

Fergus Falls Port Authority Minutes
January 18, 2022

The Fergus Falls Port Authority held a regular meeting on Tuesday January 18, 2022 at 4:00 pm in the City Hall Council Chambers. Port Authority member Tom Rufer joined remotely from the City Hall parking lot due to a COVID exposure. Chair Tom Rufer called the meeting to order at 4:00 pm with the following Port Authority Commissioners in attendance in Council Chambers: Hicks, Gustafson, Thompson, Leonard, Petersen, and Schoeneck.

Minutes

A motion and second were made by Thompson and Schoeneck to approve the minutes from December 20, 2021. Motion carried.

Election of Officers

Nominations were made for the election of Port Authority officers as follows:

President: Hicks & Rufer

Vice President: Leonard, Rufer, & Gustafson

Secretary: Leonard, Rufer, & Gustafson

Assistant Treasurer: Leonard, Gustafson, & Schoeneck

Votes for Hicks as Port President:

Ayes: Hicks, Thompson, Leonard, Gustafson

Nayes: Petersen, Schoeneck, Rufer

Absent: None

Votes for Rufer as Port President:

Ayes: Petersen, Schoeneck, Rufer

Nayes: Hicks, Thompson, Leonard, Gustafson

Absent: None

Anthony Hicks was elected to serve as the President of the Port Authority by a majority vote.

Leonard and Rufer both stated that they did not want to serve as Vice President. Gustafson stated that she would serve as Vice President. Gustafson was elected to serve as the Vice President of the Port Authority by the following vote:

Ayes: Hicks, Thompson, Leonard, Gustafson, Petersen, Schoeneck, Rufer

Nayes: None

Absent: None

Rufer stated that he did not want to serve as Secretary of the Port Authority. Gustafson was elected Vice President, so she could not serve as the Secretary of the Port Authority. Leonard was elected to serve as the Secretary of the Port Authority by the following vote:

Ayes: Hicks, Thompson, Leonard, Gustafson, Petersen, Schoeneck, Rufer

Nayes: None

Absent: None

Gustafson & Leonard were elected Vice President and Secretary so they could not serve as the Assistance Treasurer. Steve Schoeneck was elected to serve as the Assistant Treasurer of the Port Authority by the following vote:

Ayes: Hicks, Thompson, Leonard, Gustafson, Petersen, Schoeneck, Rufer

Nayes: None

Absent: None

Set Dairy Proposal Review Committee

Chair Hicks opened discussion on a review committee for the Dairy proposal. Klara Beck explained that a committee should be selected to review Dairy RFP submissions. Klara suggested the review committee have one or two Port members, a Council member, City staff members, and someone with a development background. Staff will do all the intake, get the information put together, and present it to the review committee. Chair Hicks stated that City staff should include Klara Beck and the City Planner or the City Engineer. There was some discussion about how Karin Flom, City Planner, should be the other staff person. Chair Hicks mentioned asking Steve Eriksson to help with the RFP because he was involved with the original purchase of the Dairy property. Peterson mentioned including representation from the Downtown Riverfront Council. Beck stated that both she and NeTia Baumann served on the Riverfront Council and would be happy to represent their interests on review committee.

Chair Hicks and Thompson volunteered to be on the review committee. Other members of the review committee would be Mayor Schierer, Klara Beck, Karin Flom, NeTia Bauman, and Steve Eriksson. There was some discussion about having an economic development representative from West Central Initiative. Petersen suggested Greg Wagner, Wayne Hurley, or Jill Amundson as possible representative from WCI.

Motion and second were made by Gustafson and Leonard to approve the nominations selected for the RFP review committee. Motion carried by the following vote.

Ayes: Hicks, Thompson, Leonard, Gustafson, Petersen, Schoeneck, Rufer

Nays: None

Absent: None

Port Authority Covenants on Industrial Park Properties

Klara Beck explained that she met with Jeff Ackerson from Vector Windows regarding covenants on the Progressive Drive property that Vector Windows is planning to purchase from the Port Authority. Covenants state that there is a two-year time limit for construction after the purchase of Port property, and the Port would have first right to repurchase the property if development wasn't occurring within two years of sale. Repurchase Mr. Ackerson mentioned that construction might not take place right away because of material costs and had concerns about the two-year time limit for construction.

The City Attorney explained that the covenants run with the land. Even if the Port Authority did not have a problem with a longer time period for construction, surrounding property owners also party to the covenants could enforce the time limit for development. Klara stated that she would send Vector Windows the minutes from this meeting noting that the Port Authority would not itself act to enforce the two-year time limit for construction but that the Port could not speak for the other property owners at are party to the covenants

Set Stage for February Work Plan Review & Annual Training

Klara Beck explained that in February the Port would do an annual training and set work plan goals for 2022. Klara also noted that wetland delineations on the west Port Authority industrial land were now complete and could give direction to the extension of International Drive on that site. Beck also mentioned that the racetrack continued to express interest in purchasing a portion of Port land near their current site. Chair Hicks suggested sending out an updated map of the west Port Authority land for discussion at the next meeting.

Visit with Lee Rogness

Otter Tail County Commissioner Lee Rogness was introduced to the Port Authority. Mr. Rogness stated that he served on the Port Authority board many years ago, and that he was there to provide some history regarding how and why the Port came to be. He stated that there had been a large cabinet factory in Fergus Falls that caught fire and burned for 5-6 days. Initiated by the City Council, community members came together to discuss the future of community regarding the jobs lost in the fire. That was the genesis of the Port Authority. The Port has legislative authority from MN Legislature. Early board members were members of the community and the City Administrator, who served as the link between the Port and City. Board members were people from the energy community, healthcare, and education. Rogness recalled that the names of board members were approved by the City Council. One of the themes from the first meeting was "how do we move

forward?”, and an outcome was to see if 3M would come to Fergus Falls. There was an analogy that got traction amongst the Port: “we’re going to go fishing and get a meal for supper... if we catch a big one, great, but we can make a meal from several smaller fish.” Rogness stated that today, the Port has a different board. At one point, it was under control of City Council, and today, it is 3 at-large and 4 City Council members.

Rogness stated that Port activities used to be what Greater Fergus Falls does today. Port staff took phone calls and dealt with property. The Port owned property for sale, and still owns property. The Port owned incubators, which were buildings to accommodate small businesses. Several businesses that started in a Port incubator are still in existence. There were wins and losses.

Rogness continued that the Port was the economic engine and facilitator of economic growth in the 80s and 90s. Chair Hicks asked if there were Port staff going out and doing economic development. Rogness said yes, staff conducted economic efforts and solicited new business opportunities. If the Port was contacted Tuesday, they started looking for a facility on Wednesday. One thing Port did for some companies that needed cash flow or investment was bonding. The Port did a lot of bonding, which could provide working capital for businesses, and also bonded for facilities. There was a group that supplied money to the Port Authority, there were pooled loans between several lenders, and the Port did the legwork on lending. The Port staff was 3 people at most. Peterson asked how many years members served. Rogness replied, “Many”. City Attorney Rolf Nycklemoe recalled that the Port was established in 1987, and that same year, the Port purchased the land and established the covenants the Port had been discussing earlier in the meeting. Leonard asked how the Port was funded initially. Rogness said the Port was, without question, part and parcel of the City. Leonard questioned if it were levies and bonding. Finance Director Bill Sonmor agreed the funds would have been governmental in nature based on statute. Beck mentioned the loan pools being comparable to what is now being run through Business Development for Fergus Falls (BDFF). She noted that in the 90s, banks had various loan pools and did the borrowing that BDFF did now, but then something changed in financial sector in the early 90s and the loans shifted to the early Economic Improvement Commission, which then made applications for federal and state funds for revolving funds. Schoeneck agreed with the explanation of 90s financing and noted that there is money accessible everywhere now and no longer sees it as the Port’s role to lend, but wondered about the Port’s role in land deals. Schoeneck expressed surprise that more wasn’t flowing through the Port, and are there things the Port should do to be more proactive?

Rogness said it used to be that Port property was suggested first, and the Port would go a step further and do the work to fulfill needs, but with today’s organizations, it is probably different now. Port goals now are maybe more maintenance than risk. The Port used to operate high risk. Chair Hicks asked what role Western Minnesota Industries played. Beck stated WMI was a group also buying and selling properties and is now nearly completely dissolved since their work has been taken over by other entities. Not a lot of information on WMI still exists in City Hall. Sonmor noted they were completely separate from the City, with Beck noting they were a 501c6.

Rogness shifted to a discussion of conduit debt, noting that is what bonds were for, so an entity didn’t have to go looking for money and could get good rates through a governmental entity. Rogness stated that the past was not an era known to have a lot of grants. Schoeneck said it was his understanding that the revolving loan funds went well and had good portfolios, but the City’s role is really as a partner to help deals go through. Sonmor recalled the risk the Port takes when it buys and sells land, noting the Port often sells land at a loss to help businesses expand. Hicks stated that the lots Vector is purchasing have been difficult to sell until the price lowered. He noted that the Port had cleaned up the Dairy and the Norgren property, which no one else was able to do.

Leonard asked if the City Council sets a strategy for the Port to follow or if the Port should be proactive, and noted that, how aggressive the Port can be is related to the relationship with the City. Rogness stated that organizations all have lanes, but what are our lanes? Are they identified? Rogness suggested a goal for the year could be a workshop to sit down, look at what each organization does, and figure out how to stay in their lanes. Who cuts the ribbons, who finds financing, who is going to find prospects and hold their hands? Schoeneck said the Port are the land people for the city, mentioning shovel ready sites and noting that several

months ago the Port wanted to back up and get a plan before getting aggressive, but, ok, where's that plan? Rogness said the Norgren property was an excellent piece of property for the Otter Tail County Big Build program. Nycklemoe told the Port not to forget the power of eminent domain, which was exercised in the past. Rufer shared that he was sent an article about the housing crisis and that a Port Authority in Roseau or Thief River was financing the construction of apartments. He didn't know structure going forward and wasn't necessarily saying this Port should do the same thing, but that it could be a tool in our belt. Beck stated that the Breckenridge Port Authority also focuses on housing. Rogness said that sometimes you need commercial buildings and warehousing, too.

Peterson said she had been bugging Rogness for a long time to come speak to the Port and that there is a lot to be learned from the past. Rogness agreed that principals don't change and that he has had lots of informal discussions with Tom about the Port and also talked to NeTia about what the Port should know, asking if NeTia had anything to add to the conversation. NeTia said she liked the conversation about being proactive to help bring inquiries forward to real development. Rogness noted that selling land now is more than just selling land; it is being able to list off all available grants and incentives and that Greater Fergus Falls has an exhaustive list of properties. The Port thanked Rogness for his visit.

The meeting adjourned at **5:12 pm**.

Jill M. Hanson

Fergus Falls Port Authority Minutes
January 31, 2022

The Fergus Falls Port Authority held a special meeting on Monday January 31, 2022 at 12:00 pm in the City Hall Council Chambers. Chair Anthony Hicks called the meeting to order at 12:00 pm and the following Port Authority Commissioners were in attendance: Leonard, Gustafson, Hicks, Schoeneck, and Petersen. Absent was Thompson.

Extension of Purchase Agreement between Vector Windows and the Port Authority for Progress Drive Property

Chair Hicks asked staff to explain the request. Klara Beck explained that the original purchase agreement between Vector Windows and the Port Authority was signed October 5, 2021 and there was a period of 120 days in which Vector could perform due diligence before moving forward with the closing on the property. Beck explained that the 120-day due diligence period will expire on February 2, 2022. Klara explained that the Board of Directors of Vector Windows had concerns about the cost of building due to material price increases and therefore requested an extension of the purchase agreement. Klara noted they did not request a specific amount of time for the extension. The Port felt a six-month extension on the purchase agreement would be sufficient. Bill Sonmor mentioned that the special assessments on the property would be due later this year.

A motion and second were made by Leonard and Schoeneck to approve the six month extension of the Progress Drive Purchase Agreement between Vector Windows and the Port Authority, and authorize the signing of the extension document. Motion carried.

The meeting adjourned at **12:05 pm**.

Jill M. Hanson

Fergus Falls Port Authority Minutes
February 22, 2022

The Fergus Falls Port Authority held a regular meeting on Tuesday February 22, 2022 at 4:00 pm in the City Hall Council Chambers. Chair Anthony Hicks called the meeting to order at 4:00 pm and the following Port Authority Commissioners attended in the Council Chambers: Hicks, Gustafson, Thompson, Petersen, and Schoeneck. Absent were Leonard and Rufer. Also present were Steve Eriksson and NeTia Bauman.

Minutes

A motion and second were made by Petersen and Gustafson to approve the agenda and minutes from January 18, 2022 and January 31, 2022. Motion carried.

Dairy Updates & Next Step

Chair Hicks opened the discussion on the Dairy. Klara Beck explained that the DNR's review appraiser did not agree with the outcome of the appraisal done by Shenhon Companies and therefore rejected it. Beck stated that the DNR would not give further information without a data request. Staff has request a copy of the review appraiser's report to learn why the appraisal was rejected in order to provide more information to satisfy the DNR appraiser's concerns. Beck stated that she had just received a copy of the DNR report that afternoon and was reviewing. Beck mentioned that the DNR has suggested that we hire a new appraiser for the Dairy property and have a completely new appraisal done. The DNR would then need to review that appraisal.

There was discussion about the upcoming LCCMR deadline of June 30, 2022, that the DNR appraisal review and approval are the final step to close this process. Chair Hicks explained that the DNR reviewer is not looking at the funds spent to clean up the property before recognizing Steve Eriksson, who stated he felt the DNR appraiser, who lives in California, does not understand the area market and the feasibilities of having a large housing development in Fergus Falls. Beck explained that staff has reached out to our State Representatives for help with DNR appraisal issue.

Conversation turned to pulling the Dairy RFP offline while addressing the appraisal issue. Chair Hicks indicated feedback he'd received from Mr. Erikson made him think reworking the RFP to include more guidelines for development would be a good idea. Beck stated that the RFP deadline is February 28 and that though no responses were yet submitted, she would not advocate for closing it early. Peterson agreed it would be unfair to close early if someone had put in the work to submit before the deadline. It was agreed the RFP would stay up until its original closure date of Feb 28.

The Port discussed ideas to help make the Dairy property more appealing to developers. Chair Hicks mentioned that if the railroad added a crossing at the Dairy site, another would need to be removed somewhere else in the City. He also noted that at some point, Otter Tail Power had discussed moving its infrastructure on the site. Steve Eriksson also had suggestions for the Dairy RFP. He mentioned that developers like to know the zoning, design standards, timelines, and access to property, etc. Beck responded that the Port was intentional about its low level of prescriptiveness, hoping to give developers freedom to propose their ideas. Beck noted that staff had not received feedback on the RFP itself other than positive feedback, including from Fargo developer Kevin Bartram. NeTia Bauman stated that she had received feedback from developers that the RFP should be clearer. Beck asked if she had attempted to share that information with City staff. Bauman noted she did not. Beck asked Bauman to share that information with City staff. To close the discussion, the Port agreed to reinvigorate a working group that had ceased meeting before the pandemic. The group would also include Eriksson and Bauman.

Memorandum of Understanding Amendment No. 4 – Ugstad Plumbing & Heating

Chair Hicks explained that the Fergus Falls Port Authority is the owner of the CBHH treatment facility and has a responsibility to provide maintenance services. The Port Authority has a Memorandum of

Understanding with Ugstad Plumbing Inc. to provide maintenance and preventative maintenance for this facility. Chair Hicks mentioned that the rate increase is only \$5 per hour and only applies to regular hours. The rate for emergency calls will remain the same. Ugstad Plumbing Inc. has proposed rate increases as such:

- \$90.00 per hour to furnish labor for heating, plumbing and air conditioning service work performed during the hours of 8:00 am and 5:00 pm Monday through Friday, unless one of these days is a holiday at the CBHH facility
- \$90.00 per hour to furnish labor for preventative maintenance work performed during the hours of 8:00 am and 5:00 pm Monday through Friday, unless one of these days is a holiday at the CBHH facility
- \$150.00 per hour to furnish labor for any emergency calls to the CBHH for work performed during the hours of 5:01 pm to 7:59 am Monday through Friday unless of these days is a holiday at the CBHH facility

A motion and second were made by Schoeneck and Thompson to approve Memorandum of Understanding Amendment No. 4 between Ugstad Plumbing Inc. and the Fergus Falls Port Authority for plumbing and heating services for the CBHH facility. Motion carried.

Annual Training

Klara Beck did a brief overview of the Port Authority. Beck explained the Port Authority relies on State Statute, operates under its own set of bylaws, abides by open meeting laws, and noted that its funds are public fund. The Port may own, hold lease or operate real or personal property. The City attorney is the legal advisor to the Port. Beck mentioned that in 2019, the Port did a Mission and Vision statement that are posted on the City website. Beck asked for any questions, comments, or updates. There were none.

2022 Work Plan

Klara Beck asked the Port to set goals for the 2022 work plan, reminding the Port of its land for housing (Dairy and Norgren properties) and land for industrial growth, but capacity-wise, the Port may want to focus on one or the other. Beck stated that she felt the Port should be focusing on the Dairy in 2022. Chair Hicks mentioned there would be some payments due on the Dairy property soon so we need to focus on moving this project forward. Norgren property can sit for now, because it is paid off and we are leasing it.

Schoeneck mentioned that if we only focus on the Dairy property we might be missing out on other projects like the International Drive property. There was some discussion about funds available and the cost to develop a road and infrastructure on the International Drive property. Gustafson felt that housing should be a priority. NeTia Bauman mentioned that housing is a big factor in bringing industry to the community. It was mentioned that maybe we could partner with the County on its housing initiatives.

Bill Sonmor explained that in May the Port would be looking at their budget. Sonmor stated that he would send out some budget numbers prior to the meeting for review.

Andrew Bremseth mentioned that he would like to see some estimates for the cost of infrastructure development on the International Drive property versus the Norgren property. This might change the direction the Port wants to focus in the future. Bremseth stated that the City has limited funds and staff capacity. Currently the City is working on many projects and needs to complete some of those projects. Sonmor mentioned that the City has many deadlines for the Dairy property that need to be addressed by June 30, 2022.

The meeting adjourned at **4:57 pm**.

Jill M. Hanson

Fergus Falls Port Authority Minutes
March 21, 2022

The Fergus Falls Port Authority held a regular meeting on Monday March 21, 2022 at 4:00 pm in the City Hall Council Chambers. Chair Anthony Hicks called the meeting to order at 4:00 pm and the following Port Authority Commissioners were in attendance in Council Chambers: Hicks, Gustafson, Thompson, Petersen, Leonard, Schoeneck, and Rufer. Also present were Scott Rachels, Steve Eriksson, and NeTia Bauman.

Minutes

Chair Hicks requested the agenda be amended to move the Racetrack Lease update to the beginning of the meeting. A motion and second were made by Schoeneck and Petersen to approve the updated agenda and the minutes from February 17, 2022. Motion carried.

Race Track Lease Update

Chair Hicks called upon Scott Rachels, who explained that he is representing the Race Track relating to the lease for this year. Rachels stated that the Race Track only wants to lease 18 or 20 acres this year and they would pay the same price per acre as last year. Rachels stated that the Race Track would be presenting a letter of intent to purchase a portion of the Port Authority property soon.

Overview of Finances as of 12/31/2021

Chair Hicks asked staff for an update. Bill Sonmor explained the Port Authority's unaudited financial statements, highlighting the City's obligations to the State of Minnesota for the CBHH facility, property held for resale, and the cash balances. Bill mentioned that some Port Authority properties were sold in 2021. Bill did a brief overview of the bond loans and proceeds, noting the DEED revolving loans will have their first payments due in 2022. Bill noted that these financial statements could change after the fiscal year-end adjustments are done.

Dairy Updates & Next Step

Chair Hicks opened the discussion on the Dairy. Klara Beck explained that we have come to a solution for the DNR appraisal review. The DNR is allowing us to continue working with Shenehon Companies to resubmit an updated appraisal for the DNR to review. The DNR has agreed to work with us on getting the appraisal review done by the end of April so we can meet the upcoming LCCMR deadline of June 30, 2022. Klara explained that we couldn't file another extension for the LCCMR grant.

Klara explained that she needs the Port Authority to approve a proposal to continue working with Shenehon Companies on a new Dairy appraisal with a new effective date. Shenehon have agreed to split the cost of the new appraisal with the Port. Shenehon would pay \$6,400 and the Port would pay \$6,400 for the new appraisal. Chair Hicks mentioned that Steve Eriksson worked with Shenehon Companies to come up with this agreement for the new appraisal. Steve Eriksson explained some of the work he did with the DNR and Shenehon on the issues relating to the original appraisal. Now that we know the issues with the original appraisal, we can work on fixing them in the new appraisal.

A motion and second were made by Thompson and Schoeneck to approve doing a new appraisal for the Dairy property with Shenehon Companies for \$6,400. Motion carried.

The meeting adjourned at **4:25 pm**.

Jill M. Hanson

Fergus Falls Port Authority Minutes
April 18, 2022

The Fergus Falls Port Authority held a regular meeting on Monday April 18, 2022 at 4:30 pm in the City Hall Council Chambers. Chair Anthony Hicks called the meeting to order at 4:30 pm and the following Port Authority Commissioners were in attendance in the Council Chambers: Hicks, Gustafson, Rufer, Thompson, Petersen, Leonard, and Schoeneck. Also present were Steve Eriksson, NeTia Bauman, and Mikel Olson.

Minutes

A motion and second were made by Gustafson and Petersen to approve the agenda and the minutes from March 21, 2022. Motion carried.

Housing Study Presentation

Otter Tail County Community Development Director Amy Baldwin did a presentation on the Housing Study that was done for Otter Tail County, which divided the County into five submarkets. Amy explained that MN Housing Partnership (MHP), the Port Authority, Perham HRA, and the County funded the study to provide education regarding the housing shortage in Otter Tail County and look at solutions that may exist through partnerships. She mentioned infrastructure is a main factor in construction of housing. Amy explained the goal of the project is to create 5,000 new, preserved, or significantly rehabbed housing units by 2025. She noted that County has completed 30% of this goal.

Amy explained how there is a shortage of affordable and entry level housing for families to purchase, noting that prices have gone up 42% in the past 5 years on median priced non-lake homes. The rental market in the County is also tight for affordable rental units. There is a shortage of affordable housing for seniors too, and there is a strong growth forecast for senior housing in the future. Amy did an overview of the development opportunities, and mentioned some of the funding that the County has available, noting the requirement of a match for this funding. Amy explained a proposed application process for the funding. She mentioned the full Housing Study is on the County's website, and there are quarterly virtual meetings for anyone that is interested in more information.

Race Track Lease Extension Request & First Right of Refusal on Port Authority Property

Chair Hicks opened the discussion on the Race Track. Klara Beck explained that staff met with the Race Track owner and his representatives last week and they had decided that they would not be moving forward with a letter of intent on the property at this time. They have requested that the lease acres be reduced to around 10 acres and the racetrack would like the lease to be extended to a two-year lease, and have the option for First Right of Refusal on the Port Authority west property. Klara explained a revised map of the purposed lease areas for 2022, noting the farmer is interested in leasing the additional acres. The Race Track would contract with a farmer to hay the acres they plan to lease to keep the weeds down. Klara explained the reason for the two-year lease is the Wissota Race has been contracted to be in Fergus Falls in 2022 and 2023 and they want to make sure that they have a lease in place to rent Port Authority land for camping. If the next two years of racing go well and they get the bid to hold the Wissota Races in Fergus Falls, they could be interested in a longer lease.

Klara stated the first request is to enter into a two-year lease with the Port Authority, and revisit the lease option when the two-years are up. The second request is to enter into a Right of First Refusal for the purchase of Port Authority property. Klara mentioned how they are still interested in expanding their racing operation and having access to that land. Klara stated the Port Authority is still discussing the possibility of building a road through this area for future industrial development. The Race Track has mentioned an interest in the development of a road in the area and want to be kept in the loop if we receive any offers for industrial development on these parcels. Klara stated staff would need approval from the Port Authority to work with the City Attorney on a draft of a First Right of Refusal with the Race Track.

There was some discussion about the pros and cons of doing a First Right of Refusal document with the Race Track, and keeping our options open. Chair Hicks mentioned doing a short-term First Right of Refusal. It was noted the section of land they are interested in would be where the purposed road would go based on the wetland delineations that were done last year. There was some discussion about the road and it needing to go through this area. The Port should also be considering items like job creation and tax base expansion for this land because it was purchased for industrial growth.

A motion and second were made by Peterson and Rufer to enter into a two-year lease with the Racetrack to lease a portion of the Port Authority West property as presented. Motion carried

Schoeneck suggested having the City Attorney draft the First Right of Refusal document, but keeping our options open in the document. Chair Hicks stated that the Race Track should be paying for the cost of drafting the agreement because it is for their benefit. It was noted that the draft of the First Right of Refusal would be brought back to the Port for final approval.

A motion and second were made by Schoeneck and Leonard to authorize the City Attorney to draft a document with I-94 Speedway giving them Right of First Refusal on the Port Authority west industrial property. The draft would be presented to the Port Authority at a future meeting for final approval. Motion carried.

Dairy Updates & Rezoning Request

Chair Hicks opened the discussion on the Dairy. Klara Beck stated that staff is working with Shenhon Companies and the DNR on the resubmission of the updated appraisal for the DNR to review. Our next step is the rezoning of the Dairy property so it is ready for development.

Klara explained that the Port Authority Dairy property is currently zoned R-A (Rural agricultural) and I-2 (Industrial). Staff needs authorization from the Port Authority to rezone the property to R-4 (Multi-family residential), which would best position the property for its intended use of mixed-use housing. The Port must decide if they want to rezone the whole parcel to R-4 at this time, or just rezone the I-2 zone to R-4 and leave the 11.57 acre parcel that will be used as a trail and buffer R-A zone. There was some discussion and Chair Hicks suggested the Port just change the I-2 zone to an R-4 zone so it is ready for future development, and leave the 11.57 acres as an R-A zone.

A motion and second were made by Schoeneck and Gustafson to authorize staff to move forward with the rezoning of the I-2 (industrial zone) Dairy property to an R-4 zone (residential multi-family zone). Motion carried.

Klara mentioned that the rezoning request would be taken to the Planning Commission at their May meeting.

The meeting adjourned at **5:23 pm**.

Jill M. Hanson

Fergus Falls Port Authority Minutes
May 16, 2022

The Fergus Falls Port Authority held a regular meeting on Monday May 16, 2022 at 4:30 pm in the City Hall Council Chambers. Chair Anthony Hicks called the meeting to order at 4:30 pm and the following Port Authority Commissioners were in attendance in the Council Chambers: Hicks, Gustafson, Thompson, Petersen, and Leonard. Absent were Schoeneck and Rufer. Also present was NeTia Bauman.

Minutes

Chair Hicks requested the agenda be amended to add discussions on Port Authority land use including the former Norgren property. A motion and second were made by Gustafson and Thompson to approve the updated agenda and the minutes from April 18, 2022. Motion carried

Dairy Appraisal Update

Chair Hicks asked staff for an update on the Dairy. Klara Beck stated that we are still waiting on a draft of the appraisal and hope to see something later this week. Klara mentioned that the rezoning of the Dairy property will be going to the Planning Commission next Monday. Klara explained that the Dairy appraiser suggested that we rezone the whole parcel to an R-4 zone rather than potentially zone the river buffer parcel RA. Chair Hicks mentioned there were some discussions with Ottertail Valley Railroad about moving two railroad crossings on the Dairy property and a request was submitted to the railroad.

Vector Windows Update

Chair Hicks opened the discussion. Klara Beck explained Vector Windows sent a termination notice on the purchase agreement between the Port Authority and Vector Windows for the Progress Drive property. They decided not to build a new manufacturing plant at this time due to the current cost of materials, but they do hope to build a new plant in the next three to five years. There was some discussion about the special assessments that will be coming due on the five Progress Drive parcels. Bill Sonmor explained how we might be able to extend the tax deferral on those five parcels and what that would entail. Klara mentioned that we did get a Phase I environment study on the Progressive Drive parcels which would be helpful information in future.

Port Authority Land Use

Chair Hicks mentioned some ideas for the possible development of the former Norgren property for housing. Klara mentioned that she spoke with the engineering department about putting together an estimate for the cost of infrastructure for the property. Klara explained a diagram of the site plat that covers around 15 acres, mentioning that there another 60 acres on this site that are not platted yet. A motion and second were made by Leonard and Gustafson directing staff to work on collecting information for the development of the former Norgren property. Motion carried.

Chair Hicks mentioned exploring the idea of buying land north of Ziegler CAT on County Highway #116 for an industrial park. Chair Hicks stated this area is a better location for industrial growth, and there is access to utilities near the site. NeTia stated there are businesses that have expressed interest in this area for development. There was some discussion about selling some of the property we already have, and the possible uses for that land. Klara mentioned including those discussions during the City's strategic planning.

The Port Authority adjourned to a closed meeting at **5:12 pm** to discuss the threatened litigation as permitted by MN State Sec 13D.5.Subd 3(b).

The meeting adjourned at **5:23 pm**.

Jill M. Hanson

Fergus Falls Port Authority Minutes
July 18, 2022

The Fergus Falls Port Authority held a regular meeting on Monday July 18, 2022 at 4:30 pm in the City Hall Council Chambers. Chair Anthony Hicks called the meeting to order at 4:30 pm and the following Port Authority Commissioners were in attendance in the Council Chambers: Hicks, Gustafson, Thompson, Petersen, Rufer, Leonard, and Schoeneck. Also present were NeTia Bauman and Steve Eriksson.

Minutes

Chair Hicks requested the agenda be amended to add the discussions on the Port Authority Chiller Agreement with the School District. A motion and second were made by Rufer and Petersen to approve the updated agenda and the open and closed minutes from May 16, 2022. Motion carried

Dairy Appraisal Update

Chair Hicks asked staff for an up on the Dairy. Klara Beck briefly explained the history of the Dairy property and the relationship between the Port and City relating to this property, culminating in an overview of the LCCMR process. Klara stated that as part of the LCCMR process, a second appraisal was done on the Dairy property. That second proposal, like the first, was rejected by the DNR. The \$600,000 LCCMRC grant application deadline there expired without an successful appraisal. Therefore, the City will not be granted \$600,000. Since the City's purchase of the river buffer parcel from the Port Authority was predicated on the receipt of \$600,000, that transaction was canceled. The Port therefore continues to own the entire former Dairy property.

Bill Sonmor mentioned that the Port has some revolving loan fund with DEED that still have available funds that can be drawn. Bill explained the amounts available from the revolving loans and mentioned that we were not able to draw the full amount from one of the DEED loans because not all the cost we incurred with the Dairy cleanup were eligible for reimbursement. Bill state that he will work with the City Engineer to look for funding through other sources too. He mentioned that loan payments for the Dairy bonds will start in August 2022.

Schoeneck had some questions about the buffer parcel and why the second appraisal was rejected. Klara replied that the DNR's review appraiser did not agree that the appraisal submitted supported the value presented. Chair Hicks mentioned that the City had also been speaking to lobbyists about the LCCMRC process, but they were unable to help. Bill Sonmor reminded members that the City is the one short \$750,000 on the project, not the Port. There was some discussion about being able to adjust the size of the trail to sell more land to a developer if the City and Port agree.

Bill Sonmor explained the preliminary Port Authority financial statements for the 2nd quarter of 2022, highlighting the cash balances and payments due. Bill stated that on August 15th the first payment of \$114,000 for the Dairy property is due, and how there are funds levied in 2022 for the payment plus the Port has available \$60,000 from the Dairy property gravel sale. Another payment will be due in February 2023, but there will be more funds levied in that fiscal year to cover that payment. Bill stated that next month he will present the finalized 2nd quarter financial statement for the Port Authority.

Leonard voiced some concerns about the Dairy property appraisal process and the RFP. Klara explained that the appraisal for the grant and RFP were two very separate processes. There was some discussion about reviewing the sources and uses for the project. Bill Sonmor mentioned that we have about 3.1 million into this project so far. The City Attorney, Rolf Nycklemoe, mentioned looking at legal remedies for the cost of the appraisal at a different time.

There was some discussion about the RFP and re-evaluating the project and deciding how much property should be sold for development. After recognition from the Chair, Steve Eriksson provided his thoughts on the appraisals rejections.

Proposal for Preliminary Engineering Report for former Norgren Property

Chair Hicks asked staff to introduce the proposal, noting that the proposal focuses on the portion of the former Norgren property already platted for housing. Klara Beck introduced a proposed agreement between the Port

Authority and Interstate Engineering for a Preliminary Engineering Report relating to the development of utilities on the Norgren property. Brian Yavarow, the City Engineer, would be here next month to further discuss the project.

Klara stated that the report could be done in approx. 90 days for a cost of \$20,000. The report would:

- Create preliminary grading plan, including preliminary hydraulics for stormwater management.
- Create preliminary water, sanitary sewer and storm sewer layouts connecting to existing city utilities.
- Create preliminary road plan and profiles.
- Provide engineers estimate for probably cost of construction for public infrastructure.

There was some discussion about a shortage of housing for growth in the community. Discussion will continue next month regarding the cost to develop the infrastructure and overall project management and funding.

I-94 Speedway, Inc. Right of First Refusal Draft & Discussion

Chair Hicks opened the discussion on the request. Klara Beck explained the racetrack was interested in a Right of First Refusal. The City Attorney explained the process where the racetrack would be given first chance to buy the property if the City received another offer on the property. It was noted the Port would not have anything to lose entering into a Right of First Refusal.

A motion and second were made by Schoeneck and Gustafson to authorize the Port Authority to enter into a Right of First Refusal with I-94 Speedway, Inc on the Port Authority west industrial property, to expire December 31, 2023. Motion carried.

Chiller Agreement with the School District for the Ice Arena

The City Attorney explained that the City is poised to be the proud owner of the chiller systems at the Community Arena. The Port Authority owns the arena structure, but the school district owns the land underneath. The chiller is therefore located on school property. There is already an agreement for shared access to the chiller and utilities in place. We are now doing a first amendment to the Utilities License that grants access for maintenance and repair to the utilities on school property.

A motion and second were made by Leonard and Rufer to authorize the Port Authority to enter into a First Amendment to Utility License with the School District. Motion carried.

The meeting adjourned at **5:17 pm**.

Jill M. Hanson

Fergus Falls Port Authority Minutes
August 15, 2022

The Fergus Falls Port Authority held a regular meeting on Monday August 15, 2022 at 4:30 pm in the City Hall Council Chambers. Chair Anthony Hicks called the meeting to order at 4:30 pm and the following Port Authority Commissioners were in attendance in the Council Chambers: Hicks, Gustafson, Thompson, Petersen, Rufer, Leonard, and Schoeneck. Also present were NeTia Bauman, Patricia Wahl, and Steve Eriksson.

Minutes

Schoeneck requested the agenda be amended to add a discussion on shovel ready sites. A motion and second were made by Petersen and Thompson to approve the updated agenda and the minutes from July 18, 2022. Motion carried.

Proposed 2023 Port Authority Budget

Chair Hicks asked staff to present the budget. Bill Sonmor explained the proposed 2023 Port Authority budget and the Port Authority financial statements for the period ending 06/30/22. He highlighted the expected revenue and expenditures for the coming year, noting the debt service payments for the DEED loans for the Dairy project in August 2022 and February 2023. Bill stated the cash balance is separated into two categories: General Port Authority, \$404,139, and Community Behavioral Health Hospital (CBHH), \$539,136. Bill explained how the CBHH funds are received from the State of Minnesota and are restricted for the CBHH operation and capital replacements. Bill mentioned that the CBHH is charged for some of staff's time.

Bill presented the Port Authority Cash Projection sheet, noting that the projected cash balance on December 31, 2022 is \$226,745 which includes debt service payments for the Dairy loan, fees of \$20,000 for the Norgren property study, and a tax levy of \$60,000. Bill mentioned that the projections for 2023 include the Dairy debt service payments and a tax levy of \$60,000. The hope is to keep the tax levy at \$60,000 next year. Bill stated that if the Port is able to sell or develop some of their property that would increase their cash balance. Petersen opened some discussion about whether the Port Authority would have enough cash available to develop the Norgren property and/or do some shovel ready sites. Bill replied that we would need to look at the cost and determine the funding source first because this would require major funding. Thompson and Leonard felt the tax levy should remain at \$60,000 and the Port should work on selling the Dairy property before we spend more cash. Chair Hicks mentioned that there is a limit on the maximum amount the Port can levy. Bill exemplified that the maximum amount is a certain percentage of the market value. There was some discussions about levies. Bill explained how the City and the Port interchange funds, and if the Port Authority were short funds for their debt payments the City would fund the shortage.

Bill explained that he was looking for some motions tonight on the budget because he will be presenting the budget to the City Council in September.

A motion and second were made by Thompson and Leonard to approve the budget as presented, keeping the Port Authority tax levy at \$60,000 in 2023. Motion carried.

A motion and second were made by Leonard and Gustafson to approve making the second year payments to DEED for the Demo Loan of \$52,925.10 and the Revolving Loan of \$34,785.04. Motion carried

Proposal for Preliminary Engineering Report for former Norgren Property

Chair Hicks asked staff to introduce the proposal. Klara Beck stated that at the last Port Authority meeting, the Port received a preliminary estimate to study infrastructure needs on the Norgren site as a future housing site and that the Port had hoped to learn more about the process from the City engineer, who was unable to be at the last meeting. Klara welcomed the City engineer, Brian Yavarow, to the podium to further discuss the project from the City side and the process for the development of utilities on a site.

Brian Yavarow went over the scope of work listed in the proposal from Interstate Engineering for a cost of \$20,000. The report would:

- Create preliminary grading plan, including preliminary hydraulics for stormwater management.
- Create preliminary water, sanitary sewer and storm sewer layouts connecting to existing city utilities.
- Create preliminary road plan and profiles.
- Provide engineers estimate for probably cost of construction for public infrastructure

Brian mentioned that cost of construction for the infrastructure would need to be determined based on available funding sources. Brian explained that there are other reports required in order to enter into the 429 process. It was noted that additional reports could be added to the study if needed.

There was discussion about Minnesota Statutes 429 (Local Improvements / Special Assessment), which gives Cities the authority to levy special assessments for public improvement projects to the benefitting property owners. Brian stated that if special assessment are needed to fund this project the City Attorney would be need to be involved to move forward with a Minnesota Statutes 429 project. There would need to be a public hearing on levying special assessments. Bill Sonmor mentioned that the Norgren property is Port Authority land, but the infrastructure would be through the City. The infrastructure could be done in phases.

A motion and second were made by Schoeneck and Thompson to enter into the agreement with Interstate Engineering. Motion carried.

Dairy Site Discussion

Chair Hicks asked staff to start conversation. Klara Beck asked the Port to consider the RFP process. Chair Hicks felt we need to have an experienced third party put together a new RFP and get it out to a larger audience. The Port Authority would then review and approve the RFP.

There was some discussion about making the trail area larger or smaller to make it more attractive to a developer. Klara mentioned that it made sense to have a trail engineered to be ready for development. Thompson suggested that it might be cheaper for the developer to do the trail. If the trail area is smaller a developer could have a larger building or more parking if they wished. The Port directed City staff to reach out to some firms that have experience writing RFPs for housing development.

Shovel Ready Sites

Schoeneck opened a discussion on shovel ready sites. There was some discussion about what it takes at the lowest level to develop some shovel ready sites and the possible cost. City staff can work with Greater Fergus Falls to see what it would take at the lowest level. That information could be shared at a future meeting.

The meeting adjourned at **5:20 pm**.

Jill M. Hanson

Fergus Falls Port Authority Minutes
September 19, 2022

The Fergus Falls Port Authority held a regular meeting on Monday September 19, 2022 at 4:30 pm in the City Hall Council Chambers. Acting Chair Karoline Gustafson called the meeting to order at 4:35 pm and the following Port Authority Commissioners were in attendance in the Council Chambers: Gustafson, Thompson, Petersen, Rufer, and Leonard. Absent were Hicks and Schoeneck.

Minutes

A motion and second were made by Petersen and Rufer to approve the agenda and the minutes from August 15, 2022. Motion carried.

Memorandum of Understanding Amendment No. 1 -Lawn Maintenance and Snow & Ice Removal for CBHH

Acting Chair Gustafson asked staff to present the request. Klara Beck explained that the Fergus Falls Port Authority is the owner of the CBHH treatment facility and has a responsibility to provide maintenance services. The Port Authority has a Memorandum of Understanding with Atlas Outdoor Services to provide lawn maintenance, snow and ice removal for the CBHH at a rate of \$1,000 per month which runs from November 1, 2020 to November 1, 2022. The Port Authority will need to sign a Memorandum of Understanding Amendment to continue these services for another two year period. Klara Beck stated that Atlas Outdoor Services have agreed to keep their rate at a \$1,000 per month and the MOU Amendment would run from November 1, 2022 to November 1, 2024. They would be providing their own equipment and supplies in addition to carrying their own insurance.

A motion and second were made by Petersen and Rufer to approve Memorandum of Understanding Amendment No. 1 between Atlas Outdoor Services and the Fergus Falls Port Authority for Lawn Maintenance and Snow & Ice Removal services for the CBHH facility in the amount of \$1,000 per month for a period ending November 1, 2024. Motion carried.

Dairy RFP Discussion

Acting Chair Gustafson asked staff for an update. Klara Beck stated at the last meeting the Port directed City staff to reach out to some firms that have experience writing RFP for housing development. Klara explained that staff did reach out to three engineering firms and received three proposals for the Dairy RFP from WSB Engineering, Interstate Engineering, and Moore Engineering.

WSB Engineering would just be updating our current RFP and providing a staff person to assemble the RFP and rewrite sections to address current goals for a proposed cost not to exceed \$1,200.

Interstate Engineering's estimated proposal would cost \$5,000 and would include:

- Helping Port to develop a list of potential developers who might be interested in the project
- Contact those developers and solicit any input they would have on a potential project.
- Develop a phased plan approach based upon developer input (very high level, bubble diagram).
- Revise RFP solicitation for developers, including production of the RFP in a professional format

Moore Engineering did the most detailed proposal with full services and the highest bid at \$10,400 but they would be running the whole RFP process. Klara mentioned that Moore Engineering stated they could adjust their price some if City staff did some of the RFP work. Their services would include:

- Kick-Off Meeting and Information Gathering
- Example RFP's By Other Communities
- Incorporate New and Updated Information
- Draft RFP and Final Draft
- Make Public to Developers

There was some discussion about who received our original RFP, and the services that could be provided by the three engineering firms relating to a new RFP. Leonard mentioned that Moore Engineering and Interstate Engineering stated they would contact developers. Leonard stated that because the scope of services and dollar amounts were so different that she did not feel that she could make a decision at this time. Rufer mentioned that he would like to see a side by side comparison of the three proposals.

Acting Chair Gustafson asked if the Port Authority received any comments from the groups who received the original RFP in 2021. Klara responded that the Port did not receive any comments back. Thompson mentioned that in 2021 construction cost skyrocketed and that might be why there was not much interest in the Dairy RFP by developers. There was some discussion about marketing of the RFP and if the RFP had enough information. Klara stated that Kevin Bartram, a developer, looked at the original RFP and he felt it was a good RFP.

Thompson mentioned there is only one entrance/exit to the Dairy site and that could be a concern for developers. Perhaps we might need to address that issue before we put out another RFP. Klara replied that the City has been talking to the Railroad about creating additional entrances/exits to the site. The City Engineer and City Attorney would have to work with the Railroad because the City would need to trade another location for a railroad crossing.

Klara asked if the Port had questions for the engineering firms about their proposals. There was some discussion and the members of the Port wanted to know how successful the engineering firms have been in finding developers for other RFPs. The Port decided to continue this discussion next month and give staff time to gather information on the questions asked by the Port.

Shovel Ready Sites

Petersen stated that she would like to see new business and old business listed on the agendas. She wanted to make sure that Port would continue the discussions on items like shovel ready sites. Klara provide an update on the shovel ready sites, stating that City staff were unable to connect with Greater Fergus Falls and would continue to try. An update would come at a future meeting.

The meeting adjourned at **4:49 pm**.

Jill M. Hanson

Fergus Falls Port Authority Minutes
October 17, 2022

The Fergus Falls Port Authority held a regular meeting on Monday October 17, 2022 at 4:30 pm in the City Hall Council Chambers. Chair Anthony Hicks called the meeting to order at 4:30 pm and the following Port Authority Commissioners were in attendance in the Council Chambers: Hicks, Gustafson, Thompson, Rufer, Petersen, Leonard, and Schoeneck.

Minutes

A motion and second were made by Gustafson and Leonard to approve the agenda and the minutes from September 19, 2022. Motion carried.

Downtown Riverfront Phase II – Funding Request

Chair Hicks asked staff to explain the request. Klara Beck stated that in July 2021 the Port agreed to finance projects related to the construction of a downtown riverfront corridor improvement project. Klara explained the Port Authority originally authorized \$3,000,000 in bonding for the Downtown Riverfront improvements, but the bonding authority needs to be expanded to \$3,700,000 to finance the receipt of donations. The City of Fergus Falls is requesting approval of a resolution adopting an ordinance expanding the bonding authority of the Port Authority for an additional \$700,000 for Phase II of the Downtown Riverfront project. The adoption of the ordinance will authorize the Port Authority to issue bonds for the project.

Resolution #2022-01 A motion and second were made by Thompson and Schoeneck to approve a resolution to adopt an ordinance to issue an additional \$700,000 in general obligation bonds for the Downtown Riverfront Project. Motion carried and adopted.

Dairy RFP Discussion

Chair Hicks asked staff for an update. Klara Beck stated that Interstate Engineering has dropped out of the running for the Dairy RFP project, which leaves for consideration the proposals from WSB and Moore Engineering. Staff did reach out to WSB and Moore Engineering for work samples and references that were included in the Port meeting packets for the Port members to review.

WSB Engineering is the lower bid which was quoted at a proposal cost not to exceed \$1,200.

- Includes all design work and 3 hours for meeting with City to discuss goals, writing and review of RFP documents, a mailing list of potential developers, and additional advice.
- Ability to request more time and services of Kim Lindquist for \$192 per hour.

WSB would be updating the original RFP document by providing a staff person to assemble the RFP and rewrite sections to address current goals. Their proposal would be more of an a la carte proposal were we could pick and choose what services we would like. WSB would also connect the City with developers.

Moore Engineering did a detailed proposal which would run the whole RFP process at a cost of \$10,400.

- Includes 2 strategic meetings, data gathering, RFP drafting, distribution to developers, answering developer questions (up to 8 hours).
- Additional services could be added for fee (answering more developer questions, more city meetings).

Klara mentioned the Moore Engineering proposal would be following their own process for the RFP, but they could adjust their price some if City staff did some of the RFP work.

There was some discussion and Thompson mentioned that we could end up paying more for the WSB proposal if we request additional services.

Klara stated that staff recommend WSB Engineering due to their price and ala carte style and the relationship that Kim already has with the City as part of the team leading strategic planning. In discussions with staff, Kim

Lindquist of WSB Engineering seems to have a good handle on what we are looking for and she has done some projects similar to our Dairy RFP.

Schoeneck had some questions about the terms and conditions of the two bids, and the scope of work. Klara stated that both firms were given the same information about the request and provided very different quotes.

Thompson started a discussion about whether we could move the trail to the back side of the Dairy property to possibly make it more appealing to some developers. A developer may want to put docks along the riverfront. Chair Hicks mentioned some other communities where developer had docks along their riverfront developments. It was suggested that maybe the RFP proposal includes options with the trail by the riverfront or on the backside of the lot.

Leonard started a discussion about whether the railroad tracks are a barrier for developers. The City Attorney mentioned that the railroad tracks and crossing are still being worked on. The City Engineer has been talking to the Railroad about creating additional entrances/exits to the site, but the City would need to trade another location for a railroad crossing. It was noted that the City Engineer had stated that would cost the City around \$620,000 to relocate the crossing to Broadway.

Chair Hicks mentioned that the options for the railroad crossing were limited, and we do not need to make a decision tonight. Chair Hicks stated that moving forward with an RFP could help move the discussions with the Railroad crossing options forward.

Chair Hicks stated that he had also spoken to WSB Engineering and he felt they have a good insight into Fergus Falls and our development vision. He supported staff recommendation for WSB Engineering as the firm to do our RFP.

A motion and second were made by Schoeneck and Thompson to move forward with WSB Engineering's RFP proposal and sign the proposal contract. Motion carried.

The meeting adjourned at **4:56 pm**.

Jill M. Hanson

Fergus Falls Port Authority Minutes
November 21, 2022

The Fergus Falls Port Authority held a regular meeting on Monday November 21, 2022 at 4:30 pm in the City Hall Council Chambers. Chair Anthony Hicks called the meeting to order at 4:30 pm and the following Port Authority Commissioners were in attendance in the Council Chambers: Hicks, Gustafson, Thompson, Petersen, Leonard, and Schoeneck. Absent was Rufer. Also present were NeTia Bauman and Scott Rachels. Kim Lindquist joined the meeting through Zoom.

Minutes

A motion and second were made by Schoeneck and Petersen to approve the agenda and the minutes from October 17, 2022. Motion carried.

Farm Lease Renewals

Klara Beck stated staff suggests approval of renewing the farm lease with Bradow Farms for 2023. The Port has been in a lease agreement with Bradow Farms for several years to farm the former Norgren property and West Port property near the racetrack. The acres leased and cost per acre would remain the same in 2023. The East Port property (Norgren site) rent would be 132.70 acres x \$115 per acre. The West Port property rent would be 35.85 acres x \$170 per acre. Klara mentioned that the lease agreement gives the Port the right to terminate all or a portion of the leased property if an economic or housing development opportunity arises to sell the property. If that happens a crop appraiser would be hired to determine the value of the crop and the appraised value would be paid to the lessee. Klara explained the Racetrack has one more year on their lease.

A motion and second were made by Thompson and Leonard to approve 2023 farm lease with Bradow Farms. Motion carried.

Dairy RFP Discussion

Chair Hicks opened the discussion. Introduction were done for Kim Lindquist of WSB Engineering, the consultant for the Dairy RFP process. Kim Lindquist introduced herself and her background in community and economic development before discussion of the RFP began. Klara asked that discussion start by examining the original RFP. Kim stated that overall it was a good RFP, but maybe developers could provide a letter of intent as a starting point for discussions with the Port rather than make a fully-fledged proposal. She also noted the Port will need to decide what amount of land will be available for development and what amount will be reserved for a trail. It was agreed that a door should remain open in the RFP for subsidy discussions to be held with the City.

Chair Hicks state that with a letter of intent we can start a discussion, and public funds can be negotiable based on the discussion. It was noted that a trail by the river is nicer for the public, but the developer could pay more if they want the land by the river. Petersen mentioned that people who would want to live by the river might want the walking trails by the River. Schoeneck asked what would make this property more marketable. Kim Lindquist discussed the pros and cons of marketing a larger lot. Kim stated that a mixed use of housing might be needed for a developer to make a profit on the development of the site. There was some discussion about getting developers to walk the site to get a real feel for the site and what it could be. Kim mentioned a developer might want to do phased development of the site to spread the cost, and how that might work for the site.

There was some discussion about what the City wants for the site and how the letters of intent could open up a few different ideas for development styles for the City to consider. Kim Lindquist explained how the letter of intent process could hook in a developer and how the City and developer could work together on ideas for the site. Thompson mentioned that the lot is narrow in some areas and wide in other areas and where a road might go on the site. Kim mentioned that the locations of the utilities will determine where many things will be able to go.

There was some discussion about where the Port goes from here on this process. Klara Beck mentioned coming back to the Port with an updated RFP for review. The updated RFP should build in more flexibility and work

more with the developers on design. Kim Lindquist agreed to update the RFP for further discussion at the next meeting and logged off.

Shovel Ready Sites

Klara explained that several months earlier, the Port had asked staff and GFF to connect regarding a shovel ready sites program. While in-person connection with GFF hadn't yet occurred, staff had done some work to develop a program and estimate some costs. Klara mentioned that GFF had suggested the program include:

- Geotechnical Report
- Phase I Environmental Assessment
- Small marketing packet that includes aerials, contours/topography, wetland inventory, easements, location of utilities and/or nearest stubs for future extension, and any proposed roadway extensions or similar public infrastructure plans.

Klara stated that based on past project costs and discussions with the City Engineering Department, a budget between \$7,000-\$15,000 per parcel would be reasonable to provide geotechnical and Phase I Environmental reports. The Port owns 2 parcels near the racetrack and 5 parcels on Progressive Drive that are zoned industrial. This does not include the parcels on the former Norgren property that was platted for residential use. Klara explained that the Progressive Drive parcels were once considered shovel ready but were removed from the program when it was discovered necessary studies were not completed at the time they were entered into the program.

Thompson stated the Port had spent a lot of money on the original shovel ready sites on Progressive Drive that are still sitting unpurchased after over 15 years. Gustafson mentioned that some of the studies would need to be redone on the Progressive Drive site to even make them classified as shovel ready now. There was some discussion about what the priorities of the Port should be. It was felt that the Dairy property and Norgren property should be top priorities. Chair Hicks stated that the Port does not have the money to do these studies now, and maybe we should concentrate on selling these properties first.

Schoeneck mentioned he felt it is harder to market sites that are not shovel ready and asked how many deals have been lost by not having shovel ready sites? Klara shared the perspective that assessment costs, incurred in an effort to create shovel ready sites, is also often a barrier to deals. Klara mentioned partnering with GFF on the cost of developing shovel ready sites before running out of time. The Port decided to continue discussion of shovel ready sites at a future meeting.

The meeting adjourned at **5:25 pm**.

Jill M. Hanson

Fergus Falls Port Authority Minutes
December 19, 2022

The Fergus Falls Port Authority held a regular meeting on Monday December 19, 2022 at 4:30 pm in the City Hall Council Chambers. Chair Anthony Hicks called the meeting to order at 4:31 pm and the following Port Authority Commissioners were in attendance in the Council Chambers: Hicks, Gustafson, Thompson, Petersen, Leonard, Rufer, and Schoeneck. Also present were NeTia Bauman and Scott Rachels. Kim Lindquist joined the meeting through Zoom.

Minutes

A motion and second were made by Gustafson and Leonard to approve the agenda and the minutes from November 21, 2022. Motion carried.

Dairy RFP Discussion

Chair Hicks opened the discussion. Klara Beck explained that the draft of the RFP went out last week for review and comment. Klara stated that she received a comment from Karoline Gustafson about how the information on page 6 and page 7 should be clearer. "The Letter of Interest (LOI) submittal should address the developer's vision for the site and project design. The developer should include a similar project and provide an example of the building(s) design and exterior materials used. But on page 7 there's a box with the info that needs to be addressed in the LOI and the above sentences about site and project design and exterior materials aren't necessarily in the RFP. I thought the discussion steered more towards we want to find out who's interested, and we'll sort out the building design, exterior materials, etc. later." There was some discussion and Kim Lindquist, in attendance via Zoom, explained that the intent of the language is to see what a developer has done on similar projects to learn who they are as a developer. It does not translate to a lot of upfront work on the part of the developer like a full proposal would. Kim stated that she would clarify the wording to make it clear.

Bill Sonmor mentioned making some changes to the wording of the RFP relating to the City's development of the Downtown Riverfront enhancements, which are still being developed. He also suggested one spelling correction in the section on utilities. There was some discussion about whether a public trail easement should be mentioned in the RFP. The intent is that the Port/ City keeps some of the property for a future trail. There was some discussion about a reduced trail area if the developer wants a larger parcel. There were also questions about the last page of the RFP and how the picture of a train in the section on commuting to work should be replaced with a truck.

Klara opened a discussion on whether we are open to local smaller developers being considered. Thompson stated that he wants to look at the background of all the developers that apply. Leonard mentioned adding Riverfront to the wording so it would be a "29.50 Acre Riverfront Redevelopment Site" on the cover of the RFP. It was noted that the Port is open to doing a mixed use of housing on site.

There was some discussion about the timeline for the RFP. Kim stated that she could do some updates to the RFP and have the final draft for the Port to review in January. Klara stated that the final draft could be emailed to the Port in early January so they could make comments prior to the January Port meeting. The goal would be for the Port to be able to approve the final draft of the RFP at the January meeting.

There was some discussion about when the RFP goes live and how long will it be live. Kim stated it would be live for 30 days and we should wait until after the holidays. The selection timeline would start with the letter of intent and some examples of the developer's work for review. Next interviews with potential developers and requests for more information if needed. Kim mentioned that if the Port had some developers, they would like on the RFP mailing list they can send her their contact information.

Shovel Ready Sites

Klara noted that based on previous conversation, the Port had indicated it was interested in developing its own shovel ready program, which would differ from the State program. Klara explained that based on past project costs and discussions with the City Engineering Department, a budget between \$7,000-\$15,000 per parcel would be reasonable to provide geotechnical and Phase I Environmental reports. The Port would need to look at its budget and discuss possible future levy increases, but should explore ways to split the cost / marketing of the shovel ready sites with GFF and the possibility of grants or foundation support.

Thompson stated the Port had spent a lot of money on the original shovel ready sites on Progress Drive that are still sitting unpurchased after over 15 years. Gustafson mentioned that some of the studies would need to be redone on the Progressive Drive site to even make them classified as shovel ready now, because the surveys are only good for a limited time. Chair Hicks mentioned the cost and how the Progress Drive sites have connection to water and sewer available. There was some discussion about getting a report from GFF on what developers are looking for in building sites based on inquiries and in their interest level in shovel ready sites at the next meeting.

Bill Sonmor mentioned that we would have to levy for the 2024 budget if we want to do any shovel ready sites. Bill stated that the Port's cashflow is currently low because of the Dairy site project. Klara noted that by the end of the conversation it sounded like the plan moving forward was more the creation of marketing materials for available properties than the creation of shovel ready sites in order to attract development.

Port Authority Membership 2023

Klara Beck explained that the elections for the Port Chair and other officers would take place in January 2023. Tonight's Council meeting will be approving new members for commissions and boards, including the Port Authority. Klara explained that the Port board would remain the same with one change: Al Kremeier would be replacing Karoline Gustafson, whose term will end December 31. Everyone thanked Karoline for her service on the Port Authority and City Council.

Klara stated that she would send out an email so Port members could nominate officers before the January meeting, at which the nominations would be presented publicly for voting.

The meeting adjourned at **5:25 pm**.

Jill M. Hanson