

MINUTES
PORT AUTHORITY REGULAR MEETING
TUESDAY, APRIL 25, 2018
4:30 P.M.
LOWER LEVEL CONFERENCE ROOM

Members Present: Commissioners Jerry McCarthy, Lee Bjorndal, Jeff Austin, Michael Bednar, and Jerry Mohrfeld.

Members Absent: Commissioners Laura Helle and Larry Maus.

Staff Present: Port Authority Executive Director Craig Clark, Port Authority Attorney Craig Byram, and Port Authority Secretary Tom Dankert.

Others Present: Curtis Sorenson.

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

Item #2. – Approval of minutes of the March 20, 2018 special meeting: Motion by Commissioner Bednar, seconded by Commissioner Mohrfeld to approve the minutes of the March 20, 2018 special meeting. Carried 5-0.

Item #3. – Approval of claims for payment for 01/12/2018 to 04/12/18: Mr. Dankert discussed the claims for payment for the above time period. Mr. Dankert noted the usual claims, plus payments made to the Austin Utilities for some electric usage at the old Hy-Vee building that we are being reimbursed for, a lighting rebate from the Hormel Institute expansion that was given back to The Hormel Foundation, and some BEEP payments to Hoi Nguyen for the Piggy Blues and adjacent building

Motion by Commissioner Mohrfeld, seconded by Commissioner Austin to approve the claims for payment for the period of 01/12/2018 to 04/12/2018. Carried 5-0.

Item #4 and #5. – Continue Public hearing on the sale of real property located at 117 and 119 Second Avenue NE pursuant to Minnesota Statute 469.065 and approval of interior and exterior building improvements on 117 and 119 Second Avenue NE: Mr. Byram discussed the multitude of agreements (12 in all) that will need to be approved for the sale and redevelopment of the two properties the Port Authority owns at 117 and 119 2nd Avenue NE. Mr. Byram noted there will be some slight changes to the dollars in the loan (not the Port Authority loan amounts) as we have been working all week to get the most accurate bid numbers. Mr. Clark also noted that the building plans (exterior and interior) were previously reviewed at the March 20 meeting.

Mr. Byram noted only the purchase agreement (Port Authority selling the two buildings for a total of \$5,000) and the Contract for Private Redevelopment will be signed tonight by both parties. Completion is required after one year from the closing by state statute or the building reverts back to the Port Authority. A total estimated cost of \$660,000 will be put into these two buildings on the following premise:

- \$68,650 loan from the Port Authority amortized over 10 years at 0% interest
- \$137,822 of BEEP forgivable loans for the exterior renovations
- \$451,255 being financed by Curtis Sorenson and New Age Properties

Mr. Byram further noted a closing will not occur until Mr. Sorenson has his bank financing in line.

After further discussion, motion by Commissioner Austin, seconded by Commissioner Bjorndal to approve the signing of all agreements (with needed changes) and the approval of the exterior and interior plans as previously reviewed. Carried 5-0.

Item #6. – Southern Minnesota Initiative Fund update: Mr. Dankert noted this should be on the July 25, 2018 agenda, not this one.

Item #7. – 12/31/17 Draft audit report: Mr. Dankert noted the auditors had a scheduling conflict today and could not be here to present, so Mr. Dankert noted he would go over the audit report now so that the Board had fresh numbers to work with in case we cannot get the auditor here until July. Mr. Dankert noted the following:

- On pages 1-3 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. The Hormel Institute project sums up most of the 2017 activity.
- Pages 10-11 are the Balance Sheets which indicate notes receivable decreased \$1.9 million as the Hormel Institute Phase I had a debt service for \$10 million issued back in 2006 that is now paid off, by a loan with The Hormel Foundation. The Port Authority is no longer collecting on that loan (hence the decrease in the notes receivable) and has paid off the debt (hence a decrease in bonds payable). Additionally, cash has increased to just under \$1.9 million on collections of the remaining receivables from the State of Minnesota and the Hormel Foundation relating to the Phase 2 expansion of The Hormel Institute.
- Net position increased from \$26.9 million to \$27.1 million.
- On page 12 is the income statement that shows a change in net assets (increase) of \$175,700. The net result of a transfer from the City's Small Business Revolving Fund (23000) into the Port Authority for economic development purposes makes up most of that increase, otherwise operations were pretty close to break even.
- On page 13, Mr. Dankert noted the cash flows have increased \$865,362 from 2017 operations and the ending cash balance now sits at \$1,892,634.
- On pages 14-24 are the notes to the financial statements.
- On pages 25-30 are more detailed pages of the funds and their operations, broken down by activity. Mr. Dankert noted in 2018 we closed on the acquisition of the Persinger property in the northeast industrial park. Mr. Dankert noted this acquisition came from the \$575,470 of cash sitting in the Walker Building.
- On pages 31-32 are individual income statements for the Property Management Funds that show how each property has done for the year.
- Finally, on pages 33-35 is the report indicating we complied with all of the state compliance requirements and internal controls.

Item #8. – Executive Director Report: Mr. Clark noted he met with a retailer today in regards to the old Hy-Vee building and hopes to bring back some good news at the July 25 meeting.

Item #9. – Any other business: None.

Item #10. Adjournment: With no further business, motion by Commissioner Austin, seconded by Commissioner Mohrfeld to adjourn the meeting at 5:04 pm. Carried 5-0.

Approved: _____

President: _____

Secretary: _____