



# AUSTIN PORT AUTHORITY

500 Fourth Ave. NE  
Austin, MN 55912-3773

[www.ci.austin.mn.us](http://www.ci.austin.mn.us)

507-437-9940  
Fax: 507-434-7197

July 23, 2012

Mr. Torrey Wingert  
Vice President/CFO  
Bomgaars Stores  
1805 Zenith Drive  
Sioux City, IA 51103

Re: Austin K-Mart Building Development

Dear Mr. Wingert:

Upon the notification of Bomgaars Stores interest in locating in our community's northwest retail area, discussions have taken place as to what involvement the City of Austin could participate in relating to this potential commercial retail development.

These discussions have included representatives from the Austin Port Authority which is the economic development agency for the city. It is our understanding that this development would include the following:

- Facility lease – September 1, 2012 through October 31, 2016
- Ownership of property to be conveyed to Bomgaars Stores November 1, 2016
- Initial employment would include 25-30 positions
- Prior to this store opening, \$250,000 of exterior and interior improvements would be made to the facility
- Austin Bomgaars Store would be open for business 7 days a week
- Retail inventory shall include merchandise listed in your company's website under departments

After consideration regarding any involvement with this development, the Austin Port Authority would propose to offer Bomgaars Stores a \$150,000.00 forgivable loan, the funds of which would be disbursed to you at the time your company obtains ownership of this property located at 1400 18<sup>th</sup> Ave NW, Austin, MN 55912. The approval of this loan shall be conditional to Bomgaars Stores and the Austin Port Authority entering into a development agreement and accompanying loan documents which must be finalized and approved on or before November 30, 2012.

May this document serve as a letter of intent by the Austin Port Authority to make a loan to your company in the amount of \$150,000.00. Of course, the afore described loan is contingent upon the parties entering into a mutually acceptable agreement, which among other things would include terms and conditions relating to the term of the loan, a forgiveness schedule, conditions to be performed for forgiveness of loan payments and other obligations of the borrower. Generally speaking, forgiveness of loan payments would be tied to job creation and retention.

Our city is a progressive community that invests in its future to provide a total environment for business, recreation, education and enjoyable living. We believe that your company will find our community to be fully supportive in meeting your needs as you grow.

If you should have any questions regarding this development site or financial subsidies offered, please call me at my office at 507-437-9952.

Sincerely,

Sincerely,

Jerry McCarthy  
President, Austin Port Authority

Jim Hurm  
Executive Director, Austin Port Authority

Sincerely,



Craig Hoium  
Community Development Director

Cc: Tom Dankert, Executive Secretary/Treasurer Austin Port Authority  
David Hoversten, Austin City Attorney  
Jon Erichson, Public Works Director

## K-Mart Development Summary

### Bomgaars Store

- 4-year lease from K-Mart/Sears Holding Co.
- Retailer to purchase property when lease expires

### Employment:

- Initially 25-30 employees @ \$9.50 - \$10.50/hour plus management staff
- Benefits – 30% of hourly pay scale for life and health insurance, 401k, vacation, and sick leave

### Company information:

- See attached

### Building improvements:

- New main entrance
- Façade upgrades
- Loading dock area
- Roof replacement
- Resurfacing of parking lot
- Initial improvements – \$250,000.00 which does not include the roof replacement or parking lot resurfacing

### Desired store opening date:

- October 2012