

Hutchinson EDA Board of Directors

Minutes of Meeting Friday, January 28, 2005 at 7:00 a.m.

Members present in **bold** print:

Members:

Tim Ulrich	Steve Jansick	Jim Haugen	Don Walser
Duane Hoversten	Casey Stotts	Mike McGraw	

Staff:

Miles Seppelt, EDA Executive Director
Crystal Foust, EDA Intern

I. Tim Ulrich called the meeting to order at 7:00 a.m.

II. Approve Agenda

Agenda not revised. No action taken.

III. Review and Approve Meeting Minutes

a. Review minutes of December 23rd, EDA Board meeting.

M/S/P: Walser, McGraw to approve the minutes from the December 23rd, 2004 EDA Board meeting as written.

b. Review minutes of December 15th, EDA Finance Team meeting.

M/S/P: Hoversten, Jansick to approve the minutes from the December 15th, 2004 EDA Finance Team meeting as written.

c. Review minutes of December 28th, 2004 Industrial Park Team meeting.

January Industrial Park Team meeting postponed until February 1st. The EDA Board will approve December 28th minutes in the February meeting.

IV. Review December Final Financial Statements – Miles Seppelt gave the following report:

- Pg. 1 is the balance sheet for EDA Operations listing the cash available as \$127,719. It was noted that the EDA had received a transfer from the city's general fund last month for 2005.
- Pg. 2 is the statement of revenues and expenditures. Every line item is within the budget. However, the EDA is over budget in the professional services category due to appraisals, site plans, etc. for various projects.
- Pg. 4 EDA currently has a balance of \$137,943 for cash available. \$7500 can be added to the balance that was received from Allied Mechanicals recently.
- Pg. 5 Currently for the Downtown Loan Fund, the cash available is \$637,239. This balance does not reflect recently approved funds for multiple loans totally \$147,154. The actual unencumbered balance is \$490,084.

M/S/P: Haugen/ Hoversten to approve the December Financial Statements as presented.

V. Directors Report

Miles Seppelt gave the following updates:

1. **BR&E Visits:** Miles visited with TC Tool. They currently lease from Goebels, but are interested in purchasing. TC Tool is beginning to work on a business plan. Goebels have a potential buyer for the 10 acres they have also.
2. **Liquor Hutch:** The project was approved by the city Council on January 11th. The city is in the process of organizing soil borings and a survey done on the site. Tushie Montgomery Architects is working on their information as well.
3. **Rix Corner Redevelopment:** The deadline for the project business plan is March 1st.
4. **State Theater:** The finishing work is being done at the theater. The details are coming together and it is about 1 month from being finished.
5. **Hutchinson Hotel:** The inside of the hotel is cleaned out and the appropriate walls are knocked out. The Chamber of Commerce, a chiropractic facility, and another rental area are scheduled to move in the building.
6. **Downtown Streetscape Project:** Miles is in the process of visiting downtown property owners. He is conducting a survey to get feedback about the proposed project. The information will be presented to the City Council on February 8th along with a public hearing.
7. **Spec Building Project:** The business plan is written. The project team met 3 or 4 times. There is a plan to bring the project through the various boards in February for approval.
8. **Cenex consolidation project:** The Cenex Project Team has met. The discussion is moving forward. Research is currently being done to find out more details about the specifics of the project.
9. **New Business Recruitment:** Indradyn as a potential business in Hutchinson was looked at. The decision at this time is to not go ahead with that business. Discussion took place about the business future of Hutchinson. In a couple of years it should be very exciting.
10. **Annual Report:** The report is not done yet. It will be done and up for discussion next month.

VI. Grant and Loan Applications

Storefront Revitalization Matching Grant
Cheryl Labat (adjustment to cover final bill)

\$102.50

M/S/P: Walser, Jansick to approve the adjustment to the amount of storefront revitalization matching grant.

VII. Streetscape Assistance Grant (proposal)

The program is designed to help those small businesses that would have financial hardship due to streetscape assessments. The people qualified for the program would be owner occupied businesses that had a lot 29 feet or less. The Hutchinson Downtown Association would fund the program. \$1,000 would be allotted each year and divided among the applicants each year. Discussion took place out the proposal. No action was required.

VIII. Renewal of Property Leases

A. Wetherell Lease (\$500/month)

- The Wetherell lease expires in May 2005. The Wetherell's are interested in renting the south side of the property.

M/S/P: Hoversten/ McGraw to approve the renewal of the Wetherell lease at \$500/month.

B. Stritesky Property Lease

- Currently, 76 acres of the Stritesky property is being leased. The lease expires in April 2005. Discussion took place about the renewal of the lease and insurance policies.

M/S/P: Jansick/ Haugen to approve to enter another year lease for the Stritesky property at \$100/acre.

IX. Chamber Update

- The 57th annual meeting took place on January 27th. Jim Fahey was the guest speaker. A number of awards were given out. There was a good turnout with 200+ people in attendance. The sesquicentennial committee had a display at the Event Center as well. Mark Vaillancourt is the new president of the Chamber.

X. Other Business

- A PowerPoint presentation of the Spec Building Project will be presented next month.

XI. Next meeting February 28th, 2005, 7 am.

XII. Adjourn

The meeting adjourned at 8:01 am.

**Respectfully submitted,
Crystal Foust
EDA Intern**

Hutchinson EDA Board of Directors

Minutes of Meeting Friday, February 25, 2005 at 7:00 a.m.

Members present in **bold** print:

Members:

Tim Ulrich	Steve Jansick	Jim Haugen	Don Walser
Duane Hoversten	Casey Stotts	Mike McGraw	

Staff:

Miles Seppelt, EDA Executive Director
Crystal Foust, EDA Intern

I. Tim Ulrich called the meeting to order at 7:04 a.m.

II. Approve Agenda

Agenda not revised. No action taken.

III. Review and Approve Meeting Minutes

a. Review minutes of January 28th, EDA Board meeting.

M/S/P: Haugen, Hoversten to approve the minutes from the December 23rd, 2004 EDA Board meeting as written.

b. Review minutes of January 19th, EDA Finance Team meeting.

M/S/P: McGraw, Haugen to approve the minutes from the January 19th, 2004 EDA Finance Team meeting as written.

c. Review minutes of December 28th and February 1st, 2004 Industrial Park Team meeting.

M/S/P: Hoversten/Jansick to approve the minutes from December 28th and February 1st, 2004 Industrial Park Team meeting as written.

IV. Review January Financial Statements – Miles Seppelt gave the following report:

- Pg. 1 is the balance sheet for EDA Operations listing the cash available as \$102,951.
- Pg. 2 and 3 is the statement of January revenues and expenditures. Every line item is within the budget. The only revenue for January was rental income of \$500 from the Wetherell property. The only expenses were salaries and fringe benefits totaling.
- Pg. 4 EDA currently has a balance of \$141,910 for cash available. \$7,500 can be added to the balance that was received from Allied Mechanicals recently.

- Pg. 5 Currently for the Downtown Loan Fund, the cash available is \$607,484. This balance does not reflect recently approved funds for multiple loans totaling \$147,154. The actual unencumbered balance is \$460,329.

M/S/P: Walser, Jansick to approve the January Financial Statements as presented.

V. Directors Report

Miles Seppelt gave the following updates:

- A. Liquor Hutch:** The architects at Tushie Montgomery are working on the design details of the project. The geotechnical report and survey have been completed on the site. Miles anticipates going to the City Council March 8th to get permission to close on the adjacent property.
- B. Rix Corner Redevelopment:** The project has shown a lot of activity in the last six months. Miles has a business plan for the project. Miles should receive confirmation of a bank approval for the project in the next week to week and a half. The Finance Team will have to meet for approval from the EDA.
- C. State Theater:** The theater is about 95% complete. The concession is done and tiling needs to be done in the lobby. Apartments are finished and the cabinets are being put in. In the theaters, the chairs, screen, and drapes need to be put in. April 1st is the anticipated date for total completion.
- D. Hutchinson Hotel:** The construction is moving forward. All the ductwork and the electrical work are finished. The project should be completed by May 1st – May 15th.
- E. Downtown Streetscape Project:** The project got approval from the City Council on February 11th to proceed to the design phase and to get bids. City staff had the first kick-off meeting to discuss design elements of the project. The exact prices and assessments quantity will come in the end of May. The project will be presented to the City Council for the final approval in June. August 1st will be the intended start date.
- F. Spec Building Project:** The Spec Building Team and the Industrial Park Team have discussed the business plan. The Industrial Park Team approved the concept of the spec building and present the business plan to the EDA Board in February's monthly meeting. The next step is to bring the business plan to the Finance Team for approval. There are other issues to discuss first.
- G. Cenex consolidation project:** Research is currently being done to find out the cost of relocation.
- H. New business recruitment:** Miles has a couple of prospects for the industrial park.

VI. 2004 Annual Report

The report is a summary of what happened in the year 2004 for the EDA. Project updates are included in the report including business retention, state theater, Rix corner redevelopment and downtown streetscape project. The Finance Team and Industrial Park Team activities are included as well. A spreadsheet demonstrating the grant and loans distributed in 2004 is also included in the report. In 24 months, a total of \$10 million will be invested into the downtown.

M/S/P: Walser, McGraw to approve the 2004 Annual Report as presented.

VII. Subordination Request from Citizens Bank

Miles read through a letter from Citizens Bank requesting subordination. The board agreed to have the Finance Team review it at the March monthly meeting. The item was tabled.

VIII. MidWest Tae Kwon Do

Midwest Tae Kwon Do currently occupies the space where the Liquor Store will be expanding. The City of Hutchinson would buy the property. The city is then entitled to fund relocation expenses under the law. A request was proposed to the EDA for an additional \$7,000, which is equivalent to 1 Storefront Matching Grant and 1 Sign Grant. The \$7,000 would be used for leasehold improvements in the building. Discussion took place about the proposal. The Finance Team recommended approval for the \$7,000 supplemental funding.

WHEREAS the Hutchinson City Council requested that the Economic Development Authority look for ways to provide additional financial assistance to Midwest Tae Kwon Do, and;

WHEREAS Midwest Tae Kwon Do will face an undue financial hardship resulting from this relocation, and;

WHEREAS it is important that Midwest Tae Kwon Do cooperate with the City on its Liquor Store expansion and relocate in a timely manner, and;

WHEREAS the expansion of the municipal Liquor Store in Downtown Hutchinson is a priority of the EDA and must be completed by November 1st, and;

WHEREAS an incentive made to Midwest Tae Kwon Do will greatly facilitate these efforts,

THEREFORE BE IT RESOLVED:

M/S/P: Hoversten/Jansick to approve the contribution to the city up to \$7,000 in grants to facilitate the Liquor Hutch project.

IX. Prioritizing Economic Development Projects (Discussion)

The current cash on hand in the EDA Downtown Loan Fund is \$460,329. There are not enough funds to contribute to all the projects anticipated for 2005. The board discussed what the EDA sees as a priority and also some funding alternatives. The cost of building a spec building is larger than anticipated. Discussion took place about the direction of the Industrial Park. The Spec Building business plan needs to be reviewed for future reference.

X. Chamber Update

- a. The building committee is working with the Chamber weekly to set up the hotel space that they are going to occupy in May.
- b. Next week there is a Connections Meeting.
- c. On March 7th. Marc Kohl is coming to speak at the Ag Seminar 2005 at the Peace Center.
- d. The Sportsman's Show that took place 2 weeks ago was a success.

- e. The SnoCross took place at the fairgrounds last weekend. It was a major success. The show in Wabasha has been canceled due to lack of snow and moved to Hutchinson this weekend. (February 25- 27).
- f. The Home and Garden Show will take place this weekend (February 25 and 26) at the fairgrounds.
- g. The Crow River Area Quality Council will present a seminar on the future of genetics at the Event Center on March 16th.

XI. Other Business

- Crystal Foust is applying for a grant through Valspar and Southwest Minnesota Foundation. It was requested to have the EDA be the sponsoring agent for the mural for the grant application.

M/S/P: Jansick, McGraw to approve to be the sponsoring agent for the mural grant.

XII. Next meeting March 30th, 2005, 7 am.

XIII. Adjourn

The meeting adjourned at 8:25 am.

**Respectfully submitted,
Crystal Foust
EDA Intern**

Minutes of

*** SPECIAL MEETING ***

EDA Board of Directors

Main Conference Room – City Center
11:30 AM Monday March 14th, 2005

I. Call to Order

EDA President Tim Ulrich called the meeting to order at 11:41 AM.

II. Briefing & discussion on LARGE business prospect

Tim Ulrich gave a short overview of the company:

A large manufacturer currently located in Minnesota has approached us about the possibility of putting a 50-60,000 square foot expansion here in Hutchinson. Initial employment would be in the area of 30-40 at between \$12 and \$15 / hour.

The company has two main product lines:

- a) Quick Hitches for farm tractors (sold to John Deere, Case & AGCO)
- b) Catwalks for large grain elevators.

The company has had solid sales growth and solid profits over the past three years.

At their present location the company is landlocked and they need to expand to make their operations more efficient and to be able to meet increased demand.

The company plans to maintain some operations at their current site, but is looking at options to build an expansion facility in another community. Their key concern is availability of labor.

They are interested in the Wetherell Property located on the north side of 5th Avenue in the Industrial Park (about 10.85 acres).

EDA Director Miles Seppelt reviewed potential incentives that could be provided to the company.

A meeting with the company president and representatives from the Hutchinson Workforce Center, Ridgewater College, Hutchinson Public Works Dept., Hutchinson Utilities, Hutchinson Chamber of Commerce, and two EDA Board members will be held on Tuesday, March 15th.

The Board members discussed the project.

Everyone was reminded of the need to maintain confidentiality.

III. Other Business

None.

IV. Adjourn

The meeting adjourned at 12:30 PM.

Hutchinson EDA Board of Directors

Minutes of Meeting Friday, March 30, 2005 at 7:00 a.m.

*Note: Meeting rescheduled from March 25th to March 30th because of Good Friday being on the 25th.

Members present in **bold** print:

Members:

Tim Ulrich

Steve Jansick

Jim Haugen

Don Walser

Duane Hoversten

Casey Stotts

Mike McGraw

Staff:

Miles Seppelt, EDA Executive Director

Crystal Foust, EDA Intern

I. Don Walser called the meeting to order at 7:05 a.m.

II. Approve Agenda

Revision to line item III d: The EDA will review and approve the Finance Team minutes of **February 16th**, not March 16th. No action taken.

III. Review and Approve Meeting Minutes

- a. Review minutes of February 25, 2005 EDA Board meeting.

M/S/P: Hoversten/Jansick to approve the minutes from the February 25, 2005 EDA Board meeting as written. Passed unanimously.

- b. Review minutes of March 14, 2005 Special EDA Board meeting.

M/S/P: Haugen/Jansick to approve the minutes from the March 14, 2005 EDA Board meeting as written. Passed unanimously.

- c. Review minutes of March 10, 2005 Special Finance Team meeting.

M/S/P: Hoversten/Haugen to approve the minutes from March 10, 2005 Special Finance Team meeting with the modifications recommended to line item 111 a, b, & c. Passed unanimously.

- d. Review minutes of March February 16th Finance Team meeting.

M/S/P: Haugen/ Jansick to approve the minutes from February 16, 2005 Finance Team meeting as written. Passed unanimously.

IV. Review February Financial Statements –

Miles Seppelt gave the following report:

- Pg. 1 is the balance sheet for EDA Operations listing the cash available as \$95,438. As a request from a previous EDA Board meeting, Mr. Merrill has included the years of forgiveness under mortgages.
- Pg. 2 and 3 is the statement of February revenues and expenditures. Every line item is within the budget. Items for regular operations were the only lines items that had activity.
- Pg. 4 EDA currently has a balance of \$141, 910 for cash available. The cash available reflects \$7,500 recovered from Allied Mechanicals. For Plastic Specialties, the EDA is in year 7 of 10-year forgiveness.
- Pg. 5 Currently for the Downtown Loan Fund, the cash available is \$470,976. This number reflects the total unencumbered balance.

M/S/P: Hoversten, Jansick to approve the February Financial Statements as presented.

Passed unanimously

V. Directors Report

Miles Seppelt gave the following updates:

- Liquor Hutch:** The City Council approved to seek bids for the Liquor Hutch expansion project on March 22, 2005. The bids are open until April 19th. April 26th bids will be awarded and early May construction could begin. Mr. Seppelt continues to be in discussion with Midwest Tae Kwon Do. The company will relocate to the hockey arena for the summer until September 30, 2005 to allow more time to find permanent solution.
- Rix Corner Redevelopment:** The project is in progress and has an architect and builder are on staff to design the building to see how much it is going to cost. An environmental remediation plan is being prepared to send to the State. The prospective purchasers have an option to buy, but have not bought the property yet.
- State Theater:** The apartments are almost completed. The kitchen cabinets have been installed and the bathrooms have been tiled. The owners will be moving into their apartment the end of May. The lobby is 99% complete. The concession stand needs to be installed and carpet needs to be laid going up to the theaters. There may be a potential prospect for the adjacent retail space to the east of the main entrance.
- Hutchinson Hotel:** The project is on schedule for completion on May 1st. The owners have submitted a grant application for awnings.
- Downtown Streetscape Project:** The City Council has ordered plans for design and specifications for the project. The project will be bid out the end of May and the first Council meeting in June will be the final public hearing on assessments and approval/rejection of the project by the City Council.
- Cenex consolidation project:** Mr. Seppelt is waiting to hear back from Cenex on their relocation research and analysis. The Cenex board is in discussion to evaluate the numbers of their side of the relocation costs. The next step will be to set up a meeting and take it to the next level.

G. New business recruitment: The meeting with the owner of a possible new business in the Industrial Park was successful. The owner and his wife were in town last Friday, March 25th to get a tour of Hutchinson and all its amenities. The owner will be in touch with Mr. Seppelt. The business would like to compare TIF with JOBZ incentives.

Mr. Seppelt completed three Business Retention and Expansion visits in March:

- **3D CNC**
- **Impressions Incorporated in St. Paul:** The Company was presented with an aerial photo of the Hutchinson Property and the facility.
- **TEK Mechanicals Services**

The EDA website has also been updated with aerial photos of the Industrial Park and has valuable information for people looking at property in the Industrial Park.

www.hutchinsoneda.com

VI. Grant & Loan Applications

Sign & Awning Grant **\$2,000**
Hutchinson Properties LLC (Hotel)- Tom Daggett

M/S/P: Jansick, Haugen to approve the Sign & Awning Grant for \$2,000 to Hutchinson Properties LLC. Passed unanimously.

Storefront Revitalization Matching Grant **\$5,000**
Hutchinson Properties LLC (Hotel)- Tom Daggett

M/S/P: Haugen/Hoversten to approve the Storefront Revitalization Matching Grant for \$5,000 to Hutchinson Properties LLC. Passed unanimously.

VII. Subordination request from Wells Fargo Bank- Hennen's Building Loan

M/S/P: Haugen/Hoversten to approve subordination request from Wells Fargo Bank contingent upon the appraisal over \$1.02 million. Passed unanimously.
Jansick abstained from vote.

VIII. Subordination request from Citizens Bank- Hutchinson Hotel Loan

M/S/P: Jansick/Hoversten to approve the subordination request from Citizens Bank for Hutchinson Hotel loan contingent upon the appraisal is within the guidelines. Passed unanimously.

IX. MidWest Tae Kwon Do

A request was proposed to the EDA for an additional \$7,000, which is equivalent to 1 Storefront Matching Grant and 1 Sign Grant be allotted to Midwest Tae Kwon Do for their timely relocation. The EDA Board approved the contribution to the city for up to \$7,000 in grants to facilitate the

Liquor Hutch project on February 25th monthly meeting. The City of Hutchinson is already obligated to provide a relocation allowance to Midwest Tae Kwon Do. The City Attorney advised the EDA Board to directly allot the financial incentive to Midwest Tae Kwon Do. Discussion took place about concept. Mr. Seppelt had prepared a Disclaimer of Interest and Resolution. Two suggestions were made by the Board to change the Disclaimer of Interest and Resolution: Change expenditure amount to **up to \$7,000** and remove the amount of the financial incentive in the Disclaimer of Interest.

Midwest Tae Kwon Do is looking at land to build. Mr. Moon is working with Midwest to relocate to the park and recreation facilities until September 30th.

There has been an agreement on the price of the adjacent property to the Liquor Hutch and currently a purchase agreement with Nash Finch is being prepared.

M/S/P: Hoversten/Haugen to approve a financial incentive up to \$7,000 to Midwest Tae Kwon Do contingent upon a binding purchase agreement be in place between the City of Hutchinson and Nash Finch and the modifications to the Disclaimer of Interest and Resolution.

X. Chamber Update

Marc Vaillancourt provided the following updates:

- a. Mr. Vaillancourt has been working on visiting members within the past two months since he has been employed as President of the Chamber of Commerce/CVB.
- b. The Chamber/CVB will be relocating to the Hutchinson Hotel. They will be moving with new equipment. The Chamber/CVB will have new furniture, cabinets, reception desk, and technology equipment.
- c. There is an open house scheduled for Thursday, June 9th. The Chamber/CVB is working with the building contractor to have the entire building completed by June 9th so the open house will be of the entire main level.
- d. The Chamber/CVB have merged as one organization. There has been a call for entries to the members to design a logo for the Chamber/CVB. Certain guidelines are enforced.

XI. Other Business

None

XII. Next meeting April 22, 2005, 7 am.

XIII. Adjourn

The meeting adjourned at 8:25 am.

**Respectfully submitted,
Crystal Foust
EDA Intern**

Hutchinson EDA Board of Directors

Minutes of Meeting
Friday, April 22, 2005 at 7:00 a.m.

Members present in **bold** print:

Members:

Tim Ulrich	Steve Jansick	Jim Haugen	Don Walser
Duane Hoversten	Casey Stotts	Mike McGraw	

Staff:

Miles Seppelt, EDA Executive Director
Crystal Foust, EDA Intern

I. Tim Ulrich called the meeting to order at 7:05 a.m.

II. Approve Agenda

No action taken.

III. Review and Approve Meeting Minutes

a. Review minutes of March 30, 2005 EDA Board meeting.

M/S/P: Walser, Hoversten to approve the minutes from the March 30th EDA Board meeting as written. Passed unanimously.

b. Review minutes of March 16, 2005 Finance Team meeting.

M/S/P: Walser/Jansick to approve the minutes from the March 16, 2005 Finance Team meeting as written. Passed unanimously.

IV. Review February Financial Statements –

Miles Seppelt gave the following report:

- Pg. 1 is the balance sheet for EDA Operations listing the cash available as \$98,349. Interest has been allocated back in the individual funds from 2004.
- Pg. 2 and 3 is the statement of March revenues and expenditures. Every line item is within the budget. Wages are the only activity for the expenditures. The contribution of \$4,000 to Southwest Minnesota Foundation is reflected in March expenses.
- Pg. 4 EDA currently has a balance of \$145,444 for cash available. The cash available reflects \$7,500 recovered from Allied Mechanicals.
- Pg. 5 Currently for the Downtown Loan Fund, the cash available is \$465,098. This number reflects the total unencumbered balance.

M/S/P: Jansick/Haugen to approve the March Financial Statements as presented. Passed unanimously

V. Directors Report

Miles Seppelt gave the following updates:

- A. Liquor Hutch:** The bids closed on the liquor store project on April 19, 2005 with very favorable results. The bids came in \$230,000 below projection. Staff will present to the City Council meeting on April 26, 2005 and seek approval to award the bid for the project. Construction will begin in May and be completed by October 31, 2005.
- B. Rix Corner Redevelopment:** Mr. Seppelt met with the developers last week. The construction developers made a list of what needs to be approved by the Planning Commission. The bank has not yet approved the loan. The project is anticipated to start in July.
- C. State Theater:** The progress continues to move forward. The apartments are almost finished. All that is left is the finishing work throughout the whole building.
- D. Hutchinson Hotel:** Progress continues for the project. The Chamber/CVB are scheduled to move in on Friday, May 13th.
- E. Downtown Streetscape Project:** City staff has reviewed the 65% plan. Next week (April 25th), the 95% plan will be reviewed. Beginning May 2nd, the EDA will seek bids for 3 weeks. On May 20th, bids will be received. The design elements are being finished and the final approval by the City Council is set for the first meeting in June. A public hearing will take place and final assessment amounts will be provided at that time. The goal is to finish the project when the Arts and Crafts Festival begins.
- F. Cenex consolidation project:** Mr. Seppelt spoke with an individual at Cenex. The relocation costs have been gathered and presented to the Cenex Board. Further discussion will take place at this month's Cenex Board meeting.
- G. New business recruitment:** A company is currently in the process of assessing the benefits of JOBZ and TIF. The EDA staff has been working to allocate JOBZ acres for the City of Hutchinson. There have been commitments by two communities: Tracy and Marshall. The Vice President of a company from Bloomington interested in relocating visited on April 19th. The business is a medical device company that manufactures test strips and test devices for diabetes. They have indicated interest to lease a building long-term. Discussion took place about involving a private developer and city involvement owning a building.
 - **JOBZ Acres:** EDA staff has been arranging with other communities to get JOBZ acres. Two communities have committed to donate acres: Tracy and Marshall.
 - Mr. Seppelt has been asked to fill the vacancy on the Minnesota Community Capital Fund Board of Directors from now until September 2005. He has accepted the offer.

VI. Sale of Land Write-Down Property

- A 2/3 land write-down agreement was set forth 4 years ago between the EDA and American Energy Systems. The rule is if the land is sold within 10 years, there will be a refund to the EDA.
 - **Rule:** *If property is sold during the ten-year period, a pro-rata amount of 1/10 of the total amount per year of the remaining years would be due. Interest shall be paid at 9% simple interest on the remaining balance, times the number of years or portion of years loan was deferred.*
- Originally calculated as a .146 acre transfer, the amount due to the EDA was \$2,566.07, however the actual amount anticipated to be transferred is .318 acres for a total due to the EDA \$5,256.25.

M/S/P: Haugen/ McGraw to support \$5,256.25 for the transfer of property based on the rules set forth within the two-thirds land write-down program. Passed unanimously.

VII. Grant & Loan Applications

Sign & Awning Grant **\$1,800**
Salon 22- Sherry Bethke

M/S/P: Jansick, Hoversten to approve the Sign & Awning Grant for \$1,800 to Salon 22 contingent upon approval from the Physical Appearance Committee. Passed unanimously.

VIII. Chamber Update

Tina Vorlicek provided the following updates:

- A. The relocation process seems to be on tract. The projected moving date is Friday, May 13th.
- B. The Girls Fun Adventure is making 5 trips to Hutchinson.
- C. Graduation from the Leadership program is Thursday, April 28th. Secretary of State Mary Kiffmeyer will be the guest speaker.
- D. The Connection meets the 1st Tuesday of the month at the Workforce Center. It is a great way to find information about businesses in the area.

IX. Other Business

None

X. Next meeting May 27, 2005, 7 am.

XI. Adjourn

The meeting adjourned at 7:40 am.

**Respectfully submitted,
Crystal Foust
EDA Intern**

Minutes of
***** SPECIAL MEETING *****

EDA Board of Directors

Main Conference Room – City Center
12:00 PM Monday May 9, 2005

DRAFT

Members present in bold

Attendance:

Tim Ulrich

Casey Stotts

Mike McGraw

Jim Haugen

Don Walsler

Duane Hoversten

Steve Jansick

Staff:

Miles Seppelt, EDA Director

Crystal Foust, EDA Assistant

I. Call to Order

EDA President Tim Ulrich called the meeting to order at 11:33 AM.

II. Director's Report: Update on business prospect

EDA Director Miles Seppelt began the discussion by explaining the current situation with the prospective business.

The EDA has received a relocation costs/benefits worksheet to fill out and send back to the company. The worksheet includes site preparation costs, JOBZ Zone benefits, TIF financing, customized training, grant and low interest loan availability. The board discussed the JOBZ incentives provided by the DEED (Department of Employment and Economic Development).

The JOBZ incentives would be the same here or in Arlington. The Board discussed other possible incentives that could be offered the company. The utility rates for the City of Hutchinson are very attractive. The tax rate in Hutchinson is also lower than Arlington. Mr. Seppelt is going to prepare a comparison sheet between the two communities for the owners of the company.

TIF and JOBZ are separate incentives and cannot be used together. The company is looking at JOBZ and has predicted more benefits from that program than TIF. The City of Hutchinson does not have any JOBZ acres at this time, however, two cities have agreed to donate acres, and therefore there is a sub zone modification process that the city needs to go through. Three resolutions need to be passed by the city, county, and school district. We need to gather information about the specific parcels

that are going to be designated as JOBZ including the location and legal description, number of acres added, and map showing the current and future zoning of new parcel, location, and access to infrastructure. Certain information regarding the business locating on the site is also needed to send to DEED.

The company's accountant is looking at JOBZ and TIF incentives. The City of Hutchinson has access to the Minnesota Community Capital Fund that can be used to offer a low-interest loan. The company is interested in 10.5 acres. The company wants room to expand in the future. The EDA does not want to lie anything out without knowing what Arlington has.

With the JOBZ program, the city is giving up local tax from that company for the next 11 years. At a local level, the EDA is not giving any incentives with the JOBZ program; the state is. The Board has to consider if this incentive is good enough. The Board would like to designate both sides of 5th Ave. (Wetherell property) as JOBZ and well as most of Stritesky property. The City of Marshall has agreed to donate 47 acres.

Mr. Hoversten that the company is looking at three acres to build the first phase of the building. The EDA may want to give incentives on the three acres the company needs immediately. The Board decided to use a 1/3- 2/3 write-down on three acres.

M/S/P: Hoversten/Stotts to recommend to the City Council to proceed to obtain JOBZ acres and JOBZ incentives at a minimum for the Wetherell property with a maximum of 50 acres.

M/S/P: Haugen/Walser to approve the package incentive offered by EDA including

- 1) 1/3-2/3 write-down at the appraised value for three acres**
- 2) \$50,000 loan for equipment at a low-interest rate of 4%**
- 3) JOBZ incentives**

The EDA Board would like to understand the approximate values of incentives with the JOBZ program and what those incentives are. Mr. Seppelt will also analyze the utility rates for the company before he prepares a response and fills out the worksheet requested by the company. Ms. Foust will prepare a comprehensive list about JOBZ and the sub zone modification process for the next EDA Board meeting on May 27th.

III. Other Business

EDA Director Miles Seppelt gave the following update:

- a. **Rix Corner:** The property on the corner of First Avenue NW and Main Street has been purchased. The developer has more investors to support the project. There is going to be a one-stop-shop meeting on May 10, 2005. The bank still needs to approve the deal. After the bank approval, the EDA will be able to set up a TIF redevelopment district.

- b. **State Theater:** Red and Linda McMonagle will be moving in the apartments by the end of the month. The little retail space has been leased out. The owners still plan to have a gala grand opening, but the date is yet to be determined.
- c. **Hutch Liquor expansion:** City staff has received the purchase agreement from Nash Finch. City Attorney, Marc Seborá has read through the agreement and has returned it to Nash Finch for modifications. Several items are on the Council agenda for May 10, 2005:
 - Consideration for approval of authorizing payment to Nash Finch related to the acquisition of property for the expansion of the Municipal Liquor Store
 - Consideration for approval of lot split to facilitate the acquisition of property for the expansion of the Municipal Liquor Store
 - Consideration for approval of awarding bid and approving contract with Shingobee Builders
 - Consideration for approval of purchase agreement between Nash Finch and the City of Hutchinson
 - Consideration for approval of relocation agreement with Midwest Tae Kwon Do for relocation from the liquor store expansion site
- d. **Prospective business relocation to Hutchinson:** The company interested in relocating to Hutchinson is preparing financials. The next step is a meeting with the company officials and representatives from the Hutchinson Workforce Center, Ridgewater College, Hutchinson Public Works Dept., Hutchinson Utilities, Hutchinson Chamber of Commerce, and two EDA Board members.

IV. **Adjourn**

The meeting adjourned at 12:45 PM.

Hutchinson EDA Board of Directors

Minutes of Meeting
Friday, May 27, 2005 at 7:00 a.m.

Members present in **bold** print:

Members:

Tim Ulrich	Steve Jansick	Jim Haugen	Don Walser
Duane Hoversten	Casey Stotts	Mike McGraw	

Staff:

Miles Seppelt, EDA Executive Director
Crystal Foust, EDA Intern
Erin Eberdt, EDA Intern

I. Tim Ulrich called the meeting to order at 7:03 a.m.

II. Approve Agenda

No action

III. Review and Approve Meeting Minutes

a. Review minutes from April 22nd EDA Board Meeting.

M/S/P: Jansick/Haugen to approve minutes from EDA Board as written. Passed unanimously.

b. Review minutes of May 9th Special EDA Board Meeting.

M/S/P: Haugen/Stotts to approve the minutes from the May 9th Special EDA meeting as written. Passed unanimously.

c. Review minutes from April 20th Finance Team Meeting.

M/S/P: Jansick/McGraw to approve the minutes from the April 20th Finance Team Meeting as written. Pass unanimously.

IV. Review April Financial Statements –

Miles Seppelt gave the following report:

- Pg. 1 is the balance sheet for EDA Operations listing the cash available as \$83,855.

\$5,256.25 has been collected because a business has transferred property during the 2/3-1/3 land-write down program. This will be reflected under operations in the May financial statement.

- Pg. 2 and 3 is the statement of April revenues and expenditures. Every line item is within the budget. Wages are the only activity for the expenditures. The only income for the month is from rent generated from the Wetherell property. This month the EDA has paid the annual membership fee to Community Venture Network for marketing.
- Pg. 4 EDA currently has a balance of \$147,314 for cash available. The cash available reflects \$7,500 recovered from Allied Mechanicals.
- Pg. 5 Currently for the Downtown Loan Fund, the cash available is \$481,391. This number reflects the total unencumbered balance. \$163,837 has been dispersed in loans and \$12,205 in grants this year.

M/S/P: McGraw/Haugen to approve the April Financial Statements as presented. Passed unanimously

V. Directors Report

Miles Seppelt gave the following updates:

- A. State Theater:** The carpet will be laid today (May 27th) and the McMonagle's will be moving in on June 1st. The rest of the project is close to being finished.
- B. Liquor Hutch:** Construction is scheduled for Tuesday, May 31st. The contractor, Shinglebee Builders is ready and a preconstruction meeting has taken place. The contractor anticipates being done by September 30th. Details still need to be worked out with Nash Finch.
- C. Rix Corner Redevelopment:** A bank has not approved the financing yet. The developer has submitted a packet to three other banks. The builders and architects have meet with the planning department and city staff. The project needs financing in place to move ahead.
- D. Hutchinson Hotel:** The Chamber has moved in. There is still 2,500 square feet of space available. June 9th the Chamber will host Business After Hours. The open house of the entire Hotel will be sometime in July.
- E. Downtown Streetscape Project:** Bids came back on Friday (May 20th). The apparent low-bidder is EAI Environmental Associates from Wilmer was approximately \$250,000 lower than the projected cost. The references are being checked currently. There will be a special City Council meeting on Tuesday, May 31st at 5:00pm to present information and call for an assessment public hearing on June 14th. The City Council will make final approval and construction could begin at the end of July.
- F. Wetherell Industrial Project:** Mr. Seppelt has gone out to contractors to get quotes to scrape off topsoil on the south side of the Wetherell property. He has received two quotes and is waiting on two more. Additional fill will come from various public improvement projects in the city as needed. The quotes will be discussed next meeting.

G. Cenex consolidation project: Mr. Seppelt spoke with an individual at Cenex. Further discussion continues to take place at the Cenex Board meetings.

H. New business recruitment: A manufacturing company has agreed to expand in the City of Hutchinson and are interested in the north 10.85 acres of the Wetherell Property. All of the plans will be discussed in the remainder of this year and construction will begin next spring.

I. Mid West TaeKwonDo- The City Council has agreed to sell the land (approx 15,000 square feet) south of ShopKo. The building is being proposed to be split between the TaeKwonDo and a dance studio. ShopKo has right of first refusal and 30 days to exercise this right. The density of TaeKwonDo will bring in about 250-300 kids to the downtown.

VI. Grant & Loan Applications

None

VII. Hutchinson Hotel- Sale of Kock Jewelry

Mr. Seppelt has received a letter from Tom Daggett of Hutchinson Properties, LLC expressing their exploration to sell the Kock Jewelry portion of the Hutchinson Hotel project. Mr. Daggett has expressed some concern about the current financing through the HCDC and the guidelines set forth under the commercial rehabilitation loan program.

The Loan Rule states, “The downtown loan program can provide fund ranging from \$3,000 up to \$65,000 per lot for up to two lots, or 10% of the total project cost, whichever is greater, with a maximum of \$130,000 being available for an particular project.”

Finance Team has reviewed this proposal and generated questions. The area of the lot is 11,083 square feet, which is equivalent to four properties on Main Street. Floors two and three may be remodeled in the next 3-5 years. The EDA needs to look at the whole scope of the project.

The Finance Team wanted to justify the rules in the loan guidelines. Mr. Jansick pointed out the EDA should not exceed 100% of the appraised value of the Hotel. The EDA Board took action to support the sale of Kock Jewelry and will report to the Finance Team at the next meeting on June 15th.

M/S/P: McGraw/Haugen to support the motion of Hutchinson Hotel to sell the portion occupied by Kock Jewelry.

VIII. Proposal from Small Business Development Center:

Mr. Seppelt began with a summary of the proposal from Small Business Development Center:

The Small Business Development Center (SBDC) is currently located at Ridgewater and has their intake center there. The relationship between the college and SBDC is not what it was in the past; therefore the SBDC is looking to relocate. The proposal is to combine the intake function in the EDA department. EDA staff would be the point of contact for the Small Business Development Center. The EDA would be responsible for:

- a. Receiving phone calls from SBDC clients (being the contact point)
- b. Client in-processing
- c. Coordinating between clients, counselors, and the SBDC regional office

- d. Distributing information packets
- e. Setting up occasional meeting between clients & counselors (coordinating conference rooms, etc)

The SBDC is partially funded by DEED and the Department of Commerce and would like to get local funding as well. All the office assistance by the Ridgewater staff was in-kind donation.

The EDA Board agreed to table the decision for more information.

M/S/P: Haugen/Jansick support the motion to defer decisions until the meeting on June 24, 2005.

IX. Presentation on JOBZ—Crystal Foust

A total of 10 Job Opportunity Building Zones (JOBZ) encompassing over 29,000 acres in 235 sub zone communities have been created for the duration of 12 years beginning January 1, 2004. JOBZ is a program designed to simulate economic development activity in Minnesota with the exception of the 7-county metro area. These tax-free zones provide incentives to businesses to start-up, expand, or relocate to a specific designated area. The incentives include:

- a. Exemption from corporate franchise tax
- b. Exemption from income tax for operators and investors
- c. Exemption from sales tax on business purchases
- d. Exemption from capital gains tax
- e. Exemption from property tax (with exceptions)
- f. Job creation credit

Businesses become qualified for JOBZ through the execution of a local Business Subsidy Agreement. This agreement includes performance requirements such as number of jobs to be created, wages and benefits paid, and capital investment.

Because the City of Hutchinson was not part of the initial allocation of JOBZ acres, city staff must undergo a Sub Zone Modification process, which involves a series of steps. Modifications will be considered if there is a qualified business anticipated to locate onto the requested parcels. A manufacturing company is looking to expand in Hutchinson and would like to use the JOBZ incentives.

- ❑ **Step 1:** Adopt a JOBZ Business Subsidy Policy (addendum to existing Subsidy Policy)
- ❑ **Step 2:** Request information from City of Marshall and City of Tracy
(see modification process)
- ❑ **Step 3:** Gather information from City of Hutchinson
Need:
 - ❑ Number of acres to be added
 - ❑ PIN # of parcels added
 - ❑ Location and legal description of parcels added
 - ❑ Map showing current and future zoning of new parcel, location, access to infrastructure
- ❑ **Step 4:** Adopt three resolutions from city, county, and school district to approve the inclusion of the new acreage as JOBZ designation
- ❑ **Step 5:** Need information regarding the business locating on the site

- Name and description of the business
- Number of new jobs- needs to be a 20% increase or a minimum of 5 new jobs, which ever is greater within the first year of relocation
- Brief description of the development goals for the site showing the immediacy of need for inclusion of the site in the Sub zone.

All of the information is then sent to the Commissioner of DEED (Department of Employment and Economic Development) for approval. It usually takes 30-60 days to get a formal approval by the Commissioner of DEED. After the approval, the City will establish a Business Subsidy Agreement between the city and the business. The business is monitored by the Southwest Regional Zone Administrator to ensure compliance with terms agreed upon in the Subsidy Agreement.

X. Chamber Update

Mr. Jansick gave the following report:

The Chamber is restructuring and joining with the CVB. The boards will be combined in June for a 23 member board with 7 executive board members. Both will have their own financials. It will become one basic entity. The executive board positions and the people who serve on them will be switched around. There will be a separate task force created but details are not yet worked out. There will be an open house on June 9th. Dairy Days will be June 3rd.

XI. Other Business

Erin Eberdt will be the new EDA Intern until December.

XII. Next meeting June 24, 2005, 7 am.

XIII. Adjourn

The meeting adjourned at 8:15 am.

**Respectfully submitted,
Erin Eberdt
EDA Intern**

Hutchinson EDA

Board of Directors

Minutes of Meeting
Friday, June 24, 2005 at 7:00 a.m.

Members present in **bold** print:

Members:

Tim Ulrich

Steve Jansick

Jim Haugen

Don Walser

Duane Hoversten

Casey Stotts

Mike McGraw

Staff:

Miles Seppelt, EDA Executive Director

Erin Eberdt, EDA Intern

I. Tim Ulrich called the meeting to order at 7:01am.

II. Approve Agenda

No action taken

III. Review and Approve Meeting Minutes

a. Review minutes from May 27th EDA Board Meeting

M/S/P: McGraw/Haugen to approve the minutes from the May 27th EDA Board with the two necessary changes. Passed unanimously.

b. Review minutes from May 18th Finance Team Meeting

M/S/P: Walser/Jansick to approve the minutes from the May 18th Finance Team Meeting as written. Pass unanimously

IV. Review May Financial Statements-Ken Merrill

Miles Seppelt gave the following report:

- On Pg 1 under operations for the EDA, there is \$72,547 cash on hand. The total fund balance as of May 31, 2005 is \$72,943. There is the continuation of the land write down. Total Mortgages receivable is \$90,238.
- Pg 2 and 3 is the statement of revenue and expenses. The EDA continues to collect \$500 each month for the Wetherell Property. Total expenses for May are \$10,968, which includes wages for Director and intern and license and taxes for

first half of property taxes (\$1,327). The EDA has spent down a total of \$10,468 for the month of May. The EDA has spent down a total of \$50,635 for the first five months of 2005.

- Pg 4 under the EDA Loan Fund, there is \$147,314 as cash on hand. This fund has seen no activity for the month of May. The only YTD activity is the \$7,500 recovered Allied Mechanical.
- Pg 5 under the EDA Downtown Loan Fund, there is \$467,092 as cash on hand. Mortgages receivable is \$790,595. \$40,134 has been collected this year for loan repayments, but this does not include May's numbers. A total of \$190,380 has been paid out thus far for 2005 including loans, downtown grant program, and miscellaneous. The balance sheet reflects spending down a total of \$150,246.
- There will be more revenues to report for the month of May that were not included in the financial statements.

M/S/P: Hoversten/Haugen to approve May financial statements as presented. Pass unanimously.

V. Director's Report

Miles Seppelt gave the following report:

- A. State Theater-** Improvements continue to progress. The McMonagle's are moved in. The other apartments are nearly finished and ready to rent out. The seats are going to be set this week. Mr. McMonagle is working on tracking down the person that puts up the screen and the drape and those should be installed the first week of July.
- B. Liquor Hutch-** Construction has begun. It should be done by October 31st. The store will keep open during the whole project.
- C. Cornerstone Commons-** The developer has received bank financing. This will be discussed in detail later.
- D. Downtown Streetscape project-** The project is being rebid. It is being advertised this week, with bids being due by July 15th. At the first City Council meeting in August there will be a public hearing to award bid. The project could still be completed this fall, but some work may have to be finished in the spring.
- E. Wetherell Industrial Park-** This will be covered later.
- F. Cenex Project-** Mr. Seppelt has not heard anything on this project.
- G. Business Recruitment-** There is a company coming today to give a presentation. Also, a purchase agreement is being drawn up for Company "X". This should be put together by the first or second week in August. The JOBZ steps are being taken to make them available. The company will finish with the planning this year and begin construction next year.

VI. Grant and Loan Applications

None

VII. Plastic Specialties Land Write-Down

Mr. Ulrich gave the following report:

Tom Daggett is currently leasing the building and has been since July of 2002. There was an option to purchase and close on the building in February 2006. Mr. Daggett is exercising this early and wants to purchase it.

The EDA and City of Hutchinson did a 1/3-2/3-land write-down. There was a special assessment of \$62,150.61 against the property. The mortgage against the property was \$79,056.

At the Board meeting on April 14, 1997, it was documented that was included in the land write-down and that the mortgage was \$79,056. The land write-down was recorded, but the assessment and mortgage show as outstanding, but both of these were included in the 1/3-2/3-land write-down.

In November of 2002, there were two motions made. Duane Hoversten made a motion to recognize the loss of \$60,000 for the loan to Plastic Specialties; the loan is now null and void. Don Walser seconded the motion. Motion carried with Tim Ulrich and Jeff Haag abstaining from voting. The second motion was made by Duane Hoversten to continue with the original arrangement for the 2/3 land write-down, Daggett has three 9-month leases, after that time, the issues will be reviewed. Bob Windel seconded the motion. Motion carried with Tim Ulrich and Jeff Haag abstaining from voting.

Mr. Ulrich stated that the EDA has agreed to allow Daggett to assume the land write-down, because the building is still paying taxes and creating jobs. He said the following needs to happen:

- Recognize the special assessment and mortgage are one in the same.
- Satisfy the \$79,056 mortgage on property.
- Work with the city attorney to draft an agreement that acknowledges that Mr. Daggett can keep the land write down.

M/S/P: Hoversten/Haugen to recognize the outstanding mortgage and special assessment as being one in the same. Passed unanimously with Tim Ulrich abstaining.

The city attorney needs to decide how to redraft the land write-down assessment to Daggett Ventures, LLC. It will need to be decided if there should be a satisfaction or new mortgage.

M/S/P: Walser/Jansick to instruct the city attorney to do necessary changes to move land write-down to the new owner. Passed unanimously with Tim Ulrich abstaining.

VIII. Hutchinson Hotel – Sale of Kock Jewelry

The EDA provided a loan of \$130,000. The project is complete. If there is a sale of any part of the property, the EDA requires repayment of the loan. Kock Jewelry is

only a small portion of the property and was not included in any of the renovation. If this portion were to be sold, the value of the property would still be \$700,000. The Finance Team concluded that because it is a large project that covers multiple city lots and because none of the money was spent on the Kock portion, that the EDA should allow it to be sold because it was not part of the renovation.

Mr. Jansick wondered if a new mortgage needed to be drafted. Mr. Seppelt stated that the mortgage was all done as one, so we will need to draft a partial release of mortgage.

M/S/P: Jansick/Hoversten to approve the sale of the Kock Jewelry portion without requiring the repayment of the loan. Passed unanimously with Tim Ulrich abstaining.

IX. Proposal from Small Business Development Center – Duane Hoversten

Duane Hoversten gave the following report:

At one time the EDA did house the SBDC, but it got moved to Ridgewater College because of staff differences. Funding has changed in the college environment because of the merges between tech, 2-year, and 4-year colleges. The tech education programs are slipping due to money problems. The college is not putting any funding towards the SBDC. The SBA funds the SBDC. The SBDC is a governmental program funded by the SBA, and run in this state by DEED.

The region needs to come up with matching dollars. Currently, SWMF, Prairie land, Lyon County, and SW University give money to the SBDC. The SW region has 18 counties. McLeod County has the second most in working with clients, with Lyon County being first.

The SBM works with business owners at business with how to run a business. The SBDC is more project related and deals with business start-ups, expansions, and loan information. The SBDC is not allowed to charge. The business gets assigned a counselor and the counselor gets paid for the hours put in.

Why should the EDA be involved? The SBDC is asking for \$10,000/year, in which the EDA is able to bill back the SBDC any entering we do at a rate of \$25/hour. With this, the EDA would get back about \$5,000 of the initial \$10,000. Down the road there would be creative ways in which the EDA could get back all of the money put into the SBDC each year. With spending the \$5,000 in net dollars, there is still a big return in job creation and economic development.

Currently in McLeod County, 1.6 jobs are created for every business that the SBDC makes contact with. Right now there is no structure in place for the SBDC. If Mr. Hoversten were to quit, his position would not be replaced. In McLeod County, Mr. Hoversten works with 30-40 businesses.

Mr. Haugen wanted to know why the annual funding was needed. Mr. Hoversten said this was because the SBA requires a match. The money goes to the regional office and then to the federal government to get funding.

Mr. Seppelt was wondering if there would be the potential for any real or perceived conflict of interest with the SBDC being located in the city of Hutchinson, because people may think that we are only bringing businesses into Hutchinson. Mr. Hoversten said that Hutchinson would become a natural attraction and that other communities had the opportunity. The big problem is that McLeod County does not have an EDA.

Mr. Ulrich suggested taking this back to the Finance Team to get direction from them. He also felt that we need to talk with Ken Merrill about the \$5,000-\$10,000 out of the budget.

Mr. Hoversten said it would require about 15-20 hours a month for the intern. The rating in the SW Region is 94% satisfaction, which is the highest in the state. Mr. Ulrich would like to be able to show that we are able to give how much we get back.

Mr. Jansick wondered if with the new SWMF building if it was ever considered to go there. Mr. Hoversten said that the SBDC would prefer to keep SWMF as a contributor. It was recommended to get Mr. Hoversten to the next Finance Team meeting on July 20th.

No action was taken.

X. Accept bid from JUUL Contracting for 5th Avenue Industrial Park Improvements (Removal of topsoil) and authorize expenditure of \$9,150 for the improvements.

Quotes have been obtained to have all of the topsoil removed from the buildable area on Block 2, Lot 2 of the Wetherell Property. Approximately 11,200 square yards of topsoil will be removed and free fill can be obtained from other city improvements that are going on. This will allow the property to become buildable, because currently, the whole site is low and needs to be brought up. To do so, the topsoil needs to be excavated, then filled, compressed, and graded.

Juul Contracting was the lowest bidder. The reason why this bid was so much lower was because the company will haul away the topsoil, grind it, and sell it.

M/S/P: McGraw/Walser to award contract to Juul Contracting to remove the topsoil on the Wetherell Property. Passed unanimously.

XI. Cornerstone Commons Redevelopment TIF District

The developers have secured financing for \$1.65 million. The total project cost is approximately \$2.1-2.2 million. The financing is contingent on the EDA putting together a TIF District. It will take about 60 days to set up the TIF District. The TIF

District will eliminate the building and take care of all of the clean up and all of the things that go into the ground.

Mr. Ulrich asked what the recapture would be. Mr. Seppelt did not know yet. The district will last up to 25 years. On an earlier run that was done with this project, \$980,000 would be generated.

Mr. Ulrich felt that the EDA Board should take action today to get this project moving because of the minimal cost to get it started. Once the EDA has received the packet from Ehlers and Associates, a special meeting will be held to clarify the numbers.

M/S/P: Jansick/Stotts to move ahead with the Redevelopment TIF District for Cornerstone Commons, and to have a subcommittee and the Finance Team review it after the initial work. Passed unanimously.

XII. Review of terms of Purchase & Sales Agreement – Company “X”

Mr. Seppelt asked for any suggestions on the provisions laid out below.

The total purchase price is \$194,700. Mr. Seppelt laid out the following provisions:

- City of Hutchinson shall have right of first refusal in the event of any resale of the property
- Company must begin development of the site no later than June 1, 2006
- Construction or manufacturing facility must be complete by November 1, 2007 (would this make sense to include?)
- Earnest Money = \$25,000
- Purchase agreement shall be voided and earnest money refunded to the company if the City of Hutchinson fails to provide the following assistance:
 - JOBZ designation for the property to be purchased
 - 3 acres of land under the EDA's "Land Write Down" program
 - A 7-year equipment loan in the amount of \$50,000 at 4%

Closing Date: Friday, August 12, 2005

The City Attorney is drawing up a purchase agreement. Mr. Jansick wanted to be sure that the land could be sold to an LLC if it had the intentions of utilizing JOBZ benefits. Mr. Seppelt stated that after the company gets started, it will sell it to Company “X” so as to be able to get the JOBZ benefits. It was noted that the provisions should state that the city has the right of first refusal in the event of any resale of any part of the property. Mr. Haugen suggested adding a definition of development. Mr. Ulrich wanted to be sure that the property was left alone until after the crops on the property were harvested. Mr. Seppelt said that a provision would be made stating that the crops could be harvested this year.

No action was taken.

XIII. Chamber Update

Mr. Vaillancourt gave the following updates:

- The open house and business after hours was recently held at the new location.
- Next week will be the first joint board meeting.
- In the coming months, issues related to the organization will be addressed, and any adjustments to the bylaws, etc. will be made.
- The staff is meeting on program of work for the next year.
- During the summer, they will be preparing for the community leadership program, focusing on adding a skills component to leadership. In March, they will be attending leadership classes in St. Paul at the Capital.
- Music in the park is doing well.
- All of the vendors for arts and crafts are secured.
- This past month has seen 5 or 6 new members, and the goal for 3 years is to reach 600 members.

XIV. Other Business

Mr. Haugen wanted to know how the railroad piece of the Plastic Specialties land got back to Mr. Daggett. Mr. Ulrich stated that maybe it was because the city did not need it, so they gave it back, but the EDA never took action on it.

Mr. Seppelt stated that at 11:30 a company would be coming to Hutchinson to present their business that they would like located in Hutchinson. This is a company from the Community Venture Network.

XV. The next meeting will be July 22, 2005, at 7:00am.

XVI. Adjourn

The meeting adjourned at 8:30 am.

**Respectfully submitted,
Erin Eberdt
EDA Intern**

Hutchinson EDA

Board of Directors

Minutes of Meeting
Friday, July 22, 2005 at 7:00 a.m.

Members present in **bold** print:

Members:

Tim Ulrich	Steve Jansick	Jim Haugen	Don Walser
Duane Hoversten	Casey Stotts	Mike McGraw	

Staff:

Miles Seppelt, EDA Executive Director
Erin Eberdt, EDA Assistant

I. Tim Ulrich called the meeting to order at 7:04am.

II. Approve Agenda

No action taken

III. Review and Approve Meeting Minutes

a. Review minutes from June 24th EDA Board Meeting

M/S/P: Hoversten/Stotts to approve the minutes from the June 24th EDA Board meeting as written. Passed unanimously.

b. Review minutes from June 15th Finance Team Meeting

M/S/P: Jansick/Hoversten to approve the minutes from the June 15th Finance Team Meeting as written. Pass unanimously.

IV. Review June Financial Statements-Ken Merrill

Miles Seppelt gave the following report:

- On Pg 1 under operations for the EDA, there is \$67,848 cash on hand. The total fund balance as of June 30, 2005 is \$67,974. There is the continuation of the land write down. Total Mortgages receivable is \$90,238.
- Pg 2 and 3 is the statement of revenue and expenses. The EDA continues to collect \$500 each month for the Wetherell Property. Under 'sale of property' is the transfer of the land write down for American Energies. Total expenses for

June are \$10,754. The EDA has spent down a total of \$4,958 for the month of June. The EDA has spent down a total of \$55,593 for the first six months of 2005.

- Pg 4 under the EDA Loan Fund, there is \$147,314 as cash on hand. This fund has seen no activity for the month of June. There is the donation to the MCCF for \$25,000.
- Pg 5 under the EDA Downtown Loan Fund, there is \$483,790 as cash on hand. Mortgages receivable is \$782,233. \$61,852 has been collected this year for loan repayments. A total of \$195,380 has been paid out thus far for 2005 including loans, downtown grant program, and miscellaneous. The balance sheet reflects spending down a total of \$133,528.

M/S/P: Jansick/Stotts to approve June financial statements as presented. Passed unanimously.

V. Director's Report

Miles Seppelt gave the following report:

- A. State Theater** – Seats are going in right now in the balcony theater. The person that hangs the drapes just started and will have all of those installed by the start of next week. The screens are up and just need the masking around the side. The first movie is still being decided on. The apartments are just about ready. There is a leak on the balcony that needs to get fixed.
- B. Liquor Hutch** – Mr. Seppelt has been sitting in on the construction update meetings. The walls are going up right now.
- C. Rix Corner Redevelopment** – This project will be discussed later.
- D. Downtown Streetscape Project** – The second round of bids are back. There were no irregularities. The bids came in about \$43,000 less than last time, with the total project cost being \$1,442,000. It will go to City Council for the awarding of the bid August 9th, and the construction will begin 2-3 weeks after. The goal is still to complete it this year.
- E. Wetherell Industrial Park** – The topsoil is in the process of being removed right now. Fill will be brought over to it as it becomes available from other city projects.

Mr. Seppelt is working on getting a sign for Highway 22 and 5th Avenue to better identify the location of the Industrial Park for truck drivers. 3M has problems with trucks finding where they need to go and are interested in this project. He has also talked with Cenex who sounds interested.

- F. Cenex** – No report was given.
- G. Business Recruitment** – The City Attorney is working on drafting the purchase agreement for Company “X.”

VI. Grant and Loan Applications

Downtown Loan Program \$130,000
Cornerstone Commons

Bank financing has been approved contingent upon getting the Redevelopment TIF District set up. The Downtown Loan program can do the maximum of \$130,000 because this project covers 3 lots.

There are a total of seven investors—six of which are putting in the owner equity and the other putting in the time to coordinate the whole project. The TIF District will be taken to City Council for Approval on August 23rd, so the project could begin, pending council approval, on August 24th.

Mr. Seppelt stated that the developers would like the 15-year loan with interest at the locked in prime interest rate.

M/S/P: Hoversten/Stotts to approve Downtown Loan of \$130,000 for 15 years at prime interest rate. Passed Unanimously.

Storefront Revitalization Matching Grant \$5,000
Cornerstone Commons

M/S/P: Jansick/Ulrich to approve storefront revitalization matching grant for \$5,000. Passed Unanimously.

Economic Development Loan Program \$25,000
Ashwell Industries – Tony Ashwell

Mr. Ashwell is working with Citizens Bank. Citizens Bank and SWMF are putting in \$82,500 each. Mr. Ashwell is putting in \$21,000, and the EDA would provide the Gap financing at \$25,000.

Mr. Ashwell will be renting space from Dick McClure. The EDA portion of the project would go more towards working capital. Mr. Ashwell has letter of intent from potential customers in the area that would like to use his services. The only employee initially would be Mr. Ashwell. The EDA would take the second position with the machinery being collateral and a personal guarantee.

Mr. Hoversten stated that the projections for business are only about 15 hours/week of actually running the machine and that this has good potential because the nearest competitor is in Green Isle, and that company has a different focus than Mr. Ashwell does. Mr. Ashwell does have the option of driving truck as needed at his current position so as to keep income coming in.

The other loans being provided have 6-year terms at 8.25%. It was suggested that the EDA do the same for their loan.

M/S/P: Jansick/Stotts to approve \$25,000 Gap Loan for a 6-year term at 8.25% interest. Passed unanimously with Mr. Ulrich abstaining.

VII. Revision of Business Subsidy Criteria for JOBZ

The new parts of the policy do not change the substance. It just adds the technical language necessary for JOBZ. DEED and the City Attorney looked at the revised policy and stated that it looks good with no changes being needed. Now it just needs approval from the City Council at a public hearing.

M/S/P: Jansick/Hoversten to adopt the revised business subsidy policy as written. Passed Unanimously.

VIII. Proposal from the Small Business Development Center – Duane Hoversten

The SBM is a college program where people sign up for credits. The SBDC is more project related. It has been located at the college for 5 or 6 years, but at one time it was at the City Center. The colleges are not committed to Economic Development issues like they once were, so they won't house the SBDC for much longer. If Duane were to retire, there would be no replacement for him for the SBM or SBDC.

The SBDC creates about 1.6-1.7 jobs for every company it works with. McLeod County has at least 30 businesses a year that work with the SBDC.

The cost to the EDA was originally proposed at \$10,000. Having the SBDC with the EDA would require the assistant to log clients into the web-based database and assign people to consultants. It was also originally proposed that the EDA would be reimbursed \$25/hour, but it would actually be \$35/hour for time the assistant puts into this. The EDA would also be reimbursed \$35/hour for any time the consultants put into it, but the EDA would only pay the consultants \$25/hour, giving the EDA \$10/hour for those hours as well. It would require about 15-20 hours of the assistant's time each month and about 30 hours a month for each of the consultants.

The key for SBDC funding is that there needs to be match. There is probably a way for the EDA to break even. Right now a profile is needed for where the revenues falls and try to make it as neutral as possible. Mr. Jansick recommended that the commitment amount from the EDA could change as needed to stay as revenue neutral as possible up to a maximum of \$10,000.

All of this will be looked at and will be brought back to the Finance Team and EDA Board when it is ready.

IX. Chamber CVB Update

No Report was given.

X. Other Business

There was no other business to discuss.

EDA Board Meeting

July 22, 2005

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XI. The next meeting will be August 26, 2005, at 7:00am.

XII. Adjourn

The meeting adjourned at 7:59 am.

**Respectfully submitted,
Erin Eberdt
EDA Assistant**

Hutchinson EDA

Board of Directors

Minutes of Meeting
Friday, August 26, 2005 at 7:00 a.m.

Members present in **bold** print:

Members:

Tim Ulrich	Steve Jansick	Jim Haugen	Don Walser
Duane Hoversten	Casey Stotts	Mike McGraw	Marc Vaillancourt

Staff:

Miles Seppelt, EDA Executive Director
Erin Eberdt, EDA Assistant

I. Tim Ulrich called the meeting to order at 7:02am.

II. Approve Agenda

No action taken

III. Review and Approve Meeting Minutes

a. Review minutes from June 24th EDA Board Meeting

M/S/P: Jansick/Hoversten to approve the minutes from the July 22nd EDA Board meeting as written. Passed unanimously.

b. Review minutes from July 21st Finance Team Meeting

M/S/P: Jansick/Haugen to approve the minutes from the July 21st Finance Team Meeting as written. Passed unanimously.

IV. Review July Financial Statements – Ken Merrill

Miles Seppelt gave the following report:

- On Pg 1 under operations for the EDA, there is \$60,105 cash on hand. The total fund balance as of July 31st, 2005 is \$60,415. There is the continuation of the land write down. Total Mortgages receivable is \$90,238.
- Pg 2 and 3 is the statement of revenue and expenses. Total expenses for July are \$8,029. The EDA has spent down a total of \$7,529 for the month of July. The EDA has spent down a total of \$63,122 for the first seven months of 2005.

- Pg 4 under the EDA Loan Fund, there is \$147,314 as cash on hand.
- Pg 5 under the EDA Downtown Loan Fund, there is \$491,889 as cash on hand. Mortgages receivable is \$773,827. \$69,951 has been collected this year for loan repayments. A total of \$195,380 has been paid out thus far for 2005 including loans, downtown grant program, and miscellaneous. The balance sheet reflects spending down a total of \$125,429.

M/S/P: Haugen/McGraw to approve July financial statements as presented. Passed unanimously.

V. Director's Report

Miles Seppelt gave the following report:

- A. State Theater** – The Gala put on by Historic Hutch is on Wednesday, September 7th. The opening to the public is on September 10th.

M/S/P: Haugen/ McGraw to authorize the purchase of two tickets at \$100 each to the Historic Hutch Gala for Mr. Seppelt and Ms. Eberdt to attend the event as a work function. Passed unanimously.

- B. Liquor Hutch** – The construction is on schedule. The roof decking was being put up on Thursday. By the end of next week the new addition should be weather tight. The floor will then be poured. The new addition should be done by the end of September, and at that time, the store will move everything to the new side and start renovating the old side.

- C. Rix Corner Redevelopment** – The Redevelopment TIF district was approved on Tuesday night. The next thing is for the developer to close on the bank loan. The Pawnshop needs to get moved before demolition will begin.

- D. Downtown Streetscape Project** – Everything is on schedule. Every Thursday at 11:30am there will be a meeting for anyone to attend and get an update on the project. The streetlights are the biggest delay. They take 10-12 weeks from the time they are ordered before they arrive.

- E. Wetherell Industrial Park** – The topsoil is just about done being removed. Everything is on budget from the bid.

JOBZ was approved at the City Council on Tuesday night. There will be a total of 51.9 acres. The final details are being finished up and it will be submitted to DEED shortly.

F. Business Recruitment

1. Company "X" – They are doing their final review on the purchase agreement. The closing date will probably be September 1st or 2nd. They will purchase the 10.85 acres to the North.
2. Ashwell Industries – Mr. Ashwell will be closing on his loan shortly. He wanted to wait until the equipment he ordered came in.
3. Company "Y" – Mr. Seppelt talked with them on Thursday. They are getting things prepared and will be in contact with Mr. Seppelt soon.

VI. Grant and Loan Applications

Sign and Awning Grant Program

- A. Law Offices of Lenore L. Flinn \$2,000
M/S/P: Jansick/Haugen to approve the Sign and Awning Grant for \$2,000 for the Law Offices of Lenore L. Flinn. Passed unanimously.
- B. Crow River Chiropractic (Dr. Randy Jurgenson) \$1,500
M/S/P: Hoversten/McGraw to approve the Sign and Awning Grant for \$1,500 for Crow River Chiropractic. Passed unanimously.
- C. Hutchinson Area Chamber of Commerce CVB \$2,000
M/S/P: Jansick/Hoversten to approve the Sign and Awning Grant for \$2,000 for the Hutchinson Chamber CVB. Passed unanimously.

VII. Business Subsidy Criteria – Wage Adjustment

Mr. Seppelt stated that last month after the Board approved the changes to include the necessary JOBZ language, the state raised its minimum wage by \$1.00/hour. At the City Council meeting, instead of approving the Finance Team suggestion of 150% of the State or Federal minimum wage, they set it at \$9.30 to have it be equivalent to the poverty level for a family of four. Mr. Seppelt will investigate if the wage can be set to correspond with the poverty level for a family of four. He believes that it has to be set at an actual number and that each time that number changes, there must be a public hearing.

No action was taken and no motion was made because the City Council already took action on this.

VIII. Small Business Development Center

Last month the Board requested a pro forma to show how the EDA would make the money back if they were to take on the duties of the SBDC. Initially the SBDC proposed that the counselors would run through the city. This would have caused complication with the Finance Department because the counselors are not city employees. So instead of the EDA being reimbursed \$35/hour for any time spent on this work, they will be reimbursed \$42/hour to cover the money that would have otherwise been received back from the counselor time. This keeps everything easier with the finance side. The extra costs for the hourly rate will also cover a separate phone line and postage costs. Everything will need to be set up by the end of the year so as to correspond with the school year at the Regional SBDC office in Marshall.

M/S/P: McGraw/Haugen to approve the contribution of \$5,000 to the SBDC for a one year trial period beginning on January 1st, 2006 and ending December 31st, 2006. Passed unanimously.

IX. Chamber CVB Update

Marc Vaillancourt gave the following report:

Thursday was the deadline for the Leadership Program. He mentioned the changes to the program for this year. There were more applications received than spots available. The kick-off is in mid-September. Music in the Park is all done. They are in the process of talking with the sponsors to see how things went. Arts and Crafts is in the final stages of getting everything ready. Currently, the Chamber CVB is working on the 2006 budget. When the Highway 7 construction begins, they hope to be involved with it just like they are with the Streetscape Project.

X. Other Business

Mr. Ulrich asked about the status of the mural project. Mr. Seppelt stated that the biggest thing right now is finding the funding. The biggest concern with the Veterans is what other cities will think of the project.

Mr. Haugen asked about SWMF. Mr. Ulrich stated that it looks like it will be going forward shortly. The building has been made simpler. SWMF has called for a special meeting of the Planning Commission.

Mr. Seppelt stated that next month the Board should start brainstorming for 2006 projects.

XI. The next meeting will be September 30th, at 7:00am. The meeting was going to be September 23rd, but Mr. Ulrich may not have been able to attend and Mr. Vaillancourt would also not be able to be there.

XII. Adjourn

The meeting adjourned at 7:51 am.

**Respectfully submitted,
Erin Eberdt
EDA Assistant**

Hutchinson EDA

Board of Directors

Minutes of Meeting
Friday, September 30, 2005 at 7:00 a.m.

Members present in **bold** print:

Members:

Tim Ulrich	Steve Jansick	Jim Haugen	Don Walser
Duane Hoversten	Casey Stotts	Mike McGraw	Marc Vaillancourt

Staff:

Miles Seppelt, EDA Executive Director
Erin Eberdt, EDA Assistant

I. Tim Ulrich called the meeting to order at 7:02am.

II. Approve Agenda

No action taken

III. Review and Approve Meeting Minutes

a. Review minutes from August 26th EDA Board Meeting

M/S/P: Jansick/Hoversten to approve the minutes from the August 26th EDA Board meeting as written. Passed unanimously.

b. Review minutes from August 17th Finance Team Meeting

M/S/P: Hoversten/Haugen to approve the minutes from the August 17th Finance Team Meeting as written. Passed unanimously.

IV. Review August Financial Statements – Ken Merrill

Miles Seppelt gave the following report:

- On Pg 1 under operations for the EDA, there is \$41,212 cash on hand. The total fund balance as of August 31st, 2005 is \$41,433. There is the continuation of the land write down. Total Mortgages receivable is \$90,238.
- Pg 2 and 3 is the statement of revenue and expenses. Total expenses for August are \$19,483. The EDA has spent down a total of \$18,983 for the month of

August. The EDA has spent down a total of \$82,105 for the first eight months of 2005.

- Pg 4 under the EDA Loan Fund, there is \$147,314 as cash on hand.
- Pg 5 under the EDA Downtown Loan Fund, there is \$501,571 as cash on hand. Mortgages receivable is \$767,393. \$79,634 has been collected this year for loan repayments. A total of \$199,382 has been paid out thus far for 2005 including loans, downtown grant program, and miscellaneous. The balance sheet reflects spending down a total of \$119,748.

M/S/P: Haugen/McGraw to approve August financial statements as presented. Passed unanimously.

V. Director's Report

Miles Seppelt gave the following report:

- A. State Theater** – One retail space is just about ready to be rented out. It will be some kind of antique store. The apartments should be ready to rent out this coming week.
- B. Liquor Hutch** – The construction is about one week behind schedule. During the coming week, the pavement will be poured and the building exterior will be painted to match Econo Foods. In two to two and half weeks, the new part will open, and from there it will take about four weeks to renovate the old side.
- C. Rix Corner Redevelopment** – The property has been closed on and it is all paid for. The Pawn Shop should be moving in the next couple of days. The wrecking ball is set to come through on October 4th to demolish the buildings.
- D. Downtown Streetscape Project** – This project will be almost 10 days ahead of schedule. Phase 3 will be completed by Wednesday with Phase 4 beginning on Thursday. They will have 15 days to complete this phase. Some of the lights will start arriving at the middle to end of October. It will take about one month to get all the lights in. That part should be complete by the middle of November. The Washington Ave and Rix Corner portion will be completed in the spring.
- E. Industrial Park Development** –
 - 1. Wetherell Property Site Prep** – This project is complete except for the cleanup and the removal of the cistern that was found on the site.
 - 2. Industrial Park Signage** – Mr. Seppelt sent letters to all of the business within the Industrial Park to see which ones would be interested in getting a monument sign for the intersection of Highway 22 and 5th Ave. Five businesses have already shown interest. One quote has been collected and one more is needed. Once it is decided how many businesses are interested, the cost will be split evenly.
 - 3. JOBZ & Signage** – A letter was received from the Commissioner at DEED approving Hutchinson's request for JOBZ acres. There is a total of 51.9 acres. Ms. Eberdt is working with the Southwest Zone Administrator to get JOBZ signs ordered that would be placed under the population signs coming into town and be used as a marketing tool.

F. Business Recruitment

1. **Company "X"** – The purchase agreement is in the final stages. It is taking a while due to the fact that the Company's attorney lives in California.
2. **Company "Y"** – Mr. Seppelt spoke with this company and Hutchinson is still at the top of their list. Right now they are just trying to get the financials in place.
3. **Ashwill Industries** – This will be discussed in detail below.

VI. Ashwill Industries

Mr. Ashwill had an unexpected expense come up due to the hard water in Hutchinson. Because of this, he needs to purchase a reverse osmosis water purifier. He sent a letter asking if the EDA would increase the loan to cover this expense. Mr. Seppelt stated that this still fits within the rules of the program. At the Finance Team, Mr. Merrill asked if Mr. Ashwill could possibly lease this equipment if the new city water system that will be complete in 2007 will have a sufficient enough quality of water. Mr. Seppelt discussed this with Mr. Ashwill, but Mr. Ashwill stated that the improvement would still only better it by half of his necessary needs. He is asking for \$32,000 instead of \$25,000. This will raise the EDA portion to about 14% of the total project cost.

M/S/P: Jansick/McGraw to authorize a total of up to \$32,000 for the Ashwill Industries loan. Passed unanimously.

VII. Assessments on Wetherell Property

Mr. Merrill had asked if the EDA would look into paying off the remainder of the assessments on the Wetherell Property using the money from the sale of the portion of the land to Company "X." The total amount of the assessments on the property right now is almost \$223,000. After Company "X" pays their assessments, the remainder would be approximately \$76,610. The Finance Team was apprehensive to this idea because the property is for sale and if the EDA were to pay off the remainder of the assessments, it would be hard to get that money back when the property sells. Also, it would be better to keep the cash from the sale of the property in case the EDA were to need to buy any more land for the Industrial Park.

No action taken.

VIII. Assessments on Goebel Property

Mr. Seppelt, Mr. Ulrich, and John Rodeberg had a meeting with Virgil Goebel's attorney. Mr. Goebel is in the process of selling the two western lots to Dick McClure. The assessments on the land have been deferred for many years and have started to pile up. One of the conditions to selling the land is that Mr. McClure wants the assessments paid before he makes the purchase. One of the options discussed was having the EDA pay off the assessments, and in return the EDA would then own the other two properties and the pond. Mr. Ulrich gave the history behind these properties. Mr. Goebel's land was never

included in the TIF district and has never been able to get any incentives. The EDA has been trying to find a way to help Mr. Goebel, but they have never been able to help. Mr. Ulrich stated that the EDA has done something like this before and it was successful. Mr. Jansick also mentioned that these parcels are now designated as JOBZ and that the finance team felt having these two lots would be helpful. The board stressed that this is a good opportunity to move forward with and to get something done with this land that has sat empty for 30 years. More information will be brought back to the board at the next meeting.

IX. HCDC 2006 Budget

Mr. Seppelt provided a handout with the budget he is proposing. The Finance Team suggested changing where the ED Loan Transfer comes from. Typically \$5,000 is taken out of both the Downtown Loan Program and the Economic Development Loan Program for a total of \$10,000. The Finance Team felt that since there is more money and activity in the Downtown Loan Program that the entire \$10,000 should come out of that fund. This money has also not been transferred yet for 2005, so it was also recommended that this be retroactive to 2005 as well. Mr. Hoversten stated that there is a chance that the SBDC will not be coming to the EDA. There are matters that are being considered at the state level. The budget will be brought back at a later date for approval.

M/S/P: Jansick/Haugen to allocate all \$10,000 of the EDA Loan Transfers from the Downtown Loan Fund and for this to be retroactive to January 1st, 2005. Passed unanimously.

X. Project Ideas for 2006 – Part 1

Mr. Seppelt asked the board for any input for project ideas for 2006. This will be brought back each month

- Cornerstone Commons
- Downtown Streetscape
- Wetherell Property
- Industrial Park Signage
- JOBZ
- Company “X”
- Company “Y”
- Goebel Land
- Post Office
- Brown’s Greenhouse
- SWMF – renewable energy
- Site visits to businesses

XI. Grant and Loan Applications

Sign and Awning Grant Program

A. Titan Cleaners \$2,000

M/S/P: Haugen/Stotts to approve the Sign and Awning Grant for \$2,000 for the Titan Cleaners. Passed unanimously.

- B. Kock's Jewelry \$2,000
M/S/P: Stotts/Hoversten to approve the Sign and Awning Grant for \$2,000 for Kock's Jewelry with the encouragement to coordinate it with the other signs on the Hotel. Passed unanimously.

Storefront Revitalization Matching Grant Program

- A. Kock's Jewelry \$5,000
M/S/P: McGraw/Stotts to approve the Storefront Revitalization Matching Grant for \$5,000. Passed unanimously.

XII. Chamber CVB Update

Marc Vaillancourt gave the following report:

The new sign was put up last week. Arts and Crafts was a successful event and it is estimated that it brought 18,000-20,000 people to downtown for the event. The leadership program has begun. There are 26 participants. Next year it will be expanded to allow 28 participants and 2 high school students. Currently, the budget for 2006 is being worked out along with future plans. Sue Mortensen has put in her letter of resignation. There are new directors coming to the board – Dan VanOverbeke, Paul Nordin, and Mr. Vaillancourt is working on getting Dan Carlson from 3M on the board of directors. The merger of the two boards is just about complete.

XIII. Other Business

Mr. Seppelt mentioned that the HDA will be having its First Annual Meeting event. A guest speaker will be coming in to give a presentation on Downtown "Sense of Place." The event will take place on November 3rd at 5:15pm. Mr. Vaillancourt told the board that there were only 14 of the 450 tickets available for the Gala in November.

XIV. The next meeting will be October 28th, 2005 at 7:00am.

XV. Adjourn

The meeting adjourned at 8:10am.

**Respectfully submitted,
Erin Eberdt
EDA Assistant**

Hutchinson EDA

Board of Directors

Minutes of Meeting
Friday, October 28, 2005 at 7:00 a.m.

Members present in **bold** print:

Members:

Tim Ulrich	Steve Jansick	Jim Haugen	Don Walser
Duane Hoversten	Casey Stotts	Mike McGraw	Marc Vaillancourt

Staff:

Miles Seppelt, EDA Executive Director
Erin Eberdt, EDA Assistant
Ken Merrill, Finance Director

I. Tim Ulrich called the meeting to order at 7:03a.m.

II. Approve Agenda

No action taken

III. Review and Approve Meeting Minutes

a. Review minutes from September 30th EDA Board Meeting

M/S/P: Hoversten/Jansick to approve the minutes from the September 30th EDA Board meeting as written. Passed unanimously.

b. Review minutes from September 28th Finance Team Meeting

M/S/P: Jansick/Haugen to approve the minutes from the September 28th Finance Team Meeting as written. Passed unanimously.

IV. Review September Financial Statements – Ken Merrill

- On Pg 1 under operations for the EDA, there is \$32,230 cash on hand. The total fund balance as of September 30th, 2005 is \$32,450. There is the continuation of the land write down. Total Mortgages receivable is \$90,238.
- Pg 2 and 3 is the statement of revenue and expenses. Total expenses for September are \$9,325. The EDA has spent down a total of \$8,825 for the

month of September. The EDA has spent down a total of \$90,930 for the first nine months of 2005.

- Pg 4 under the EDA Loan Fund, there is \$147,314 as cash on hand. The Ashwill Industries Loan was not closed on until the start of October, so this will show up on the financial statements at the next meeting.
- Pg 5 under the EDA Downtown Loan Fund, there is \$511,793 as cash on hand. Mortgages receivable is \$754,321. \$93,857 has been collected this year for loan repayments. A total of \$199,382 has been paid out thus far for 2005 including loans, downtown grant program, and miscellaneous. The balance sheet reflects spending down a total of \$105,525.

M/S/P: Haugen/Jansick to approve September financial statements as presented. Passed unanimously.

V. Director's Report

Miles Seppelt gave the following report:

- A. State Theater** – One of the retail spaces is open. It is a small antique shop. One of the three apartments will most likely be rented out next week. Right now, Mr. McMonagle is spending more time on running the theater. There is going to be a promotion for the holidays at the Theatre and information is going out to merchants about this. Merchants will have free tickets to give out for two movie times every Saturday and Sunday for three weekends starting after Thanksgiving. People have to go to merchants downtown to get these tickets. The cost to merchants to buy into this is \$35. Each business will start with 100 tickets but they can get any many more as needed.
- B. Liquor Hutch** – The operations will move over to the new side over the weekend. On Monday the new part will open and from there it will take 2-3 weeks to get the old side renovation. The date for substantial completion is November 11th.
- C. Cornerstone Commons – Rix Corner Redevelopment** – The Pawn Shop will be moving this weekend to the other half of the Dry Cleaners building. On Monday or Tuesday the asbestos will be cleaned out of the building and after that it will be demolished.
- D. Downtown Streetscape Project** – This project is just about complete for this year. The 16' streetlights will arrive today and start to get installed next week. All of the lights should be installed by the second week of December. There is a decorative fence to create a seating area by Dairy Queen that will still be put in this year. The water fountain, the Washington Ave and Cornerstone Commons concrete, and the planters and benches will all get done in the spring. The traffic signal poles will also be painted black in the spring along with getting countdown signals at the crosswalks.

E. Industrial Park Development –

1. **Wetherell Property Site Prep** – This project is done, the only cost left if to put some covering over it for the winter. The fill will start coming in the spring as it becomes available through city projects.
2. **Industrial Park Signage** – Mr. Seppelt stated that there are about 7-8 companies interested in this project. He has the bids for the sign, but still needs to collect bids for the concrete and electrical work. Mr. Ulrich asked if it could ever get expanded. Mr. Seppelt said that he would look into that. It was also discussed to put the JOBZ logo on it. Ideas about how the maintenance and electric bill could get paid were also discussed.
3. **JOBZ & Signage** – These signs have been installed under the population signs as you come into town.

F. Business Recruitment

1. **Company “X”** – Mr. Seppelt is closing on the sale of the land after the meeting today.
2. **Company “Y”** – No report was given.
3. **Ashwill Industries** – The loan was closed on at the start of October. The UCC statement was filed and it was received back already. Samples of things that can be cut with the water jet cutting machine were passed around.

VI. Grant and Loan Applications

Sign and Awning Grant Program

The Glass Apple, Cheryl Labat \$1,451

M/S/P: Haugen/Stotts to approve the Sign and Awning Grant for \$1,451 for The Glass Apple. Passed unanimously.

Storefront Revitalization Matching Grant Program

The Vacuum Gallery, Lee Gruenhagen \$5,000

M/S/P: Stotts/Hoversten to approve the Storefront Revitalization Matching Grant for The Vacuum Gallery for \$5,000. Passed unanimously.

Titan Cleaners Building, Skip Quade \$5,000

M/S/P: Jansick/Stotts to approve the Storefront Revitalization Matching Grant for Skip Quade for the Titan Cleaners Building for \$5,000. Passed unanimously.

VII. Request to defer assessments on Wetherell Property

With the sale of the north part of the property, \$145,623.11 of the assessments will be paid. If the board wants to defer the payments on the remainder of the land, a formal request must be drafted for the city council. Mr. Seppelt said that the Finance Team’s

position was that if the EDA were to pay the assessments on the remainder of the property, it would be hard to recoup those dollars.

Mr. Merrill said that assessments can only be deferred for seniors and disabled persons, undeveloped land, land outside of the city limits, and over-sized city lots. He suggested that the EDA pay the assessments over a 10-year period. For next year, the payment would be just a little over \$11,000 and this number would go down every year for the 10 years. This would be an option to not have to pay the whole amount and tie up cash in assessments. It will also help to make sure that the assessments do not get too high because of the interest accruing.

No motion was needed because the board chose the 10-year payment plan and no formal request is needed for that.

VIII. Proposed Downtown Redevelopment Project

Mr. Seppelt presented a proposed idea for a downtown redevelopment project. He mentioned the possibility of getting a TIF District set up. He asked for any discussion and suggestions.

There was discussion on the possibilities of this project. Keeping the Post Office downtown and getting the new Post Office built was brought up. Mr. Ulrich did not want a project to happen that could potentially alter the plans for a new post office. Mr. Seppelt stated that he will start working with the local post office and work up from there to try and get the post office back at the table where it was a few years ago. It was recommended that next month this topic be brought back with more numbers and any new information.

There is the land that the depot is on which was discussed as being a good place to have an anchor in the downtown when the roundabout is put in. The only problem is that this property is still owned by the McLeod County Rail Authority. Mr. Seppelt will keep looking in to different options and get back to the board.

IX. Goebel Property Transaction

Mr. Seppelt showed a slide with the dollar amounts of the assessments that exist on the four Goebel properties. The same background from last month was given. If the EDA were to assume the assessments on the four properties (approximately \$143,000) the EDA would get in return the two eastern lots. The pond on the property would be deeded to the city.

The Finance Team discussed the EDA assuming the assessments on the two lots that Mr. Goebel would keep and in return the EDA would still get the two eastern properties, but the assessments could be deferred until the properties sold. This would keep some cash available incase it were needed. Mr. Merrill said it would be better to pay off all of the assessments. The EDA would get 5.698 acres. With paying the assessments on all four properties and getting the two lots in return, the cost per acre comes to approximately \$25,000, which is similar market rate for

that land. The board felt this was a good idea, but they have to wait now and see if Mr. Goebel likes this idea or not. Mr. Seppelt will keep pursuing this and come back to the board next month with more information.

X. Project Ideas for 2006 – Part II

Mr. Seppelt discussed a handout that had the project ideas the board generated last month. He told the board to let him know of any ideas they had.

Mr. Hoversten suggested looking into a virtual incubator, which does not require a physical building. It was also suggested to look into a way to get the old vet clinic taken away. Mr. Seppelt informed the board of a grant program from DEED that may help with this. Mr. Hoversten said that the SBDC being at the City Center is still up in the air but that he would keep the board informed.

XI. Downtown Christmas Lights

Anthony Hanson brought up this topic at the Finance Team meeting. He discussed that the Jaycees were looking at taking on a project to bring back the Christmas lights on the tops of buildings. They could provide some labor and money, but they are looking at partnering with other organizations to get it paid for. It was recommended that the HDA should take the lead on this project. Mr. Vaillancourt said not having the lights this year will be a catalyst to get people excited about wanting to do something next year. Mr. Ulrich said that the Finance Team discussed the possibility of giving one of the downtown grants as a contribution to this project.

It was stated that the EDA would support this initiative.

XII. Chamber CVB Update

Marc Vaillancourt gave the following report:

It is the second month of the leadership program. Yesterday was a Community Day that looked at the past, present, and future. There were very good reviews. There was also a panel session.

The Planning session for 2006 is November 15th. The Chamber CVB has also been asked to sit at the table to discuss the public arts initiative. Member visits are also continuing.

XIII. Other Business

The First Annual Downtown Gathering will be on November 3rd at 5:15p.m. Everyone is welcome to attend and listen to the guest speaker talk about “Downtown Sense of Place.”

XIV. The next meeting will be December 2, 2005 at 7:00a.m.

XV. Adjourn

The meeting adjourned at 8:22a.m.

**Respectfully submitted,
Erin Eberdt
EDA Assistant**

Hutchinson EDA

Board of Directors

Minutes of Meeting
Friday, December 2, 2005 at 7:00 a.m.

Members present in **bold** print:

Members:

Tim Ulrich	Steve Jansick	Jim Haugen	Don Walser
Duane Hoversten	Casey Stotts	Mike McGraw	Marc Vaillancourt

Staff:

Miles Seppelt, EDA Executive Director
Erin Eberdt, EDA Assistant

I. Tim Ulrich called the meeting to order at 7:03a.m.

II. Approve Agenda

No action taken

III. Review and Approve Meeting Minutes

a. Review minutes from October 28th EDA Board Meeting

M/S/P: Walser/Stotts to approve the minutes from the October 28th EDA Board meeting as written. Passed unanimously.

b. Review minutes from October 26th Finance Team Meeting

M/S/P: Jansick/Hoversten to approve the minutes from the October 26th Finance Team Meeting as written. Passed unanimously.

IV. Review October Financial Statements – Ken Merrill

Miles Seppelt gave the following report:

- On Pg 1 under operations for the EDA, there is \$217,776 cash on hand. The total fund balance as of October 30th, 2005 is \$216,364. There is the continuation of the land write down. Total Mortgages receivable is \$90,238.
- Pg 2 and 3 is the statement of revenue and expenses. Total expenses for October are \$11,286. The EDA has generated a total of \$183,914 for the

month of October. The EDA has generated a total of \$93,029 for the first ten months of 2005.

- Pg 4 under the EDA Loan Fund, there is \$115,314 as cash on hand. The fund dispersed \$32,000 for the Ashwill Industries Loan.
- Pg 5 under the EDA Downtown Loan Fund, there is \$526,593 as cash on hand. Mortgages receivable is \$739,835. \$108,703 has been collected this year for loan repayments. A total of \$200,273 has been paid out thus far for 2005 including loans, downtown grant program, and miscellaneous. The balance sheet reflects spending down a total of \$91,570.

M/S/P: Hoversten/Jansick to approve October financial statements as presented. Passed unanimously.

V. Director's Report

Miles Seppelt gave the following report:

- A. Web-Site Update** – The website has been updated. The JOBZ information has been added. The main page, financials page, and downtown page have all been updated.
- B. Post Office** – Mr. Seppelt and Ms. Eberdt met with the postmaster. Mr. Seppelt got contact information to try and work up the line to try and see what is planned for a new post office.
- C. Liquor Hutch** – The main construction is done. In about two weeks it should be complete.
- D. Cornerstone Commons – Rix Corner Redevelopment** – There is a meeting scheduled to get a structural permit for the footings and foundation. The main construction will begin in the spring.
- E. Proposed Downtown Redevelopment Project** – There is no new information on this.
- F. Downtown Streetscape** – The lighting company told the City that the tall lights would be shipped on November 21st. As of yesterday, they have not been manufactured. The Regional Vice President will be coming to the City Council meeting on December 13th to answer questions and explain the situation. The original plan was to get the east side completed before starting on the west side. Now the plan is to put up the short poles up on the west side and get all the lights that are installed turned on. This creates more work for the electrical company because they will have to unwire everything to install the tall poles when they arrive.
- G. Industrial Park Development** –

1. **Industrial Park Signage** – Mr. Seppelt is still working on this project. There are 8 or 9 companies interested. The property has been annexed and the city will now own it. Right now, Mr. Seppelt is working on getting more concrete bids to be able to tell the businesses what the cost would be to them.
2. **Goebel Property** – There is no new information on this.

H. Business Recruitment

1. **Company “X”** – Mr. Seppelt went and visited the company to go over the Development Agreement.
2. **Company “Y” & “Z”** – Mr. Seppelt has been in contact with both companies. He will be meeting with Company “Y” today.

Mr. Hoversten asked when the name of Company “X” would be released to the public. Mr. Seppelt said that is up to the company and when is the best time for them. As of right now, Mr. Seppelt does not know of a time when this will happen.

VI. Business Subsidies

Mr. Seppelt stated that this subject was discussed a few months ago when the Business Subsidy Policy had to be updated to include JOBZ. The Mayor would like the Business Subsidy Industrial wage requirements to be set at the poverty level for a family of four as it is set by the U.S. Department of Health and Human Services (\$9.30/hour). Before the amount was at \$9.01. When the Business Subsidy Policy was being updated to include the JOBZ requirements, the EDA passed the amount to be 150% of the minimum wage – making it \$9.23/hour. The City Council decided to set it instead at \$9.30/hour – which is the current poverty level for a family of four.

Mr. Seppelt showed a wage comparison for manufacturing businesses in the area. A question was raised about what kind of jobs this would include within the manufacturing businesses. Mr. Seppelt stated that it was for the jobs within the job creation goals. Every year this rate will adjust. The companies that are coming to Hutchinson are already paying more than the poverty level for a family of four, so this should not affect what the EDA does.

M/S/P: Walser/Jansick to set the Business Subsidy wage requirement for Industrial jobs at the U.S. Department of Health and Human Services Poverty Level for a Family of Four that is updated each year. Passed Unanimously.

VII. Appoint New Finance Team Member (2 candidates, 1 position open)

- | | | |
|----------------|-----------------|-----------------|
| A. John Lang | Business Banker | MidCountry Bank |
| B. Dan Carlson | Plant Manager | 3M |

The board reviewed the applications for the new finance team member.

M/S/P: Hoversten/Stotts to appoint Dan Carlson, 3M Plant Manager, to the opening on the Finance Team. Passed unanimously.

VIII. Grant and Loan Applications

Sign and Awning Grant Program

Mark Schierman, 246 Main Street

\$2,000

M/S/P: Stotts/Jansick to approve the Sign and Awning Grant for \$2,000 for 246 Main Street subject to the approval of the Finance Team. Passed unanimously.

IX. Project Ideas for 2006 – Part III

A current proposed list was reviewed. Mr. Seppelt asked for any comments or change. The list will be finalized at the start of the year.

X. Chamber CVB Update

Right now, they are wrapping up the year-end. There was a planning session for 2006 a couple of weeks ago. The board will be changing from the 28 members, which was the combined boards of the Chamber and CVB, to 18 people for 2006. By the end of 2007, the board will be will down to 15 people. There are three main areas of focus: member services, visitors bureau function, and community development/community leadership.

The sesquicentennial is all done. Right now the Chamber CVB is getting ready for the new year with the annual meeting scheduled for January 26th. A projector is getting installed in the boardroom.

XI. Other Business

Mr. Seppelt will be taking vacation December 27th-30th.

XII. The next meeting will be December 23, 2005 at 7:00a.m.

XIII. Adjourn

The meeting adjourned at 7:47a.m.

**Respectfully submitted,
Erin Eberdt
EDA Assistant**

Hutchinson EDA

Board of Directors

Minutes of Meeting
Friday, December 23, 2005 at 7:00 a.m.

Members present in **bold** print:

Members:

Tim Ulrich	Steve Jansick	Jim Haugen	Don Walser
Duane Hoversten	Casey Stotts	Mike McGraw	Marc Vaillancourt

Staff:

Miles Seppelt, EDA Executive Director
Erin Eberdt, EDA Assistant

I. Tim Ulrich called the meeting to order at 7:02a.m.

II. Approve Agenda

No action taken

III. Review and Approve Meeting Minutes

a. Review minutes from December 2nd EDA Board Meeting

M/S/P: Stotts/Hoversten to approve the minutes from the December 2, 2005 EDA Board meeting as written. Passed unanimously.

b. Review minutes from November 16th Finance Team Meeting

M/S/P: Walser/Stotts to approve the minutes from the November 16, 2005 Finance Team Meeting as written. Passed unanimously.

IV. Review November Financial Statements – Ken Merrill

Miles Seppelt gave the following report:

- On Pg 1 under operations for the EDA, there is \$213,289 cash on hand. The total fund balance as of November 30, 2005 is \$213,577. Total Mortgages receivable is \$90,238.
- Pg 2 and 3 is the statement of revenue and expenses. The EDA continues to collect \$500 each month for the Wetherell Property. \$7,884 was collected for

the annual rent for 2006 on the Stritesky Property. The EDA has spent down a total of \$3,802 for the month of November. The EDA has generated a total of \$89,227 for the first eleven months of 2005.

- Pg 4 under the EDA Loan Fund, there is \$115,879 as cash on hand. The payments to Ashwill Industries are now coming in. The principal is tracked under assets and the interest is tracked under Revenues-Loan Repayment-Interest.
- Pg 5 under the EDA Downtown Loan Fund, there is \$523,225 as cash on hand. Mortgages receivable is \$732,618. \$118,522 has been collected this year for loan repayments. A total of \$214,589 has been paid out thus far for 2005 including loans, downtown grant program, and miscellaneous. The balance sheet reflects spending down a total of \$96,067. Under the expenses on the Downtown Loan Fund, \$10,000 was transferred to the operations of the EDA.
- The transfer from the City's general fund of \$100,000 will show up on December's financial statements.

M/S/P: Stotts/McGraw to approve November financial statements as presented. Passed unanimously.

V. Director's Report

Miles Seppelt gave the following report:

- A. Liquor Hutch** – This project is more or less complete. The signage and banners for the exterior of the building are still needed and there is a small amount of tile work that is left. The parking lot failed the strength tests in multiple aspects. It is expected that when it gets warm, it will be torn out and reconstruction to the correct specs as far as strength and dimensions go.
- B. Cornerstone Commons – Rix Corner Redevelopment** – The soil improvements have been completed. The next step will be the footings and foundation. The steel has been ordered and it is expected that by late February it will arrive and construction of the building will begin.
- C. Proposed Downtown Redevelopment Project** – In the past month it was determined that this project would not be feasible. There would not be enough tax increment generated to pay for the necessary costs. Other options are now being researched.
- D. Downtown Streetscape Project** – The tall lights are starting to go up. The Regional Vice President from Hallophane Lighting came to the last city council meeting to explain what happened with the order.

There was discussion about the slipperiness of the sidewalks. Mr. McGraw asked if there had been any complaints. Mr. Seppelt stated that he has not heard any, but he could look into it. Mr. Seppelt stated that when it warms up, there is

another coat of sealer that needs to be applied that will have some sort of grit in it.

Mr. Stotts mentioned that he would be working on a proposal to change the snow removal process downtown. Mr. Ulrich and Mr. McGraw did not think that the City plowed the sidewalks along Main Street other than by Library Square. There was further discussion about this topic. The Board asked Mr. Stotts to keep them informed about this matter.

E. Industrial Park Development –

1. **Industrial Park Signage** – Mr. Seppelt still needs to get some more bids. There is still a lot of interest for the project from the companies in the Industrial Park. Until it warms up, it cannot really move ahead.
2. **Goebel Property** – There was no new information to report on this topic.

F. Business Recruitment –

1. **Company “X”** – This is moving forward. Ms. Eberdt received a call from DEED stating that this project was determined to be an expansion and not a relocation – therefore there is no relocation agreement needed. In February, the company will most likely start the planning process. By June or July the construction should begin.

G. Other – Mr. Seppelt did a BRE visit with Cenex this week. He will keep the board updated on that as information becomes available.

Mr. Seppelt is applying for a Redevelopment grant through the state. It would be to acquire some land for a parking lot that would support the Cornerstone Commons Redevelopment Project.

A new intern has also been hired. Her name is Jessica Evans and she will start in a couple of weeks. The exact dates are not yet known.

VI. Election of Officers for 2006 (required by statute M.S. 469.096)

- | | | |
|-------------------------------|--------------------|----------------------------------|
| A. President | 1-year term | |
| B. Vice President | | |
| C. Treasurer | 1-year term | |
| D. Secretary | 1-year term | (can be non-Commissioner) |
| E. Assistant Treasurer | | (can be non-Commissioner) |

Mr. Ulrich felt that the board should be in some sort of rotation. The President could serve for a couple of years, with the Vice President taking over that position then. Mr. Seppelt stated that the Secretary and Assistant Treasurer could be non-Commissioners. This could mean that the intern is the secretary and that Mr. Merrill is the Assistant Treasurer.

Mr. Ulrich stated that this item should be tabled until January so that he can get in contact with the members of the board and discuss who is interested in what position. Mr. Seppelt provided the group with a chart showing the term lengths for the board members.

VII. State Theater

On Wednesday Mr. McMonagle contacted Mr. Seppelt about some problems he is having with not meeting the projections on attendance and cash flow. One of the problems is that there are still people that do not realize that the State Theater is open. Another is that the other movie theater is holding onto movies longer than normal, so that by the time they get released to be used at the State Theater, too much time has gone by and people have already seen them.

Mr. McMonagle has requested to extend the interest only payments for 12 months. Mr. Ulrich stated that the Finance Team felt that this was fine, but they thought that the McMonagle's need to figure out their business plan.

Mr. Vaillancourt stated that Teresa Pejsa and him are working on ideas to spark more interest for the theater.

VIII. Review of DRAFT 2005 Annual Report & 2006 Work Program

Mr. Seppelt passed out copies of the draft 2005 Annual Report for the EDA. There is still some work to be done with it, but he asked the board to review it and give him their comments. He stated that he would be getting in touch with each board member in the next couple of weeks to get feedback on the report. It will be presented at the January Board meeting for approval and will then be presented at the first City Council meeting in February.

He also discussed the tentative list of projects for 2006. He asked for any feedback the board had. He also pointed out an idea he added under the general projects. He is suggesting some sort of reception to salute the founding fathers of "Hutchinson Growth" since the 45th anniversary will be in 2006.

IX. Grant and Loan Applications

*** NONE ***

X. Loan Subordination, Cornerstone Commons

M & I Bank sent Mr. Seppelt a letter asking the EDA to have their loan be subordinate to the bank loan. Since the EDA has not closed on this loan yet, nothing can be done. The Finance Team suggested that Mr. Seppelt send a letter to M & I stating that after the EDA funds have been dispersed, that the EDA will do a loan subordination. No action was taking at this time.

EDA Board Meeting

December 23, 2005

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XI. Chamber CVB Update

The Board of Directors approved the program of work and budget for 2006. The annual meeting will be January 26th.

XII. Other Business

Mr. Seppelt reminded the board that he would be on vacation next week.

XIII. The next meeting will be January 27, 2006 at 7:00a.m.

XIV. Adjourn

The meeting adjourned at 7:56a.m.

Respectfully submitted,

Erin Eberdt

EDA Assistant