

**MINUTES**  
**PORT AUTHORITY SPECIAL MEETING**  
**WEDNESDAY, DECEMBER 6, 2017**  
**4:30 P.M.**  
**LOWER LEVEL CONFERENCE ROOM**

**Members Present:** Commissioners Jerry McCarthy, Lee Bjorndal, Michael Bednar, Laura Helle, Larry Maus (4:42 pm), and Jerry Mohrfeld.

**Members Absent:** Commissioner Jeff Austin.

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

**Others Present:** None.

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

**Item #2. – Approval of minutes of the October 25, 2017 special meeting:** Motion by Commissioner Mohrfeld, seconded by Commissioner Bednar to approve the minutes of the October 25, 2017 special meeting. Carried 5-0.

**Item #3. – Review and approve sale of property along 14<sup>th</sup> Street NE:** Mr. Clark discussed his memo regarding the sale of land to Diane Persinger. As part of the acquisition of land by the Port Authority at the October 25<sup>th</sup> Port Authority meeting, we agreed to sell to the Persinger's some land north of this area for \$60,000, the proceeds of which would be given back to the City of Austin. The transaction was as follows:

- City transfers land to the Port Authority (approximately 10.45 acres behind the new Austin Utilities Central Facility.
- Port Authority acquires 27.27 acres along 14<sup>th</sup> Street NE from Persinger's for \$300,000.
- Port Authority sells Persinger's the 10.45 acres of land for \$60,000.
- Port Authority remits the \$60,000 back to the City of Austin.

The Port Authority needed to publish the notice and public hearing for the 10.45 acre property sale, which is this hearing currently.

After further discussion, motion by Commissioner Helle, seconded by Commissioner Bjorndal to accept title to the 10.45 acres and the proceeds of the sale be remitted back to the City of Austin, and to authorize the signing of the purchase agreement and sale agreement with Diane Persinger. Carried 5-0.

**Item #4. – Review and approve Third Amendment to Contract for Private Redevelopment with Hy-Vee, Inc.:** Mr. Clark discussed his memo regarding an extension to the contract for private redevelopment with Hy-Vee that is needed if we want to extend the purchase and marketing agreement with Slaby and Associates to try to continue to market the former Hy-Vee grocery store.

Mr. Clark noted Hy-Vee, Inc. has agreed to extend the purchase agreement until August 1, 2018 before they would be required to demolish the building and remove the parking lot at their cost. This agreement is needed first before we discuss item #5 on the agenda of the extension for Slaby and Associates to try to find a tenant.

Commissioner Mohrfeld questioned the building and maintenance costs we are having by still keeping this property. Mr. Clark noted there is minor maintenance and utility bills we are paying for, and we will need to plow around the building for emergency vehicle access during the winter. Mr. Dankert noted our utility bills have been about \$2,400 a month, but part of that Mr. Clark noted included the gas station lighted sign that has now been switched off.

Commissioner Bjorndal noted he has not heard a persuasive enough argument here as to why we should keep stringing this along. Why aren't the developers even here tonight? Have they given us any updates? President McCarthy stated they came in and met with him and Commissioner Helle and some staff and went through a grid, most of which was businesses saying no to us.

Commissioner Helle noted the big take she did get from the meeting is that there are one or two bigger box stores that the developer feels we still have a chance with as long as the building remains. And, if we can get the bigger box ones, then a few of the smaller ones will fall in line. Commissioner Helle stated that the developers made it clear that if the building is gone then the construction costs to build a new building would be cost prohibitive for even a big box store to enter the Austin market. Commissioner Helle noted her preference to continue to give them a chance at getting the building transformed.

Commissioner Bjorndal asked how long we have been trying this. Commissioner McCarthy noted it has probably been close to two years with this developer, but he changed companies mid-stream. Commissioner Bednar questioned if we should be working with a different developer. Mr. Clark noted one other one approached us, but we believe that with the current developer's industry contacts, that he was the better choice. President McCarthy noted the entire retail sector is in the toilet right now.

Commissioner Bjorndal noted he is still not hearing a case for this extension, noting the best thing to do would be to just tear it down now.

Mr. Clark noted that if we were trying to woo a bigger box store to Austin, let's say Kohl's, wouldn't we be willing to spend a few thousand dollars a month to try to get that done. That is in essence what we are doing here by paying some maintenance costs each month to try to get a bigger box store to even consider us, plus the local Chamber of Commerce is urging us to stick with it for a little while longer.

Commissioner Helle noted her support for extending, but it needs to be made clear to the developers that this is the last time. And then we as the Port Authority need to understand if it is torn down we have zero chance at a midsize box retail store in Austin.

Commissioner Bjorndal reiterated these comments are coming from the developer, whose job it is to try to convince us to let him keep going. We keep waiting and giving extensions and hearing things

are coming soon, but in my line of work I have heard these all before and nothing ever comes. Talk is cheap noted Mr. Bjorndal.

After further lengthy discussion, motion by Commissioner Mohrfeld, seconded by Commissioner Helle to approve the extension to August 1, 2018 and that no further extensions will be granted. Carried 6-0.

**Item #5. – Extension of Purchase and Marketing Agreement with Slaby and Associates.:**

Based on the prior discussion, Mr. Clark requested an extension for Slaby and Associates to then continue marketing the property until August 1, 2018.

Motion by Commissioner Helle, seconded by Commissioner Mohrfeld to approve the extension to August 1, 2018 and that no further extensions will be granted. Carried 6-0.

**Item #6. – Executive Director Report:** Mr. Clark noted the Council may be meeting with a prospective buyer for Paradise Island/Margaritaville in the near future and that he would keep the Port Authority Board apprised.

**Item #7. – Any other business:** None.

**Item #8. Adjournment:** With no further business, motion by Commissioner Bednar, seconded by Commissioner Bjorndal to adjourn the meeting at 5:00 pm. Carried 6-0.

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

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

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