

PORT AUTHORITY OF WINONA MINUTES

DATE: August 9, 2017

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

ABSENT: None

STAFF PRESENT: Director of Community Development McMartin, 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 Lucas to approve the July 13, 2017 minutes. The motion carried with all Commissioners present voting aye.

2. REMARKS BY PRESIDENT

President Cichanowski commented that he would like a report on the revenues collected by the Winona County ½ cent sales tax.

3. NEW BUSINESS

A. Recommended 2018 Port Budget

Director of Community Development McMartin provided an overview of a series of graphs:

- The first graph gave a historic perspective of the Port's General Fund total levy. The graph showed a decrease in the General Fund Levy between 2014 and 2018. Ms. McMartin explained that during those years the Port had utilized some of its reserve fund to make bond payments. Because of the increased level of development activity, Ms. McMartin reasoned that the Port's operations levy should return to pre-2014 levels.
- Other graphs depicted the Port's Total Levy (including bond payments) as well as the increase in the City's Total Estimated Market Value.

Ms. McMartin then guided the Commissioners through each aspect of the proposed 2018 budget summarizing both revenues and expenses.

Ms. McMartin asked Commissioners to consider a series of actions clarifying that the final budget would need to be considered and approved by City Council:

- Approval of the recommended tax levy for Fund 931 (which includes debt service for Hwy 61 & Pelzer as well as Airport Improvements)
- Approval of recommended tax levy for Fund 936 (Airport Improvement Bonds)
- Approval of recommended tax levy for Fund 911 (Port General Fund)
- Approval, by motion the approval of 2018 Port Budgets and recommendation of approval by City Council

A motion was made by Commissioner Hansen and seconded by Commissioner Glubka to approve 2018 Port Budgets and recommend approval to City Council. The motion passed with all Commissioners present voting aye.

B. Request for MN Investment Fund Extension – Gypsoil

Development Coordinator White explained that Gypsoil had entered into a MN Investment Fund agreement with the City in 2015. That agreement included language that Gypsoil was required to create 20 full time equivalent jobs by October 31, 2017. He also explained that the agreement allowed Gypsoil to request a one year extension to create those positions. Gypsoil has requested that one year extension.

Commissioner Lucas asked if the jobs created by Gypsoil to date have met the wage/benefit goals set in the Minnesota Investment Fund Agreement. Staff replied that the wage/benefit packages have met the goals and that Gypsoil was up to date with all obligations to the City.

A motion was made by Commissioner Lucas and seconded by Commissioner Hansen to request the City Council hold the necessary public hearing and favorably consider a one year extension to the job creation requirement for Gypsoil (October 31, 2018). The motion passed with all Commissioners present voting aye.

C. Proposed Business Assistance for 956 Mankato Avenue

Director of Community Development McMartin provided background on a Request for Assistance received by Rivers Hotel Company. She explained the request was for assistance with some of the extraordinary expenses related to the redevelopment of the property located at 956 Mankato Avenue. The developer has discovered significant soil conditions that must be corrected prior to the development of a roughly \$8.75 million, 55,000 square foot, 96 room Fairfield by Marriott development. Ms. McMartin explained that Tax Increment Financing would probably be the most appropriate economic development tool for the project.

Mike Rivers of Rivers Hotel Company gave additional detail on the proposed redevelopment project. He explained that he had purchased the property from foreclosure in 2011 and had removed asbestos and demolished the existing, closed hotel. At that time, he discovered the substandard soil conditions which will require extensive mitigation.

Commissioner Borzyskowski asked for an explanation of geo-pilings and if they were an option for the site. Mr. Rivers explained how geo-pilings work and speculated that removal and replacement of the substandard material and surcharging the site might be the most economically viable option.

Commissioner Lucas asked if the existing Perkins would be attached to the proposed new development. Mr. Rivers replied that the Perkins would undergo a cosmetic upgrade and be a stand-alone facility.

Commissioner Thurley asked about job creation. Mr. Rivers anticipated the hotel would create 23 full time jobs and perhaps up to 45 construction jobs.

A motion was made by Commissioner Glubka and seconded by Commissioner Lucas to direct staff to proceed with the necessary due diligence on the project and forward a recommendation to call for a public hearing and consider the use of Tax Increment Financing as a tool to assist in the proposed development.

D. Proposed Business Assistance for 102 Walnut

Development Coordinator White provided background on a Request for Assistance received by Latsch Building Partnership. Mr. White explained the request was for assistance with some of the extraordinary expenses related to the redevelopment of the property located at 102 Walnut Street. The building slated for redevelopment was constructed in 1870 and experienced a fire in 2015. Due diligence to date has documented that the building is indeed blighted and in need of significant repair. The proposed development of the roughly 34,000 square foot building will cost an estimated \$7.6 million with about 70% of the space office/commercial and 30% residential. Mr. White explained that Tax Increment Financing would probably be the most appropriate economic development tool for the project.

Peter Shortridge of Latsch Building Partnership explained that it would be a mixed use project and off street parking would also be part of the development negotiations.

Commissioner Thurley asked about the proposed exterior treatment of the building. Mr. Shortridge explained that the building would likely be redeveloped to Secretary of Interior Standards and include tuck-pointing the building and bringing back some of the original storefront features of the building. He anticipated the first tenants could occupy the building in late 2018.

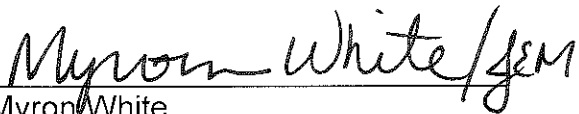
A motion was made by Commissioner Lucas and seconded by Commissioner Johnson to direct staff to proceed with the necessary due diligence on the project and forward a recommendation to call for a public hearing and consider the use of Tax Increment Financing as a tool to assist in the proposed development.

4. Financial Report


Director of Community Development McMartin reported that there were no extraordinary expenses to report.

5. Adjournment

A motion to adjourn was made by Commissioner and seconded by Commissioner. The meeting was adjourned.



Myron White
Development Coordinator



Mike Cichanowski
President