

**MINUTES**  
**PORT AUTHORITY REGULAR MEETING**  
**TUESDAY, APRIL 24, 2019**  
**4:30 P.M.**  
**LOWER LEVEL CONFERENCE ROOM**

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

**Members Absent:** Commissioners Jeff Austin and Chuck Moline.

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

**Others Present:** Mayor Thomas Stiehm, Kim Hillberg from CliftonLarsonAllen, LLC (CLA), Randy Kramer and Craig Hoium of the Mower County Development Group LLC, Public.

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

**Item #2. – Approval of minutes of the January 23, 2019 special meeting:** Motion by Commissioner Bednar, seconded by Commissioner Mohrfeld to approve the minutes of the January 23, 2019 special meeting. Carried 5-0.

**Item #3. – Approval of claims for payment for 01/11/19 to 04/11/19:** Mr. Dankert discussed the claims for payment for the above time period. Mr. Dankert discussed payments to Hoversten’s Law office for work done on the old HyVee site, plus a payment to Kiker Brothers to repair some roof leaks at the Walker Building. Additionally, some “For Sale” signs were purchased from Johnson printing for the land just north of the I90 Kwik Trip that the Port Authority owns.

Motion by Commissioner Bjorndal, seconded by Commissioner Mohrfeld to approve the claims for payment for the period of 01/11/2019 to 04/11/2019. Carried 5-0.

**Item #4. – 12/31/18 Draft audit report:** Mr. Dankert noted Kim Hillberg from CLA was here to present a preliminary audit report, and that if there were any material changes, we would bring her back for the July meeting. 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. The major item that happened in 2018 was the sale of the old HyVee building to a developer for some retail development.
- Pages 10-11 are the Balance Sheets which indicate a slight decrease from \$28 million of assets down to \$27.7 million. This decrease can be attributable to depreciation expense (a non-cash item) on the Hormel Institute building that The Hormel Foundation owns.
- Net position decreased from \$27.1 million to \$26.8 million.

- On page 12 is the income statement that shows a change in net assets (decrease) of \$291,391. The depreciation expense noted above for \$799,356 caused this decrease in net position, otherwise the Port Authority would have had net income.
- On page 13, Ms. Hillberg noted the cash flows have increased \$403,800 from 2018 operations and the ending cash balance now sits at nearly \$2.3 million. Mr. Dankert added that now that in 2019 we collected the \$200,00 HyVee receivable (for not tearing down the old building) plus the \$250,000 from Cobblestone Hotels, the Port is sitting on \$2.75 million of cash.
- On pages 14-22 are the notes to the financial statements.
- On pages 23-30 are more detailed pages of the funds and their operations, broken down by activity.
- Finally, on pages 31-33 is the report indicating we complied with all of the state compliance requirements and internal controls.

Ms. Hillberg also noted staff did a great job again this year, with no proposed entries. Additionally, the City of Austin is one of only a handful of cities' that draft their own financial statements, saving you considerable dollars.

**Item #5. – Discuss the Hormel Institute’s ICRT Expansion Project 2019-2021:** Mr. Clark discussed a request by the Hormel Institute to be the fiscal agent in the event that the State Bonding bill allocated the \$15 million requested for technology upgrades. Gail Dennison introduced the subject, and had scientists from the Hormel Institute make some brief statements. Dr. Sergio Gradilone and Luke Hoepfner joined CORE Manager Todd Schuster and development staff Brenna Gerhart, all of whom discussed the continual need for technology upgrades at the facility.

Commissioner Bednar questioned if this technology upgrade would take care of all of the inefficiencies. Ms. Dennison noted technology and science are continually walking arm-in-arm, and that there will always be a need.

**Item #6. – Approve the Hormel Institute Resolution agreeing to act as the local government fiscal agent for the \$15 million state bond fund for technology enhancements:**

Commissioner Bjorndal asked Mr. Dankert how the process for payment would work. Mr. Dankert noted he has not been part of any discussion on this, but would assume it runs the same as the Hormel Institute expansion did, whereby we would pay for the technology upgrades, and then get reimbursed after the fact by the state (50%) and the private funds that the Hormel Institute has raised.

Mr. Dankert also noted, once purchased, this property would be owned by the Austin Port Authority and would need to be acquired by following appropriate state bid laws.

After further discussion, motion by Commissioner Bednar, seconded by Commissioner Mohrfeld to approve the Resolution agreeing to act as the fiscal agent for this technology upgrade state bonding request. Carried 5-0.

**Item #7. – Acceptance of a donation of land and building from Mayo Clinic Ambulance formerly known as Gold Cross Ambulance Service, located at 1010 W. Oakland Avenue:**

Mr. Clark noted Mayo Clinic Ambulance has made the requested changes to the property

including removal of asbestos from the building, and would like to donate the building to the Austin Port Authority. Mr. Clark noted he is working on some redevelopment in the area and would like to start gathering parcels for this.

Commissioner Bednar questioned if a warranty deed would be more appropriate than a quit claim deed. Mr. Byram noted the title is clean at this point, and he will recheck before closing to ensure there are no encumbrances against the property. Since they are donating the land, Mr. Byram noted a quit claim deed would be the best, especially with a clean title.

Motion by Commissioner Helle, seconded by Commissioner Mohrfeld to accept the donation. Carried 5-0.

Motion by Commissioner Mohrfeld, seconded by Commissioner Helle to approve of the signing of the gift agreement. Carried 5-0.

Motion by Commissioner Bednar, seconded by Commissioner Helle to approve the quit claim deed. Carried 5-0.

**Item #8. – Discuss details of leasing the old Gold Cross Ambulance building:** Mr. Clark noted in the interim, he will look for a tenant to rent the former ambulance facility and pay a triple net lease including all repairs then he would try to lease it out.

No objections noted.

**Item #9. – Discuss the Venture SE MN Diversification Loan Fund:** Mr. Clark noted The Port Authority was asked to sign a letter in support of legislation introduced that would establish a diversified loan fund for the region. The \$25 million appropriation would be administered by the Rochester Economic Development, Incorporated and would provide a revolving loan fund for eleven counties, including Mower County, for economic Development diversification.

President McCarthy noted there was no cost for this endeavor. Mr. Clark stated that was correct.

Motion by Commissioner Bednar, seconded by Commissioner Mohrfeld to approve of the letter of support for the establishment of a diversified loan fund for the region. Carried 5-0.

**Item #10. – Creekside Business Park Signage Approval:** Mr. Clark noted he has received two quotes to install some signage at the Creekside Business Park entrance and is requesting up to \$25,000 to do such project as that will entice more development in this business park. Mr. Clark noted the sign will not be legible from Highway 218 and a light pole will need to be moved, but it would be backlit much like the city hall signs currently are.

Motion by Commissioner Helle, seconded by Commissioner Bednar to approve of the signage at Creekside Business Park with a budget not to exceed \$25,000. Carried 5-0.

**Item #11. – Approve the Development Agreement with Mower County Development Group, LLC:** Mr. Clark presented the Contract for Private Redevelopment with Mower County Development Group, LLC for a new Grand Stay hotel in downtown Austin on land currently owned by The Hormel Foundation. Mr. Hoium went through a brief presentation on the project.

President McCarthy questioned if the requested tax abatement to the City of Austin, Mower County, or Austin School District is declined by any of those three parties, is this development agreement null and void. Mr. Clark noted that was correct, and that if the abatement does get approved, we are looking at some land swap with The Hormel Foundation to get control of this land on 4<sup>th</sup> Avenue.

Mr. Byram stated if the Port Authority can't acquire the property, then the Port Authority is also out and the contract for private redevelopment is null and void. Additionally, Mr. Byram noted if the abatement doesn't occur for all three parties, the agreement is null and void. Additionally, the Port has to be able to get the land for no cost.

Commissioner Mohrfeld questioned if there was adequate parking. Mr. Hoiium noted there are 42 off-street parking stalls, and the City requires one stall per room. We can, however petition to be able to include municipal parking lots in the area to meet the minimum requirements. Additionally, Mr. Hoiium has discussed some shared parking with The Tendermaid.

Commissioner Helle stated downtown is continuing to evolve, and the parking situation will also evolve.

President McCarthy questioned without the abatement, the project doesn't work? Mr. Hoiium stated that was correct and how it has been sold to potential investors, but the contract for private redevelopment also calls for 25% equity into the project before it starts, and investors need to know that a site is locked in before they will invest.

Commissioner Bednar questioned if the city can support the new Cobblestone Hotel and a new Grand Stay Hotel. Mr. Hoiium noted that the original feasibility study included an additional hotel in it, so we still believe the market could support two new hotels.

Commissioner Bjorndal questioned when Mr. Hoiium would be talking to all of the taxing jurisdictions. Mr. Hoiium stated the school is scheduled to vote on June 10. Mower County would be shortly after that.

Mayor Stiehm noted that there have been questions from the public about why we don't treat all of these hotels the same. Mayor Stiehm noted this is the only one building downtown. Additionally, we have heard of a third hotel (Holiday Inn Express) potentially coming to Austin. Mayor Stiehm stated Cobblestone Hotels is now asking questions about the Grand Stay Hotel tax abatement request.

President McCarthy noted the Port Authority's only investment in this is time.

After further discussion, motion by Commissioner Bjorndal, seconded by Commissioner Bednar to approve of the Contract for Private Redevelopment with Mower County Development Group, LLC. Carried 5-0.

**Item #12. – Executive Director Report:** Mr. Clark noted he has asked for legislation to remove the statutory requirement to have a supermajority needed to approve a land sale by a Port Authority.

**Item #13. – Any other business:** None.

**Item #14. Adjournment:** With no further business, motion by Commissioner Mohrfeld, seconded by Commissioner Bednar to adjourn the meeting at 5:41 pm. Carried 5-0.

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

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

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