

**MINUTES**  
**PORT AUTHORITY REGULAR MEETING**  
**TUESDAY, MARCH 14, 2023**  
**4:30 P.M.**  
**CITY COUNCIL CHAMBERS**

**Members Present:** Commissioners Jerry McCarthy, Lee Bjorndal, Jason Baskin, Michael Bednar, Jeff Austin and Tim Ruzek.

**Members Absent:** Chuck Moline.

**Staff Present:** City Facilities Manager Brian Mason, Port Authority Attorney Craig Byram, Port Authority Executive Director Craig Clark and Port Authority Secretary Tom Dankert.

**Others Present:** Kent McCoy (NuTek), John Garry (DCA), Patrick Wagner (Joseph Company), Carter Wagner (via Zoom).

President McCarthy called the meeting to order at 3:00 p.m.

**Item #2. – Election of Officers:** Mr. Dankert noted this is the annual meeting for which officers need to be elected. President McCarthy noted he is stepping down from the Presidency and will likely step-down from the Port Authority Board altogether in the next few months. President McCarthy made a motion as follows, seconded by Tim Ruzek without further discussion:

President	Jason Baskin
Vice President	Jeff Austin
Treasurer	Lee Bjorndal
Secretary and Assistant Treasurer	Tom Dankert

Carried 6-0.

**Item #3. – Approval of minutes of the December 29, 2022 special meeting:** Motion by Commissioner McCarthy, seconded by Commissioner Bjorndal to approve the minutes of the December 29, 2022 special meeting. Carried 6-0.

**Item #4. – Claims for Payment:** Mr. Dankert discussed the claims paid from December 16, 2022 through February 23, 2023 noting in total, payments made were \$49,449.38. Mr. Dankert noted some of the large unusual payments as follows:

- \$5,000 to the Austin HRA for payment on the original \$50,000 Oak Park Mall redevelopment 0% interest loan.
- \$11,417.50 and \$13,962.50 to Bolton and Menk for O’Leary Property drainage review.
- Several invoices for repairs at the Walker Building, many of which are being reimbursed by International Paper for the damage they have done to parts of the facility.

Motion by Commissioner Bjorndal, seconded by Commissioner Ruzek to approve the claims for payment as presented. Carried 6-0.

**Item #5. 2022 Unaudited Financial Statements:** Mr. Dankert noted the preliminary financial statements for the period ending 12/31/22 are as follows (based on audit fieldwork that was just completed):

- Page 3 Combined Balance Sheet shows total cash of \$2.3 million and long-term assets of \$1,792,350. Fixed Asset net book value is now at \$20,750,997.
- Page 4 Combined Income Statement has a net loss of \$813,209 after depreciation. Taking out depreciation (non-cash item) and the loss would have been closer to \$100,000 as we had some additional downtown easements purchased.

Breaking down the above combined elements into each different operation includes:

- Page 5 Balance Sheet of Property Management shows available cash of \$730,668, loans receivable of \$731,870, and downtown revitalization loans of \$10,357.
  - Land held for resale is at \$816,609.
- Pages 7 and 8 Walker Building shows cash of \$648,125 on net income of \$58,411.
- Pages 9 and 10 Oak Park Mall include \$922,050 of cash and \$367,029 of fund balance.

Motion by Commissioner McCarthy seconded by Commissioner Ruzek to approve the preliminary financial statements as presented. Carried 6-0.

**Item #6. – NuTek – Right of First Refusal and Option to Purchase:** Kent McCoy, CFO of NuTek presented a proposal for the option to purchase additional land in the Creekside Business Park. Mr. McCoy noted it is their vision to complete a campus on the Creekside Business Park, and our next phase is to create what is called “culture media”, which in essence is making the drug with our product. The goal would be to recruit pharmaceutical companies to co-locate on this property, and in our discussions with some potential suiters, they agree with our vision. Mr. McCoy noted they wanted the option to purchase lots that are just south of the current facility and immediately to the east. Mr. Clark noted the agreed option price is \$55,240 (\$2,000 per acre). By granting this option, NuTek would have the right to buy these parcels at \$48,000 per acre for a period of two years.

Additionally, NuTek would like the Right of First Refusal on the 4 lots immediately east of the option lots. NuTek has agreed to a price of \$4,715 for this first right of refusal, and has agreed if they exercise it the purchase price of the parcels is \$50,000.

This offer will be considered as part of the closed meeting.

**Item #7. – Walker Building – Proposal of Sale from The Joseph Company:** Mr. Clark discussed the unsolicited offer from The Joseph Company to acquire our Walker Building for \$640,000. Carter Wagner noted there are some repairs he believes are needed that they would do including roof repairs, floor heat repairs, and siding repairs that will add a couple hundred thousand more dollars to their investment. Additionally, Mr. Wagner noted they would like to add 20,000 square feet to this building as the other property they own needs additional leasable space. Mr. Wagner noted they recently purchased the former Robinson Building to the south of the Walker Building, and own the two buildings north of the Walker Building.

Commissioner McCarthy questioned how much to build a new 30,000 square foot building. Carter and Patrick Wagner noted it would be around \$80-\$100 a square foot, or close to \$3,000,000.

This offer will be considered in the closed meeting.

**Item #8. – Closed session under Minnesota Statute 13D.05, subd. 3(c) for the purpose of considering offers to sell an interest in real property:** Motion by Commissioner McCarthy, seconded by Commissioner Ruzek to close the meeting under Minnesota Statute 13D.05, subd. 3(c) for the purpose of considering offers to sell an interest in real property at 3:48 pm. These two properties involve Lots 2 and 3, Block 2, Cook Farm Business Park, and Outlot C, Cook Farm Business Park. The second parcel is located at 1811 14<sup>th</sup> Street NE. Carried 6-0.

**See DVD of closed meeting.**

Motion by Commissioner Bjorndal, seconded by Commissioner Ruzek to open the closed meeting at 4: 20 pm. Carried 6-0.

**Item #9. – NuTek Consideration of Right of First refusal and the Option to Purchase:** Motion by Commissioner McCarthy, seconded by Commissioner Bjorndal to agree to the Right of First refusal and the Option to Purchase the proposed land in the Creekside Business Park as earlier proposed. Carried 6-0.

Mr. Clark noted the requirement to advertise the sale prior to actually selling it, and the need for a 20-day holding period by statute after the sale for any citizen to object in district court.

**Item #10. – Possible Consideration of Sale of Walker Building:** No motion necessary per Mr. Clark as the decision to hold the asset has been made in closed session and we shall decline the offer. No objections noted.

**Item #11. – Approval of Walker Building Demolition Quotes:** Mr. Clark noted he has a quote from The Joseph Company, plus some quotes for electrical and plumbing/mechanical to remove the interior wall at the Walker Building to add an additional 1,900 of leasable space for International Paper. Additionally, a new bathroom will be needed that is outside of these quotes. Mr. Dankert asked for blanket approval of up to \$50,000 for these repairs.

Motion by Commissioner Austin, seconded by Commissioner Bednar to approve of up to \$50,000 for the remodeling project. Carried 6-0.

**Item #12. – Executive Director Report:** Mr. Clark noted Harty Mechanical has the developer's agreement in their review.

**Item #13. – Any other business:** Commissioner Ruzek question if the 25-acre Persinger Property that we own has had a study for the best use of it, suggesting maybe one should be done. Commissioner Bjorndal noted he would not be supportive at this time because he is not supportive of the \$1 million road plus the \$1 million needed for wetland delineation and storm pond costs.

**Item #14. Adjournment:** With no further business, motion by Commissioner Ruzek, seconded by Commissioner McCarthy to adjourn the meeting at 4:30 pm. Carried 6-0.

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

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

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