

# PORT AUTHORITY OF WINONA MINUTES SPECIAL MEETING

**DATE:** May 17, 2021

**PRESENT:** President Cichanowski; Commissioners: Johnson, Gorman, Borzyskowski, Alexander, Hansen, Lucas and Executive Secretary Sarvi

**ABSENT:** None

**STAFF PRESENT:** Director of Community Development Lucy McMartin and Development Coordinator Nick Larson

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

The meeting was called to order at 5:00 pm by President Cichanowski.

## **2. PUBLIC HEARING**

### **A. WinCraft TIF No. 6 Business Assistance**

Director of Community Development Lucy McMartin noted staff has been working with WinCraft. The company was acquired in December 2020 by Fanatics and remains to be a Minnesota company. Ms. McMartin stated since the acquisition, WinCraft has retained all of their Winona employees and have continued their Winona operations. Ms. McMartin informed the Commissioners that in 2015 WinCraft constructed a large facility in Technology Park and are now looking at another Expansion Project.

Ms. McMartin noted WinCraft has many options of where their new 120,000 sq. ft. facility could be constructed. Ms. McMartin noted staff explored many financial tools to assist WinCraft with their Expansion Project. Ms. McMartin continued that has staff worked with the company, bond council, and legal and financial consultants in defining the financial needs of the company and in developing a plan to utilize Economic Development TIF for up to eight (8) years in the amount of \$810,000 for the company and some funds for administrative costs. Ms. McMartin noted the project is an \$8,000,000 project and will be presented to Council at their May 17<sup>th</sup> meeting later this evening.

President Cichanowski stated, pursuant to the public hearing notice published on May 5, 2021, the Port Authority of Winona is holding a public hearing to consider the establishment of Tax Increment Financing District No. 6 and approving the TIF Plan and Development Agreement.

President/CEO of the Winona Area Chamber of Commerce Christie Ransom stated on behalf of the Chamber, that the Chamber is in support of the proposed TIF for WinCraft. Ms. Ransom noted the project will help the

economic development of the community and highly encouraged the Port to support the project.

President of WinCraft John Killen thanked the Port Authority for their support for WinCraft's 2015 Project and continued support from both the Port and the Chamber. Mr. Killen noted Fanatics acquired WinCraft in December of 2020 and has 32 offices and over 8000 employees. Mr. Killen noted WinCraft has encouraged Fanatics to choose Winona for the Expansion Project. Mr. Killen stated WinCraft has four (4) facilities in Winona, all of which are at or near capacity and are currently trying to hire forty (40) more employees. Mr. Killen thanked the Port for their consideration.

President Cichanowski asked a second and third time for anyone wishing to speak towards the proposal. Hearing none, President Cichanowski closed the public hearing.

Commissioner Alexander noted the Port should support this project and noted the City has few tools to encourage businesses to stay and grow in Winona.

Commissioner Borzyskowski asked how many facilities WinCraft has in Winona.

Mr. Killen noted WinCraft has four (4) facilities in Winona and is renting a small distribution center, along with renting additional space in Dresbach.

A motion was made by Commissioner Alexander and seconded by Commissioner Borzyskowski to approve the resolution to establish Tax Increment Financing District No. 6 and to approve the TIF Plan and Development Agreement. All Commissioners present voted aye.

#### RESOLUTION NO. 2021-778

RESOLUTION APPROVING THE ESTABLISHMENT OF TAX INCREMENT FINANCING (ECONOMIC DEVELOPMENT) DISTRICT NO. 6 AND APPROVING THE ADOPTION OF A TAX INCREMENT FINANCING PLAN THEREFOR; AUTHORIZING AN INTERFUND LOAN AND AUTHORIZING EXECUTION OF A DEVELOPMENT AGREEMENT

BE IT RESOLVED by the Board of Commissioners of the Port Authority of Winona (the "Board") as follows:

#### Recitals.

It has been proposed that the Port Authority of Winona (the "Authority") for the City of Winona (the "City") (a) establish Tax Increment Financing (Economic Development) District No. 6 (the "TIF District") within the Riverbend Industrial Development District (the "Project Area"); (b) approve and adopt the proposed Tax

Increment Financing Plan (the "TIF Plan") therefor pursuant to and in accordance with Minnesota Statutes, Sections 469.048 through 469.068 and Sections 469.174 through 469.1794, as amended, and Section 469.089; (c) authorize an Interfund Loan (hereinafter defined); and (d) authorize the execution of a development agreement.

The Authority has investigated the facts and has caused to be prepared a proposed TIF Plan for the TIF District (the "TIF Plan"); and

The City is holding a public hearing to approve the TIF Plan on the date hereof, following not less than 10 days and not more than 30 days published notice in the local newspaper of general circulation.

The Authority has investigated the facts, and has caused to be prepared the TIF Plan for the TIF District, and performed all actions required by law to be performed prior to the establishment of the TIF District and the TIF Plan therefor, including, but not limited to, a review of the proposed TIF Plan by Winona County and Independent School District No. 861, which have taxing jurisdiction over the property to be included in the TIF District.

Sport Co LLC, a Minnesota limited liability company, (the "Landlord") has requested the Authority assist with the financing of certain costs incurred in connection with the construction of a 120,000 square foot industrial manufacturing and warehouse facility adjacent to the existing facility for WinCraft, Incorporated, a Minnesota corporation, (the "Company") in the City (the "Project"); and

The Authority, The Landlord and the Company have determined to enter into a Development Agreement providing for the Authority's tax increment financing assistance for the Project (the "Development Agreement").

Project Area. The Authority is not modifying the boundaries of the Project Area.

Findings for the Establishment of the TIF District and Adoption of the TIF Plan.

The TIF District is an economic development district as defined in Minnesota Statutes, Section 469.174, Subd. 12, the specific basis for such determination is set forth in Section J of the TIF Plan.

The proposed development, in the opinion of the Authority, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future. The reasons for such determination are set forth in Section J (2) of the TIF Plan.

The increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the TIF

District permitted by the TIF Plan. The reasons supporting this finding are set forth in Section J (2) of the TIF Plan.

The TIF Plan for the TIF District conforms to the general plan for development or redevelopment of the City as a whole. The reasons for supporting this finding are set forth in Section J (4) of the TIF Plan.

The TIF Plan will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of the Project Area by private enterprise. The reasons supporting this finding are set forth in Section J (3) of the TIF Plan.

Section J of the TIF Plan is incorporated herein by reference.

Approval of the Establishment of the TIF District and the TIF Plan.

The establishment of the TIF District and the TIF Plan therefor are hereby approved and adopted and the TIF Plan shall be placed on file in the office of the Executive Secretary of the Authority.

The Board hereby requests the City Council to approve the establishment of the TIF District and the TIF Plan.

Upon approval by the City Council, the staff of the City and Authority and the City's and Authority's advisors and legal counsel are authorized and directed to proceed with the implementation of the TIF Plan for the TIF District.

Interfund Loan.

The Authority has determined that it may pay for certain costs (the "Qualified Costs") identified in the TIF Plan consisting of certain administrative expenses, which costs may be financed on a temporary basis from the Authority's general fund or any other fund from which such advances may be legally made (the "Fund"). Under Minnesota Statutes, Section 469.178, Subd. 7, the Authority is authorized to advance or loan money from the Fund in order to finance the Qualified Costs. The Authority intends to reimburse itself for the payment of the Qualified Costs, plus interest thereon, from tax increments derived from the TIF District in accordance with the following terms (which terms are referred to collectively as the "Interfund Loan"):

Authority shall repay to the Fund from which the Qualified Costs are initially paid, the principal amount of up to \$1,205,752 (or, if less, the amount actually paid from such fund) together with interest at 4.00% per annum (which is not more than the greater of (i) the rate specified under Minnesota Statutes, Section 270C.40, or (ii) the rate specified under Minnesota Statutes, Section 549.09) from the date of the payment.

Principal and interest on the Interfund Loan ("Payments") shall be paid annually on each December 31 commencing with the date the tax increments from the TIF District are available and not otherwise pledged to and including the earlier of (a) the

date the principal and accrued interest of the Interfund Loan is paid in full, or (b) the date of last receipt of tax increment from the TIF District ("Payment Dates") which Payments will be made in the amount and only to the extent of available tax increments. Payments shall be applied first to accrued interest, and then to unpaid principal.

Payments on the Interfund Loan are payable solely from the tax increment generated in the preceding twelve (12) months with respect to the TIF District and remitted to the Authority by Winona County, all in accordance with Minnesota Statutes, Sections 469.174 to 469.1794, as amended. Payments on this Interfund Loan may be subordinate to any outstanding or future bonds, notes or contracts secured in whole or in part with tax increment if approved by the Authority, and are on parity with any other outstanding or future interfund loans secured in whole or in part with tax increments.

The principal sum and all accrued interest payable under this Interfund Loan are pre-payable in whole or in part at any time by the Authority without premium or penalty. No partial prepayment shall affect the amount or timing of any other regular payment otherwise required to be made under this Interfund Loan.

The Interfund Loan is evidence of an internal borrowing by the Authority in accordance with Minnesota Statutes, Section 469.178, Subd. 7, and is a limited obligation payable solely from tax increment pledged to the payment hereof under this resolution. The Interfund Loan and the interest hereon shall not be deemed to constitute a general obligation of the State of Minnesota or any political subdivision thereof, including, without limitation, the Authority. Neither the State of Minnesota, nor any political subdivision thereof shall be obligated to pay the principal of or interest on the Interfund Loan or other costs incident hereto except out of tax increment, and neither the full faith and credit nor the taxing power of the State of Minnesota or any political subdivision thereof is pledged to the payment of the principal of or interest on the Interfund Loan or other costs incident hereto. The Authority shall have no obligation to pay any principal amount of the Interfund Loan or accrued interest thereon, which may remain unpaid after the termination of the TIF District.

The Authority may amend the terms of the Interfund Loan at any time by resolution of the Board, including a determination to forgive the outstanding principal amount and accrued interest to the extent permissible under law.

Approval of Development Agreement. The Board of Commissioners hereby approves, subject to the City Council approval of the TIF Plan, a Development Agreement with the Landlord and the Company in substantially the form submitted, and the President and Executive Secretary are hereby authorized and directed to execute the Development Agreement on behalf of the Authority. The approval hereby given to the Development Agreement includes approval of such additional details therein as may be necessary and appropriate and such modifications thereof, deletions therefrom and additions thereto as may be necessary and appropriate and approved by the Authority officials authorized by this resolution to execute the Agreement. The execution of the Agreement by the appropriate officer or officers of the Authority shall

be conclusive evidence of the approval of the Development Agreement in accordance with the terms hereof.

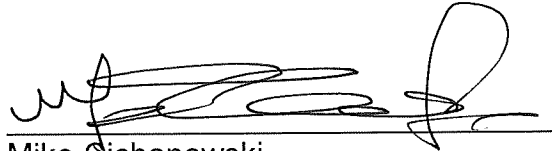
**3. ADJOURNMENT**

A motion was made by Commissioner Hansen and seconded by Commissioner Alexander to adjourn the meeting. All Commissioners present voted aye. The meeting was adjourned at 5:10 pm.



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Nick Larson  
Development Coordinator



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Mike Cichanowski  
President