

Pursuant to due call and notice thereof, a Joint Workshop of the North Mankato City Council and North Mankato Port Authority was held in the Municipal Building Council Chambers on November 15, 2012. Mayor Dehen called the meeting to order at 7:00 p.m. The following were present for the meeting: Mayor Dehen, Council Members Steiner, Norland, Schindle and Freyberg, Port Authority Commissioners Knutson, Kirschbaum and Arnold, Interim Administrator Fischer, Finance Director Thorne and City Clerk Gehrke. Absent: Commissioners Abbott and Olenius.

### **Marigold Project**

Ed Tschida, Advance Resources for Development, provided background information regarding the Tax Increment Financing for the Marigold Project. He reported that since this is a redevelopment TIF it has a term of 26 years. The agreement with the developer calls for a maximum TIF of \$2,450,000 with an expected expiration of the TIF as of February 1, 2029. Mr. Tschida answered questions and reported the taxes are the first lien on the property. Mr. Tschida reported he spent several hours talking with US Bank representatives regarding this project and the bank is currently getting signatures from their loan committee on a financing letter. He reported that according to the bank the project needs to be six stories high in order for it to cash flow. The bank hired an appraiser and had a market analysis of the project completed. They are very excited about this project. Their market analysis shows the need for several hundred high-end rental units now and more units in the future. Mayor Dehen reported a summary of the market analysis will be shared with the Port Authority and City Council. Mayor Dehen also stated the market analysis was conducted projecting the growth of the City based on the last 20 years. Council Member Freyberg referenced a housing study which showed only 17 percent of the population can afford the rent on these units.

In response to a question regarding the assessed market value of the project once it is completed, Mr. Tschida reported the County realistically sets the value of the property. The estimated cost of the project is \$17 million and the estimated assessed market value of the property is \$14 million. Council Member Schindle requested a list of the items which were spent on the site and bonded for in the amount of \$1.3 million.

Some discussion was held about the length of the TIF and if a date certain should be placed in the development agreement.

In response to a question regarding the number of prospects for projects on this site, Interim Administrator Fischer reported a number of parties were interested in the site, but the majority of the projects were not viable, i.e. used car lot, fast food restaurant.

Commissioner Arnold stated this project is perfect to create an urban downtown setting and would be a major shot in the arm for the Central Business District, this project will spawn new businesses and an additional 200 people are going to spend dollars in lower North Mankato.

Commissioner Knutson reported the bank is very enthusiastic about this high-end apartment project. Council Member Schindle asked that the development agreement and financing letter from the bank be made available prior to a vote on the project by the City Council.

**Discussion of Creation/Participation in Regional Economic Development Services Agreement**

Mayor Dehen presented a proposal from Greater Mankato Growth (GMG) to enter into a Regional Economic Development Services Agreement with the Cities of Mankato, North Mankato, Eagle Lake, Lake Crystal, LeSueur, Madison Lake and St. Peter, and the County of Blue Earth.

The Mayor stated that with the recent MSA status received by the Cities of Mankato and North Mankato and the enactment of the Metropolitan Planning Organization (MPO) for this area, he would like the Port Authority Commission and City Council to consider a Joint Mankato/North Mankato Economic Development Committee. Mayor Dehen stated that assets of the Port Authority would not change. This Committee could be represented by the Port Authority President, members of Mankato's Economic Development Authority, 1-2 Council Members from each City, and staff from each City, with equal representation of both Mankato and North Mankato. The Mayor stated this agreement should be reviewed by the Port Authority Commission and City Council and considered at a later date.

Commissioner Knutson stated since the City of North Mankato has not been involved in Greater Mankato Growth, the City has done very well bringing in several new businesses. He asked for a report of what new businesses have been brought into the area by GMG.

Mayor Dehen also reported the City would have access to the GIS System which costs approximately \$40,000 annually. The GIS will list all properties available for development.

Council Member Freyberg stated the Joint Mankato/North Mankato Economic Development Committee would evaluate projects which would give both cities a level playing field.

Council Member Norland asked for a list compiled by Paul Vogel, City of Mankato, of projects brought into the City of Mankato by GMC.

There being no further business, the Joint Council/Port Authority Workshop was adjourned at 8:32 p.m.

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Mayor

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City Clerk