

MINUTES
PORT AUTHORITY SPECIAL MEETING
WEDNESDAY, OCTOBER 9, 2013
4:30 P.M.
COUNCIL CHAMBERS ROOM

Members Present: Commissioners Jerry McCarthy, Jerry Mohrfeld, Michael Bednar, Roger Boughton, and Lee Bjorndal.

Members Absent: Commissioners Jeff Austin and Larry Maus.

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

Others Present: Jon Erichson and Austin Daily Herald.

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

Item #2. – Approval of the minutes of the September 11, 2013 special meeting: Motion by Commissioner Mohrfeld, seconded by Commissioner Bednar, to approve the minutes of the September 11, 2013 Port Authority meeting. Carried 5-0.

Item #3. – Approve construction management agreement with McGough for the Hormel Institute expansion project – Jon Erichson: Jon Erichson discussed the make-up of the Building Committee noting the following representatives:

- Jon Erichson (representing the Port Authority)
- Craig Hoium (Representing City of Austin)
- Larry Pfeil (representing Hormel Foundation)
- Craig Jones (representing Hormel Institute)
- Scott Ramsey (At-Large Member)

Mr. Erichson stated that four bids were received from all well qualified firms to oversee the construction management of the Hormel Institute expansion. Through the review process, it was determined that the firm of McGough be approved for such work. McGough was the general contractor on the first phase of the expansion for the Hormel Institute, so staff feels comfortable recommending them for this contract. Mr. Erichson stated the negotiated rate is 3.65% of the estimated \$22 million project, plus McGough will NOT be bidding on the project as the general contractor now.

Commissioner Boughton questioned where McGough is from. Mr. Erichson stated they have an office in St. Paul, but they have multiple offices throughout the United States.

Commissioner Bjorndal questioned why they would not bid on as the general contractor. Mr. Erichson stated in a perfect world McGough would have preferred a design/build concept whereby they could have done it all, but with the different sources of financing involved here, it was decided that bidding the project out made more sense. McGough has decided that on this project they would prefer to be the construction manager, instead of taking the risk and bidding on the project, and not having the low bid.

Motion by Commissioner Boughton, seconded by Commissioner Bednar to authorize the signing of the contract with McGough for construction management services for the Hormel Institute expansion. Carried 5-0.

Item #4a. – Bellisio Foods Inc. audit requirements: Mr. Dankert noted that Section 7.06 of the assigned lease agreement to Bellisio Foods, Inc. has a requirement for an annual audit. This audit requirement was placed in the original APC lease agreement because of their relatively newness in this venture and their ability to acquire financing. Mr. Dankert questioned the Board if they wanted to waive this requirement or request such documentation from Bellisio Foods. Mr. Dankert noted he discussed the financial issues with the City Attorney’s office back when Bellisio Foods purchased APC out of the Receivership, however we concluded that based on the apparent size of this entity and recent purchases, that the Austin plant was minor in their grand financial scheme.

Discussion ensued amongst the Port Board regarding the need for a financial review. Commissioner McCarthy requested we at least contact Bellisio Foods, Inc. and see what financial information they are willing to provide to us.

No further action needed as Mr. Dankert will contact Bellisio Foods, Inc. for such audit report or financial information.

Item #4b. – Robinson Building – lease with Cedar Valley Services: Mr. Dankert presented a lease for the office space at the Robinson Building by Cedar Valley Services. Cedar Valley Services is currently renting some short-term warehouse space in the Robinson Building, but would now like to lease the office space for 5 months beginning November 1 for \$800 per month. Additionally, they will clean the restrooms once per week (on top of the one-time that we pay another company to clean) plus they will clean the carpet in the office area when they leave. Mr. Dankert noted the DCA has verbally approved of the lease agreement.

Motion by Commissioner Bednar, seconded by Commissioner Bjorndal to approve of the signing of the 5-month lease with Cedar Valley Services. Carried 5-0.

Item #5. – Executive Director Report: Mr. Hurm noted we may still need our regular Port Authority meeting scheduled for October 23 as there may be a request for an easement across the Bellisio Foods property from Hormel Foods Corporation. Mr. Hurm asked the Port Authority Board to keep their calendars open.

Item #6. Adjournment: With no further business, motion by Commissioner Mohrfeld, seconded by Commissioner Bednar to adjourn the meeting at 4:45 pm. Carried 5-0.

Approved: _____

President: _____

Secretary: _____