

MINUTES
PORT AUTHORITY SPECIAL MEETING
WEDNESDAY, DECEMBER 11, 2013
4:30 P.M.
COUNCIL CHAMBERS ROOM

Members Present: Commissioners Jerry McCarthy, Jeff Austin, Michael Bednar, Roger Boughton, Larry Maus, and Lee Bjorndal (4:40 pm).

Members Absent: Commissioner Jerry Mohrfeld.

Staff Present: Port Authority Attorney David Hoversten and Port Authority Secretary Tom Dankert.

Others Present: Jon Erichson, John Garry (DCA), Pam Bishop (SMIF), and Austin Daily Herald.

President McCarthy called the meeting to order at 4:35 pm.

Item #2. – Approval of the minutes of the October 9, 2013 special meeting: Motion by Commissioner Bednar, seconded by Commissioner Maus, to approve the minutes of the October 9, 2013 Port Authority meeting. Carried 5-0.

Item #3. – Appoint interim Executive Director: President McCarthy stated he would like to appoint an Interim Executive Director for the Port Authority until at such time the city hires a new City Administrator. Commissioner McCarthy requested the Board appoint Mr. Dankert as the interim while the city works out the hiring of a new City Administrator.

Motion by Commissioner Boughton, seconded by Commissioner Austin to appoint Tom Dankert as the Interim Executive Director. Carried 5-0.

Item #4a. – Leasing activities – approval of second lease agreement extension and amendment with International Paper for the Walker Building (2014-2016): Mr. Dankert discussed a proposed lease with International Paper at the Walker Building. The current lease expires on December 31, 2013. We have worked out a proposed lease for 2014 (0% increase), 2015 (3% increase), and 2016 (3% increase). Additionally, since New Dimension's is moving out at the end of December, International Paper has agreed to not prorate the utility bills based on square footage until at such time we get a tenant again in this 1,900 square foot area.

Motion by Commissioner Austin, seconded by Commissioner Boughton to approve of the three-year lease extension with International Paper. Carried 5-0.

Item #4b. – Leasing activities – New Dimension Home Electronics lease at the Walker Building: Mr. Dankert noted Mike Myhre of New Dimensions Home Electronics is going to move out of his 1,900 square foot space to move down into the Jim's Super Value strip mall area for more drive-by traffic. The lease for New Dimension's space expired November 30, 2013, so we allowed them to stay another month under the current lease term.

This is for informational purposes only and no action is needed.

Item #4d. – Leasing activities – Wall repairs at the Walker Building: Mr. Dankert stated a forklift operator ran some product through one of our walls and did about \$4,100 of damage. Mr. Dankert discussed the two quotes he received to repair the damage, noting the low bid came from JD Driver at \$4,100 plus a building permit. Mr. Dankert requested authorization to sign the agreement with JD Driver for \$4,100 (plus building permit) to repair the structure, plus another \$1,000 for any contingency items that may come up. Mr. Dankert noted International Paper has agreed to pay for the repairs.

Motion by Commissioner Austin, seconded by Commissioner Maus to approve of the contract with JD Driver for the repairs for \$4,100 (plus building permit) plus allowing for another \$1,000 for any contingency that may be needed. Carried 5-0.

Item #4c. – Leasing activities – Status of Ellumilite lease: Mr. Garry from the DCA discussed the recent meeting he and Southern Minnesota Initiative Foundation (SMIF) representatives had with Ellumilite representatives. Mr. Garry noted Ellumilite still has their equipment in the Robinson Building, and has not paid rent all year. Mr. Garry did say a cashier's check was sent for two months of rent to the Port Authority and two months of loan payments to the City. We had agreed to allow them to keep their equipment in the building until December 31, 2013 if we received this payment. At the end of December they will need to pay additional funds to keep storing the equipment. Ellumilite is actively working to find additional investors to help with financing. Pam Bishop from SMIF thanked the DCA for their patience with this start-up company and that SMIF is in this together with the Port Authority and DCA as a partner.

This is for informational purposes only and no action is needed

Item #5. – Bellisio Foods, Inc. lease buyout effective February 1, 2014: Mr. Dankert informed the Board that he has received written notice that Bellisio Foods will be exercising their option to buy the facility on February 1, 2014 for \$681,285.08. Of this amount, approximately \$380,000 will be transferred to the City of Austin to pay off their loan to us on this facility. The remaining \$300,000 will be retained by the Port Authority for future projects.

No action is necessary as this buy-out is allowed under the current terms of the assigned lease.

Item #6. – Austin Main Street Inc. operational subsidy - 2014: Mr. Dankert discussed the current contract with Austin Main Street Inc. and the \$10,000 annual operational subsidy they receive. Mr. Dankert noted they have done a great job and should be commended for all of the work they have done over the years. However, in the last 18 months there has only been one project that has been brought forward. Additionally, they have a pool of remaining operational funds in their checkbook they can use to continue to operate into 2014. Mr. Dankert requested termination of the agreement with Austin Main Street Inc. effective December 31, 2013.

Motion by Commissioner Austin, seconded by Commissioner Boughton to terminate the agreement with Austin Main Street Inc. for 2014. Carried 5-0.

Item #7. – Status update on The Hormel Institute expansion project: Mr. Erichson updated the Board as to the status of the Hormel Institute expansion, noting the Planning Commission recently approved a rezoning request for Leaning Tree and the property they own. This will go to the next

council meeting. We are still looking at a ground breaking ceremony in late spring/early summer of 2014.

Commissioner Bednar questioned the area south of International Paper that still has homes on it. Mr. Erichson stated the Hormel Institute may be planning for phase 3 and 4 down the road and may be acquiring these properties as well if they become available.

This is for informational purposes only and no action is needed.

Item #8. – Approving nomination of Port Authority member to the HRA Board: Mr. Dankert noted the Housing and Redevelopment Authority (HRA) amended their bylaws in 2012. The new bylaws include a Board make-up that would include one Port Authority Board member also serving on the HRA Board. Commissioner McCarthy and Mayor Tom Stiehm have discussed the issue, and Mayor Stiehm would like to appoint Jerry McCarthy onto the HRA Board.

Motion by Commissioner Austin, seconded by Commissioner Bjorndal to recommend Commissioner McCarthy to the HRA Board. Carried 6-0. Item will be forwarded to the City Council for official appointment.

Item #9. – Executive Director Report: Mr. Dankert stated he will be working with International Paper for an expansion of the Walker Building to see if it is feasible.

Item #10. – Any other business: None.

Item #11. Adjournment: With no further business, motion by Commissioner Austin, seconded by Commissioner Bjorndal to adjourn the meeting at 5:03 pm. Carried 6-0.

Approved: _____

President: _____

Secretary: _____