

**MINUTES**  
**PORT AUTHORITY SPECIAL MEETING**  
**THURSDAY, DECEMBER 27, 2018**  
**4:0 P.M.**  
**COUNCIL CHAMBERS**

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

**Members Absent:** None.

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

**Others Present:** Holly Wallace (City Planning and Zoning), Austin Daily Herald, KTTC, KAAL TV-6, Larry Powell (AmericInn owner), Craig Hoium (private developer) of the Austin HRA.

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

**Item #2. – Approval of minutes of the October 24 regular meeting:** Motion by Commissioner Moline, seconded by Commissioner Mohrfeld to approve the minutes of the October 24, 2018 regular meeting. Carried 7-0.

**Item #3. – Review and approve sale of Port Authority property PIN #34.521.0080:** Mr. Clark discussed the purchase and sale agreement to sell the nearly 1.6-acre parcel that is located south of the old HyVee store to Cobblestone Hotel Development, LLC for the development of a 66-unit hotel. Mr. Clark noted the purchase price is \$250,000 which is significantly above the Assessor's \$100,000 valuation. No subsidy is being given on this parcel, and Mr. Clark noted he did not believe a development agreement would be needed as the purchase price is significantly higher than the valuation. If the Port Authority approves, then the developer would have 180 days to perform due diligence to then close on the acquisition. If the developer chooses not to go through with the acquisition, then the earnest money would all be refunded.

President McCarthy questioned if the existing retention pond issues have been corrected. Mr. Clark noted they have not, but we have negotiated a \$100,000 payment from HyVee in lieu of them fixing the retention pond, and then the City will take care of making the corrections needed.

Commissioner Bednar questioned if the Prairie Sky Apartments next door are going to have issues with this. Mr. Clark noted we have been working with them and that they have agreed to the extension of the public road on the south end of their property. However, HUD has the final say in this so we need to work with them. Otherwise, Cobblestone does have access from the rear of the property so that should also be sufficient.

President McCarthy questioned if they could sit on this for years without developing since we did not have a development agreement. Mr. Clark noted they certainly could, but with the purchase price he didn't think that would happen since it would already be a major investment. Cobblestone has indicated to Mr. Clark that they are ready to build and would not be holding the property.

Craig Hoiium noted he has all of his investors in place to build a 56-unit hotel in downtown Austin, and questioned if the Cobblestone development did go through, if the City would put any moratoriums on other hotels. Mr. Clark noted the City would not be putting out any moratoriums to stop other hotels from building.

Larry Powell noted he owns the AmericInn next door to this proposed other hotel. He cautioned the Port Authority board on building out too many hotel rooms. With Cobblestone at 66 rooms, and Hoiium's development at 56 rooms, somebody within the city limits will have a hotel go out of business. Mr. Clark responded noting private enterprises will do feasibility studies to determine the need for more hotel rooms, and this is the final remnant of the redevelopment of Oak Park Mall that has transformed the area.

Motion by Commissioner Helle, seconded by Commissioner Austin to approve the sale of land noted as PIN #34.521.0080 to Cobblestone Hotel Development, LLC for \$250,000. This decision is based on the following conclusions:

- The fair market value of \$100,000 as determined by the Mower County Assessor is significantly lower than the sale price of \$250,000.
- The potential increase in our tax base because of the construction of a new taxable structure.
- No public subsidy being given for the project.
- No other requests have come forward for the acquisition of this parcel since the Port Authority acquired the property.

Carried 7-0.

**Item #4. – Gold Cross land and building donation:** Mr. Clark noted that Gold Cross is building a new ambulance building along 18<sup>th</sup> avenue northwest and is looking at donating the existing building to the Port Authority. Mr. Clark noted he would like to accept the donation and hold the building for future redevelopment or to rent out for private business use until we have a better plan for the area.

Commissioner Bednar questioned why Gold Cross wouldn't just donate the property to Habitat for Humanity. Mr. Clark stated he did not know.

Commissioner Austin stated that Gold Cross told the City Council that this area was full of vandalism and the property was in bad shape. Plus, if the City used it to store machinery, then we will never get rid of it. Commissioner Austin stated he was a little hesitant to accept the donation since no plan was in place for its use.

Commissioner Bjorndal questioned if the City Building Department went through the building. Holly Wallace of the City Planning and Zoning Department noted she walked through the building with two building inspectors and noted some minor things that need fixing, but nothing major.

President McCarthy noted he would be okay accepting the donation, but City staff/departments should not be using it.

Mr. Clark noted he would bring the official vote back to a future meeting with all of the applicable paperwork.

Commissioner Bednar requested that we inquire about any asbestos in the building.

**Item #5. – Executive Director Report:** Mr. Clark stated that the temporary roof fix on The Ville has been completed and within the \$15,000 budget the Port Authority Board gave him.

Mr. Clark also noted that he is still working with Mac Hamilton on an apartment building in this area, but there still appears to be a \$400,000 gap in the financing needed to get the project moving.

**Item #6. – Any other business:** None

**Item #7. - Adjournment:** With no further business, motion by Commissioner Bednar, seconded by Commissioner Austin to adjourn the meeting at 4:36 pm. Carried 7-0.

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

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

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