

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

Members Present: Commissioners Jerry McCarthy, Brian McAlister, Georgette Hinkle, Maus (4:50 p.m.), Mohrfeld, and Michael Bednar.

Members Absent: Commissioner Norm Hecimovich.

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

Others Present: Craig Byram and Sarah Douty of Austin Main Street, Inc., John Garry of the DCA, Austin Daily Herald, and Austin Port Bulletin.

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

Item #2 – Approve minutes of January 23, 2008 – Motion by Commissioner Bednar, seconded by Commissioner Mohrfeld, to approve the minutes of the January 23, 2008 special meeting. Carried 5-0.

Item #3 – Claims for payment– Mr. Dankert discussed the claims that have been paid through March 13, 2008. Mr. Dankert noted some “unusual” payments for the DCA loan for the spec building (\$400,000), some Downtown Revitalization payments/loans (Grove Street, LLC, South Central Athlete, Garth Seavey), a payment to Dorsey & Whitney (that was reimbursed to us by DCA), and the APC Debt Service Bond payments.

After further discussion motion by Commissioner Mohrfeld, seconded by Commissioner Bednar to approve the claims for payment as presented. Carried 5-0.

Item #4 – Unaudited financial statements– Mr. Dankert briefly discussed the draft audited financial statements of the Port Authority for the twelve months ended December 31, 2007. Mr. Dankert noted the auditor does not like to release the financial statements until all city entities have been reviewed; hence we only have a draft to review currently. The Board should read pages 3-8 to get a quick synopsis of what happened during the year financially. Some of the highlights are as follows:

- On page nine and ten we have total net assets of \$16,074,654, with fund balance being \$2,351,184. Of this fund balance amount, \$515,032 is reserved, all of which is for Downtown Revitalization.
- On page eleven we have the income statement, which shows the loss of \$663,784. Most of this loss is attributable to the purchase of easements in 2007, plus some of the construction costs associated with the improvements to the former Silver Bullet building that was sold.

Mr. Dankert noted these results were on par with the financial statements that have been reviewed during the year, but if the Board has specific questions they could also meet with Mr. Dankert to go over specific questions or concerns.

Commissioner McCarthy questioned if Tienda Mexico is current on their loan payments. Mr. Dankert noted they were not, but in discussing the issue with the Port Authority attorney, it was decided that the court costs would be more than we are trying to collect. We are in contact with the borrower, and slow payments are being made, but he is just not getting caught up.

Item #5 – Main Street Project Report– Mr. Byram updated the Board on three projects that approval is being requested for:

- Flaherty Painting – The project has a total cost of \$70,000. The storefront/windows/doors, roof, EIFS detailing, awning, electrical/painting/demo, and contingency make up this total cost. The easement purchase is requested at \$27,575, the SCDP grant funds use is requested at \$17,500, and the owner is expected to contribute \$24,925 towards the project.
- Masonic Temple – The project has a total cost of \$125,800. The storefront/windows/doors, backside improvements, tuck pointing, and contingency make up this total cost. The easement purchase is requested at \$62,900, the SCDP grant funds use is requested at \$31,000, and the owner is expected to contribute \$31,900 towards the project.
- Hastings Shoe – The project has a total cost of \$162,000. The storefront/windows/doors, backside improvements, tuck pointing, and contingency make up this total cost. The easement purchase is requested at \$71,000, the SCDP grant funds use is requested at \$31,000, and the owner is expected to contribute \$60,000 towards the project.

Mr. Byram discussed the drawings of the project also. Additionally, the SCDP grant funds are forgiven over a seven-year period for all projects, instead of the five-years that we are using on the Hormel Foundation grants.

Commissioner McCarthy asked about the Masonic Temple and the two buildings that are between their buildings. Mr. Byram noted it is a strange ownership, as the Masonic Temple owns the upstairs and the lower level hallway leading to the upstairs of one building, plus they own the entire two story building on another end, but the lower level of two of the buildings is owned by somebody else. These two owners are currently not looking at renovations, but once the Masonic Temple gets done, the hope is these too will be remodeled.

Commissioner Bednar questioned if the painting done at Flaherty Painting essentially means that he does it himself and gets paid a federal rate for doing such. Mr. Byram stated no, the Davis-Bacon Act does not apply to owner-occupied work.

Mr. Hurm stated the staff of Sara Douty, Tom Smith, and Craig Hoium have all been to the training and will be responsible for the administration of this grant.

Commissioner Maus questioned if the Port Authority attorney will review all of the final legal documents. Mr. Hoversten stated he would.

Commissioner Bednar questioned if the property taxes would increase because of the improvements done. Mr. Byram noted it could happen, but the total cost of the improvement will not increase the valuation dollar-for-dollar.

After further discussion the following motions were made:

Motion by Commissioner Mohrfeld, seconded by Commissioner McAlister, to approve of the loan and loan documents for Flaherty Painting. Carried 6-0.

Motion by Commissioner McAlister, seconded by Commissioner Mohrfeld, to approve of the loan and loan documents for Masonic Temple. Carried 6-0.

Motion by Commissioner Maus, seconded by Commissioner Hinkle, to approve of the loan and loan documents for Hastings Shoes. Carried 6-0.

Item #6 – APC financial statement audit waiver – Mr. Hurm discussed the request by Austin Packaging Company (APC) for the Port Authority to waive the lease agreement requirement to have an audit for the 2007 year-end, plus all future year-ends. Mr. Hurm noted it would not be staff's recommendation to waive all future ones, but maybe every two or three years APC could submit a request for a waiver (before the year is over). Commissioner McCarthy confirmed that the audit waiver request needs to come months before the fiscal year is actually over.

Commissioner Maus questioned if the \$200,000 loan payment that was due on April 1 was actually made. Mr. Hurm stated it was.

After further discussion, motion by Commissioner Maus, seconded by Commissioner Mohrfeld to approve of the audit waiver for the December 2007 financial statements only. Carried 6-0 (No objections noted).

Mr. Hurm will send a letter to APC on the issue.

Item #7 – Granting a utility easement at the Cook Farm Industrial park – Mr. Hurm discussed a request from the Austin Utilities for an easement at the Cook Farm Industrial site so that a gas main could be stubbed in for future extension in Block 3 Lot 1.

Motion by Commissioner Bednar, seconded by Commissioner McAlister to approve of the utility easement as requested. Carried 6-0.

Item #8 – Executive Director Report – John Garry, Executive Director of the DCA discussed some of the happenings at the DCA, and handed out the 2007 annual report. Mr. Garry noted the DCA Board believes the key growth in our area has to come from within the area (and not by luring others into our area). Additionally, there is a bio-science conference in Austin in May, of which the DCA is a sponsor. The Cook Farm building is also on budget and on the scheduled timeline.

Mr. Hurm noted we received a thank-you from the Southern Minnesota Initiative Fund (SMIF) for our recent \$5,000 support.

Item #9 – Adjournment - With no further business, motion by Commissioner Mohrfeld, seconded by Commissioner Bednar, to adjourn the Port Authority meeting at 5:30 p.m. Carried 6-0.

Approved: _____

President: _____

Secretary: _____