

Pursuant to due call and notice thereof, a North Mankato Port Authority Commission meeting was held in the Council Chambers of the Municipal Building on Monday, June 5, 2023.

President Olenius called the meeting to order at 5:30 p.m. The following were present: Commissioners Oachs, Kaus, Peterson, Whitlock, Steiner, Carlson, Executive Vice President McCann, Assistant Treasurer Ryan, and Secretary Van Genderen.

Approval of the Minutes

Commissioner Oachs moved, seconded by Commissioner Steiner, to approve the minutes of the Port Authority meeting of March 20, 2023. Vote on the motion: Oachs, Kaus, Peterson, Whitlock, Carlson, Olenius, and Steiner, aye, no nays. Motion carried.

Approval of Bills

Commissioner Oachs moved, seconded by Commissioner Peterson, to approve the bills. Vote on the motion: Oachs, Kaus, Peterson, Whitlock, Carlson, Olenius, and Steiner, aye, no nays. Motion carried.

Receive Information on a Proposed TIF District and TIF Plan.

Executive Vice President McCann reported the information included in the packet would be acted on at the Council Meeting later in the evening. A Public Hearing Notice is included to set a Public Hearing for July 17, 2023, on a proposed Tax Increment Financing District 2-2 Hotel Redevelopment. The project will assist with financing certain project costs for the redevelopment of the property located at 1111 Range Street in the City. Executive Vice President McCann reviewed the schedule for the TIF Plan and noted that the Public Hearing and approval of the TIF District is scheduled for July 17, 2023.

Termination Notice-Lease of Norwood Inn

Executive Vice President McCann reported the City received the notice of termination of the HyLife Lease for the 1111 Range Street, Norwood Inn property. He noted that materials and junk had been deposited outside the Norwood, and the City is working with the remaining staff to have the junk hauled away. HyLife is currently in bankruptcy, and the City is working with its attorneys to work through the remaining issues. Executive Vice President McCann noted that the Port Authority may need to hold a closed session to discuss pending litigation. Commissioner Oachs requested clarification on if the cost of the removal of junk is the responsibility of HyLife. Executive Vice President McCann stated it is, but with the bankruptcy, it may be difficult to recoup the money. But the City is prepared to ensure the materials are all removed and the property is cleaned. Commissioner Steiner requested clarification on if HyLife was up to date on the lease. Assistant Treasurer Ryan stated that the lease was paid through May.

Discuss COVID-19 Loans in Default

Assistant Treasurer Ryan reported that the two businesses, Blue Sky Mercantile and Southern Minnesota Martial Arts, still have not contacted the City to work on repayment of their COVID-19 Loans. Attorney Chris Kennedy reported a letter was sent from his office on March 21, 2023, to both companies informing them that litigation may begin if they do not work with the Port Authority to begin or continue repayment of their loans. Neither company has responded. Attorney Kennedy stated the City could continue with no action or begin litigation with a summons and complaint. While the City may win the case, it may be difficult to collect on the judgment. President Olenius requested clarification on the last contact from either business. Assistant Treasurer Ryan stated Blue Sky Mercantile had been in contact with the City in April, stating they were working on a plan to begin repayment, but they have not been in further contact. Assistant Treasurer Ryan stated that Southern Minnesota Martial Arts has not been in contact with the City. A question was asked concerning if the Federal Government would require a callback of the funds. Executive Vice President McCann clarified that the funds were not made from Federal COVID-19 funds but were Port Authority Funds, and the Federal Government could not call those funds back. Executive Vice President McCann requested clarification on whether the Port Authority could consider taking the businesses to small claims court since the Southern Minnesota Martial Arts loan was \$12,500 and the Blue Sky Mercantile loan was \$7,000, below the threshold for small claims court. Attorney Kennedy stated that the City could proceed with small claims court. A discussion was held, and it was determined to take Southern Minnesota Martial Arts to small claims court because they had not paid on their loan and had not been in contact with the Port. The Port Authority would reach out to Blue Sky Mercantile again to see if a payment plan could be arranged because the business owners have been in contact with the Port and seem interested in working with the Port.

Other Business

None

Open Meeting to the Public

None.

There being no further business, Commissioner Steiner moved, seconded by Commissioner Whitlock, to adjourn. Vote on the motion: all ayes. Motion carried. The meeting was adjourned at 5:49 p.m.

President

Secretary

ASSIGNMENT AND ASSUMPTION AGREEMENT

This **ASSIGNMENT AND ASSUMPTION AGREEMENT** (this “Agreement”), dated as of July ____, 2023 (the “Effective Date”), is made and entered into between North Mankato Port Authority, a municipal corporation (the “Assignor”), and City of North Mankato, a municipal corporation (the “Assignee”).

WHEREAS, WW Land Company LLC, a Minnesota limited liability company, issued to Assignor a Promissory Note, dated February 1, 2021, (the “Note”), in an aggregate principal amount of \$118,600.00.

WHEREAS, the Assignor desires to assign, transfer, convey, and deliver to the Assignee, and the Assignee desires to accept such assignment, transfer, conveyance, and delivery of, the Note.

WHEREAS, the Assignor has agreed to assign certain rights and agreements to the Assignee, and the Assignee has agreed to assume certain obligations of the Assignor, on and subject to the terms set forth herein.

NOW, THEREFORE, in consideration of the covenants and agreements set forth herein, the parties hereto hereby agree as follows:

1. **Assignment of Note.** The Assignor hereby irrevocably assigns, transfers, conveys, and delivers to the Assignee, and the Assignee hereby accepts such assignment, transfer, conveyance, and delivery of (the “Assignment”), all of Assignor’s right, title, and interest in and to the Note.

2. **Headings.** The section headings contained herein are for reference purposes only and will not affect in any way the meaning or interpretation of this Agreement.

3. **Entire Agreement.** This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and undertakings, both written and oral, between the parties hereto with respect to the subject matter hereof.

4. **Counterparts.** This Agreement may be executed in counterparts, each of which when executed and delivered will be deemed an original and all of which, taken together, will constitute the same agreement. This Agreement may be executed and delivered by facsimile signature or other electronic means, which will be considered legally binding for all purposes.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Assignment and Assumption Agreement as of the date set forth above.

ASSIGNOR:

**NORTH MANKATO PORT
AUTHORITY**

By: _____
Its: _____

ASSIGNEE:

CITY OF NORTH MANKATO

By: Kevin McCann
Its: City Administrator

Acknowledged and agreed:

BORROWER:

WW Land Company LLC

By: Martin R. Walgenbach
Its: President

EXHIBIT D
TO
ASSIGNMENT AND ASSUMPTION OF PROMISSORY NOTE, MORTGAGE AND
CONSENT
MORTGAGE

Nicollet County, Minnesota No. U22.641
Mortgage Registration Tax hereon of \$272.78



Jaci Kopet

Property & Public Services Director
Office of the County Recorder

Document No. 342581

Certified Recorded on 04-12-2022 at 08:00 AM

Paid this 12th day of April, 2022
Jaci Kopet, Property & Public Services Director
Nicollet County, Minnesota, by Deputy PZ

Fee: \$46.00

Pkg: 160917

Rec'd: CITY OF NORTH MANKATO

(Top 3 Inches reserved for recording data)

MORTGAGE Minnesota Uniform Conveyancing Blanks
by Business Entity Form 20.1.2 (2011)

MORTGAGE REGISTRY TAX DUE: \$ 272.78

DATE: February 1, 2021

☒ CHECK IF APPLICABLE: NOTWITHSTANDING ANYTHING TO THE CONTRARY HEREIN, ENFORCEMENT OF THIS MORTGAGE IN MINNESOTA IS LIMITED TO A DEBT AMOUNT OF \$118,600 UNDER CHAPTER 287 OF MINNESOTA STATUTES.

THIS MORTGAGE ("Mortgage") is given by WW Land Company LLC, a Minnesota limited liability company, as the mortgagor (the "Borrower") to North Mankato Port Authority, a municipal corporation, as mortgagee ("Lender").

In consideration of the receipt of credit in the amount of \$118,600.00 (the "Indebtedness") issued by Borrower to Lender, Borrower hereby mortgages, with power of sale, the real property in Nicollet County, Minnesota, legally described as follows:

See attached Exhibit A.

Check here if all or part of the described real property is Registered (Torrens) ☐

together with all hereditaments and appurtenances belonging thereto (the "Property"), subject to the following exceptions:

- (a) Covenants, conditions, restrictions (without effective forfeiture provisions) and declarations of record;
- (b) Reservations of minerals or mineral rights by the State of Minnesota, if any;
- (c) Utility and drainage easements which do not interfere with present improvements;
- (d) Applicable laws, ordinances, and regulations;
- (e) The lien of real estate taxes and installments of special assessments not yet due and payable; and
- (f) The following liens or encumbrances, if any: _____

Borrower covenants with Lender as follows:

1. **Repayment of Indebtedness.** If Borrower (a) pays the Indebtedness to Lender according to the terms of the promissory note, dated even date herewith, that evidences the Indebtedness and all renewals, extensions, and modifications thereto (the "Note"), final payment of which is due on February 1, 2026; (b) pays interest on the Indebtedness as provided in the Note; (c) repays to Lender, at the times and with interest as specified, all sums advanced in protecting the lien of this Mortgage, if any; and (d) keeps and performs all the covenants and agreements contained in the Note and herein, then Borrower's obligations under this Mortgage will be satisfied, and Lender will deliver an executed satisfaction of this Mortgage to Borrower. It is Borrower's responsibility to record any satisfaction of this Mortgage at Borrower's expense.

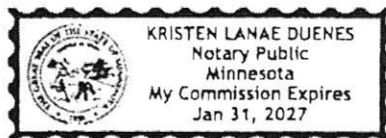
Borrower

WW LAND COMPANY LLC, a Minnesota limited liability company

By:

Name: Marty WalgenbachIts: ownerState of MINNESOTA, County of Blue Earth

This instrument was acknowledged before me on March 31, 2022, by Marty Walgenbach the owner of WW Land Company LLC, a Minnesota limited liability company, on behalf of the limited liability company.

Kristen Duenes
(signature of notarial officer)Title (and Rank): Office Mgr.My commission expires: 1/31/27

(month/day/year)

THIS INSTRUMENT WAS DRAFTED BY:

Fredrikson & Byron, P.A. (ASO)
111 South 2nd Street, Suite 400
Mankato, MN 56001

Note: Failure to record or file this mortgage may give other parties priority over this mortgage.

EXHIBIT A

The East Twenty-five (25) feet of Lot Eight (8) in Block Six (6) of plat entitled "Subdivision of Block 1 and part of Block 6, North Mankato", now on file and of record in the office of the Register of Deeds in and for said County of Nicollet, subject to an easement, running to premises abutting on the West, of the right to use and benefit of a two story party wall on the North Fifty (50) feet of the West One (1) foot of said East Twenty-five (25) feet of said Lot Eight (8), according to a party wall agreement now of record in the said office of the Register of Deeds against said premises. AND West 25 feet of Lot 7, Block 6 of Subdivision of Block 1 and part of Block 6 of North Mankato; also described as: The West 25 feet of Lot 7 in Block 6 of Subdivision of Block 1 and part of Block 6 of North Mankato, according to the plat thereof on file in the office of the Register of Deeds in and for Nicollet County, Minnesota.

EXHIBIT E
TO
ASSIGNMENT AND ASSUMPTION OF PROMISSORY NOTE, MORTGAGE AND
CONSENT
ASSIGNMENT OF MORTGAGE

(Top 3 inches reserved for recording data)

**ASSIGNMENT OF MORTGAGE
by Business Entity**

**Minnesota Uniform Conveyancing Blanks
Form 20.3.2 (2011)**

DATE: July, 2023
(month/day/year)

FOR VALUABLE CONSIDERATION, North Mankato Port Authority
(insert name of Assignor)
a municipal corporation under the laws of Minnesota,
("Assignor"), hereby sells, assigns, and transfers to City of North Mankato, a municipal corporation under the laws of Minnesota
(insert name of each Assignee)

("Assignee"), the Assignor's interest in the Mortgage dated February 1, 2021, executed by WW Land Company, LLC
(month/day/year)
a Minnesota limited liability company, as mortgagor,
to North Mankato Port Authority, a municipal corporation
as mortgagee, and recorded on April 12, 2022, as Document Number 342581 (or in Book _____
(month/day/year)
of _____ Page _____), in the Office of the ☒ County Recorder ☐ Registrar of Titles of Nicollet
(check the applicable boxes)
County, Minnesota, together with all right and interest in the note and obligations therein specified and the debt thereby secured.

Check here if all or part of the described real property is Registered (Torrens) ☐

Assignor

North Mankato Port Authority
(name of Assignor)

By: _____
(signature)

Its: _____
(type of authority)

By: _____
(signature)

Its: _____
(type of authority)

State of Minnesota, County of Nicollet

This instrument was acknowledged before me on July, 2023, by _____,
(month/day/year) (name of authorized signer)

_____ as _____
(type of authority)

and by _____
(name of authorized signer)

as _____ of North Mankato Port Authority, a municipal corporation.
(type of authority) (name of Assignor)

(Stamp)

(signature of notarial officer)

Title (and Rank): _____

My commission expires: _____
(month/day/year)

THIS INSTRUMENT WAS DRAFTED BY:
(insert name and address)

Fredrikson & Byron P.A. (ASO)
111 S 2nd Street, Suite 400
Mankato, MN 56001