

**MINUTES**  
**PORT AUTHORITY REGULAR MEETING**  
**WEDNESDAY, OCTOBER 24, 2018**  
**4:30 P.M.**  
**COUNCIL CHAMBERS**

**Members Present:** Commissioners Jerry McCarthy, Lee Bjorndal, Laura Helle, Jeff Austin, Chuck Moline, and Jerry Mohrfeld.

**Members Absent:** Commissioners Michael Bednar.

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

**Others Present:** Jon Erichson, Executive Director of the Austin HRA.

President McCarthy called the meeting to order at 4:30 p.m. and welcomed new Board Member Chuck Moline.

**Item #2. – Approval of minutes of the July 11, 2018 regular meeting:** Motion by Commissioner Mohrfeld, seconded by Commissioner Bjorndal to approve the minutes of the July 11, 2018 regular meeting. Carried 6-0.

**Item #3. – Approval of claims for payment for 06/29/18 to 10/04/18:** Mr. Dankert discussed the claims for payment for the above time period. Mr. Dankert noted some payments related to the mowing of the old HyVee lot, but nothing out of the ordinary. President McCarthy questioned if Slaby and Associates was paying part of those bills. Mr. Dankert noted we paid all of the bills prior to the sale, and now Slaby and Associates is responsible for all of the bills.

Motion by Commissioner Helle, seconded by Commissioner Mohrfeld to approve the claims for payment for the period of 06/29/2018 to 10/04/2018. Carried 6-0.

**Item #4. - BEEP Program – 401 North Main Bank Building:** Mr. Erichson discussed the Business Encouragement/Enhancement Program (BEEP) that is administered by the HRA with funding from both the HRA and The Hormel Foundation. Mr. Erichson has been working with an investor for the acquisition of the former Austin State Bank Building. The investor may have already closed on the building acquisition, but is looking for additional assistance with some exterior improvements through the BEEP program. Mr. Erichson noted the exterior improvements include some EIFS on the rear of the building, window replacement, signage, new doors, and cleaning up some of the mechanical areas in the alley. Mr. Erichson noted he would like to have the Port Authority encumber the funds (\$83,182 that is currently available) for the project while the proper agreements get worked out.

Commissioner Moline questioned if this approval was needed before the investor bought the property. Mr. Erichson noted that was the intent, but the investor also may have already close don the property as he has been out of town for the last week and has not had contact with the investor.

After further discussion, motion by Commissioner Austin, seconded by Commissioner Helle to approve of encumbering the \$83,182 of remaining BEEP funds for the Austin State Bank Building remodel. Carried 6-0.

**Item #5. - BEEP Program – B&J Bar/South Central Athlete update:** Mr. Erichson noted that he has had continued discussions with Terry Fox at the B&J Bar and Mark Nagle at South Central Athlete regarding the approved improvements to the backside of their buildings. The building owners have noted that they are now looking to do this project in 2019 as it has been difficult to find contractors, plus some unexpected capital expenditures hit them this year (roofing and patio), so it would be desirable to do the project next year.

Motion by Commissioner Moline, seconded by Commissioner Bjorndal to extend the project, with a deadline of September 1, 2019. Carried 6-0.

**Item #6. – Paradise Island/The Ville update:** Mr. Erichson discussed the next step for the two above named buildings that the Port Authority acquired. Mr. Erichson noted the original plan with Curt Sorenson has fallen through as he cannot get the needed financing. However, something needs to be done with the roof soon as it is currently leaking water into the building.

Mr. Clark noted he recently received a Letter of Intent (LOI) from developer Mac Hamilton from Rochester Minnesota. Mr. Hamilton would like to develop a 36-unit apartment building on this site (plus some of the parking lot), but would need the land sold to him for \$1. Mr. Clark went through some of the other details of the Hamilton LOI.

Commissioner Bjorndal questioned the allowability of apartments on the first floor. Mr. Erichson noted they are allowed, and both Courtyard and Chauncey have apartments on the first floor. Commissioner Bjorndal also noted this project will take more than just a few weeks to flush out as there are many things that need to happen according to the LOI before this project could move forward, and the roof needs help immediately.

Mr. Hoversten stated that no sale could occur tonight anyway, as proper notice has not been given for the sale of the property. Mr. Hoversten suggested a letter be sent from the Port Authority to Mac Hamilton indicating that the Port Authority is willing to entertain his offer, and respond with our own Letter of Intent.

After further discussion, motion by Commissioner Helle, seconded by Commissioner Moline to send a corresponding Letter of Intent to Mac Hamilton indicating our willingness to sell the building under Mac's outline in his Letter of Intent. Carried 5-1 (Commissioner Bjorndal – Nay).

Motion by Commissioner Austin, seconded by Commissioner Helle to authorize up to \$10,000 to put a temporary fix on the roof of Paradise Island/The Ville. Carried 6-0.

**Item #7. – Unaudited financial statements as of September 30, 2018:** Mr. Dankert went through the financial statements for the period ending September 30, 2018 noting the following:

- Combined Balance Sheet ALL FUNDS (Page 1) – The Port Authority has \$2,246,396 of cash on hand. We also own the Hormel Institute expansion since state bonding money was involved. In total, the book value of all of our capital assets is at \$23,952,411.

- Combined Income Statement ALL FUNDS (Page 2) – We have \$391,928 of net loss for the nine-month period. However, \$599,534 of this is depreciation, most of which is on The Hormel Institute building and is just on paper.
- Property Management (Pages 3-4) – This fund has \$1,423,398 of cash, and another \$289,417 of loans receivable. Land held for resale equates to \$1,017,991.
- Walker Building (Pages 5-6) – We have over \$355,042 of cash and over \$451,000 of fund balance existing. This building actually “lost” money so far this year, as we used \$275,000 of this cash to acquire the 25 acres of developable land on 14<sup>th</sup> Street NE from Steve and Diane Persinger.
- Oak Park Mall (Pages 7-8) – We have \$467,956 of cash available, which includes the \$400,000 sales proceeds from the Old HyVee transaction with Slaby and Associates. Eventually this negative fund balance will turn positive once the tax increments start rolling in this year.

Motion by Commissioner Austin, seconded by Commissioner Bjorndal to approve the unaudited financial statements as of September 30, 2018. Carried 6-0.

**Item #8. – Executive Director Report:** Mr. Clark noted there is a special Council Meeting next week that will allow the old HyVee building remodeling to begin. Hobby Lobby/Ashley Furniture are working on the remodeling of the former Target building and are opening in early 2019.

Mr. Clark noted we have run into a little issue with Lansing Township in our efforts to annex in the Kehret property north of Target. Lansing Township opposed the annexation, so the City will now look at annexing the property in by ordinance, for which the township then has no say over.

Mr. Clark noted there was no update on the HyVee distribution center.

**Item #9. – Any other business:** President McCarthy noted the thoughts and prayers of the Port Authority are with the Larry Maus family. Larry was a Port Authority Board member for over 20 years and he will be missed. President McCarthy thanked him for his service to the citizens of Austin.

President McCarthy noted because of Mr. Maus’s passing, we are now in need of a Treasurer for the Port Authority. President McCarthy noted he has spoken with Lee Bjorndal who has agreed to take the appointment if the Board so desires. Motion by Commissioner Moline, seconded by Commissioner Austin to appoint Lee Bjorndal as Treasurer for the Austin Port Authority. Carried 6-0.

**Item #10. - Adjournment:** With no further business, motion by Commissioner Austin, seconded by Commissioner Helle to adjourn the meeting at 5:25 pm. Carried 6-0.

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

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

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