MN DEPARTMENT OF
TRANSPORTATION PORT DEVELOPMENT ASSISTANCE
PROGRAM

WHEREAS, the Port Authority of Winona continues to own and commit to the ongoing operation of the commercial dock located at 890 Riverview Drive in the City of Winona; and

WHEREAS, pursuant to Minnesota State Statutes 469.048-469.068 and 469.089 the City of Winona Port Authority supports the establishment of the Port Authority owned commercial dock located at 890 Riverview Drive, Winona, MN (within City of Winona boundaries); and

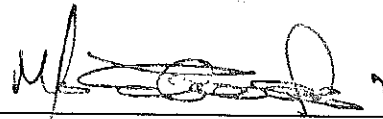
WHEREAS, the MN Port Development Assistance Program requires a local commitment of at least 20% of the proposed project costs; and

WHEREAS, the Port Authority of Winona will continue to operate the commercial dock where the proposed work will be done as a Port-owned facility.

NOW, THEREFORE, BE IT RESOLVED that the Port Authority of Winona hereby:

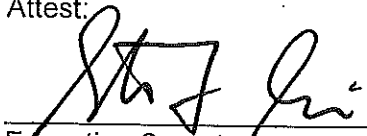
- 1) The Port Authority of Winona authorizes Port Authority President and Executive Secretary to execute any and all necessary agreements and amendments to complete the project.
- 2) Per Minnesota Statute Chapter 412.211, the Port Authority of Winona has the legal authority to enter into said agreement with the State Department of Transportation.
- 3) The Port Authority of Winona, as part of its 2018 budget, has committed up to \$150,000.00 as its share of local funds needed to fully fund the project coupled with up \$500,000 of Minnesota Department of Transportation Ports Development Assistance Funds.
- 4) The Port Authority of Winona agrees to cover any costs that exceed the amount of funds provided by the State of MN Ports Development Assistance necessary to complete the project.

Dated this 14th day of September, 2017.



President

Attest:



Executive Secretary

RESOLUTION #

Resolution Authorizing the Execution of State General Fund Bond Agreement and Committing Local Funds for the 890 Riverview Drive Stormwater Project

WHEREAS, pursuant to Minnesota State Statute 469.048-469.068 and 469.089, the Port Authority of Winona supports the establishment of the design and construction of a stormwater system to adequately manage the stormwater needs of the Winona Port Authority Dock located at 890 Riverview Drive, Winona, Minnesota; and

WHEREAS, under the provisions contained in Minnesota Laws of the State of Minnesota has allocated \$454,512 from General Obligation Bond Proceeds to the City of Winona Port Authority as a grant to design and construct a stormwater system at 890 Riverview Drive.

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

1. The Port Authority of Winona authorizes President Mike Cichanowski and Executive Secretary Stephen T. Sarvi to execute of the General Obligation Bond Grant Agreement with the State of Minnesota to enable the receipt of the awarded funding.
2. Per Minnesota Statute Chapter 412.211, the Port Authority of Winona has the legal authority to enter in to said agreement with the Minnesota State Department of Transportation.
3. The City, as part of its 2018 budget, has committed up to \$195,038 as its share of local funds needed to fully fund the project with up to \$195,038 to be used as a match for bond funded work.
4. The Port Authority of Winona agrees to cover any costs that exceed the amount of funds provided by the State General Obligation Bonds necessary to complete the project.

Passed and adopted by the Port Authority of Winona at a meeting thereof held this 8th day of March, 2018.

Mike Cichanowski
President

Attest:

Stephen T. Sarvi
Executive Secretary

PORT AUTHORITY AGENDA ITEM

AGENDA ITEM: 4. C. Proposed Loan to 102 Walnut Winona LLC

DATE: March 8, 2018

At the February 15, 2018 Port Authority meeting, staff presented a loan request as part of the funding for 102 Walnut redevelopment project. As you know, in support of the 102 Walnut project, the Port has approved execution of a Tax Increment Note in the amount of \$550,000 and last month approved entering into a lease/purchase option for the Port property located at 167 East 2nd Street.

At the February 15 meeting, the Port approved the proposed loan with the contingency that the loan funds could come from the Port's Federal Revolving Loan fund account. After several communications and phone calls with State and Federal officials, it was determined that the project would not be eligible for those Federal Loan Funds.

At that meeting, the Port Authority also directed staff that if Federal Loan Funds could not be obtained for the project, staff was to come back to the Port Authority with alternatives. Staff will be prepared to discuss alternatives at the April 12th meeting.

PORT AUTHORITY AGENDA ITEM

AGENDA ITEM: 4. D. Appointment of Nominating Committee

DATE: March 8, 2018

President Cichanowski will appoint a Nominating Committee who will develop a slate of officers for review and consideration at the next Port Authority meeting.