

**MINUTES
PORT AUTHORITY MEETING
WEDNESDAY, FEBRUARY 6, 2002
4:30 P.M.
CITY HALL COUNCIL CHAMBERS**

Members Present: Commissioners Chaffee, Koch, Lang, McCarthy, Bednar, Mohrfeld, and Brezicka.

Members Absent: Commissioner Maus.

Staff Present: Patrick McGarvey, David Hoversten, and Tom Dankert.

Others Present: George Brophy

Commissioner Chaffee called the meeting to order at 4:40 P.M.

Motion by Commissioner McCarthy, seconded by Commissioner Lang to approve the minutes of the December 19, 2001 meeting. Carried 6-0.

Executive Director Patrick McGarvey reported that the Austin Convention and Visitor's Bureau (CVB) has now vacated their office in the Town Center after the Port Authority let them out of their lease early. The Development Corporation of Austin's (DCA) Board of Directors has approved a move from their current location at Riverland Community College to the Town Center and into the corner office of the CVB. The base rent has been increased to \$3.12 per square foot as it is with other tenants in the basement; however, like the CVB, the base rent will be forgiven as long as the DCA schedules the conference room activities as the CVB had done in the past. The operating expense will be \$5.79 per square foot, as it is with the other tenants. Additionally, the remaining five years of the tenant improvement rent for the CVB will be re-amortized over ten years for the DCA to pay off. There also is an option to renew for another five years at the expiration of the first five-year term, with inflationary increases built into the lease.

President Chaffee noted the DCA will be subleasing the storage room to Prairie Lakes Internet for \$100 per month. Mr. McGarvey noted this was correct.

Motion by Commissioner Mohrfeld, seconded by Commissioner Brezicka to approve the lease with the Development Corporation of Austin for Suite 106L in the Town Center. Carried 6-0.

George Brophy, Executive Director of the DCA thanked the Port Authority, further noting a presence downtown is what they desired. Mr. Brophy also noted they expect to be in their new offices effective March 1, 2002. Mr. McGarvey noted the office will get a new paint job at the Port Authority's expense.

Mr. McGarvey discussed the proposed lease with Edina Realty. The existing lease expires on May 1, 2002. Edina Realty out of Rochester is not willing to commit to another long-term lease as their goal is to be on the main floor of a building with an adjacent parking lot. The proposal Mr. McGarvey

has discussed with Edina Realty includes a month-to-month lease, with either party giving four months' notice to terminate the lease. Edina Realty has indicated this may be a longer termination clause than they would like, but as of now they have not said no to the proposal. The base rent has been increased 25% as it had been for the other tenants. Commissioner Mohrfeld asked what would happen if the Port Authority found another tenant for their office – could we terminate the lease? Mr. McGarvey noted we could by giving them four months' notice.

Commissioner Lang asked how the Coffee House on Main was doing. Mr. Dankert noted the monthly rent is still coming in each month. Commissioner Lang asked if there would be enough room to make two offices out of the Coffee House area? Mr. McGarvey noted the Coffee House has only about 1,000 square feet of space, not enough for another entity to move in.

Commissioner Koch questioned if we were setting a bad precedent here by allowing a shorter lease at the same terms as everybody else. Will other future tenants want the same thing? City Attorney David Hoversten noted this is a common negotiating tool that can and is being used. Commissioner Bednar noted the rent should be higher for the tenants that do not sign leases for the full five-year terms. Mr. McGarvey noted the rates can be set as high as you want, but you need to get the facility rented. Commissioner Brezicka noted the upside is that we have the ability to find other tenants to rent the facility and terminate the existing lease ourselves if we so desire.

Motion by Commissioner Lang, seconded by Commissioner Mohrfeld, to approve the lease with Edina Realty as proposed above. Carried 6-0.

Mr. McGarvey noted he has sent out letters to two businesses that may have some interest in the two corner lots in the Burbank Addition that the Port Authority owns. Included with the letters were pictures of the area, traffic counts, and lot prices. President Chaffee noted we will not offer incentives to these types of businesses. Mr. McGarvey agreed, noting the listing price is what it is and there will be no incentives.

Commissioner Brezicka noted a letter from the Port Authority may be warranted to the County Commissioners urging them to get the 18th Avenue NW construction underway and completed in 2002. As a property owner on 18th Avenue NW, the Port Authority has a vested interest in having this project completed on time. Mr. McGarvey agreed, noting the sidewalk layout, street lighting, etc. should be part of the street project.

Motion by Commissioner Brezicka, seconded by Commissioner McCarthy, to approve a letter from the President of the Port Authority to the Mower County Commissioners requesting them to have 18th Avenue NW completed in the 2002 construction season. Commissioner Lang also requested the letter be sent to the Mayor. Carried 6-0.

Mr. McGarvey also discussed the future of the Cook Farm site, noting the City and the Utilities may be extending infrastructure into the Cook Farm in 2002. The Port Authority may be requested to provide financing for entities that may want to move into the site. Additionally, there are attempts to include \$50 million in the state bonding bill for outstate Minnesota to access 50/50 grants for running infrastructure in business parks; however, the bonding bill would be tied to signed agreements with companies to build at the site, as no "field of dreams" will be paid for by the grant process.

Mr. Brophy referred back to the 18th Avenue NW project with Mower County, noting that the City/Port Authority should look at other communities that have upgraded major roads like 18th Avenue NW to see what additional attributes may be brought to the area (like landscaping, etc.). These sorts of improvements add value to all of the surrounding property.

Motion by Commissioner Koch, seconded by Commissioner Mohrfeld to adjourn at 5:30 P.M.
Passed 6-0.

Approved: _____

President: _____

Secretary: _____