

MINUTES
PORT AUTHORITY REGULAR MEETING
WEDNESDAY, APRIL 24, 2013
4:30 P.M.
COUNCIL CHAMBERS ROOM

Members Present: Commissioners Jerry McCarthy, Jerry Mohrfeld, Lee Bjorndal, Michael Bednar, and Larry Maus.

Members Absent: Commissioner Jeff Austin and Roger Boughton.

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

Others Present: Kim Hillberg from CliftonLarsonAllen, Community Development Director Craig Hoium, DCA Executive Director John Garry, Kevin Kelliher from Minnesota DEED, and Austin Daily Herald.

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

Item #2. – Approve minutes of November 28, 2012: Motion by Commissioner Maus, seconded by Commissioner Mohrfeld, to approve the minutes of the November 28, 2012 special meeting. Carried 5-0.

Item #3. – Approving of claims for payment: Mr. Dankert discussed the claims paid from the period September 28, 2012 to April 11, 2013 noting regular operating bills being paid, along with some downtown revitalization loans, and the payment to Main Street Inc. for their operational fee for 2013.

Commissioner Maus questioned if we still had tenants in the Robinson Building. Mr. Dankert noted we still have the same tenants.

Motion by Commissioner Mohrfeld, seconded by Commissioner Bjorndal, to approve the claims for payment as presented. Carried 5-0.

Item #4. – Preliminary audit report presentation - CliftonLarsonAllen: Ms. Hillberg of CliftonLarsonAllen, LLP presented the financial statements for the Austin Port Authority for the year ended December 31, 2012. Ms. Hillberg noted the following:

- On page 1 we received an unqualified or clean opinion on our financial statements.
- Pages 4-9 are called the Management's Discussion and Analysis and are a good synopsis of what happened during the year in a more narrative form.
- Pages 10-11 are the Balance Sheets which indicate current assets decreased \$191,544 and total assets decreased \$838,241 as lease/bond payments for the Hormel Foundation were made during the year, respectively.
- Conversely, liabilities also decreased \$1,171,768 due to the retirement of the associated debt with the Hormel Foundation loan.
- On page 12 is the income statement that shows a change in net assets (increase) of \$333,527.

- On page 13, Ms. Hillberg noted the cash flows have increased \$17,698 from 2011, so a relatively stable cash in and out activity for the year.
- On pages 29-32 are more detailed pages of the funds and their operations, broken down by activity.
- On pages 33-37 are individual income statements for the Property Management Funds that show how each property has done for the year.
- Finally, on pages 38-39 is the report indicating we found no findings or material violations of state law.

Ms. Hillberg noted this was a good year for the Port Authority and that we have a strong cash balance. The audit also went smoothly as no issues or problems were found. Ms. Hillberg stated the Austin Port Authority came through clean again this year as there were no findings and everything was ready for us to do our audit on time.

After further discussion, motion by Commissioner Mohrfeld, seconded by Commissioner Bjorndal, to approve the financial statements as presented. Carried. 5-0.

Item #5. – Election of officers: Mr. Hurm noted this is the annual meeting for which officers need to be elected. Motion by Commissioner Mohrfeld, seconded by Commissioner Bednar to approve the officers for 2013 as follows:

President	Jerry McCarthy
Vice President	Jeff Austin
Treasurer	Larry Maus

The Executive Director (Hurm) and Secretary/Assistant Treasurer (Dankert) will also remain as is.

Carried 5-0.

Item #6. – Agreement for services for part-time manager of the Hormel Institute expansion: Mr. Hurm noted he did not have a formal written agreement with Jon Erichson, the former Public Works Director, to oversee the expansion and construction of the Hormel Institute project, but questioned if the Board would like to grant him authority to sign an agreement once drafted, or would the Board prefer to bring something back at a later date.

Commissioner Bjorndal stated it would be best if we had a written agreement to vote on with the specified rate. No objections noted.

Commissioner Bednar questioned who would end up paying for these costs. Mr. Hurm stated our intent is to have the project (Hormel Foundation and State Bonding bill) pay for those costs of the project.

Item #7. – Potential DCA building at Cook Farm Industrial Park: John Garry discussed some planning being done at the DCA level to construct an additional speculative building at the Cook Farm site. Mr. Garry noted most of the building could be constructed on the existing site of the Smyth Building, but an additional 100 feet of property may be needed from the Port Authority. Mr. Garry noted the goal would be to build a 30,000-square-foot building

Mr. Hoium discussed some of the specifics of the project, noting the exterior finishes would be a combination of pre-cast and steel, along with 3 loading docks, and 3 separate areas for tenant spaces. Mr. Hoium included an estimate of around \$1 million to build this facility with a 27 to 30-foot eave. Mr. Hoium stated the thought was to build the exterior shell, and then finish the flooring and plumbing once some tenants would arrive.

Commissioner McCarthy questioned if the new, smaller lot that the Port would own to the south of this project would be large enough for a building later. Mr. Hoium stated the existing 3.8 acres would be enough to build another building. Commissioner McCarthy questioned the timeline for this project. Mr. Garry stated we would like to make this decision by the end of summer on whether or not to build.

Commissioner McCarthy questioned the status of the vacant former Kmart building. Mr. Hoium stated this building was sold to a new owner for \$3 million, which included assuming the current lease that does not expire until 2016.

This is for informational purposes only.

Item #8. – Kevin Kelliher from DEED – presentation on economic development tools: Mr. Hurm introduced the individual at Minnesota DEED that we work with for economic development. Mr. Kelliher discussed his role at DEED including being the liaison for the southern Minnesota area. Mr. Kelliher noted it is his job to work to find private businesses or expanding businesses a home in this area.

Mr. Kelliher discussed some of the different tools the State of Minnesota has for enticing businesses to locate in the State, including MIF grants, tax increment financing, JOBZ, and the Business Infrastructure program.

Mr. Kelliher stated it is very important for all of us to work together to attract business to the area.

Item #9. – Greater Minnesota Economic Development Partnership: Mr. Hurm discussed a request from the Coalition of Greater Minnesota Cities to join their economic development partnership (costs range from \$500 to \$2,500 annually) in order to promote economic development. Question arose as to what we specifically get from this funding.

After further discussion, nobody was in favor of allocating funds for this project.

Item #10. – Executive Director Report: Mr. Hurm noted some handouts in the packet from Vision 2020 on the organization's progress.

Item #11a. – Any other business – communication from the Southern Minnesota Initiative Foundation: Mr. Hurm noted a thank you letter from the Initiative Foundation and Tim Penny is attached to the agenda.

Item #11b. – Any other business – status of Austin Packaging Company (APC): Mr. Dankert noted he and Port Authority Attorney David Hoversten attended the Receivership hearing for APC last week. Mr. Hoversten asked the question of the Receiver if the lease payments would continue under the existing lease, with the Receiver responding that yes, the budget included provisions for

maintaining the lease payment to the Port Authority, as well as provisions to pay the utilities and other ongoing costs. Mr. Hoversten noted the goal of the Receiver is to sell the company.

Commissioner Bjorndal questioned if all of the unsecured debt is then to be forgiven, Mr. Hoversten stated this is the big hurdle, but we are speculating that the unsecureds will not be made whole on what is owed to them. Mr. Hoversten stated any interested party may object to the plan, and they are looking at some pro-rata distribution for the unsecured creditors. Mr. Hoversten stated they need our consent to assign the lease to a new buyer.

Item #12. Adjournment: With no further business, motion by Commissioner Bjorndal, seconded by Commissioner Bednar to adjourn the meeting at 5:42 pm. Carried 5-0.

Approved: _____

President: _____

Secretary: _____