

Fergus Falls Port Authority Minutes
January 19, 2021

The Fergus Falls Port Authority held a regular meeting on Tuesday January 19, 2021 at 4:30 pm in the City Hall Council Chambers. Due to the COVID-19 pandemic, some Port Authority Commissioners participated in the meeting through Zoom. Anthony Hicks called the meeting to order at 4:32 pm and the following Port Authority Commissioners were in attendance: Hicks, Gustafson, Thompson, Schoeneck, Rufer, Leonard and Petersen.

Minutes

A motion and second were made by Rufer and Thompson to approve the November 16, 2020 meeting minutes. Motion carried.

Port Authority Goals for 2021

Rebecca Petersen stated that she felt the Port Authority should develop a work plan with some monthly goals. In addition, there should be monthly reporting on projects like the Dairy. Rebecca thought that the work plan should include looking at how the Port Authority works with the City and Greater Fergus Falls. There was some discussion about establishing goals. Tom Rufer and Rebecca Petersen volunteered to work on a list of goals to discuss at a future Port Authority meeting.

Election of Officers

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

- Tom Rufer was elected as the President of the Port Authority
- Bridget Leonard was elected as the Vice President
- Anthony Hicks was elected as the Secretary of the Port Authority
- Karoline Gustafson will continue serving as the Assistant Treasurer of the Port Authority
- Bill Sonmor, as the City Finance Director, serves as the Treasurer of the Port Authority

A motion was made to approve the nominations listed above. Passed unanimously.

Shovel Ready Site Presentation – David Heyer of DEED

David Heyer of DEED explained that Shovel-Ready sites are in growing demand among companies and site selection consultants, and they are an increasingly popular tool for communities to attract new business and industry. While definitions vary from state to state, the term 'Shovel-Ready' generally refers to commercial and industrial sites that:

- Have had all of the planning, zoning, surveys, title work, environmental studies, soils analysis and public infrastructure engineering completed prior to putting the site up for sale.
- Are under the legal control of a community or other third party.

Mr. Heyer explained that our Shovel-Ready Certified Site program takes into consideration the factors that are most important to site selectors and includes the following criteria: ownership status, general site information, specific tests & assessments, utility services, and transportation access. Mr. Heyer explained the step-by-step process to become a certified as a shovel ready site and what some of the steps could cost.

Right of First Refusal Agreement with LMHC

Klara Beck explained that in December 2005, the Port Authority entered into an agreement with Lakeland Mental Health Center (LMHC) giving them the exclusive option to purchase the CBHH facility if the State of Minnesota no longer wants the facility. That agreement has been renewed every 5 years since, and the agreement is currently up for renewal.

Bill Sonmor stated that at the last Port Authority meeting the Port Authority board authorized the City Attorney to draft a new document with Lakeland Mental Health Center giving them Right of First Refusal on the CBHH facility for 5 years. The final draft of the document was sent out to the Port Authority board prior to tonight's meeting. Rolf Nycklemoe mentioned that even though the agreement has been renewed every 5 years up until this point, the Port is not obligated to renew the agreement if ever a different future for that building is envisioned.

A motion and second were made by Schoeneck and Gustafson to authorize the Port Authority officers to sign the document with Lakeland Mental Health Center giving them Right of First Refusal on the CBHH facility for 5 years. Motion carried.

Introduction of Potential Sale/Lease of Port Authority Real Estate

Klara Beck explained we have a few parties that are interested in the Port Authority west property located on International Drive. In addition, Mr. Randy Norgren is interested in purchasing some of the Port Authority east property (aka the old Norgren property).

Anthony Hicks asked Mr. Norgren what he intends to do with the property if he purchases it. Mr. Norgren replied that he planned to farm it for now and maybe do something else with it later. There was some discussion about bike trails and other activities taking place on the surrounding property, and the limited access to the farmable land currently.

Chair Rufer suggested that Mr. Norgren meet with the City Attorney to discuss what his plans are for the property and answer any questions Mr. Norgren have about the property. That information could be presented to the Port Authority at their next meeting. Mr. Norgren stated that he is selling some property and he is trying to do a like-kind exchange of land. He stated that he has six months to do the like-kind exchange so the proceeds of the land sale do not become taxable.

The Port Authority adjourned to a closed meeting at **5:22 pm** to discuss the potential sale/lease of Port Authority owned Real Estate as permitted by MN State Sec 13D.5.Subd 3(c) (3).

They reconvened at **5:32 pm** and adjourned the meeting at **5:33 pm** having taken no additional action.

Jill M. Hanson

Fergus Falls Port Authority Minutes
February 16, 2021

The Fergus Falls Port Authority held a regular meeting on Tuesday February 16, 2021 at 4:00 pm in the City Hall Council Chambers. Due to the COVID-19 pandemic, some Port Authority Commissioners participated in the meeting through Zoom. Chair Tom Rufer called the meeting to order at 4:00 pm and the following Port Authority Commissioners were in attendance: Rufer, Hicks, Gustafson, Thompson, Schoeneck, Leonard and Petersen.

Minutes

A motion and second were made by Gustafson and Leonard approve the open and closed minutes from January 19, 2021 and the February 1, 2021 meetings. Motion carried.

Approval to enter into a Proposal for the Appraisal of the Dairy Site

Klara Beck explained that demolition and clean-up on the Dairy site is substantially complete. The next step in the process is to prepare to close the LCCMR transaction, which results in City-owned land along the river for park/ trail use and Port owned land available for development. There is a hard deadline of completing the LCCMR transaction by June 30, 2021. Mark Jorgenson is working with Anderson Land Surveying to complete legal descriptions for the parcels in question. Once the survey is complete, the land may be appraised. Klara stated that the LCCMR agreement requires a DNR-certified appraiser must perform the appraisal. In Minnesota, Shenhon Company employs DNR-certified appraisers and is already familiar with the Dairy site. Klara requested authorization to enter into an agreement with Shenhon Company to perform a before and after market value appraisal for the former Dairy property to estimate the value of the property, which consist of 11.2 acres of land with 3,461 front feet land on the Otter Tail River. The estimated fee for the appraisal is \$17,500 and a retainer of \$8,500 is requested prior the assessment beginning.

There was some discussion about getting a second bid on the appraisal. Bill Sonmor again mentioned the need for a DNR-certified appraiser, and that Shenhon fit that qualification. We have worked with them before on appraisals of the Dairy property, so they are familiar with the property.

A motion and second were made by Hick and Schoeneck to approve the request to enter into a proposal for the appraisal of the Dairy Site and authorize Port Authority Officers to sign the necessary documents. Motion carried.

Port Authority Financial Statements – December 31, 2020

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 stated that these financial statements will change after the fiscal year-end adjustments are done.

Port Authority Work Plan Discussion

Chair Rufer opened the Work Plan discussion. Klara Beck stated that Rebecca Peterson had expressed interest in creating a work plan with monthly goals to provide direction to Port meetings. Petersen mentioned that she would like to see the Port Authority involved in the budget process, and have some discussions on how the Port Authority land is currently being marketed. Bill Sonmor stated the budgeting process for 2022 would start in April or May, and how the Port Authority could be involved

in the process. Bill explained that the City budget covers many years and that the Port Authority should look at setting some long-term goals. Leonard suggested reviewing all the properties the Port Authority owns, reviewing what their intended uses are, and what cost the Port Authority has into these properties.

Klara mentioned that in March the Port Authority could start discussion of a land use plan. Andrew Bremseth mentioned that zoning gives a good indication of how land could be used. There was some discussion about how and why the Port Authority buys land and the role of the Port Authority relative to the Planning Commission and Council. It was noted that the Port's land use plan should complement plans by the Planning Commission and the City Council, including a comprehensive plan should the City commit to creating one.

Hicks mentioned that he felt the Dairy Property and the Norgren property should be the two top properties to look at. There was some discussion about why the PA own their current properties and how the Port Authority should develop a work plan yearly because goals and priorities change. Petersen mentioned discussing shovel ready sites. Klara stated that she would send the board a map of the Port Authority owned properties. A goal for 2021 is doing a work plan to set goals, and making sure that our budget and goals for 2022 are in line. Andrew mentioned that goals should be flexible to should unseen development opportunities come before the Port.

Klara mentioned that Amy Baldwin from Otter Tail County would like do a presentation before the Port about ways the County and Port could partner on things like housing. Klara state this presentation could take place in April.

The Port Authority adjourned to a closed meeting at **4:40 pm** to discuss the potential sale/lease of Port Authority owned Real Estate as permitted by MN State Sec 13D.5.Subd 3(c) (3).

They reconvened at **5:27 pm**.

A motion and second were made by Hicks and Thompson to authorize the Port Authority officers to sign the 2021 Lease Agreement with I-94 Speedway Inc. Motion carried.

The meeting adjourned at **5:28 pm**.

Jill M. Hanson

Fergus Falls Port Authority Minutes
March 15, 2021

The Fergus Falls Port Authority held a regular meeting on Monday March 15, 2021 at 4:00 pm in the City Hall Council Chambers. Due to the COVID-19 pandemic, some Port Authority Commissioners participated in the meeting through Zoom. Chair Tom Rufer called the meeting to order at 4:00 pm and the following Port Authority Commissioners were in attendance: Rufer, Hicks, Gustafson, Thompson, Leonard, and Petersen. Schoeneck joined the meeting a 4:30 pm.

Minutes

A motion and second were made by Gustafson and Leonard to approve the open and closed minutes from the February 16, 2021 meeting. Motion carried.

Dairy Update

Chair Rufer asked staff for an update on the Dairy Property. Klara Beck stated that Otter Tail County is working on a consolidation of the three parcels on the dairy site so that they can be split into two lots for the LCCMR agreement. Anderson Land Surveying will do the survey to split the lot and provide the legal descriptions. Once the survey is complete, Shenhon Company, DNR-certified appraiser, will perform a before and after market value appraisal for the former Dairy property to estimate the value of the property.

Port Authority Work Plan Discussion

Chair Rufer opened the Work Plan discussion. Klara explained an overview of the properties currently owned by the Port Authority, their current uses and zoning, any associated land costs or assessments, and past Port Authority visions for each parcel. Our goal will be to create a land use plan for the Port Authority owned properties that maybe used as a guide for future development. Klara stated that the Port owns approximately 457 acres of land. About 145 of these acres are earmarked for industrial expansion, and roughly 179 acres are earmarked for residential development.

Klara pointed out the formerly Shovel-Ready certified parcels on Progress Drive and mentioned that the Port currently owns more land zoned residential than industrial. She indicated where future industrial growth could be located and that the Port should entertain discussion of infrastructure to industrial sites. There was some discussion about the former Norgren property being partially platted for housing, and how it has not been publicly advertised for development thus far, though an attempt was made a year ago to open a couple parcels up for bid. The land did not sell through that process. The Port discussed some of the other residential lots in town that have not been developed yet, including lots owned by the Campus Development group near the RTC. It was noted that the Port needs to establish their long-term goals.

Hicks mentioned that he felt the Dairy Property and the Norgren property should be the two top properties to look at. There was some discussion about the Dairy property and its possible future uses. Klara mentioned that current shovel ready sites no longer qualify as shovel ready because some surveys were not completed as part of the original certification process. It was noted that the cost of the surveys would be high in comparison to the size of the lots. There was some discussion about the how these lots were priced higher because they are shovel ready and that the price has made them harder to sell.

Klara mentioned that these lots were part of the land purchased from the DNR. Klara explained that staff re-evaluated the actual cost of the land and were able to bring overall land prices down, but that special assessment costs could not be further reduced. Bill Sonmor mentioned that these shovel ready lots have been tax exempt for many years, but that status is expiring soon. The Port will need to start paying the property taxes and special assessments on these lots in the near future.

There was some discussion about marketing the eight acres of property next to Aura Fabrication. Klara explained that Aura has first right of refusal on the eight acres until later this year, and they have in past expressed an interest in purchasing that eight acres from the Port Authority.

Petersen asked about the development of the riverfront property. Bill Sonmor explained the City is getting bids for the development of the riverfront property. The City plans to do bonding for the property through the Port Authority sometime in the future.

Klara mentioned that Amy Baldwin from Otter Tail County would be doing a presentation for the Port Authority in April on how the County and Minnesota Housing Partnership could be a resource for the Port and potentially be partners in future housing projects.

The Port Authority adjourned to a closed meeting at **4:40 pm** to discuss the potential sale/lease of Port Authority owned Real Estate as permitted by MN State Sec 13D.5.Subd 3(c) (3).

The meeting adjourned at **4:50 pm**.

Jill M. Hanson

Fergus Falls Port Authority Minutes
April 19, 2021

The Fergus Falls Port Authority held a regular meeting on Monday April 19, 2021 at 4:00 pm in the City Hall Council Chambers. Due to the COVID-19 pandemic, some Port Authority Commissioners participated in the meeting through Zoom. Chair Tom Rufer called the meeting to order at 4:02 pm and the following Port Authority Commissioners were in attendance: Rufer, Hicks, Gustafson, Thompson, Leonard, and Petersen. Schoeneck joined the meeting at 4:14 pm.

Minutes

A motion and second were made by Gustafson and Hicks to approve the open and closed minutes from March 15, 2021 meeting. Motion carried.

Dairy Update

Chair Rufer asked staff for an update on the Dairy Property. Klara Beck stated that we just received the survey information back from Anderson Land Surveying, Inc., and it is currently being reviewed by the Engineering Department. Once Engineering has ok'd the survey information, Klara will send on to Shenhon Companies for use in the appraisal process. The appraisal by Shenhon and appraisal review by the DNR are the last steps in the LCCMR acquisition process.

Housing Presentation – Amy Baldwin

Otter Tail County Community Development Director Amy Baldwin introduced a presentation featuring Minnesota Housing Partnership (MHP) regarding options for housing solutions and partnership opportunities between the Port, MHP, and the County. Amy explained how the County and has been working with MHP to educate regarding the housing shortage in OTC and the solutions that may exist through partnerships. She mentioned the housing shortage has a direct impact on workforce and touched on housing surveys that had been done in OTC and Fergus Falls in the past. Amy explained how government and public groups are working on a housing plan for the area that preserve housing and life cycle of housing. Amy mentioned the Greater Minnesota Housing Fund Homebuyer Affordability Gap Loans.

Amy explained the “Big Build” program and the property tax rebate program that are active in OTC and Fergus Falls. Amy mentioned how another community did a housing subdivision development with the help of the County EDA/ CDA. Amy stated this was accomplished through advocating for increased funding opportunities to support development and create ownership opportunities and by reinvestment in the community by local groups.

Ella Mitchell and Elizabeth Glidden of the MN Housing Partnership presented information on the State of MN housing programs. Ella stated that the MN Housing Partnership has been around for 30 years. They work to strengthen development capacity and promote opportunity in affordable housing.

Ella explained that housing cost should be 30% or less of a household's income. When a household spends more than 30% of their income on housing, they experience a cost burden and often have to sacrifice food, health care, education, transportation, other necessities in order to afford a home. Ella mentioned that workforce housing should be affordable for people working in the area.

Ella stated Otter Tail County home values have risen 51% in the last 19 years, and how one in four renters are spending half of their income on housing. Ella mentioned that 40% of the households in

Fergus Falls are cost burdened. Ella explained that there is also a race-based disparity in MN: 44% of white renters are cost burdened, while 58% of black renters are cost burdened. Needs include an increase in available affordable housing, a variety of housing types, and different senior housing types. Housing costs have risen due to an increased demand, reduced supply, rising cost of materials, etc.

Ella talked about how site development should be consistent with the local plan. There is a need for funding options through local government, State & Federal agencies to remedy site conditions, provide funding resources, and accomplish site preparation.

There was some discussion about a vacancy rate of 3% for apartments in Fergus Falls and what families should be paying for housing. Ella stated that 30% of the household's income should include rent, utilities, internet, etc. Ella explained how a developer could charge more for rent in the metro area.

There was some discussion about wages in the area, subsidized housing, and the average cost of stick built housing, housing down payments, and the shortage of affordable housing. It was noted that the size of homes have increased over the years. Thompson mentioned investment of flippers in fixer-up homes might be an option. Amy explained that cash buyers are often purchasing single-family homes as rental units. There was discussion about how to get those properties into the hands of single families. Gustafson mentioned the land trust program. It was noted that foundations are becoming more involved in housing.

There was some discussion about where the Port Authority may enter into the housing market. Can the City purchase properties or work with organizations that take in rundown properties? Bill Sonmor mentioned the property abatement program has allowed the City to acquire blighted properties, tear them down, and offer the land for development. Ella mentioned that some Economic Development Agencies have been working with the State of MN on similar projects. There was some discussion about what the St. Paul Port Authority has done with housing.

Amy Baldwin asked the Port Authority to please fill out the housing hand out. Klara stated she could collect them and forward them to Otter Tail County.

The meeting adjourned at **5:22 pm**.

Jill M. Hanson

Fergus Falls Port Authority Minutes
May 17, 2021

The Fergus Falls Port Authority held a regular meeting on Monday May 17, 2021 at 4:00 pm in the City Hall Council Chambers. Due to the COVID-19 pandemic, some Port Authority Commissioners participated in the meeting through Zoom. Chair Tom Rufer called the meeting to order at 4:02 pm and the following Port Authority Commissioners were in attendance: Rufer, Hicks, Gustafson, Leonard, Schoeneck, and Petersen. Thompson joined the meeting at 4:21 pm.

Minutes

A motion and second were made by Schoeneck and Hicks to approve the minutes from the April 19, 2021 meeting. Motion carried.

Dairy Update

Chair Rufer asked staff for an update on the Dairy Property. Klara Beck explained that the process is moving along. We are waiting to hear back from Shenhon Companies on the appraisal of the Dairy property, and then the appraisal will need to be review by the DNR. These are some of the last steps in the LCCMR acquisition process.

Klara stated that the City Engineering department has been working with Braun Intertec on the cleanup of the Dairy property. Klara explained the timeline and how the survey company was behind a few weeks due to the pandemic, causing a delay in the appraisal process. Klara explained that we are hoping to have everything done by the end of June, but just in case we have requested an extension on the LCCMR grant. Klara mentioned that the option for an extension is tied up in the State of MN budget negotiations.

Bill Sonmor mentioned that there have been some discussion with DEED about approving all the cost for cleanup of the Dairy property and how we were given an extension on the use of DEED dollars.

Andrew Bremseth asked the Port Authority if they would like to approve the sale of the property Dairy property to the City tonight because of the short timeline on the LCCMR grant, which is between the City and the State of MN. There was some discussion about seeing a high level write up on the Dairy property sale to see if there is a shortfall on the transaction. Schoeneck asked for a budget and schedule on the property. Klara mentioned that the City Engineer could provide information on the budget and schedule for the Dairy property at a future meeting because he is the project manager for the Dairy cleanup. There was some more discussion and it was noted that sale price of \$1,000,000 for the 11 acres would not change.

A motion and second were made by Schoeneck and Gustafson to authority staff to move forward with the sale of the roughly 11 acres of Dairy property to the City of Fergus Falls for \$1,000,000. Motion carried.

Port Authority Discussion – Budget & Priorities

Chair Rufer opened the discussion on the budget. Bill Sonmor explained the Port Authority's audited 12/31/2020 financial statements, highlighting the dairy progress in these statements and obligations to the State of Minnesota for the Dairy loans and CBHH facility, property held for resale, DEED bonds, and the cash balances. There was some discussion about the cash projections (which includes

the Dairy project transaction), the restricted fund balance for the CBHH, rents, expenses, and how the interest on investments changes monthly based on the markets.

Klara Beck open a discussion regarding the Port's budget priorities. Klara mentioned some priority items that have been discussed at prior meetings as needs in the community:

- Housing – shortage of affordable housing for a workforce
- Workforce – shortage of workers for area businesses
- Childcare – shortage of childcare slots

Klara mentioned that the Port Authority has roughly 179 acres of land earmarked for residential housing development. Chair Rufer opened a discussion on what the role of the Port is regarding community need. There was some discussion about working to develop infrastructure for the community and seeing numbers on housing.

Petersen suggested having a work session to discuss the Port Authority's priorities. Petersen mentioned that larger employers like Pioneer Care are looking for childcare from 3:30 PM to 11:00 pm. Hicks mentioned that many other groups have been involved in the childcare issues, and how we need to tackle one issue and not spread ourselves to thin.

Chair Rufer mentioned having corporations invest in childcare facilities. There was some discussion about how maybe the Port Authority could help with facilitation. It was noted by Schoeneck that it might not be the role of the Port Authority to be involved this in process.

Bill Sonmor mentioned that normally developers and/or groups come to the City for help with their projects. Petersen mentioned shovel ready sites for industries. There was some discussion and Klara mentioned that we need to narrow down our list of what we want to do. We have land that can be used for industrial growth and land that can be used for housing.

Hicks mentioned that the Dairy property is a housing option, and we need to fund that debt. The Port Authority does not have money available like the City. In addition, it is not our role to head up daycare.

Chair Rufer mentioned a priority would be affordable housing that would attract a workforce. We could do a marketing program to look for developers for our residential properties. Klara mentioned that the cost of building materials are high right now and that might limit the number of developers that would be interested currently, necessitating a focus on infrastructure to help bring building costs down. There was some discussion about working with the County on housing. Peterson mentioned the County's "Big Build" program.

Progress Drive Land Sale Updated

Chair Rufer asked staff for an update on the Progressive Drive Property. Klara explained that Otter Tail Power Company has agreed to move the power lines on the property and the interested party is moving forward on the process of purchasing of the property.

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

Jill M. Hanson

Fergus Falls Port Authority Minutes
June 21, 2021

The Fergus Falls Port Authority held a regular meeting on Monday June 21, 2021 at 4:00 pm in the City Hall Council Chambers. Chair Tom Rufer called the meeting to order at 4:01 pm and the following Port Authority Commissioners were in attendance: Rufer, Leonard, Thompson, Schoeneck, and Petersen. Absent were Gustafson and Hicks.

Minutes

A motion and second were made by Leonard and Thompson to approve the minutes from the May 17, 2021 meeting. Motion carried.

Introduction of New City Planner

Karin Flom, the new City Planner, was introduced to the Port Authority. She gave the Port Authority a summary of her educational background and work experience.

Housing Update MHP – Amy Baldwin

Otter Tail County Community Development Director Amy Baldwin explained a summary of the housing presentation that took place during the April Port Authority. Amy mentioned that Ella Mitchell and Elizabeth Glidden of the MN Housing Partnership (MHP), Klara Beck, Jill Hanson, Sarah Schake, and she visited the Dairy property site earlier in June. The MHP can help with options for housing solutions and is interested in forming partnership opportunities between the Port Authority, MHP, and the County. Amy explained how the County has been working with MHP to provide education regarding the housing shortage in Otter Tail County and the solutions that may exist through partnerships. Amy explained how the MHP has access to federal funding.

Amy stated that Otter Tail County is working on a County wide housing study and is looking for support from individual communities in the County, specifically Fergus Falls and Perham, which represents their own segments of the market as the largest communities. The housing study plans to include projections for five to fifteen years based on 2020 Census data as it is made available.

Amy mentioned that the representatives from the MHP would be in the area on July 13 and the possibility of them meeting with available Port Authority members to discuss the process of creating an RFP for a housing project on-site. It was suggested a meeting later in the day on July 13 would work the best for the Port Authority.

Dairy Update

Chair Rufer asked staff for an update on the Dairy Property. Brian Yavarow, City Engineer, explained photos from 2020 to 2021, which showed the cleanup timeline for the Dairy Property. Brian explained how the site was cleared and cleaned up, including the removal of the ash from the site and how the shoreline was restored to make it more stable. The site work will be completed by the end of the month to meet the deadline for the LCCMR grant. Brian explained the budget and uses of the funds to date. He noted that DEED has given us two payments on the demolition loan that was approved, and we are expecting to receive more funding. The City is working on closing out the documents for the project grant.

Brain stated that the full project should be completed by September 2021. There was some discussion about the crushed material that will be removed from the site by Carleton Companies, and how the

City is working with Carleton Companies on the development of a road in the City's industrial park. Brian mentioned that Braun Intertec and the City would do the final inspections on the Dairy site to make sure that all the work is completed. There was some discussion about having a plan for the site when it is ready to market, a perfect segue for the next discussion topic.

Port Authority Discussion – Budget & Priorities

Chair Rufer opened the discussion on budget and priorities. Thompson mentioned the Downtown Riverfront Master Plan shows the Dairy site as a housing site. There was some discussion about a mixed use of housing types. Klara mentioned that the Port Authority does have a few sites that are planned for housing. There was some discussion about how the Port Authority did not want to make the Dairy site an industrial site again, and how housing would be a better fit for the site. Thompson stated that first we need to decide what type of housing we would like to see built on the site. Chair Rufer stated that we need a study on the housing needs for the community. There was some discussion about how detailed parameters for development could or should be for the site. Andrew Bremseth mentioned that the Master Plan is merely a conceptual guide and does not offer site-specific detail.

There was some discussion about waiting for the County's housing study to see what kind of housing is needed in Fergus Falls. Klara mentioned that discussion with the Fergus Falls HRA was still necessary, but that there was an opportunity to piggyback on the County's study for a deeper dive into Fergus Falls-specific needs. Thompson mentioned there is a waiting list for the high-end retirement housing. There was some discussion about when people move into retirement housing, it frees up housing for new families.

Amy Baldwin mentioned the MHP could discuss infrastructure for the Dairy site and the RFP process with the Port Authority. Leonard asked if it would be reasonable or helpful to hire a consultant to help identify needs and go through the RFP process. There was some discussion about how developers could present their own ideas on how to develop the property rather than being too prescriptive. Thompson mentioned that developers are going to want to build something they can sell easily. The Port Authority needs to decide what type of housing they want before they request the rezoning of the Dairy property from industrial to some type of residential by the Planning Commission.

Karin Flom mentioned an R-4 zone for multi-housing would allow for apartments. Andrew Bremseth mentioned that a B-2 zone would allow for retail business on the lower levels of the buildings and housing on the upper floors.

Chair Rufer suggested that Klara Beck put together next steps for the Port to take regarding the Dairy. Amy mentioned the July 13th housing meeting with the MHP could provide some information. Klara agreed to come back with recommendations.

The meeting adjourned at **5:07 pm**.

Jill M. Hanson

Fergus Falls Port Authority Minutes
July 6, 2021

The Fergus Falls Port Authority held a special meeting on Tuesday July 6, 2021 at 5:00 pm in the City Hall Council Chambers. Acting Chair Bridget Leonard called the meeting to order at 5:00 pm and the following Port Authority Commissioners were in attendance: Leonard, Gustafson, Hicks, Thompson, Schoeneck, and Petersen. Absent was Rufer.

Extension of Purchase Agreement between the City and Port Authority for LCCMR portion of the Dairy Property

Acting Chair Leonard asked staff to explain the request. Klara Beck explained that the original purchase agreement between the City and Port Authority for the LCCMR portion of the Dairy project was originally dated to close in April 2021. Klara stated that staff is requesting approval to enter into an extension of the purchase agreement through a second addendum to the agreement. Klara explained that we have been given an extension by the State legislature to close out the project. The extension could go up to another year, but we should be done with the project in late July or August so the second addendum will end on October 1, 2021. There was some discussion about having a later day on the addendum in case the project goes later. Rolf Nycklemoe explained there are documents that will need to be filed after the closing and that will give us more time to finalize everything. Klara mentioned that we are waiting for the DNR appraisal.

A motion and second were made by Hick and Gustafson to approve the second addendum extension of the Dairy Purchase Agreement between the City of Fergus Falls and the Port Authority and authorize the Port Authority Executive Director to sign any necessary documents. Motion carried.

Bond Update – Bill Sonmor

Acting Chair Leonard asked staff for an update. Bill Sonmor explained that the Downtown Riverfront project is a two-phase project. There has been some funding raised for the project through various avenues, but the City will still need to bond to fully fund the project. Bill explained how bonding could be done through the Port Authority or the City. Bill stated that the Bond Attorney and he prefer doing the bonding through the Port Authority rather than through Tax Abatement bonding, which is what the City would need to do. Bill stated that he is working with the Bond Attorney on a proposal that could be presented at the July 19, 2021 Port Authority meeting.

Bill mentioned that we can apply for some funding through State Bonding, the American Relief Funds, and how some of the Liquor Store funds could be used to help reduce the amount of bonding for the project. Bill stated that the Port Authority would need to get City approval to bond for the project because the levy would be through the City.

Petersen asked about a timeline for the process. Bill explained that a first reading of the ordinance could take place at the July 19 City Council meeting and a second reading of the ordinance could take place at the August meeting. The City Council would need to approve it after the readings. Bill explained that it would be October before the funding would be approved totally. Bill explained how the Port Authority funds are bank qualified. Bill explained that currently the City is providing the cash flow for the Phase I construction and how bonding needs to be put in place for the project. It was noted that more discussion on the request will take place at the July 19 meeting, when Bill had more information on the bonding to share.

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

Jill M. Hanson

Fergus Falls Port Authority Minutes
July 19, 2021

The Fergus Falls Port Authority held a regular meeting on Monday July 19, 2021 at 4:00 pm in the City Hall Council Chambers. Chair Tom Rufer called the meeting to order at 4:00 pm and the following Port Authority Commissioners were in attendance: Leonard, Gustafson, Thompson, Schoeneck, and Petersen. Absent was Hicks.

Minutes

A motion and second were made by Thompson and Leonard to approve the minutes from the June 21, 2021 and July 6, 2021 meetings. Motion carried.

Downtown Riverfront Bond Discussion – Bill Sonmor

Chair Rufer asked staff for an update. Bill Sonmor explained the City of Fergus Falls is in need of General Obligation Bond proceeds to finance a portion of the Downtown Riverfront improvement project, noting that the project is comprised of two phases. Construction on Phase 1 of the project started the Summer of 2021 and Phase 2 construction will take place in a subsequent year. Bill mentioned the City has submitted a request for State Bonding funds to be considered for Phase 2 during the 2022 State Legislative Session

Bill stated that the total project should cost around \$6.8 million and there are other funding sources for the project that will reduce the amount of bonding that will need to be done. Bill stated that he is seeking authorization for total bonding not to exceed \$3 million through the issuance of general obligation bonds for the project (\$2 million for Phase 1 and \$1 million for Phase 2).

Bill stated that the 2021 bond issue for the Phase 1 improvements is estimated to be in the range of \$1,400,000 - \$1,700,000 as indicated by the Phase 1 need reduced by Liquor Store contributions and ARPA funds. The debt service levies by the Port Authority will not affect the Port Authority annual operating levy. The City capital improvement fund is currently cash flow funding the construction of Phase I.

Bill explained a timeline for future Port Authority actions on the bonds:

- August 16, 2021 - Authorize sale of the bonds
- September 20, 2021 - Bond sale and award of the bonds by Port Authority
- October 21, 2021 - Settlement of the bonds; receipt of bond proceeds

Resolution #2021-01 A motion and second were made by Leonard and Thompson to request the adoption of an ordinance authorizing issuance of general obligation bonds not to exceed \$3,000,000 for the Downtown Riverfront project, and authorizing the Port Authority officers to sign any necessary documents. Motion carried and adopted.

Progress Drive Soil Boring Request

Chair Rufer asked staff to explain the request. Bill Sonmor explained that developer has requested that the Port Authority preform some soil boring on the Progress Drive site that the developer is planning to buy from the Port Authority. Bill stated that the developer is exploring the options of an environmental study on the property and has requested the Port Authority cover the cost of the borings. Bill mentioned that we have an estimate from Independent Testing Technologies from Waite Park to do the Geotechnical Services not to exceed \$7,560. There was some discussion.

A motion and second were made by Schoeneck and Petersen to authorize the signing of the quote for the Geotechnical Services on the Progress Drive property. Motion carried.

Dairy Update

Chair Rufer asked staff for update. Bill Sonmor did a brief recap of the MN Housing Partnership on-site meeting. Staff is requesting authorization to work with Otter Tail County, to perform a County wide housing study, with some emphasis on the Fergus Falls market and Dairy site. Bill mentioned some of the other groups that would be contributing to the study, and how we have been asked to contribute around \$3,000 for the study. There was some discussion about how the last housing study was done in 2015, and how much would the study actually benefit the Dairy property. There was some discussion if there would be a separate study done for the dairy and a timeline for the survey.

A motion and second were made by Schoeneck and Leonard to authorize staff to work with Otter Tail County to perform a housing study and contribute \$3,000 to the study. Motion carried.

Aura Fabricators Letter of Intent

Chair Rufer asked staff to explain the request. Bill Sonmor explained that Aura Fabricators has submitted a Letter of Intent (LOI), which sets, forth the general terms and conditions to purchase the vacant property located to the North of Aura Capital's land and Aura Fabricators Inc.'s manufacturing operations.

Bill stated that Aura Capital provided an offer of \$60,000, but with the understanding that there are currently \$16,800 in principal in special assessments on the land. Aura Capital officially offers \$43,200 to account for the existing special assessments. Aura Capital excludes all special assessment interest on the offer. In the LOI Aura acknowledges that this offer is slightly less than the adjacent land purchased in 2016, they emphasized that the cost for grading and excavating their current lot neighboring Tract B exceeded \$300,000; surpassed their excavating and grading budget by over 50%. Noting that it is very apparent that Tract B would require even more resources to make the lot usable as it has significantly more elevation changes and labor and material costs have since drastically increased. Even with the substantial anticipated costs to develop the Tract into usable land, Aura deems it as essential for business continuity and growth.

Bill explained that if the terms of this LOI are acceptable to the Fergus Falls Port Authority, the parties should mutually endeavor to negotiate and enter into a formal agreement for the Purchase of the Property. If the terms of this LOI are not acceptable, Aura Capital requests a five-year extension to the Exclusive Option for the Purchase of Real Property agreement that currently expires as of August 31, 2021.

Jasmine Sonmor of Aura explained that despite their expansion in the last 3 years, they have found that they have already grown into their space and are beginning to plan for additional markets. Aura is pursuing certifications to get into more complex and larger bridgework. This would require a larger physical location. If Aura Fabricators continues to grow at its current pace, they fully anticipate that another expansion is inevitable in the next five years. Tract B would be a critical component for this to happen. They envision that the existing building would be elongated on the West End and Tract B would be the new storage and finishing goods area. If future expansions beyond enlarging their building would be required, Tract B would then house a newly constructed facility.

There was some discussion about drafting a purchase agreement between Aura and the Port Authority based on the Letter of Intent and having the purchase agreement bought back to the Port Authority for further review. Rolf mentioned that a public hearing for the land sale would also need to take place prior to the sale of the land. Rolf explained that Aura currently has an agreement with the Fergus Falls Port Authority,

which maintains the exclusive first right and option to purchase the real property legally described in the enclosed agreement, and Aura is exercising their option.

Chair Rufer and Scheoneck mentioned moving to a closed session to discuss the terms in the LOI for Aura and Michael Breen, after the presentation for Mr. Breen's request.

Michael J. Breen Letter of Intent

Chair Rufer asked staff to explain the request. Bill Sonmor explained that Michael J. Breen has submitted a Letter of Intent (LOI) for the purchase of Port Authority the 3rd Addition, Lot 6, PIN #7100399184500, 1172 Progress Drive, Fergus Falls, MN. Mr. Breen's intent is to relocate his business operation, which currently resides at 417 W. Stanton Avenue, Fergus Falls. Bill stated that Mr. Breen's LOI makes an offer for the 1.19-acre parcel is \$10,000 cash, with no contingencies. He acknowledge the \$35,216.84 owed on the parcel in Special Assessments. His offer is to pay the Special Assessment, per the 15-year schedule, with a 0% interest. Bill explained that there is an interest rate with the 15-year payment schedule. Mr. Breen's plan for the property will be to construct a 7,500 square foot building with offices space as well as a light manufacturing warehouse area.

Chair Rufer directed the Port Authority to adjourn to a closed session at **4:23 pm** to discuss the two Letters of Intent presented on the purchase of the real property owned by the Port Authority as permitted by MN State Sec 13D.5.Subd 3(c) (3).

The Port Authority reconvened to an open meeting at **4:45 pm**.

Rolf Nycklemoe verified with Jasmine Sonmor that her offer was a total of \$60,000, which included the purchase amount of \$43,200 and \$16,800 payment of the special assessments that would be paid at closing so no interest accrues. Jasmine Sonmor confirmed that was correct.

Rolf explained that motions need to be made to authorize him to draft purchase agreements for these two Letters of Intent that could be presented at the next Port Authority meeting for review. Rolf mentioned that the Port Authority would also need to set two public hearings at their next meeting for the potential sale of these parcels.

A motion and second were made by Schoeneck and Thompson to authorize the City Attorney to draft a purchase agreement for the sale of the Tract B to Aura based on the documents submitted. Motion carried.

A motion and second were made by Schoeneck and Gustafson to authorize the City Attorney to draft a purchase agreement for the sale of 1172 Progress Drive to Michael Breen based on the documents submitted. Motion carried

The meeting adjourned at **4:48 pm**.

Jill M. Hanson

Fergus Falls Port Authority Minutes
August 16, 2021

The Fergus Falls Port Authority held a regular meeting on Monday August 16, 2021 at 4:00 pm in the City Hall Council Chambers. Chair Tom Rufer called the meeting to order at 4:00 pm and the following Port Authority Commissioners were in attendance: Hicks, Leonard, Gustafson, Thompson, and Petersen. Absent was Schoeneck.

Minutes

A motion and second were made by Thompson and Gustafson to approve the open & closed minutes from the July 19, 2021 meeting. Motion carried.

Downtown Riverfront: Port Authority Bonds Series 2021A – Bill Sonmor

Chair Rufer asked staff for an update. Bill Sonmor explained the next step in the Downtown Riverfront improvement project is the authorization of the issuance and sale of General Obligation Bonds Series 2021A for the project. Bill stated that he is seeking authorization for total bonding not to exceed \$3 million through the issuance of general obligation bonds for the project.

Bill stated that Doug Green of Baker Tilly MA was present via Zoom to explain the bond issuance process. Doug Green explained the resolution authorizing staff to move forward with the sale of the bonds and stated that the Port Authority could authorize the bonds with the approval of the City Council. He explained that the interest rate is currently low for bonds and that Baker Tilly would be taking competitive proposals for bonds the morning of September 20, 2021. Those proposals would be presented to the Port Authority at 4:00 pm on September 20, 2021 so the Port Authority could consider awarding the bonds.

Doug explained the timeline for Port Authority actions on the bonds:

- August 16, 2021 - Authorize sale of the bonds
- September 20, 2021 - Bond sale and award of the bonds by Port Authority
- October 21, 2021 - Settlement of the bonds; receipt of bond proceeds

Bill Sonmor mentioned that the amount of bonds are listed at \$1,465,000 currently, but that amount might be adjusted based on the cost basis from the Engineering department.

Resolution #2021-02 A motion and second were made by Petersen and Leonard to approve a resolution providing for Baker Tilly MA to solicit proposals for the Competitive Negotiated sale of \$1,465,000 General Obligation Bonds, Series 2021A, for the Downtown Riverfront corridor improvement project. Motion carried and adopted.

2022 Port Authority Budget

Chair Rufer asked staff to present the budget. Bill Sonmor explained the Port Authority financial statements for the period ending 07/31/21. Bill stated the cash balance is separated into two categories: General Port Authority, \$379,401, and Community Behavioral Health Hospital (CBHH), \$531,404. 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 stated that Klara Beck has request up to \$5,000 for a housing study that is listed under Other Professional Service in the budget document.

Bill Sonmor explained that staff is attempting to keep the Port Authority property tax levy for 2022 steady at \$60,000 and that he'd like the Port Authority to discuss using funds from their cash balance to pay the first year debt service payments on the two DEED loans for the Dairy project instead of levying a property tax levy. Bill explained that the Dairy project debt service payments for the DEED loans would start in 2022. The 2022 DEED Demolition Loan payment would be \$79,219 and the 2022 DEED Cleanup Revolving Loan payment would be \$34,615. Bill noted that the levies for these loans would be 105% and total \$119,526 together. Bill mentioned how the Port Authority sold property to Carleton Companies in 2020 for a net amount of \$140,000 and that some of those funds could be used to pay the first year debt service payments. Bill explained that the hope would be to sell the Dairy land and develop the site. There was some discussion about possible increases in future levy amounts and how up to 50% of the DEED Demolition loan could possibly be forgiven.

Bill also explained that once a levy is approved for the year, the levy amount could be decreased, but not increased. Hicks and Thompson both felt the proceeds of the land sales should be used to keep the levy at \$60,000.

A motion and second were made by Leonard and Gustafson to approve the use of the land sale proceeds to pay the debt service payments on the DEED Dairy Bonds. Motion carried.

A motion and second were made by Hicks and Thompson to approve keeping the Port Authority tax levy at \$60,000 in 2022. Motion carried.

Draft Purchase Agreements & Setting of Public Hearings – Aura Fabricator & Michael Breen

Chair Rufer asked staff to present. Klara Beck explained that the City Attorney drafted the final purchase agreements for these two land sales. The Port Authority staff and purchasers have reviewed the agreements and all parties agree to the terms of the agreements. Klara stated that now the Port Authority would need to set two public hearings for the potential sale of these parcels. She mentioned that Mr. Breen hoped the Port could set a special session for his public hearing to help him get on his contractor's schedule before the end of September. Klara suggested holding both public hearings on the same night and suggested August 30 or August 31 as possible dates. The 30th was preferred, and a motion and second were made by Hicks and Thompson to set two public hearing on August 30, 2021 at 4:30 pm for the potential sale of Port Authority real estate to Aura Fabricators and Michael Breen.

International Drive Discussion

Chair Rufer asked staff for update. Klara Beck explained that there has been some movement on International Drive from a City project perspective on the extension of International Drive. The City is in the process of having wetland delineations and some limited soil borings done to help shape a future extension of International Drive. Klara explained that the City budget is paying for the soil borings and delineations since the road extension would be a City project. Bill Sonmor mentioned that when the property is sold, the Port Authority would be responsible for reimbursing the City for these cost.

NeTia Bauman, GFF, stated that she has a party that is interested in possibly developing this area and there is a need for a road to the site. NeTia noted that a road could help to attract other industries to this area. NeTia mentioned that she has been receiving calls from people that want to come to Fergus Falls with businesses. There was some discussion about how ARP money could be used for certain infrastructure, and possibly some DEED funds for infrastructure that could be applied for.

Chair Rufer reminded Port members that the Racetrack is still interested in the land in question, as well. Hicks mentioned that we are trying to develop jobs and increase the tax base. Klara noted that the Port should aim to determine the highest and best use of the site overall. NeTia stated that GFF could provide a write-up on an estimated tax basis of a new manufacturer vs ownership by the Racetrack. Klara stated that she would bring this item back again when more information is available.

Dairy Update

Chair Rufer asked staff for update. Klara Beck explained that staff has received an appraisal draft and it is currently being reviewed for some updates. It was noted that a closing date for the Dairy transfer between the Port Authority and the City should take place on or before October 1, 2021. Klara mentioned that staff has been in contact with the MN Housing Partnership on the housing study for Otter Tail County.

The meeting adjourned at **4:43 pm**.

Jill M. Hanson

Fergus Falls Port Authority Minutes
August 30, 2021

The Fergus Falls Port Authority held a Special Meeting on Monday August 30, 2021 at 4:30 pm in the City Hall Council Chambers. Chair Rufer called the meeting to order at 4:30 pm and the following Port Authority Commissioners were in attendance: Rufer, Leonard, Gustafson, Hicks, Thompson, and Schoeneck. Absent was Petersen.

Public Hearing – Port Authority Land Sale to Aura Capital LLC

Chair Rufer explained that the Port Authority is holding a public hearing tonight to consider the sale of Port Authority property to Aura Capital LLC. The hearing was open at **4:31 pm**. With no discussion brought forth by the public or Port members, the hearing was closed at **4:32 pm**.

Public Hearing – Port Authority Land Sale to MEACS Holding LLC (Michael Breen)

Chair Rufer explained that the Port Authority is holding a public hearing tonight to consider the sale of Port Authority property to MEACS Holding LLC. The hearing was open at **4:33 pm**. With no discussion brought forth by the public or Port members, the hearing was closed at **4:34 pm**.

Vote on Port Authority Land Sale to Aura Capital LLC

Chair Rufer stated that Port Authority would now need to vote on the Purchase Agreement between the Port Authority and Aura Capital LLC. Schoeneck asked if there had been any changes to the terms of the agreement since it was last reviewed by the Port. Klara Beck stated that the agreement remained the same since its last review by the Port.

A motion and second were made Hick and Gustafson to authorize the Port Authority officers to execute the Purchase Agreement between the Port Authority and Aura Capital LLC related to the sale of the Port Authority property. Motion carried and adopted by the following vote.

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

Nayes: None

Absent: Petersen

Vote on Port Authority Land Sale to MEACS Holding LLC (Michael Breen)

Chair Rufer stated that Port Authority would now need to vote on the Purchase Agreement between the Port Authority and MEACS Holding LLC. It was noted that purchase agreement is the same purchase that was presented at the last Port Authority meeting.

A motion and second were made by Hick and Thompson to authorize the Port Authority officers to execute the Purchase Agreement between the Port Authority and MEACS Holding LLC related to the sale of the Port Authority property. Motion carried and adopted by the following vote.

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

Nayes: None

Absent: Petersen

Dairy RFP Poll Distributed

Before the members disbanded, City Planner Karin Flom distributed a short poll to Port members to gauge their thoughts about an RFP for the Dairy site. The gathered members filled it out and handed it back to Karin before leaving.

The meeting adjourned at 4:35 pm.

Jill M. Hanson

Fergus Falls Port Authority Minutes
September 20, 2021

The Fergus Falls Port Authority held a regular meeting on Monday, September 20, 2021 at 4:00 pm in the City Hall Council Chambers. Chair Tom Rufer called the meeting to order at 4:00 pm and the following Port Authority Commissioners were in attendance: Rufer, Hicks, Leonard, Gustafson, Thompson, Schoeneck, and Petersen. Also present were NeTia Bauman (GFF) and Doug Green of Baker Tilly (by phone).

Minutes

A motion and second were made by Schoeneck and Thompson to approve the minutes from the August 16, 2021 and August 31, 2021 special session. Motion carried.

Request for Addition to Agenda

Klara Beck requested an introduction to a possible economic development opportunity be added to the agenda as New Business. Request was approved.

Downtown Riverfront: Awarding of Port Authority Bonds Series 2021A – Bill Sonmor

Chair Rufer asked staff for an update. Bill Sonmor explained the next step in the Downtown Riverfront improvement project is the bond sale and awarding of the bonds by the Port Authority. Bill introduced Doug Green of Baker Tilly Municipal Advisors, who joined the meeting by phone. Mr. Green explained the sources and uses for the Downtown Riverfront project, which included the par value of the bonds, funds from the City Liquor Store fund, and funds from the Water and Sewer fund. There was some discussion about how the objective of the City is to keep the Phase I bond issue small. Bill mentioned that the City would be applying to the State in 2022 for some funding for Phase II of the Downtown Riverfront project.

Mr. Green explained how Baker Tilly took competitive proposals for the bonds that morning. He mentioned that they only received two bids, but that they were both good bids. Mr. Green stated that Northland Securities was the low bid. He noted that the City has a high credit rating. Mr. Green explained that the bonds would be issued at \$1,460,000 if the Port Authority and City approve the bid.

Resolution #2021-03 A motion and second were made by Schoeneck and Leonard providing for Issuance and Sale of \$1,460,000 General Obligation Bonds, Series 2021A, for the Downtown Riverfront corridor improvement project and the levy of taxes for the payment. Motion carried and adopted by the following vote:

Ayes: Hicks, Thompson, Gustafson, Petersen, Schoeneck, Leonard, Rufer
Nays: None
Absent: None

Dairy Property – Update & Survey Review

Chair Rufer asked staff for an update. Klara Beck explained that the closing date for the Dairy transfer between the Port Authority and the City was originally scheduled to take place on or by October 1, 2021, and that she initially thought this date was reasonable given the scope of the remaining work to close. However, based on communications with the DNR's appraisal unit and the fact that they have not yet finished their review of the dairy site appraisal, she no longer thinks the October 1 date is feasible and requested that the dairy property purchase agreement with the City of Fergus Falls be extended until December 31, 2021. A resolution to extend the date was approved.

Klara thanked the Port and invited City Planner Karin Flom to provide an overview of the survey distributed to members at the end of August. Karin stated that the key takeaways from the survey were:

- Concern with how the site is used and how it would be designed.
- Identified the dairy as an opportunity site with housing, public green space, and public riverfront access and amenities.
- Slight preference for mixed use (housing and commercial)
- Housing specific takeaways include:
 - a. A slight preference for multiple family housing types, such as apartments and condos.
 - b. A slight preference for mixed tenure housing (rent and own).
 - c. Most responses were neutral on the subject of having needs-specific housing, such as affordable or senior.
- Respondents would seem to want a more flexible RFP instead of one that mandates features like a certain number of dwelling units or unit size.

Karin mentioned some items that the RFP could include based on survey responses:

- Design is important component
- Incorporation of additional public space would be favorable
- Open to mixed use projects – should include a summary of the use
- Proposals that incorporate rental & ownership opportunities are of interest
- Developer should discuss how their proposal is responding to the housing needs of Fergus Falls

Karin provided a work-in-progress dairy RFP timeline:

Oct 2021 -Staff distribute RFP outline for discussion

Nov 2021 -Staff distribute RFP draft

Dec 2021 -Port Authority & Staff work to finalize RFP

Jan 2022

- Issue RFP in early January (after the holidays)
- RFP Question Deadline in late January

Feb 2022 – Mar 2022

- Deadline for Proposals in late February or early March on the assumption that an 8 - 10 week window for submission is appropriate to the scope of the RFP.
- Allow approximately 2 weeks for review committee to look at proposals.
- In late March, the review committee convenes to discuss proposal rankings

Apr 2022

- Presuming the review committee would like to select and interview finalist(s) for more in depth conversation about their proposal before making a recommendation, late March or early April could be for these interviews and discussion.
- The review committee brings forward an RFP award recommendation in early to mid-April.

Summer 2022

- The developer would finalize financing; obtain any regulatory approvals such as subdivision, a rezoning, or a conditional use permit.
- Concurrently the city would work with the developer on a mutually agreeable developer's agreement and purchase agreement. The Port Authority would be eventually approving these documents.
- A Fall 2022 construction start should be achievable.

Since some responses to the survey indicated wanting to rely on the housing study currently being undertaken by Maxfield Research, Karin mentioned that a draft RFP could still be created prior to the completion of the study and the outcomes of the housing study incorporated once available.

Port Authority Leased Land Discussion

Klara Beck explained that at earlier meetings of the Port Authority, discussions were started about the highest and best use of Port Authority leased land. The leases for 2021 would be up, and decisions needed to be made for how to move forward: renew the current leases? Put the land out for bid? Focus on placing infrastructure to expand industrial and/ or housing uses? The discussion of infrastructure was most relevant regarding the parcels being leased by the racetrack since the City's Engineering department was overseeing wetland delineations and soil borings to determine the extent of developable land and to determine the costs of extending International Drive across the parcel. Chair Rufer brought up the racetrack's interest in purchasing that same land to expand their operations. NeTia Bauman, GFF, explained a simple local impact sheet of manufacturing vs. auto racing which looked at property taxes, employment, and revenue. There was some discussion about how the construction of a road on International Drive would be best suited for use by one or more manufacturers. There was some discussion about looking at the number of jobs that could be created if we develop International Drive and how the land was purchased for job creation in manufacturing. It was noted that the recent race at the racetrack did not provide the economic benefits to the entire town that many expected there to be. Hicks mentioned that we could continue renting the land until we find manufacturers who want to build on the site.

Petersen mentioned ARP funds and the possibility of using them for development of a road on International Drive. Klara noted that ARP funds could be used for water and sewer infrastructure and in fact an amount had been tentatively set aside for that work on Int'l Dr, but that sewer and water were the only eligible costs. NeTia mentioned the possibility of a grant to help fund infrastructure growth. Bill noted that the City would be required to provide a match, either through bonding or through levying, and the City would need to get a solid cost of the project before applying for a grant. It would also be ideal to get a commitment from a manufacturer.

Chair Rufer asked if staff and GFF could work together on getting some numbers for a future meeting. Andrew Bremseth mentioned that the City Engineer was already looking into the possibility of the project.

Leonard asked about the Speedway Racetrack, and Klara explained that their lease is up at the end of the year. They are interested in purchasing the full 80 acres or a portion of the International Drive land. Hicks mentioned that the property by the proposed road would need to be industrial to support the cost of the road. Schoeneck mentioned possibly moving the Racetrack to a less industrial site. Thompson suggested just leasing the Racetrack a portion of the property. There was some discussion about the Port's long-term plan for the site. Klara stated that she would talk to the racetrack owner and see what their plans are. Bill explained that we need to lease these properties until they are sold or developed to cover our cost. There was some discussion about how the City needs to be fair to new businesses and existing businesses. We need an Economic Development Policy that proves guidelines for development.

Request by GFF

NeTia Bauman explained that a local business would like to expand by I-94 and would like the City to build a road and extend utilities to their possible new location, and that they would like the City to bear all costs of extending the road and infrastructure. It was noted that normally, businesses share in the cost of infrastructure with other benefitting properties. NeTia mentioned that the land owner with whom she had spoken was under the impression that other businesses did not have pay to for their roads in the interest of

“economic development”. Klara mentioned she had recognized similar sentiments from other developers, and could Bill please state if any businesses in Fergus Falls had benefitted from infrastructure they were not asked to pay for. Bill explained that often there is no charge for infrastructure until a connection to utilities is established on site, but that to his knowledge all businesses in the City limits are expected to contribute toward infrastructure cost. Bill explained that the City could do TIF and other incentives for businesses that qualify. There was some discussion about what other Cities do to attract businesses.

Hicks mentioned that the business they were discussion currently would not be purchasing Port land. There was some discussion about how the Port could build the road and then it would need to be turned over to the City. Klara noted that the Port was discussing the idea because no mechanism exists for the City to fully fund a road project, but the Port could be used to finance an economic development incentive should the appetite exist. There was some discussion about a timeline for the purchase of the private land based on the road.

Chair Rufer suggested that Klara Beck, Bill Sonmor, and NeTia Bauman could work together on some Economic Development Policies that could be presented at a later meeting.

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

Jill M. Hanson

Fergus Falls Port Authority Minutes
October 18, 2021

The Fergus Falls Port Authority held a regular meeting on Monday October 18, 2021 at 4:00 pm in the City Hall Council Chambers. Chair Tom Rufer called the meeting to order at 4:00 pm and the following Port Authority Commissioners were in attendance: Rufer, Hicks, Leonard, Gustafson, Thompson, Schoeneck, and Petersen.

Minutes

A motion and second were made by Schoeneck and Gustafson to approve the minutes from the September 20, 2021 meeting. Motion carried.

Final Review of Purchase Agreement between Port Authority & Vector Windows Inc.

Klara noted that members had received a copy of the final purchase agreement between the Port Authority and Vector Windows via email and asked if there were any outstanding questions on the document. She summarized the document, stating that it was a straightforward agreement similar to other purchase agreements recently executed by the Port. The agreement lays out the cost of the land at \$135,000 and indicates that the Port would be responsible for the cost of a Phase 1 environmental assessment on the property, performed by a company of Vector Windows choosing. Klara stated she did not know where Vector Windows was in that process, but that soil borings the Port also agreed to cover had already been completed as evidenced by the geotechnical report attached to their packet. Bill Sonmor pointed out that sale proceeds would be used to pay off the special assessments on the 5 parcels, which Klara agreed was accurate. Chair Rufer then asked for motion to approve the purchase agreement. Approval was offered by Hick and seconded by Thompson. The City Attorney caused a brief pause but allowed the vote to continue. Motion carried and adopted by the following vote.

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

Nays: None

Absent: None

Public Hearing – Port Authority Land Sale to Vector Windows Inc.

Chair Rufer opened a public hearing in consideration of a sale of Real Property to Vector Windows Inc. The hearing was open at **4:04 pm**. With no discussion brought forth by the public or Port members, the hearing was closed at **4:05 pm**.

Vote on Port Authority Land Sale to Vector Windows Inc.

Following the public hearing, Chair Rufer asked for another motion approving the purchase agreement and subsequent sale of real property. Approval was again offered by Hicks and seconded by Thompson. Motion carried and adopted by the following vote.

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

Nays: None

Absent: None

Absent: None

Klara noted that the Port had now sold all remaining parcels of Progress Drive land and lauded their work.

The meeting adjourned at **4:06 pm**.

Jill M. Hanson

Fergus Falls Port Authority Minutes
November 15, 2021

The Fergus Falls Port Authority held a regular meeting on Monday November 15, 2021 at 4:00 pm in the City Hall Council Chambers. Chair Tom Rufer called the meeting to order at 4:00 pm and the following Port Authority Commissioners were in attendance: Rufer, Hicks, Leonard, Gustafson, Thompson, and Schoeneck. Absent was Petersen. Also present was Amy Baldwin.

Minutes

A motion and second were made by Schoeneck and Hicks to approve the open minutes from October 18, 2021 and the closed minutes from November 4, 2021. Motion carried.

Joint Session Follow Up

Chair Rufer asked staff for a follow up. Klara Beck stated that at the Joint Session in October the Council and Port Authority members came together to discuss the development of an Economic Development Policy. The Council and Port members ranked the priorities they felt were the most important to the community's growth. The top three priorities for growth were increase in taxes collected, increase in the number of businesses, and increase in the number of employees.

Klara explained a timeline for developing an Economic Development Policy and how it would be better to have the City Council and staff work together to develop a strategy that established the goals of the City first. Then there would be community outreach to determine the community needs in relationship to the goals and priorities of the City. There was some discussion about the goals of the Port Authority and how the Port is a tool to be used to help to create infrastructure and clean up contaminated properties for development. Klara stated that the Dairy property clean up and Progressive Drive development were projects that the Port Authority made happen.

The City Council would be the lead on the development of an Economic Development Policy. It was mentioned that Greater Fergus Falls is doing economic development for the City and the Port's role is reactive to projects that come to them. The City's goal is to make a policy that could be used as a checklist for criteria needed for TIF, tax credits, etc. Leonard suggested having developers answer three or four questions to explain project their projects.

Andrew Bremseth mentioned that Otter Tail County has some policies for economic development and asked Amy Baldwin, Community Development Director for Otter Tail County, to share some information about the County's policies. Amy Baldwin stated that they work throughout the whole County so their goals might be different then the City's goals. Baldwin mentioned some of the County's goals are to expand housing & childcare opportunities, promote business development to increase jobs, remove blight, create infrastructure, and fostering the coordination of public and private resources.

Discussion on Joining Greater MN Partnership (GMNP)

Amy Baldwin, Community Development Director for Otter Tail County, explained that the Greater Minnesota Partnership (GMNP) is a member based nonprofit corporation devoted to advocating for state economic development policies and resources that benefit Greater Minnesota. The Partnership consists of businesses, chambers of commerce, economic development authorities, cities and nonprofits from throughout Greater Minnesota. Baldwin explained that GMNP's main priorities are broadband, childcare, and housing.

Hicks mentioned that the City is already involved in many groups and they all cost taxpayers money. There was some discussion about the number of lobbyist the City needs, the cost of these organizations, and what is this group offering that other groups are not offering. Klara mentioned that this group works on a larger base because it includes business as well as government. Schoeneck mentioned that membership for a year is only \$1,500. There was some discussion and it was decided that Bremseth, Sonmor, and Beck would review the fee in relationship to the City budget that does include professional service membership fees.

Dairy Property RFP Draft

Chair Rufer asked staff to explain. Karin Flom stated that staff is looking for the Port's feedback on the Dairy Site Request for Proposals Draft, which includes selections on:

- Milestones & timing of the RFP process
- Redevelopment guidelines
- Proposal requirements
- Ideas about Selection Committee makeup

Karin noted the different selections, the criteria, and timeline for the process of the RFP. There was some discussion about the criteria, and who would be doing the reviewing of the RFPs and how the RFP would be circulated. Karin mentioned the RFP process would start in January 2022 and the selection committee recommendation could be presented at a 2022 Spring Port Authority meeting. There was some discussion about road development for the Dairy property and a timeline.

Klara stated there would be an updated RFP draft presented at the next meeting for the Port to review.

Project Updates

Klara presented some updates on Port projects:

- Klara explained that current property leases for the Port would continue and remain the same for 2022. We will not be going out for bids on the East and West Port properties this year.
- Klara stated that the Port spent around \$50,000 on site testing for road development to our West industrial land for a proposed developer. Klara mentioned that developer is no longer interested in the property.
- Klara explained that we are still waiting for information on the review of the dairy site appraisal before the Dairy property transfer can take place between the Port Authority and the City.

Klara mentioned that elections for the Port Chair and other officers would take place in January 2022.

The meeting adjourned at **5:15 pm**.

Jill M. Hanson

Fergus Falls Port Authority Minutes
November 16, 2020

The Fergus Falls Port Authority held a regular meeting on Monday November 16, 2020 at 4:30 pm in the City Hall Council Chambers. Due to the COVID-19 pandemic, some Port Authority Commissioners participated in the meeting through Zoom. Chair Hicks called the meeting to order at 4:30 pm and the following Port Authority Commissioners were in attendance: Hicks, Gustafson, Thompson, Schoeneck, Rufer, Leonard and Petersen. Also present was Ben Carleton.

Minutes

A motion and second were made by Schoeneck and Gustafson to approve the open and closed October 19, 2020 meeting minutes. Motion carried.

Public Hearing – Port Authority Land Sale

Chair Hick explained that the Port Authority is holding a public hearing tonight to consider the sale of some Port Authority industrial land located North of Weyrens Road to Carlton Companies, Inc.

Bill Sonmor stated that this evening we are looking to approve a Purchase Agreement, a Development Agreement, and the Quit Claim Deeds related to this purchase. Bill explained that the purchase price of \$140,000 will be paid at closing (\$180,000 asking price less \$40,000 credit for street construction). The following four contingencies must be met to close:

1. Property rezoned from R-A (Residential Agricultural) to I-2 (Industrial 2). The City Council approved the ordinance, which was effective 11-08-2020.
2. Buyer securing a Conditional Use Permit issued by the City, which was before the planning commission for a public hearing on 11-10-2020 and received a recommendation to the City Council for action on 11-16-2020.
3. Simultaneous with closing, the Buyer enters into a Development Contract with the City and Port Authority to install a street constructed to the City's specifications at buyer's sole expense.
4. Change order to Contract 9761 to permit Buyer to purchase approximately 10,000 yards of crushed aggregate from the dairy site. This will be a separate transaction from the Dairy demolition contract payments.

Bill explained that closing is to occur on or before December 30, 2020. Real estate taxes will be prorated between buyer and seller. The Development Contract requires the Buyer to install (at Buyer's sole expense) a City gravel street to the City's plans and specifications and City's approval prior to October 1, 2021. Buyer is responsible to pay for City staff in monitoring the development. Buyer shall secure and keep in place a performance bond that ensures the project will be completed as determined by the City.

The Quit Claim Deed from Port Authority to Buyer will be the document that transfers ownership of the real estate, which the Buyer is purchasing. The Quit Claim Deed from the Port Authority to the City will transfer ownership of the City street to be installed by Buyer.

The hearing was open at **4:36 pm**. The hearing was closed at **4:37 pm**. There was some discussion.

A motion and second were made by Rufer and Thompson to authorize the Port Authority officers to execute the Purchase Agreement, Development Contract, and Quit Claim Deeds between the Port

Authority and Carleton Companies Inc. related to the sale of the Port Authority industrial park property and the Development Contract for the construction of the street for the project. Motion carried by the following vote.

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

Nays: None

Absent: None

Extension of Option to Purchase Agreement with LMHC

Bill Sonmor explained that in December 2005, the Port Authority entered into an agreement with Lakeland Mental Health Center (LMHC) giving them the exclusive option to purchase the CBHH facility if the State of Minnesota no longer wants the facility. The State of Minnesota's current lease option runs until September 30, 2026.

Bill explained that the City built the CBHH facility for the State of MN and the bonds to build the facility were paid off, so instead of doing another Option to Purchase Agreement the City Attorney has suggested that we draft a Right of First Refusal Agreement. The building could be sold for a fair market value to LMHC if the State of Minnesota moves out of the building. It was noted that LMHC's intent would be to purchase the building to continue doing mental health services in Fergus Falls. Rolf stated that this agreement would give LMHC a Right of First Refusal on the CBHH facility and we would not sell the building unless the State of MN moves out.

A motion and second were made by Schoeneck and Gustafson to authorize the City Attorney to draft a new document with Lakeland Mental Health Center giving them Right of First Refusal on the CBHH facility for 5 years. The final draft will be presented to the Port Authority at the next meeting for approval. Motion carried by the following vote.

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

Nays: None

Absent: None

Dairy Update

Chair Hicks asked staff for an update on the Dairy Property. Brian Yavarow stated that the progress on the Dairy is moving along and the site foundations have been removed. The removal of the fly ash has been going very good, noting that they have been working with removal of some contaminated materials from the site. Ben Carleton mentioned some of the restrictions from the DNR at the beginning of the project, but now everything is moving along smoothly.

Rolf stated that all the title issues with the Dairy property are resolved. Bill mentioned that we have not received any more reimbursements from the State of MN on this project yet. There was some discussion about the process for reallocating the budget with the State of MN.

The meeting adjourned at 4:52 pm.

Jill M. Hanson

Fergus Falls Port Authority Minutes
December 20, 2021

The Fergus Falls Port Authority held a regular meeting on Monday December 20, 2021 at 4:00 pm in the City Hall Council Chambers. Chair Tom Rufer called the meeting to order at 4:00 pm and the following Port Authority Commissioners were in attendance: Rufer, Hicks, Gustafson, Thompson, Leonard, Petersen, and Schoeneck.

Minutes

A motion and second were made by Thompson and Gustafson to approve the minutes from November 16, 2021. Motion carried.

Extension of the Purchase Agreement between the City and the Port Authority for the LCCMR portion of the Dairy Property

Chair Rufer asked staff to explain. Bill Sonmor stated that the Purchase Agreement between the City of Fergus Falls and the Fergus Falls Port Authority for the LCCMR-funded acquisition of 11.57 acres was extended for a third time on September 20, 2021 until December 31, 2021. This extension was made to accommodate the DNR's appraisal review process. Klara stated that on December 4, we received via email what our appraiser's office felt confident would be the final iteration of their appraisal report, which Klara then submitted to the DNR's office. However, since that time, no official acceptance of the appraisal report has come from the DNR's office, a necessary component of our grant closure. Since we must have an active purchase agreement to receive our LCCMR funds, we have no choice but to suggest another addendum to the purchase agreement be made to extend the deadline further. Bill Sonmor suggested that the extension go until June 30, 2022 so we do not need to do another extension as that date would match the end of the grant period.

A motion and second were made by Leonard and Thompson to approve the fourth addendum extension of the Dairy Purchase Agreement between the City of Fergus Falls and the Port Authority to June 30, 2022, and to authorize the Port Authority Executive Director to sign any necessary documents. Motion carried.

Port Membership & Officers 2022

Klara Beck explained that the elections for the Port Chair and other officers would take place in January 2022. Klara would send out an email so Port members could nominate officers before the meeting at which the nominations would be presented. Hicks mentioned that City Code discusses "conflict of interest" and that certain members may not be eligible to serve as officers of the Port Authority because they also serve on other boards that may benefit from work done through the Port Authority. Chair Rufer stated that perhaps the City Attorney could reply to Hicks' concerns, to which Andrew Bremseth agreed, suggesting the City Attorney draft a legal memo due to his absence at the meeting. Klara mentioned that per the Mayor, membership for 2022 would remain the same for another year. At the end of that year, terms would then be staggered moving forward.

City Attorney Rolf Nycklemoe, who had by then joined the meeting, stated that the ordinance on "Conflict of Interest" does not specify whether or not affiliations with other boards would constitute a conflict of interest in regard to serving as a Port Authority Officer. If there is a defined conflict of interest, the member must necessarily step back from the item being discussed. It was noted that conflicts of interest should be brought to the Chair for action if needed. It was noted that the City Council could remove someone from the Port Board if a conflict of interest remained unaddressed by the Port Authority.

Review Dairy Property RFP & Evaluation Criteria

Chair Rufer asked staff to explain. Karin Flom stated that staff is looking for the Port's feedback on the Dairy Site Request for Proposals Draft. Karin went through the sections of the RFP and stated that there were two attachments that need to be added to the RFP once they were available: the Housing Study, which is being completed by the County, and a map of the actual land that would be redeveloped, which is in City records and simply needs to be added. Thompson mentioned he felt it was important to have contractors who have experience and are providing references for prior projects as applicants. Maybe we could add some milestones in the criteria. There was some discussion about zoning of the property. Leonard mentioned highlighting some of the selling points of the property in the RFP, including the downtown riverfront development work.

Petersen asked how the RFP would be advertised. Karin explained that the RFP would be posted on many sites, shared with housing groups, etc. There was some discussion about mentioning the railroad tracks in the RFP and concerns for screening between railroad tracks and the development. Leonard suggested finding out how often the train goes through the area so it can be considered in the screening. It was noted that the railroad only services one elevator in Fergus Falls.

Karin stated that February is the deadline for developers to ask questions about the project. Karin explained that all the questions would be responded to at one time so all the developers would have access to all the questions and answers. There was some discussion about whether Barefoot Park could be added to the redevelopment area. Karin replied that there are some restrictions on Barefoot Park and City would retain ownership of the Barefoot Park.

Karin explained the proposed Dairy RFP evaluation scoring criteria, to which no one had any further comments.

The meeting adjourned at **4:45 pm**.

Jill M. Hanson