

**MINUTES**  
**PORT AUTHORITY SPECIAL MEETING**  
**MONDAY, JUNE 24, 2013**  
**4:00 P.M.**  
**COUNCIL CHAMBERS ROOM**

**Members Present:** Commissioners Jerry McCarthy, Jerry Mohrfeld, Michael Bednar, Roger Boughton, and Larry Maus.

**Members Absent:** Commissioners Jeff Austin and Lee Bjorndal.

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

**Others Present:** Austin Daily Herald.

President McCarthy called the meeting to order at 4:00 pm.

**Item #2. – Approval of the minutes of April 24, 2013 and May 22, 2013:** Motion by Commissioner Boughton, seconded by Commissioner Bednar, to approve the minutes of the April 24, 2013 and May 22, 2013 Port Authority meetings. Carried 5-0.

**Item #3. – Lease with Jay Nelson for storage at Robinson Building:** Mr. Dankert discussed a proposed lease with Jay Nelson for him to store some materials in approximately 1,200 square feet of space being vacated by Gobe Golf at the end of the month. Mr. Dankert noted Mr. Nelson is currently just using the storage space where Smythe used to lease, but would like to move into the more secure area once Gobe Golf's lease terminates at month end.

Commissioner Mohrfeld stated Mr. Nelson has quite a collection of books he buys and sells, so this is storage for that endeavor.

Commissioner Maus questioned the lease rate. Mr. Dankert stated the proposed lease is a flat \$550 per month for a twelve-month period. This would be all inclusive in that we would use this money to help pay for the taxes, utility bills, etc.

Motion by Commissioner Mohrfeld, seconded by Commissioner Boughton to approve of the 12-month lease with Jay Nelson for \$550 per month. Carried 5-0.

**Item #4. – Status of Ellumilite lease:** Mr. Hoversten informed the Port Authority Board that one of our main tenants at the Robinson Building is in default of the lease as they are delinquent on payments. Mr. Hoversten recommended terminating the lease and sending notice of default to start the process to try to recover what is owed.

Commissioner Maus questioned if the lease allowed us to go after unpaid rent. Mr. Hoversten stated it did, plus there is a personal guarantee on the lease so we will also start the process to go after them personally for the unpaid rent.

Motion by Commissioner Maus, seconded by Commissioner Boughton to authorize the Port Authority Attorney to give Ellumilite notice to vacate the Robinson Building and to go after reimbursement for the unpaid rent. Carried 5-0.

**Item #5. – Status of APC receivership:** Mr. Hoversten informed the Port Authority Board that the assets of Austin Packaging Company (APC) have been sold to a company called Bellisio Foods, Inc. The facility is still owned by the Austin Port Authority, so they are therefore asking that we assign the existing lease to Bellisio Foods, Inc. Mr. Hoversten stated staff recommends assigning this lease to Bellisio Foods Inc. Mr. Hoversten stated this assignment should be subject to the following conditions:

1. Any and all unpaid mechanics liens will be removed through the date of closing
2. The receiver shall pay all attorneys’ fees related to this lease issued through the date of closing
3. Payment to the City of Austin for any and all strong waste charges incurred through the date of closing.

Commissioner Maus questioned if these three items would be Bellisio’s costs. Mr. Hoversten stated no, that the receiver has reserved dollars to help cover these costs out of the purchase price, plus the secured creditors would get paid out of the purchase price.

Commissioner Boughton questioned the existing lease. Mr. Dankert stated it was for \$16,000 per month, with a lease termination date of February 1, 2018. On this date with proper notice given, Bellisio could own the facility for \$0. Otherwise, every February 1<sup>st</sup> from now until 2018 Bellisio could give us notice that they would like to purchase the facility and the unamortized balance of the lease (approximately \$800,000 currently).

Motion by Commissioner Mohrfeld, seconded by Commissioner Maus to assign the lease to Bellisio Foods Inc. subject to the three conditions noted above. Carried 5-0.

Mr. Hoversten remarked that this was good news for the citizens of Austin.

**Item #6. – Executive Director Report:** None.

**Item #7. – Any other business:** None.

**Item #8. Adjournment:** With no further business, motion by Commissioner Mohrfeld, seconded by Commissioner Bednar to adjourn the meeting at 5:15 pm. Carried 5-0.

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

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

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