

MINUTES
PORT AUTHORITY SPECIAL MEETING
TUESDAY, JUNE 15, 2021
4:00 P.M.
MAIN-LEVEL CONFERENCE ROOM B

Members Present: Commissioners Jerry McCarthy (4:05 pm), Jeff Austin, Michael Bednar, Lee Bjorndal, and Tim Ruzek.

Members Absent: Commissioners Chuck Moline and Jason Baskin

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

Others Present: Mayor Steve King; Planning Director Holly Wallace; Tim Penny (SMIF); Curt Johnson, Dean Goette, Don Hagen, and Craig Fink representing Patriot Land and Construction Co. LLC., Nate Stencil (via Zoom).

Vice-President Austin called the meeting to order at 4:00 p.m.

Item #2. – Approval of minutes of the April 28, 2021 regular meeting: Motion by Commissioner Bednar, seconded by Commissioner Ruzek to approve the minutes of the April 28, 2021 regular meeting. Carried 4-0.

Item #3. – Southern Minnesota Initiative Fund presentation: Tim Penny, Executive Director of the Southern Minnesota Initiative Fund (SMIF) thanked the board for their continued annual support. Mr. Penny discussed some of their annual progress including allocating \$5 million this last year into the region. Support for childcare initiatives including provider training and ECFE grants have been some of initiatives during the last year. Commercial grants, including one to Bella Victoria have also been done. Additionally, SMIF was chosen to help allocate out business development grants as part of the CARES Act funding.

Item #4. – Plat approval – Nature’s Ridge Third Addition: Mr. Clark discussed the housing development out near the Nature Center, noting the plat abuts Port Authority property, on what would be an extended 17th Street NE. The Port Authority will also be responsible for \$150,000 of estimated roadway costs for our half.

Motion by Commissioner Bjorndal, seconded by Commissioner Austin to approve the plat. Carried 5-0.

Item #5. – Extension of Due Diligence Period for property located at 11th Drive and 14th Street NE: Mr. Clark noted the Port Authority originally approved a 90-day exclusive due diligence period for the proposed truck wash, and now the developers would like to extend it another 60 days.

Curt Johnson noted he has looked at the property and have fielded extraordinary interest in the sites. Don Hagen, noted we could have 45-60 trailers a day at this proposed site.

Mr. Johnson noted construction costs are going sideways right now and it is very expensive, but we have a budget of \$9.5 million for a 50,000 square foot facility. The additional 60 days is needed to help with obtaining the needed bank financing. Mr. Johnson noted he understands somebody else is looking at the 13.55 acres that was part of the original due diligence period, but they will let that portion go as far as the extended period request goes.

Commissioner Bjorndal questioned if there would be a buffer strip between this development and the existing bike trail. Mr. Johnson noted there would be, but the plan has not yet been finalized.

Commissioner Ruzek questioned what would happen with the existing G&R Truck Wash site. Mr. Johnson noted they would look at repurposing the existing building.

President McCarthy questioned what the plan was for the waste from this facility. Mr. Hagen noted it would be done differently than is currently being done at the G&R Truck Wash facility, and he has spoken with City Engineer Lang about their proposed project.

Motion by Commissioner Bednar, seconded by Commissioner Austin approving of 60-day extension in the due diligence period, for the 25-acre site only. Carried 5-0.

Item #6. – Proposed development agreement with Stencil Group II, Inc. and #7 Purchase agreement for 704 1st Drive NW: Mr. Clark discussed the proposed market-rate apartment project on the site of the former YMCA. Mr. Clark noted the Council reviewed two proposals, and decided the Stencil project was a better fit for the site. Mr. Clark noted the City agreed to give the Port Authority \$650,000 to cover the cost of the purchase agreement. Mr. Clark noted included in the proposal are contracts for Phase I and Phase II environmental reviews, and a blight test company that is needed for tax increment financing purposes. There is a sales price of \$1, and a claw-back provision that if construction does not commence within 1 year the land goes back to the Port Authority. The project is proposed at 91 units for \$16.5 million.

Commissioner Austin questioned why the City couldn't just do this and keep the Port Authority out of it. Mr. Byram noted the Port Authority has broader powers under state statute, plus the claw-back provision is specifically listed in state statutes. Commissioner Austin stated that the City could just as easily include the same provision in an agreement if they were doing this.

Mayor King noted the vision for downtown and the former YMCA was not known by the City Council and that interest from market rate developers came late to the table. The City benefits 26 years down the road as this market rate property has a tax rate that is 40% higher than affordable rate apartments.

Commissioner Austin stated we need all sorts of housing, both market rate and affordable. After this project is done, we should not need additional market rate apartments for a long time.

Commissioner Ruzek questioned why this doesn't go through the HRA instead. Mr. Byram stated the Port Authority can do almost anything to support economic development.

Developer Nate Stencil noted he opened the Flats on 21 and it is full, and believe a higher amenity apartment is needed in Austin. The existing YMCA will be completely torn down, and this should also help open up single-family home inventory in town.

Motion by Commissioner Bednar, seconded by Commissioner Ruzek to approve the development agreement with Stencil Group II, LLC. Carried 5-0.

Motion by Commissioner Ruzek, seconded by Commissioner Bjorndal to approve the \$650,000 purchase agreement with the YMCA. Carried 5-0.

Item #8. – Executive Director Report: Mr. Clark Stated Commissioner Jerry Mohrfeld has resigned and will be recognized at the June 21, 2021 City Council meeting for his years of service to the Port Authority. Mr. Mohrfeld is the last founding member of the Port Authority and has been on this Board for 34 years.

Additionally, the Nu-Tek ground breaking will be June 22 at 11:00 am.

Mr. Clark noted he has a conflict with the July 28, 2021 regular Port Authority meeting, so we may just cancel that one.

Item #9. – Any other business: None.

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

Approved: _____

President: _____

Secretary: _____