

**MINUTES**  
**PORT AUTHORITY ANNUAL MEETING**  
**WEDNESDAY JANUARY 23, 2008**  
**4:30 P.M.**  
**COUNCIL CHAMBERS**

**Members Present:** Commissioners Jerry McCarthy, Brian McAlister, Georgette Hinkle, Norm Hecimovich, Maus (4:40 p.m.), Mohrfeld, and Michael Bednar.

**Members Absent:** None.

**Staff Present:** Port Authority Executive Director Jim Hurm, Port Authority Attorney David Hoversten, and Secretary Tom Dankert.

**Others Present:** Sarah Douty of Austin Main Street, Inc.

President McCarthy called the meeting to order at 4:30 pm.

**Item #2 – Approve minutes of October 3, 2007** – Motion by Commissioner McAlister, seconded by Commissioner Hecimovich, to approve the minutes of the October 3, 2007 special meeting. Carried 7-0.

**Item #3 – Claims for payment** – Mr. Dankert discussed the claims that have been paid from the period of September 7, 2007 to January 17, 2008. Commissioner Bednar questioned the Success Center payment. Mr. Dankert noted that is 1/3 of the cost for some downtown development expenses. The City, Port Authority, and HRA each have funds set aside for economic development projects, as per the request of Mr. Hurm through the budgeting process. Commissioner McCarthy questioned the payment to Viking Sprinkler for the Walker Building. Mr. Dankert noted this was for an annual required sprinkler inspection at the Walker Building. Commissioner Mohrfeld brought up brief discussion on the possibility of selling this building to Weyerhaeuser some time in the future.

After further discussion motion by Commissioner Mohrfeld, seconded by Commissioner Hecimovich to approve the claims for payment as presented. Carried 6-0.

**Item #4 – Unaudited financial statements** – Mr. Dankert briefly discussed the unaudited financial statements of the Port Authority for the eleven months ended November 30, 2007. Some of the highlights are as follows:

- On page three and four are the financial statements of the APC Debt Service Fund. We have a \$1,348,268 note receivable from APC, and have outstanding bonds of \$170,000 (due in 2008) and \$173,827 (due in 2009). Once these bonds are paid off, all lease payments from APC will be used to recover the deficit cash that the city is loaning to us, currently at \$1,053,467. Fund balance wise, the fund balance has increased \$39,580 since the beginning of the year, and will continue to increase to a positive level once the debt is paid off and the lease is completely repaid.
- On page five and six are the financial statements for the Hormel Institute Debt Service Fund. As was projected in the debt issuance, we will be carrying a paper loss for several years, but in the end we will break even. This is because the amortization of the bond premium (over

\$1 million) for accounting purposes has to occur over the ten year life of the bonds, while we will be using that premium to make the first few years of bond payments (using it up over three years or so).

- On page seven and eight are the financial statements of the Port Authority General Fund. This fund has \$1,636,474 of cash, although \$457,000 of this is reserved for downtown revitalization, and another \$400,000 has been committed to the DCA for their new speculative building. We also have a lease receivable with the City of Austin for \$1,089,761 to cover the outstanding bond payments in the same amount for the Library. The net loss of \$383,855 is directly attributable to the \$327,016 and \$123,641 that have been spent on the Main Street projects and the Silver Bullet/Arcade projects, respectively (as planned).
- On page nine and ten are the financial statements of the Walker Building. This fund has over \$200,000 of available cash and no debt. The eleven months of 2007 have generated income of over \$54,500. This income can be spent by the Port Authority Board on whatever they deem appropriate.
- On page 11, Mr. Dankert noted the breakdown of the cash and fund balance for the Austin Main Street, Inc. projects.

Commissioner Bednar questioned the status of the APC audit. Mr. Dankert stated they are on a December 31 year end so I believe they are just closing out the year. Mr. Dankert noted last year the audit was waived but it was made clear that the Port Authority would not do this waiver again. Mr. Dankert noted he would speak with APC to see the status of such audit.

Motion by Commissioner Hecimovich, seconded by Commissioner Mohrfeld, to approve the unaudited financial statements of November 30, 2007. Carried 7-0.

**Item #5 – Main Street Project Report**– Ms. Douty updated the Board as to what is happening on Main Street. Ms. Douty noted a Day Spa is moving into the former Twice Is Nice store. Flaherty Painting has just moved in the former plumbing store and is working on some designs. Three other designs are being worked on with building owners. Additionally, two building owners have approached us for the first time to talk about their buildings.

We have also applied for a \$453,000 grant from the State of Minnesota for some renovations of low income apartments (four total) on the second floor of some of the buildings. Additionally, the grant would help fund the outside renovation of six commercial buildings. We may hear back on this in March.

Commissioner Bednar questioned if the targeted area had been increased outside of the original Main Street area as somebody has approached her that says they are one block away. Ms. Douty stated they had discussed making changes to the original area, but have not done so yet. Ms. Douty stated the actual area is not limited to just Main Street, but also some of the other blocks just off of Main Street. Ms. Douty encouraged Commissioner Bednar to have her friend contact them, as they will look at each case individually.

Commissioner Mohrfeld questioned the downtown revitalization efforts/state grant request and downtown parking. Ms. Douty noted the Main Street Project started small with the grant request to see if we could maintain downtown housing. Council Member Hecimovich stated we may need a change to the ordinances to allow extended parking downtown.

Commissioner McCarthy questioned how things were coming with Patrick Bradley and his elevator shaft. Ms. Douty noted the agreement has been signed that would allow other building owners to hook into the elevator system. Installation is in process.

Additionally, Ms. Douty noted the improvements on the boardwalk and South Central Athlete have cost more than the original estimates; however, the banks are providing the additional financing, and they are not requesting more funding from the Port Authority. However, we need the Port Authority to agree to subordinate the forgivable loans for larger amounts (\$180,000 instead of \$150,000 for South Central Athlete and \$20,000 instead of \$14,267.50 for the Boardwalk) so the 1<sup>st</sup> and 2<sup>nd</sup> mortgages are secure.

Motion by Commissioner Hecimovich, seconded by Commissioner Mohrfeld to approve of the amended subordination agreement for the Boardwalk. Carried 7-0.

Motion by Commissioner Mohrfeld, seconded by Commissioner Hecimovich to approve of the amended subordination agreement for South Central Athlete. Carried 7-0.

Ms. Douty discussed some other downtown buildings they are looking at.

**Item #6 – Executive Director Report** – Mr. Hurm noted the Smyth Building is on schedule at the Cook Farm site. Additionally, we are working with Sandy Forstner (Chamber of Commerce) and John Garry (DCA) on a joint website and a joint economic development action plan.

Commissioner Hecimovich questioned if the DCA has anything to do with Horizon Energy plant in Leroy. Mr. Hurm stated he did not know, but we have a quarterly meeting with the DCA coming soon. The Hormel Institute will be the featured topic.

Commissioner McCarthy also stated CRC is looking at expanding/moving.

**Item #7 – Other Business** – None.

**Item #8 - Adjournment** - With no further business, motion by Commissioner Hecimovich, seconded by Commissioner Bednar, to adjourn the Port Authority meeting at 5:35 p.m. Carried 7-0.

Approved: \_\_\_\_\_

President: \_\_\_\_\_

Secretary: \_\_\_\_\_