

MINUTES
PORT AUTHORITY REGULAR MEETING
WEDNESDAY SEPTEMBER 17, 2008
4:30 P.M.
COUNCIL CHAMBERS

Members Present: Commissioners Jerry McCarthy, Brian McAlister, Larry Maus, Jerry Mohrfeld, Michael Bednar, and Norm Hecimovich

Members Absent: Georgette Hinkle

Staff Present: Port Authority Executive Director Jim Hurm, Port Authority Secretary Tom Dankert

Others Present: Sarah Douty and Craig Byram from Main Street Inc., Austin Post Bulletin, Austin Daily Herald.

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

Item #2 – Approve minutes of August 21, 2008. Commissioner Bednar noted that on page 4 of the minutes under Item #8, that the DCA lease is with Smyth Company (not CRC as listed). Motion by Commissioner Bednar, seconded by Commissioner Mohrfeld, to approve the minutes of the August 21, 2008 special meeting, as amended. Carried 6-0.

Item #3 – Claims for payment. Mr. Dankert reviewed the Claims for Payment dated September 4, 2008. Motion by Commissioner Mohrfeld, seconded by Commissioner Hecimovich to approve the Claims for Payment as presented. Carried. 6-0.

Item #4 – Cooperative Response Center – Consideration of loan package. Mr. Hurm stated we have a proposal to loan Cooperative Response Center (CRC) a total of \$200,000 at 4.2% to be used in their expansion plans. (That was the rate of return when the Port first looked at this in July). Details of the loan such as a repayment period of ten or fifteen years is still to be negotiated. CRC is looking at total expansion costs of \$1.1 to \$1.4 million, and we are hoping to leverage our \$200,000 to access \$180,000 of DEED funds at a low rate of interest. Additionally, Mr. Hurm noted CRC is looking for an option to buy one of two lots out in the Cook Farm site.

Commissioner Maus confirmed with Mr. Hurm that the Port Authority would not physically fund the project until it actually begins. Commissioner Maus asked who would retain the first mortgage. Mr. Dankert noted the National Rural Utility Cooperative Finance Corporation will require that they maintain the first mortgage on the building, so the Port Authority will just have a second mortgage.

Motion by Commissioner Hecimovich, seconded by Commissioner Mohrfeld, to preliminarily approve a \$200,000 loan at 4.2% to CRC. Details will be further negotiated out before a final document comes back to the Port Authority Board for approval. Carried. 6-0.

Motion by Commissioner Maus, seconded by Commissioner Hecimovich to preliminarily support an option for CRC to purchase a lot at the Cook Farm site. Carried 6-0. Further detail will also be forthcoming.

Item #5a – Main Street Project. Volunteer Main Street Inc. President Craig Byram stated the owners of the Innovision building would like to perform \$88,000 of improvements, utilizing \$15,000 of a forgivable loan, \$44,000 for an easement purchase, and \$29,000 out of their own pockets.

Commissioner McCarthy questioned when the project would begin. Mr. Byram noted the goal is to start the project yet this fall.

Motion by Commissioner Mohrfeld, seconded by Commissioner McAlister to approve the above financing package with Innovision. Carried 6-0.

Item #5b – Main Street Project report. Volunteer Main Street Inc. President Craig Byram noted there are several projects they continue to work with. Commissioner Bednar asked if there were windows behind some of the other tin fronts on Main Street. Mr. Byram stated they have been able to look behind some of the fronts, and yes there is some nice brick work and windows that still exist behind many of the tin fronts.

Item #6 – Executive Director Report. Mr. Hurm discussed the sprinkler and electrical improvement loan concept that the Port Authority had preliminarily approved back in March of 2007. Mr. Hurm noted we may have a potential project for \$20,000 to \$25,000 of these funds, to be loaned at zero percent or a low interest rate.

Commissioner Hecimovich stated this concept still makes sense, as we are putting a lot of money into these buildings, and we need to have them sprinkled.

Commissioner Maus asked if these were in deed loans. Mr. Hurm stated yes, the borrowers would repay both principal and interest. Hopefully there will be significant insurance premium savings by having the buildings sprinkled, so that would help repay these loans.

Commissioner Bednar asked if this falls within the scope of the dealings of the Austin Port Authority. Mr. Hurm stated the Port Authority still has funds remaining from the sale of the Town Center that was in downtown Austin, and we would like to utilize these funds in further redevelopment in the downtown area. Commissioner Bednar stated this is a landlord issue, as Main Street Inc. has created the traffic and renewed interest in the downtown area. Mr. Hurm stated that the owners may not be able to afford the exterior improvements and a sprinkler system. Commissioner Maus stated this was an interesting question, as we want to ensure our investment in downtown buildings. Commissioner Bednar agreed, but she thinks all businesses then – not just those downtown – should be able to access these funds. Mr. Hurm noted the core downtown area has been identified for these projects. Mr. Byram stated there are many lives and blocks of businesses down here, and the jobs are dependent on the buildings. Commissioner Bednar stated the east side of Austin should then also qualify. Mr. Hurm noted that for now, it is still restricted to the downtown area. Mr. Byram clarified that these sprinkler funds are for those businesses that are required to have a sprinkled business, like restaurants. A requirement to access these funds should be the building code mandates.

Mr. Hurm noted it appears most of the Board is still comfortable with the program, so we will bring some specific projects forward when they are applied for.

Commissioner Bednar stated if this program is only for the downtown area, then she will not support it.

Item #7 – Other Business. – Mr. Hurm noted we may need another special meeting in the next few weeks.

Item #8. Adjournment - With no further business, motion by Commissioner Hecimovich, seconded by Commissioner Mohrfeld, to adjourn the Port Authority meeting at 5:00 p.m. Carried 6-0.

Approved: _____

President: _____

Secretary: _____