

MINUTES
PORT AUTHORITY REGULAR MEETING
WEDNESDAY, JULY 11, 2018
4:00 P.M.
COUNCIL CHAMBERS AND
LOWER LEVEL CONFERENCE ROOM

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

Members Absent: Commissioners Larry Maus.

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

Others Present: Victor Baeten and Doug Slaby of Slaby and Associates. Mayor Thomas Stiehm, Council Member David Hagen, Media, Public.

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

Item #2. – Approval of minutes of the April 25, 2018 regular meeting: Motion by Commissioner Austin, seconded by Commissioner Mohrfeld to approve the minutes of the April 25, 2018 regular meeting. Carried 6-0.

Item #3. – Approval of claims for payment for 04/13/18 to 06/28/18: Mr. Dankert discussed the claims for payment for the above time period. Mr. Dankert noted the usual claims such as the \$275,000 paid for the 25 acres of Persinger land out by the Walker Building. Mr. Dankert noted the annual tax payment was made for the Walker Building, as well as some attorney costs for projects they have been working on for us.

Motion by Commissioner Bjorndal, seconded by Commissioner Bednar to approve the claims for payment for the period of 04/13/2018 to 06/28/2018. Carried 6-0.

Item #11. – Presentation of audit report by Kim Hillberg of CliftonLarsonAllen, LLP: Ms. Hillberg of CliftonLarsonAllen, LLP presented the financial statements for the Austin Port Authority for the year ended December 31, 2017. Ms. Hillberg 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.
- Pages 10-11 are the Balance Sheets which indicate the cash balance increased over \$800,000 as the outstanding 2016 receivables from the state and Hormel Foundation for the Hormel Institute expansion have been collected. Additionally, in 2017 the note receivable from The Hormel Foundation for the first expansion (Phase I) has been collected with no more amounts being owed.
- Capital Assets had some minor increases as some additional cost has been added to The Hormel Institute for some minor 2017 purchases.
- Bonds Payable is now zero since the debt related to The Hormel Institute expansion has now been paid off.

- Net position increased from \$26.9 million to \$27.1 million primarily due to a capital contribution from the City of Austin.
- On page 12 is the income statement that shows a change in net assets (increase) of \$218,472.
- On page 13, Ms. Hillberg noted the cash flows have increased \$865,362 from 2016 and are a result of collections on outstanding receivables.
- On pages 14-23 are the notes to the financial statements.
- On pages 24-29 are more detailed pages of the funds and their operations, broken down by activity.
- On pages 30-31 are individual income statements for the Property Management Funds that show how each property has done for the year.
- Finally, on pages 32-34 is the report indicating we complied with all of the state compliance requirements and internal controls.

Ms. Hillberg noted the audit also went smoothly as no issues or problems were found. Additionally, Ms. Hillberg noted it is unusual for clients to draft financial statements, and also for us to have zero findings of non-compliance for an audit is very rare, however Austin has done it for many years.

After further discussion, motion by Commissioner Austin, seconded by Commissioner Mohrfeld, to approve the financial statements as presented. Carried 6-0.

Item #4 Public hearing for comment on the proposed sale of property at 1001 18th Avenue NW (excepting therefrom Lot 13 – approximately 1.59 acres south of the existing building) and the property known as the “Farmers Market Lot” located to the north and west of 1001 18th Avenue NW.:

Mr. Clark discussed a proposed sale to Slaby and Associates for \$400,000, a reduction from the original purchase price of \$800,000. Slaby and Associates has letters of intent for leases from three entities (Marshalls, Pet Supplies Plus, and Five Below) that will take up approximately 75% of the available space. The closing is set for July 31, and if construction does not start before December 31, 2018 the Port Authority could buy the property back.

Victor Baeten and Doug Slaby gave some background on themselves and the project noting they have been working on this for well over a year to bring the retailers to market in Austin.

Commissioner Bjorndal questioned if the deed restrictions that exist on this parcel have been taken care of. Mr. Baeten noted they have correspondence from HyVee that the three retailers proposed would not be objected to by HyVee.

Mayor Stiehm spoke in support of the project, noting Mr. Clark has been working on this for a while, and a big concern amongst locals is the lack of shopping opportunities. Mayor Stiehm noted if this sale does not go through, then this lot could sit there for a while. This would also be a big boost to the economy.

Council Member Dave Hagen spoke in opposition of the project, noting housing should be placed in this area to provide more population density, and thereby attracting bigger retailers to the area. Additionally, three other businesses could be put out of business as they directly compete with these new retailers.

Item #5 Discuss the sale of property: With no other public comments, motion by Commissioner Austin, seconded by Commissioner Helle to close the meeting pursuant to Minnesota Statutes 13D.05, subdivision 3(c) to discuss the sale of property. Carried 6-0.

See DVD of closed meeting.

Motion by Commissioner Austin, seconded by Commissioner Bjorndal to reopen the meeting at 5:00. Carried 6-0.

Item #6 Action taken on sale of property: Motion by Commissioner Helle, seconded by Commissioner Austin to approve the sale of the property located at 1001 18th Avenue NW as that property is described in agenda item #4 according to the terms and conditions described in the back up materials which includes a reduced sale price of \$400,000 with contingencies in place in case construction does not commence prior to December 31, 2018, or in case the property is sold by the purchaser prior to August 1, 2020. The sale of this property benefits the Port District by returning productive commercial property back into the private sector for the purpose of attracting expanded retail investment in Austin. Carried 5-1 (Commissioner Bednar - nay).

Item #7. – Release of Hy-Vee from Section 1 of the Third Amendment for Private Redevelopment: Item is being removed from the agenda as it is not needed since the sale was approved.

Item #8. – Hy-Vee Fourth Amendment to Private Redevelopment – extension of possible demolition responsibilities: Mr. Byram discussed the Fourth Amendment to Contract for Private Redevelopment that has been agreed to by Hy-Vee to still require them to remove the old Hy-Vee structure by April 1, 2019 in the event the building comes back to us because the Port decides to buy the building back in the event construction does not start by December 31, 2018.

Motion by Commissioner Austin, seconded by Commissioner Bjorndal to approve the execution of the Fourth Amendment to Private Redevelopment Agreement with HyVee as presented in the backup materials. Carried 6-0.

Item #9. – Approval of easement agreement with Hy-Vee: Mr. Byram noted there are some technical corrections that were made, but basically this is an easement that would allow for a pylon sign to advertise for the site properties.

Motion by Commissioner Helle, seconded by Commissioner Austin to approve the execution of the easement agreement with HyVee provided in the backup materials. Carried 6-0.

Item #10. – Austin Utilities easement for water: Mr. Byram noted there is a private water line that runs on this property for which it would be preferable to have this under the ownership of the Austin Utilities.

Motion by Commissioner Helle, seconded by Commissioner Austin to approve the execution of the documents necessary to establish public ownership of the utility infrastructure under the former HyVee property. Carried 6-0.

Item #12. – Unaudited financial statements as of May 31, 2018: Item was skipped on the agenda due to time constraints.

Item #14. – Any other business: Tim Penny, President and CEO of The Southern Minnesota Initiative Fund presented to the Port Authority on their accomplishments for the last year, noting they are very appreciative of the \$6,000 annual contribution from the Port Authority.

Item #13. – Executive Director Report: Mr. Clark noted since we had this meeting today, we see no need for the regular meeting scheduled for July 25 and have decided to cancel it. No objections noted.

Item #10. Adjournment: With no further business, motion by Commissioner Austin, seconded by Commissioner Mohrfeld to adjourn the meeting at 5:21 pm. Carried 6-0.

Approved: _____

President: _____

Secretary: _____