

Hutchinson EDA Board of Directors

Minutes of Meeting
Friday, January 27, 2006 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
Jessica Evans, 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 23rd EDA Board Meeting

M/S/P: Hoversten/McGraw to approve the minutes from the December 23, 2005 EDA Board meeting as written. Passed unanimously.

b. Review minutes from December 21st Finance Team Meeting

M/S/P: McGraw/Haugen to approve the minutes from the December 21, 2005 Finance Team Meeting as written. Passed unanimously.

IV. Review December Financial Statements – Ken Merrill

Miles Seppelt gave the following report:

- On Pg 1 under operations for the EDA, there is \$315,517 cash on hand. The total fund balance as of December 31, 2005 is \$315,870. 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. The EDA has generated a total of \$102,294 for the month of December. This is due to the \$100,000 that was transferred from the general fund. The EDA has generated a total of \$191,521 for the year of 2005.
- Pg 4 under the EDA Loan Fund, there is \$116,444 as cash on hand.
- Pg 5 under the EDA Downtown Loan Fund, there is \$529,646 as cash on hand. Mortgages receivable is \$706,776. \$126,870 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 \$87,719.

M/S/P: Stotts/Hoversten to approve December financial statements as presented. Passed unanimously.

V. Director's Report

Miles Seppelt gave the following report:

- A. Liquor Hutch** – The final punch list was completed on Monday, January 23. 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. A Grand Re-Opening has been scheduled for Friday, February 17, 2006 at 4p.m.
- B. Cornerstone Commons – Rix Corner Redevelopment** – The footings have been installed. The steel should go up at the end of February.
- C. Downtown Streetscape Project** – Everything that was to be done during the winter months has been completed. Construction will pick up again in May with Washington Avenue and the area in front of Cornerstone Commons. The traffic poles will also be painted black at that time.
- D. Industrial Park Development** –
 - 1. Goebel Property** – Mr. Goebel came in with a counter-proposal to the EDA's September proposal on Wednesday. Mr. Goebel proposed that the EDA pay for all assessments and he would deed the pond to the city and the eastern most lot to the EDA. If the EDA were to only receive this one lot, the cost per acre would be approximately \$47,000. If the EDA were to receive two lots as initially proposed, the cost per acre would have been approximately \$25,000 per acre. Mr. Ulrich stated that the EDA does not need this land so the EDA's answer to the counter-proposal should be that the EDA is not interested. The rest of the board agreed with this.
 - 2. Cenex** – Mr. Seppelt has been in contact with Cenex, and they are interested in possibly doing something with the fertilizer plant. He will keep the board informed.

E. Business Recruitment –Mr. Seppelt said that everything is in order with Company X. A public hearing will need to be held in order to fulfill the business subsidy criteria.

Mr. Seppelt submitted a grant to DEED and should hear back in February about whether or not it was awarded.

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 talked about the history of the officer positions and how they used to be on a 2-year rotation. He felt that council appointees should not serve as officers on the board. Mr. Hoversten will be leaving the board at some point this year so this leaves Mr. Ulrich, Mr. McGraw, and Mr. Jansick as potential officers.

Mr. Ulrich proposed the following slate of candidates:

- President— Mr. Ulrich- 1-year term
- Vice-President— Mr. McGraw- 1-year term
- Treasurer— Mr. Jansick- 1-year term
- Secretary— EDA Intern
- Assistant Treasurer— Mr. Merrill

M/S/P: Stotts/Hoversten to approve the slate of candidates as listed above for the officer positions for 2006. Passed unanimously.

VII. 2005 Annual Report & 2006 Work Program

Mr. Seppelt handed out a copy of the final report and summarized its contents.

M/S/P: Haugen/McGraw to approve the 2005 Annual Report as written and pass on to City Council for final approval. Passed unanimously.

VIII. Grant & Loan Applications

Sign & Awning Grant Program

Venus Salon & Spa (47 Main Street North) \$975
Heidi Pulkrabek

M/S/P: Stotts/Haugen to approve the sign and awning grant of \$975 for Venus Salon & Spa. Passed unanimously.

Glass Apple (Grant Adjustment)

\$300

M/S/P: Haugen/Stotts to approve the sign and awning grant adjustment of \$300 for Glass Apple. Passed unanimously.

IX. Eminent Domain

Mr. Seppelt discussed eminent domain and how a Supreme Court ruling made last year is beginning to affect legislative motions in Minnesota. A bill is being proposed by a group of car dealers that would virtually eliminate eminent domain use by EDA's. The Economic Development Association of Minnesota (EDAM) has asked that resolutions be passed by local EDA's to support the efforts to preserve the use of eminent domain. Mr. Seppelt discussed the importance of having eminent domain as an economic tool and how little it is actually used in the state compared to the number of land transactions.

M/S/P: Hoversten/McGraw to approve the resolution in support of efforts to preserve the ability of EDA's to use eminent domain to further economic development and redevelopment in their communities. Passed unanimously.

X. Chamber CVB Update

Mr. Vaillancourt talked about how the Chamber CVB is working with the Luce Line Coalition in order to have the trail paved from Hutchinson to Winsted. Hopefully the request will be in the bonding bill and if needed Mr. Vaillancourt and the owner of the bike shop will testify at the state.

Mr. Vaillancourt said that the Chamber CVB now has the rights to the tagline "Minnesota's Hometown". He said that it is available for all groups in Hutchinson to use.

Last night at the Annual Meeting the Chamber CVB unveiled the community banner project. There will be 120 spots available. The banners will be on a 3-month rotation and is a 3-year program.

XI. Other Business

Mr. Seppelt discussed that at the Finance Team meeting there was discussion about transferring the revenue generated from the sale of property in the industrial park of \$199,956 to the reserved fund for future land purchase. The board discussed this and felt that it would be better to make a new category in the reserve called "Future Development" to transfer these funds to. Mr. Seppelt said he would ask Mr. Merrill to take care of this.

Mr. Seppelt discussed possibility of tightening the rules of both grant programs. He will present something to the Finance Team and Board next month.

Mr. Seppelt got a response back from the city's financial advisor about being able to fund the EDA through its own tax. He showed some examples of the revenue that

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could possibly be generated. The board felt that he should continue researching this. Mr. Hoversten talked about how the HRA has been successful in doing this. The board directed Mr. Seppelt to research the procedure and then talk to each City Council member individually.

XII. The next meeting will be February 24, 2006 at 7:00a.m.

XIII. Adjourn

The meeting adjourned at 8:11a.m.

**Respectfully submitted,
Jessica Evans
EDA Assistant**

Hutchinson EDA Board of Directors

Minutes of Meeting
Friday, February 24th, 2006 at 7:00 a.m.

Members present in **bold** print:

Members:

Tim Ulrich

Duane Hoversten

Steve Jansick

Casey Stotts

Jim Haugen

Mike McGraw

Don Walser

Guests Present:

Marc Vaillancourt, Chamber of Commerce

Ken Merrill, Finance Director

Staff:

Miles Seppelt, EDA Executive Director

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

II. **Approve Agenda**

An updated agenda was distributed.

III. **Review and Approve Meeting Minutes**

a. Review minutes from January 27th EDA Board Meeting

M/S/P: McGraw, Stotts to approve the minutes of January 27, 2006 as written. Passed unanimously.

b. Review minutes from the January 18th Finance Team Meeting

M/S/P: Walser, Jansick to approve the minutes of the Finance Team from January 18, 2006 as written. Passed unanimously.

IV. **Review January Financial Statements**

Mr. Merrill gave the financial report:

- Cash available for operations is \$301,322
- All mortgages held as part of the land write-down program have been advanced one year to reflect their progress through the forgiveness period.
- Of the cash available, \$199,956 is shown as “reserved – land,” as these are the proceeds from our recent land sale to Company “X.”

- Pages two and three show January revenues & expenditures. These pages have been reformatted and obsolete object codes have been deleted.
- For the month, the EDA collected \$500 in rental income, and the primary expenditures were for salaries and benefits. Nothing unusual.
- Annual support for the Southwest Minnesota Foundation was erroneously shown under “Dues & Subscriptions;” this will be moved to its own object code for next months report.
- The Economic Development Loan Fund has \$116,444 in cash available. The loan to Ashwill Industries is performing as required. Marc Seborá is still working to collect additional dollars from Allied Mechanical.
- The Downtown Loan Fund has a total of \$556,021 in cash available of which \$130,000 is earmarked for the Cornerstone Commons project. Loans outstanding total \$700,173.

M/S/P: Walser, Stotts to approve the January Financial statements. Passed unanimously.

V. Director’s Report

Miles Seppelt gave the following report:

- A.** The newly expanded Liquor Hutch held their grand opening celebration on February 17th. It was a successful and well-attended event. Sales were up 12% in January.
- B.** The steel frame of Cornerstone Commons should be going up within the next 2-3 weeks.
- C.** Met with the owner of Company “X” to review the development agreement, etc. Very good meeting. They are starting the planning process this month and should be under construction by July. The facility will be in excess of 50,000 square feet.
- D.** The Highway 7 and Main Street Bridge projects are on schedule. Some demolition should take place in April with road construction starting in May. The bridge is scheduled for closure in June.
- E.** The City Council passed a companion resolution in support of the EDA resolution calling for the preservation of eminent domain as a tool for economic development & redevelopment.
- F.** One grant has been written and submitted to the Department of Employment and Economic Development and we should hear back from them by the end of the month. Staff is in the process of writing two other grants.
- G.** A downtown business is planning to build a new store this summer.
- H.** A Hutchinson company would like to expand. It plans to build a 15,000 square foot building in the industrial park. EDA staff is working with them on financing and site options.

VI. Grant & Loan Applications

None.

VII. Request for Loan Subordination

Citizens Bank has provided a line of credit to Bob & Charlene Schlueter that is secured by a real estate mortgage on property they own on Main Street. Citizens Bank has requested that the EDA subordinate its loan to that of Citizens Bank. The property is valued at \$140,000 and the total of all debt against it is \$88,000.

M/S/P: Walser, McGraw to approve the subordination of the EDA's loan. Tim Ulrich abstained from the vote. The measure passed unanimously.

VIII. EDA Funding Levy

The idea of the EDA requesting its own levy from the City Council was discussed. EDA staff reviewed the levy procedure and its advantages for the EDA and the City – a key advantage being that it would remove EDA funding from the city's general fund. City Council members appear to be supportive of the idea.

The Board discussed the advantages of the levy, the amount that should be requested and the timing of the request.

It was agreed that any request would wait until after the School District's bonding referendum.

IX. Goebel Property

The EDA Director updated the Board on the status of negotiations with Mr. Virgil Goebel. He has requested EDA assistance with the assessments on four lots he owns in the industrial park and the EDA has made a proposal that would benefit both Mr. Goebel and the City. Mr. Goebel has made a new counter-offer.

The EDA Finance Team will take up the matter at its next regularly scheduled meeting.

X. Chamber Update

Marc Vaillancourt, President of the Chamber of Commerce, gave the following report:

- The Blandin Foundation is putting on a leadership program here in Hutchinson.
- The Chamber is facilitating a project to coordinate signage for the Hwy 7 project.
- The Chamber is also assisting on a project for downtown Christmas lights.
- There is an initiative underway to secure State bonding dollars to pave the Luce Line Trail between Hutchinson and Winsted. Although a popular idea, the paving project may have to wait until the next bonding session, as a regional park has greater priority this year.
- There will be an open house on downtown design at the Jorgensen Hotel on March 2nd.
- The Chamber's community banner project is going very well.

XI. Other Business

It was noted that two houses in the area of the projected downtown post office project are currently for sale. Staff was directed to find out what the asking prices were.

XII. Set next meeting

To accommodate schedules, it was agreed to set the next meeting of the Hutchinson EDA for Wednesday, March 29th.

XII. Adjourn

The meeting was adjourned at 8:12 AM.

Respectfully Submitted,

Miles R. Seppelt
EDA Director

Hutchinson EDA Board of Directors

Minutes of Meeting
Wednesday, March 29, 2006

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
Jessica Evans, EDA Assistant
Ken Merrill, Finance Director

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

II. Approve Agenda
No action taken

III. Review and Approve Meeting Minutes
a. Review minutes from February 24th EDA Board Meeting

M/S/P: Walser/McGraw to approve the minutes from the February 24, 2006 EDA Board meeting as written. Passed unanimously.

b. Review minutes from February 15th Finance Team Meeting

M/S/P: Jansick/Ulrich to approve the minutes from the February 15, 2006 Finance Team Meeting as written. Passed unanimously.

IV. Review February Financial Statements

Ken Merrill gave the following report:

- On Pg 1 under operations for the EDA, there is \$291,856 cash on hand. The total fund balance as of February 28, 2006 is \$291,794. Total Mortgages receivable is \$76,608.
- Pg 2 and 3 is the statement of revenue and expenses. The EDA continues to collect \$500 each month for the Wetherell Property. The EDA has generated a total of \$1000 in the first two months of 2006. Total expenses for the month of February total \$8,508.
- Pg 4 under the EDA Loan Fund, there cash on hand is \$117,009.
- Pg 5 under the EDA Downtown Loan Fund, cash on hand is \$558,376. Mortgages receivable is \$700,173. \$34,651 has been collected this year for loan repayments. A total of \$5,920 has been paid out thus far in 2006 including loans, downtown grant program, and miscellaneous. The balance sheet reflects revenues of \$28,731 above expenditures.

M/S/P: McGraw/Hoversten to approve February financial statements as presented. Passed unanimously.

V. Director's Report

Miles Seppelt gave the following report:

- A. Cornerstone Commons**—The exterior should be done by mid-July. The project expenses are higher than originally planned due to increased material prices.
- B. Company "X"**—The project continues to move forward. Contract language is being worked out.
- C. Nordic Components**—Currently this business is located outside of city limits but is interested in moving into the industrial park this year. They will require a 15,000 square foot facility.
- D. G.R. Creations**—This company is also looking for more space and is interested in moving into the industrial park as well.
- E. Industrial Park Sign**—The project is going out for bids this week. When the bids are all submitted the project will be placed on the Finance Team agenda and then on the EDA Board agenda.
- F. Grant Writing**—Mr. Seppelt is currently working on a DEED grant to obtain funding to have an environmental study completed on Block 5 (McLeod County Rail Authority, Schmaeling Oil Company, Roger Dummer) property. A grant is also being written to aid Company "X" in purchasing needed equipment.
- G. Downtown Streetscape Project**—Streetscape will be finished on the north side of Washington Avenue in May. The area in front of Cornerstone Commons will be done later.
- H. Highway 7**—Demolition of buildings should begin in April. Construction will begin in June. Southwest Minnesota Foundation should be completed June 1.

VI. DEED Redevelopment Grant/Appraisal

An appraisal was done on the old pet clinic building. The property appraised at \$70,000. The owners are asking for \$147,000, which is the amount the Rix gas station property was purchased for. City Attorney Mark Seborá has stated that the EDA Board is not constrained by the regular guidelines used by the city when purchasing property because the money is coming from a grant outside of the city. Traditionally, the city would be limited to offering the appraisal price plus 10-15%. Mr. Seppelt will have an estimate done to see how much it will be to have the building demolished.

M/S/P: Walser/Jansick to authorize the payment for the appraisal. Passed unanimously.

VII. Goebel Property

Nothing new to report.

VIII. Post Office-Project Status

Mr. Seppelt further researched the possibility of the post office authorizing a construction project this year. Currently, the Postal Service has a 2 to 4 year "hold" on new projects. Mr. Seppelt will revisit the possibility of the project in one year.

IX. EDA Funding Levy

Mr. Seppelt provided a list of possible EDA levy levels for the Boards information. This item will be placed on June's agenda, as the Board would like to see what will happen with the school referendum that is to be done in May.

X. Grant & Loan Applications

Sign & Awning Grant Program

Security Coin & Pawn

\$1660

140 North Main Street, Suite B

M/S/P: Jansick/McGraw to approve the sign and awning grant up to \$2000 for Security Coin & Pawn provided the electrical conduit comes through the wall or the conduit is of minimal length. Passed unanimously.

Name Your Frame & Photography (Tamela Schultz)

\$2000

M/S/P: Jansick/Walser to approve the sign and awning grant of \$2000 for Name Your Frame & Photography. Passed unanimously.

Commercial Rehabilitation Loan Program

The Glass Apple (Cheryl Labat)

\$4000

132 Main Street South

M/S/P: McGraw/Walser to approve the Commercial Rehabilitation Loan to The Glass Apple for \$4000 less any reimbursement from the total cost if a rebate is issued from Hutchinson Utilities through the Commercial Energy Rebate program. Passed unanimously.

XI. Chamber CVB Update

Mr. Vaillancourt reported that the Chamber CVB is wrapping up its last three sessions of the leadership program, and beginning to prepare for its regular summer programs. Chamber members will be receiving updates regarding the streetscape project. The Chamber CVB will be updating all businesses about the Highway 7 construction and detours. There will be a meeting called with KDUZ, the Leader, Hutchinson Downtown Association to make sure everyone is on the same page and that efforts are not needlessly duplicated.

XII. Other Business

Mr. Ulrich received a letter of resignation from Mr. Hoversten effective March 31.

M/S/P: Walser/Jansick to table the decision about Mr. Hoversten's letter of resignation until July 2006. Passed unanimously.

XIII. The next meeting will be Friday, April 28, 2006 at 7:00 a.m.

XIV. Adjourn

The meeting adjourned at 8:02 a.m.

Respectfully submitted,

Jessica Evans

EDA Assistant

EDA Board of Directors

Minutes of Meeting Friday, April 28, 2006

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

Jessica Evans, EDA Assistant

Ken Merrill, Finance Director

I. Mike McGraw 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 March 29th EDA Board Meeting

M/S/P: Jansick/Walser to approve the minutes from the March 29, 2006 EDA Board meeting as written. Passed unanimously.

b. Review minutes from March 15th Finance Team Meeting

M/S/P: Walser/Haugen to approve the minutes from the March 15, 2006 Finance Team Meeting as written. Passed unanimously.

IV. Review March Financial Statements

Miles Seppelt gave the following report:

- On Pg 1 under operations for the EDA, there is \$282,307 cash on hand. The total fund balance as of March 31, 2006 is \$282,817. Total Mortgages Receivable is \$76,608.
- Pg 2 and 3 is the statement of revenue and expenses. The EDA continues to collect \$500 each month for the Wetherell Property. The EDA has generated a total of \$1500 in the first three months of 2006. Total expenses for the month of March equal \$10,632.
- Pg 4 under the EDA Loan Fund, there cash on hand is \$117,574.
- Pg 5 under the EDA Downtown Loan Fund, cash on hand is \$566,059. Mortgages receivable is \$686,932. \$42,380 has been collected this year for loan repayments. A total of \$5,920 has been paid out thus far in 2006 including loans, downtown grant program, and miscellaneous. The balance sheet reflects revenues of \$36,460 above expenditures.

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

V. Director's Report

Miles Seppelt gave the following report:

- A. Cornerstone Commons**—The project is on schedule, and the exterior should be done in July.
- B. Downtown Streetscape Project**—Streetscape work and needed utility work is progressing on Washington Avenue. The area in front of Cornerstone Commons will be completed in July.
- C. Highway 7**—The project began this week. Mr. Seppelt completed business retention and expansion visits to four companies directly affected this week.

- D. Company "X"**—Groundbreaking is anticipated in July.
- E. Nordic Components**—Currently this precision-machining business is located outside of city limits but is interested in moving into the industrial park this year. They will require a 15,000 square foot facility.
- F. G.R. Creations**—This company is also looking for more space and is interested in renting space in the industrial park.
- G. Medisyn Technologies**—This high-tech start-up medical research company is considering setting up a 2000 square foot facility in Hutchinson.
- H. Industrial Park Sign**—The project bid deadline has been extended to May 2, 2006. It will require approximately \$20/month to provide electricity to the sign.
- I. Goebel Property**—There has been no update concerning the Boards last offer to Mr. Goebel.

VI. Minnesota Investment Network-Hutchinson RAIN fund

Mr. Seppelt explained the components of the Minnesota Investment Network. This is a newer economic tool and is a community-based equity investment group. Members of a local investment group make all decisions. The company funds local/regional investments. Member investment is \$25,000-100,000. RAIN Source Capital provides capital and support during formation and management. There are currently nine RAIN funds in Minnesota. Mr. Seppelt inquired whether a local group could possibly be formed in Hutchinson. The investors could be either individuals or institutions. Mr. Jansick reported that some members of the Finance Team called bankers working with RAIN fund investors and a couple of RAIN fund investors in other cities to see what their experiences have been with RAIN funds. The Board suggested that Mr. Seppelt also call individual investors in other cities.

VII. Update on acquisition of former Pet Hospital building

The owners of the former Pet Hospital building are unwilling to negotiate regarding a purchase price. The grant money that was received to acquire and demolish the building has a one-year time limit. The options at this point include sending the grant money back to DEED or considering the use of eminent domain and having the building condemned. The board once again validated the money spent to have the appraisal completed.

VIII. Grant & Loan Applications

Sign & Awning Grant Program

Venus Salon & Spa (47 Main Street North)

\$350 adjustment

M/S/P: Jansick/Haugen to approve the sign and awning grant adjustment of \$350 for Venus Salon & Spa to cover the unanticipated expenses. Passed unanimously.

IX. Performance Review of EDA Director- 2005 (Gary Plotz)

This item will be tabled until May 2006.

X. Chamber CVB Update- None

XI. Other Business- None

XII. The next meeting will be Friday, May 26, 2006 at 7:00 a.m.

XIII. Adjourn

The meeting adjourned at 8:07 a.m.

Respectfully submitted,
Jessica Evans
EDA Assistant

EDA Board of Directors

Minutes of Meeting Friday, May 26, 2006

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

Jessica Evans, EDA Assistant

Ken Merrill, Finance Director

Gary Plotz, City Administrator

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

II. Approve Agenda- No action

III. Review and Approve Meeting Minutes

a. Review minutes from April 28th EDA Board Meeting

M/S/P: Jansick/Haugen to approve the minutes from the April 28, 2006 EDA Board meeting as written. Passed unanimously.

b. Review minutes from April 19th Finance Team Meeting

M/S/P: Haugen/McGraw to approve the minutes from the April 19, 2006 Finance Team Meeting as written. Passed unanimously.

IV. Review April Financial Statements

Ken Merrill gave the following report:

- On Pg 1 under operations for the EDA, there is \$273,905 cash on hand. The total fund balance as of April 30, 2006 is \$268,470. Total Mortgages Receivable is \$76,608.
- Pg 2 and 3 is the statement of revenue and expenses. The EDA continues to collect \$500 each month for the Wetherell Property. The EDA has generated a total of \$2000 in the first four months of 2006. Total expenses for the month of April equal \$15,031.
- Pg 4 under the EDA Loan Fund, there cash on hand is \$118,139.
- Pg 5 under the EDA Downtown Loan Fund, cash on hand is \$570,204. Mortgages receivable is \$678,867. \$48,850 has been collected this year for loan repayments. A total of \$9,874 has been paid out thus far in 2006 including loans, downtown grant program, and miscellaneous. The balance sheet reflects revenues of \$38,930 above expenditures.
- A payment of \$5,928 has been paid for the special assessments on the Wetherell property for water and sewer improvements.

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

V. Director's Report

Miles Seppelt gave the following report:

A. Cornerstone Commons—The cement on the second floor has been poured. The outside architectural elements are beginning to take shape.

- B. Pet Hospital Building**—There has been no change since last month. A meeting will be scheduled with the building owners, their attorney, Mr. Sebor, the new planning director, and Mr. Seppelt late next month. The building cannot be occupied until it is flood proofed, but it cannot be flood proofed under current law.
- C. Streetscape & Hwy 7**—The streetscape is done until Cornerstone Commons is completed later this summer. Buildings are still being demolished as part of the Hwy 7 project.
- D. Highway 7**—The project began this week. Mr. Seppelt completed business retention and expansion visits to four companies directly affected this week.
- E. Business Recruitment**
 - a. Company “X”**—The Development Agreement was signed on Thursday, May 18, 2006. A press release will occur mid-June announcing the company’s arrival to Hutchinson. There will be a groundbreaking that the Board will be asked to be involved with.
 - b. Nordic Components**— Nothing new to report.

A Retail Roundtable is being planned for June with participants from the Chamber CVB, downtown businesses, and south-end businesses as well as the EDA, Mayor Cook, and possibly a couple of City Council members. Brainstorming will be done to identify what should/should not be done to help businesses.

VI. Goebel Property

Mr. Goebel has accepted the EDA’s offer to purchase his land in the industrial park. The \$151,483 in assessments on all four lots will be paid by the EDA. The pond will be deeded to the City. The EDA will get the eastern two lots. The land acquisition will need City Council approval.

M/S/P: Stotts/McGraw to move ahead with the purchase of the Goebel property. Passed unanimously.

VII. Minnesota Investment Network-Hutchinson RAIN fund

Four of the nine RAIN funds previously established in Minnesota were started by EDA’s. A joint meeting with the Finance Team and the EDA Board to listen to a formal presentation before deciding whether or not to move forward will be scheduled in July or August.

VIII. Industrial Park Sign Project

Mid-Central Builders submitted the low bid for the project. The cost submitted by Hutch Utilities to provide electricity to the sign is very high. McLeod Co-op is being contacted to see if it can be done for a more reasonable price. Mr. Seppelt will find out what the actual price to have electrical service to the sign will be. The Board asked whether the costs to the companies could be spread out over three years to help defray a large initial cost.

IX. Industrial Park Improvements (Block 2, Lot 2- Wetherell Property)

The fill dirt used on the site was free, but the EDA is responsible for paying the costs to turn, dry, disk, and grade the lot. The initial estimate from City engineers was \$2000-3000. A grading bill for \$15,935 was received from Juul Contracting. Another \$15,000 may be needed to finish the improvements to the land. The contractor is reluctant to provide a written estimate due to the fact that the soil wetness may change. These land improvement costs will be re-cooped when the land is sold, and the land improvements will make the lot more marketable.

M/S/P: Haugen/Stotts to approve a maximum expenditure of up to \$30,000 to complete the improvements to Block 2, Lot 2. Passed unanimously.

X. Grant & Loan Applications

Storefront Revitalization Matching Grant

Thimbleberries (Lynette Jensen)

\$5000

M/S/P: Jansick/Stotts to approve the Storefront Revitalization Matching Grant in the amount of \$5000 for Thimbleberries. Passed unanimously.

XI. Chamber CVB Update

Marc Vaillancourt gave the following report:

- The Chamber CVB Executive Board approved up to \$500 to co-sponsor the Retail Trade Analysis and Small Business Success Strategies presentations/reports offered by the U of M Extension Services.
- The Workforce Readiness Program will begin June 28.
- Dairy Days is scheduled for June 9. The Music in the Park concert series will begin June 12.
- A joint effort between the Leader and the Chamber CVB to print and distribute 5000 maps depicting construction routes to deliver to businesses will be accomplished by June 15.

XII. Other Business

Mr. Seppelt reported that Steve Barton is refinancing his outstanding loans. U.S. Bank has requested that subordination agreements for the two loans he has through the EDA be subordinated.

M/S/P: Stotts/McGraw to approve the two loan subordination agreements with U.S. Bank for Mr. Steven Barton. Passed unanimously.

XIII. The next meeting will be Friday, June 23 , 2006 at 7:00 a.m.

XIV. Performance Review of EDA Director—Mr. Gary Plotz

Mr. Seppelt, EDA Director, and Ms. Evans, EDA Assistant, were not present for the yearly review.

XV. Adjourn

The meeting adjourned at 8:07 a.m.

**Respectfully submitted,
Jessica Evans
EDA Assistant**

EDA Board of Directors

Minutes of Meeting Friday, June 23, 2006

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

Dan Sexton, EDA Assistant

Ken Merrill, Finance Director

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

II. Approve Agenda- No action

III. Review and Approve Meeting Minutes

a. Review minutes from May 26th EDA Board Meeting

M/S/P: McGraw/Haugen to approve the minutes from the May 26, 2006 EDA Board meeting as written. Passed unanimously.

b. Review minutes from May 17th Finance Team Meeting

M/S/P: Haugen/Hoversten to approve the minutes from the May 17, 2006 Finance Team Meeting as written. Passed unanimously.

IV. Review May Financial Statements

Ken Merrill gave the following report:

- On Pg 1 under operations for the EDA, there is \$255,827 cash on hand. The total fund balance as of May 31, 2006 is \$236,379. Total Mortgages Receivable is \$76,608.
- Pg 2 and 3 is the statement of revenue and expenses. The EDA continues to collect \$500 each month for the Wetherell Property. The EDA has generated a total of \$2,500 in the first four months of 2006. Total expenses for the month of May equal \$16,231.
- Pg 4 under the EDA Loan Fund, the cash on hand is \$118,704.
- Pg 5 under the EDA Downtown Loan Fund, cash on hand is \$570,343. Mortgages receivable was not updated, so currently shown is \$678,867. \$58,356 has been collected this year for loan repayments. A total of \$15,195 has been paid out thus far in 2006 including loans, downtown grant program, and miscellaneous. The balance sheet reflects revenues of \$43,161 above expenditures.

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

V. Director's Report

Miles Seppelt gave the following report:

A. Cornerstone Commons—Construction of the project has been stopped pending a Minnesota State Inspector inspection. More information Pending Monday's meeting with all parties, to discuss 2nd floor structural and decking concerns.

- B. Pet Hospital Building**— There was a joint meeting with city staff, the owner, and her attorney to reach an agreement. The meeting ended with a stalemate, in which the owner was advised to seek another appraisal and bids for remodeling the site.
- C. Minnesota Investment Network**— A meeting will be held on August 9th with Vice President Brain Johnson of the network will be present to explain this program to all interested parties.
- D. State Theater**— Mr. Seppelt notified the board that recently the State Theater has been put up for sale.
- E. Business Recruitment**
 - a. Warrior Manufacturing**— Is hoping to break ground as soon as the end of August.
 - b. Nordic Components**— Nothing new to report.
 - c. G.R. Creations**— Has shown interest in leasing space in the Pro-Maintenance Building.
 - d. Medisyn Technologies Inc.**— Their first round of financing is complete and they hope to complete the second round of financing sometime this fall.

The Retail Roundtable meeting was held this past Tuesday, were members of the retail community and public officials meet to discuss the current situation of retail within Hutchinson. All parties present were asked to generate a list of strengths, weaknesses, opportunities, and threats that they saw as facing Hutchinson's retail market.

VI. Goebel Property

Mr. Seppelt notified the board that Mr. Goebel had accepted the EDA's offer. The EDA would pay the assessments on all the Goebel Properties in exchange for the eastern two properties, including the pond. There was discussion on how the assessments would be paid, with the revenues generated from the Warrior Mfg. sale. The additional revenues from the Warrior Mfg. sale would be put into a separate fund.

Mr. Merrill explained how the sale and transfer of those properties would work. \$37,326.89 would be paid on existing bonds from 1997 and the rest of the funds would be put into a separate fund ear-marked for EDA use. This action would be pending the City Councils approval.

M/S/P: Hoversten/McGraw the motion to support the formation of a separate EDA fund for the revenues generated from the Warrior Mfg. Passed unanimously.

VII. Industrial Park Sign Project—Finance Plan

Mr. Seppelt informed the board that with the use of McLeod Electricity Co-op the cost of the Industrial Park sign would decrease to \$39,290. He also explained the use of a payment play for interested parties to make the sign more pallet able. Interested parties could either pay a lump sum of \$2,800 up front with a yearly \$200 maintenance fee or pay \$1,200 up front and \$800 the following next two years, again with the yearly \$200 maintenance fee. The Finance Team was supportive of this proposal with the condition of seven interested parties committed prior to construction.

M/S/P: Haugen/Hoversten the approval of this proposal with the condition that seven interested parties be committed prior to construction. Passed unanimously.

VIII. Community Advantage Leadership Program (CALP)

Mr. Seppelt explained the CALP program, which is a community based economic structuring program. The Blandin Foundation and the Southwest Minnesota Foundation sponsor this program. They go to various communities throughout the state hosting meetings with community leaders, members, and organizations to assess, priorities, facilitate, and implement strategies for communities to structure their economic flows. Mr. Seppelt presented the board with a couple question in a fact-finding mission. The board responded with a good discussion.

IX. EDA Budget / Levy

Mr. Seppelt present information regarding the History of the EDA's funding and expenditures over the past nine years. With that orientation he proceeded to explain the current state of funding and how the past years have been miss represented due to unforeseen situations. He then highlighted the proposed and project expenditure for 2007 and 2008. With those numbers he was able to represent how much should be levied if the levy was passed and explained the average cost per house at the average level of \$150,000.

In addition to his explanation of the levy structure, Mr. Seppelt justified the need to change funding sources from general fund transfers to a tax levy because it would make the EDA more transparent to the public. This type of funding source year to year would be more stable and consistent, which would make it easier to plan and develop projects. It would also generate a certain amount of cap room in the general fund.

X. Grant & Loan Applications

None.

XI. Chamber CVB Update

Marc Vaillancourt gave the following report:

- The newly named Chairmen Lunch-in was a great success.
- The summer programs sponsored by the Chamber are in full swing, attendance has been great thus fare.
- Final touches are being made to the Leadership Institute.
- A notification that multiple staff changes are happening in the near future. Those positions will be posted and hopefully refilled.

XII. Other Business

None.

XIII. The next meeting will be Friday, July 28, 2006 at 7:00 a.m.

XIV. Adjourn

The meeting adjourned at 8:15 a.m.

**Respectfully submitted,
Dan Sexton
EDA Assistant**

EDA Board of Directors

Minutes of Meeting Friday, July 28, 2006

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

Dan Sexton, EDA Assistant

I. Mike McGraw called the meeting to order at 7:02 a.m.

II. Approve Agenda- No action

III. Review and Approve Meeting Minutes

a. Review minutes from June 23rd EDA Board Meeting

M/S/P: Hoversten, Walser to approve the minutes from the June 23, 2006 EDA Board meeting as written. Passed unanimously.

b. Review minutes from June 20th Finance Team Meeting

M/S/P: Walser, Jansick to approve the minutes from the June 20, 2006 Finance Team Meeting as written. Passed unanimously.

IV. Review May Financial Statements

Mr. Seppelt gave the following report:

- On Pg 1 under operations for the EDA, there is \$226,816 cash on hand. The total fund balance as of June 30, 2006 is \$303,423. Total Mortgages Receivable is \$76,608.
- Pg 2 and 3 is the statement of revenue and expenses. The EDA continues to collect \$500 each month for the Wetherell Property. The EDA has generated a total of \$3,000 to date for the year of 2006. Total expenses for the month of June equal \$9,243.
- Pg 4 under the EDA Loan Fund, the cash on hand is \$119,269.
- Pg 5 under the EDA Downtown Loan Fund, cash on hand is \$575,201. Mortgages receivable is currently \$672,368. \$66,214 has been collected this year for loan repayments. A total of \$20,195 has been paid out thus far in 2006 including loans, downtown grant program, and miscellaneous. The balance sheet reflects revenues of \$46,019 above expenditures.

M/S/P: Walser, Haugen to approve the June financial statements as presented. Passed unanimously.

V. Director's Report

Miles Seppelt gave the following report:

A. Goebel Land Transaction – The city council has approved for the deeding of the property.

B. Industrial Park Sign Project – The project is currently dead in the water. This is mainly due to various state and city regulations that restrict the use of right of way and the signs purpose. The next option is to purchase a standard industrial park direction sign from MnDot.

- C. Cornerstone Commons** – The construction is back on track. As a result of inspections some structural modifications had to be made. Mr. Seppelt informed the board that the investors are now encouraging Marcus Const. more to see a faster return on their investment; this is due to the project being 25% over budget. This increase in budget costs is the result of material costs increases.
- D. Pet Hospital Building** – Mr. Seppelt informed the board that there was a meeting with the owner and their attorney, as a result of that meeting nothing has changed. The owners were not happy with the cities offer and were encouraged to get their own appraisal. Mr. Seppelt assured the board that there still is nine months left on the grant window for funding on this project.
- E. EDA Budget / Levy** – A workshop is scheduled for mid-August to continue working on this option of funding the EDA via a Levy.
- F. Minnesota Investment Network** – A meeting is scheduled for August 9th with Brian Johnson. He will be discussing RAIN funds and how to utilize them as another funding resource.
- G. Web-site Update** – Our web site has currently been updated with new building and land information. Each Building and land site is quick linked to another page that outlines a complete description of that Location.
- H. Downtown Housing** – While following the Downtown Master Plan the EDA, HRA, and Southwest Minnesota Housing Partnership (developer) are currently examining various sites and options around downtown to redevelop into new housing and business opportunities. The current sites being analyzed include NAPA, the Depot, Downtown, and Cenex.
- I. Business Recruitment**
 - a. Warrior Manufacturing** – The purposed building for Warrior is much larger than was originally anticipated, they are hoping to construct a 76,800 sq. ft. facility. They intend to break ground this fall and be open and operational by April. The current employee projection is 10 employees; due to the size of the facility it could be more. Mr. Seppelt is also applying for a Minnesota Investment Fund grant for \$200,000.
 - b. Nordic Components** – They are currently looking for a new facility around 15-20,000 sq. ft. to own. They were given a tour of the industrial park. Mr. Seppelt will keep the board up to date on this project.

VI. Cenex Redevelopment

The Cenex Board of Directors met recently to evaluate their current locations. They have decided that they would like to sell and consolidate their both their Hutchinson locations into a more centralized location, Creek Side. The Finance Team recommended that a group be organized to facilitate the process of this transaction.

M/S/P: Walser, Haugen to elect Mr. McGraw and Mr. Ulrich to head the facilitation of the transaction with Cenex. Passed Unanimously.

VII. Loan Subordination for Wells Fargo Bank – CGE Properties

Mr. Seppelt informed the board that Mark Sherman (CGE Properties) is in the process of refinancing their loan with Wells Fargo for the redevelopment of the old Hennen's Building, as part of the agreement the EDA would subordinate its loan under Wells Fargo's new loan package. Mr. Seppelt reminded the board that if the properties were to be split at any point a new appraisal would need to be conducted prior to the transaction to meet the 100% rule.

Note: Steve Jansick abstained from this matter.

M/S/P: Haugen, Hoversten to approve of the subordination agreement with CGE Properties for the purpose of refinancing. Passed unanimously.

VIII. Finance Team Vacancy (Dan Carlson resignation)

As a result of Dan Carlson's position at 3M being relocated there is a vacancy on the Finance Team. Mr. Wurdell President of the First Minnesota Bank of Hutchinson is interested in filling the vacant position. The Finance Team has approved of his nomination.

M/S/P: Walser, Haugen to approve of electing Mr. Wurdell to the vacant position on the Finance Team. Passed unanimously.

IX. Grant & Loan Applications

None.

X. Chamber CVB Update

Mr. Seppelt gave the following report:

- Music in the Park has been a great success and there are only a few more events left this summer.
- Hometown Bargain Days wrap up meeting will be held in the next week.
- The Leadership Institute is entering its 18th season.
- Performance Development Network (Quality Council) is launching new season.

XI. Other Business

None.

XII. The next meeting will be Friday, August 25, 2006 at 7:00 a.m.

XIII. Adjourn

The meeting adjourned at 7:45 a.m.

**Respectfully submitted,
Dan Sexton
EDA Assistant**

EDA Board of Directors

Minutes of Meeting Friday, August 25, 2006

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

Dan Sexton, EDA Assistant

Ken Merrill, Finance Director

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

II. Approve Agenda- No action

III. Review and Approve Meeting Minutes

a. Review minutes from July 28th EDA Board Meeting

M/S/P: Jansick, Hoversten to approve the minutes from the July 28, 2006 EDA Board meeting as written. Passed unanimously.

b. Review minutes from July 19th Finance Team Meeting

M/S/P: McGraw, Jansick to approve the minutes from the July 19, 2006 Finance Team Meeting as written. Passed unanimously.

IV. Director's Report

Miles Seppelt gave the following report:

A. Goebel Land Transaction – The city council has approved for the deeding of the property. The paperwork for the deed transfer has been filed and the EDA is just awaiting confirmation for McLeod County.

B. Warrior Manufacturing – The City Council and Planning Commission have approved Warrior's proposal. Warrior is in the process of getting underway, they have currently filed for grading permits to prep the site for construction.

C. Cornerstone Commons – The construction is back on track. Brick is being applied to the exterior of the structure. According to the owners the structure is approximately 50% of its leased

D. Minnesota Investment Network – Mr. Seppelt commented on the meeting with Brian Johnson. He mentioned that the Finance Team was a little apprehensive about the idea of prospecting for possible clients. They recommended a more hands off approach.

Mr. Ulrich requested the input of the EDA Board's perceptions. Members agreed that the idea of prospecting for individuals to invest in this fund was shaky. Members didn't want to be associated with setting individuals up with an investment that has no guarantees

E. Business Recruitment

- a. **Nordic Components** – They are currently looking for a new facility around 15-20,000 sq. ft. to own. They were given a tour of the industrial park. Mr. Seppelt will keep the board up to date on this project.
- b. **Alexis Systems** – Mr. Seppelt informed the board that at the last Community Venture Network (CVN) meeting introductions were made this Alexis Systems. He further explained what Alexis Systems does and why they are looking at Hutchinson as a prospect for relocation. Mr. Seppelt commented on a site visit that was provided for the company on Wednesday, August 23rd. Currently Mr. Seppelt is waiting for Alexis Systems to submit their financial structure, business plan and confirmation from Ridge Water for approval to use their existing facility in the Industrial Park. Further discussion followed in reference to the employment needs of the company, this company as a future prospects and the board's general perception of the company.

V. **Review May Financial Statements**

Mr. Merrill gave the following report:

- o On Pg 1 under operations for the EDA, there is \$218,001 cash on hand. The total fund balance as of July 31, 2006 is \$217,865. Total Mortgages Receivable is \$76,608.
- o Pg 2 and 3 is the statement of revenue and expenses. The EDA continues to collect \$500 each month for the Wetherell Property. The EDA has generated a total of \$3,500 to date for the year of 2006. Total expenses for the month of July equal \$9,126.
- o Pg 4 under the EDA Loan Fund, the cash on hand is \$119,834. The EDA has generated a fund balance of \$144,834 to date the year of 2006.
- o Pg 5 under the EDA Downtown Loan Fund, cash on hand is \$81,540. Mortgages receivable is currently \$667,319. \$72,553 has been collected this year for loan repayments. A total of \$22,087 has been paid out thus far in 2006 including loans, downtown grant program, and miscellaneous. The balance sheet reflects revenues of \$50,421 above expenditures.

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

VI. **Cenex Redevelopment**

Cenex is currently in the process of obtaining an appraisal for the property. This was suggested to be completed prior to opening negotiations with the company. Meanwhile the EDA has obtained an appraisal; for the property at a value of \$180,000. With appraisals being completed by both parties hopefully a better understand of the property can be attained prior to the meeting and that the transaction will proceed smoothly.

VII. **Pet Hospital Building**

Mr. Seppelt informed the board that there was a meeting scheduled with the owner and their attorney, this afternoon to discuss a third appraisal or possible settle meant. The owners have received their appraisal from Hokanson for \$164,600. The EDA's appraisal was from Robinson for \$70,000. He mentioned that the owners were still very against the EDA's offer. Mr. Seppelt mentioned that there still is nine months left on the grant window for funding on this project. Members of the board suggested the meeting be canceled and that whether a confidential meeting with the owner's attorney may be more productive. Mr. Jansick agreed to schedule a meeting with the attorney unofficially to discuss this matter further.

VIII. **EDA Budget / Loan**

Mr. Seppelt commented on the history of the EDA and the proposal of the Levy. When the EDA was originally formed the intent was that the EDA would at some point become self-sufficient, funded by its own levy. Currently the EDA's budget is funded from the general fund, \$100,000 annually. This amount

over the years has maintained relatively level due to staffing changes and funds from rental revenues. The main goal of the levy is to stabilize the EDA funding source with an annual 1.525% draw and not have to rely of the general fund. This would also allow for further transparency to the general public of were their money is going to.

Further discussion followed with questions in reference to the amount that should be requested and the timeline necessary for approval. Mr. Merrill mentioned key points from the following list of procedural requirements needed to gain approval:

- 1) EDA Board of Directors make a formal request (resolution)
- 2) **City Council passes a resolution stating proposed amount of levy**
- 3) Publish resolution together with a notice of public hearing on the resolution for two consecutive weeks in official newspaper.
- 4) **Public hearing held 2-4 weeks after first publication** in the official newspaper.
- 5) **Following hearing, City Council adopts resolution authorizing the EDA levy**
- 6) Resolution authorizing the levy is published
- 7) If a petition is received, the resolution could be voided. (see below)
- 8) Send copies of both resolutions to City Schultz at the County.

Members of the board discussed that if our resolution was to be submitted that we should go for the full amount need. The action regardless will put the board's proposal up for public debate and the information that Mr. Seppelt presented clearly shows that there is a need for change. It was suggested that information about the EDA's past and present success be mentioned to further sway popular vote.

M/S/P: Hoversten, Haugen to approve to move forward with the resolution to levy for \$140,000 at 1.525%. Passed unanimously.

IX. Grant & Loan Applications

None.

X. Chamber CVB Update

Mr. Vaillancourt gave the reported the following:

- The Chamber/CVB will have a new employee Megan Peterson starting September 5th.
- There will be a Hutchinson Leadership Institute event on September 21st.
- The Professional Development Network will be hosting an event.
- The Chamber/CVB is co-sponsoring a forum discussion at Ridge Water College for individuals running for State offices. There will also be a forum event for individuals running for local elected positions.
- The Arts and Crafts Fair is ready to go.

XI. Other Business

None.

XII. The next meeting will be Friday, September 29, 2006 at 7:00 a.m.

EDA Board Meeting

August 25, 2006

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XIII. Adjourn

The meeting adjourned at 8:33 a.m.

Respectfully submitted,

Dan Sexton

EDA Assistant

EDA Board of Directors

Minutes of Meeting Friday, September 29, 2006

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
Dan Sexton, EDA Assistant

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

II. Approve Agenda- No action

III. Review and Approve Meeting Minutes

a. Review minutes from August 25th EDA Board Meeting

M/S/P: Hoversten, Jansick to approve the minutes from the August 25, 2006 EDA Board meeting as written. Passed unanimously.

b. Review minutes from August 15th Finance Team Meeting

M/S/P: Haugen, Hoversten to approve the minutes from the August 15, 2006 Finance Team Meeting as written. Passed unanimously.

IV. Review May Financial Statements

Mr. Seppelt gave the following report:

- On Pg 1 under operations for the EDA, there is \$209,220 cash on hand. The total fund balance as of August 31, 2006 is \$208,131. Total Mortgages Receivable is \$76,608.
- Pg 2 and 3 is the statement of revenue and expenses. The EDA continues to collect \$500 each month for the Wetherell Property. The EDA has generated a total of \$4,000 to date for the year of 2006. Total expenses for the month of August equal \$10,009.
- Pg 4 under the EDA Loan Fund, the cash on hand is \$120,399. The EDA has generated a fund balance of \$145,399 to date the year of 2006.
- Pg 5 under the EDA Downtown Loan Fund, cash on hand is \$79,644. Mortgages receivable is currently \$661,761. \$79,644 has been collected this year for loan repayments. A total of \$22,280 has been paid out thus far in 2006 including loans, downtown grant program, and miscellaneous. The balance sheet reflects revenues of \$57,364 above expenditures.

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

V. Director's Report

Miles Seppelt gave the following report:

A. Goebel Land Transaction – The City has received confirmation form McLeod County that the EDA does own the two eastern Goebel properties. Some internal filing is still necessary.

- B. Cornerstone Commons** – Currently window frames and plumbing is being installed. The streetscape (sidewalk) in front of the building is scheduled to begin work October 9th.
- C. Warrior Manufacturing** – The turnout for the ground-breaking ceremony was a great success. Presently the property has been cleared and further site prep will continue. Warrior is still proposing to be open and in operation April 15th next spring. Mr. Seppelt informed the Board that the MIF grant application was turned in on September 28th. It was discussed the revenues from that grant could be reinvested in the Industrial Park loan fund.
- D. EDA Budget / Levy** – A presentation was given at the September 26th City Council meeting. There will be a public hearing at the next City Council meeting on October 11th.
- E. EDAM Third Thursday Event** – Thursday September 21st the Economic Development Association of Minnesota had their Third Thursday Event here in Hutchinson, to highlight the revitalization of the downtown and the process of creating the Downtown Master Plan. There was a walking tour of downtown success projects including the Liquor Hutch, State Theater, Cornerstone and many more.
- F. Update on Industrial Park Lot Development** – The preparations of the Wetherell Property are almost complete the EDA should expect another bill for some further grading to the site. Cost of site prep will be incorporated into the final cost of the property.
- G. Retail Trade Analysis** – The EDA will be co-sponsoring the Retail Trade Analysis Event at the Hutchinson Events Center on October 5th. This event will provide business owners with information recourses to further improve their business.
- H. Business Recruitment**
 - a. Nordic Components** – This prospect is currently at a stand still with the interest of the company changing with the flow of business. Staff will continue to monitor.
 - b. Alexis Systems** – Mr. Seppelt has received a portion of the company's financial plans, however he currently is waiting for historic and personal financial documents on the owner. Contact and discussion between staff and CVN officials are still open. Staff met with Ridgewater officials last week to discuss possibilities of utilizing their East Campus facility. The current proposal to use the facility by Alexis Systems under a 12-14 month lease contract was well received.
 - c. Baklund Tool & Design** – A small business outside of the city limits is currently interested in moving into the industrial park. They are open to various possibilities.

VI. Cenex Redevelopment

Both parties have organized negotiation committees, which will hopefully meet within the near future. Appraisals for both parties have also been obtained. Mr. Seppelt commented on a DEED sponsored cleanup fund seminar that he had recently attended. He mentioned that there is a \$279K Chemical Response & Reimbursement Account that could possibly be utilized for the cleanup of the Cenex site. To access these monies Cenex would have to apply for the funding. After discussions with Ehler's Financial Advisors there are other opportunities possible to off set the cleanup, acquisition, and demolition of buildings from the site. There was further discussion of the scope of this project, whether it should expand beyond its current boundaries. It was mentioned that the EDA should coordinate with other city departments to discuss future plans and goals for this river front area.

VII. Partial Release of Mortgage – CGE Properties

Mr. Seppelt informed the board that Mark Schiermen has sold the Cellular Building and is requesting a partial release of mortgage to accommodate the new purposed mortgage, which will only include the Hennen's Building.

M/S/P: Ulrich, Hoversten motioned to approve of the partial release of mortgage. Passed unanimously, with Mr. Jansick abstaining from the vote.

VIII. Pet Hospital Building

Mr. Seppelt informed the board that there has been an on going open discussion with Mr. Jensen the attorney for the Rieters. They have proposed a value of \$125,000 for the property and the inclusion of appraisal and attorney fees. He mentioned the limitations of the grant monies: \$135,000 for acquisition and \$10,000 for demolish. Those amounts are flexible and monies can be shifted between the two values not to exceed \$145,000. Further discussion following concerning the ability to incorporate the attorney and appraisal fees within those grant monies.

M/S/P: Hoversten, Jansick motioned to move forward with the purchase of the property for \$125,000 with the incorporation of the acquisition and demolition costs being included within the \$145,000 grant monies. Passed unanimously.

IX. Inquiry to Purchase EDA Land (5.7 acres – former Goebel Lots)

Mr. Seppelt informed the board that an investor from Litchfield has inquired about purchasing the eastern two lots of the Goebel Property to construct storage sheds. He questioned whether this type of project was within the goals and vision of the EDA. Mr. Haugen followed by mentioning some of the goals of the EDA: to create jobs, strengthen Hutchinson’s economic base, and facilitate business growth, retention and expansion. Further discussion followed with the mention of other available sites for this type of business and the overall availability of property within the industrial park.

X. Warrior Mfg. MIF Grant / Loan – set interest rate

Mr. Ulrich began by informing the board that Mr. Seppelt had recently given a presentation to the City Council concerning the \$200K MIF Grant that he is applying for, for Warrior. Mr. Seppelt followed by discussing the states recommendation to set the interest rate for this grant / loan at between 2-5%. The Finance Team has recommended that the rate be set at 2.5% as a result of the perceived administrative burden Warrior Mfg. will have to accommodate by utilizing these funds.

M/S/P: Jansick, Ulrich to approve the 2.5% interest rate on the \$200K Loan via the MIF Grant. Passed unanimously.

XI. Grant & Loan Applications

Sign & Awning Grants

Performance Chiropractic – Blaine MacDonald **\$2,000**

M/S/P: Haugen, Jansick motioned to approve the \$2,000 grant for Performance Chiropractic. Passed unanimously.

Quiznos – Lori Kaping **\$2,000**

M/S/P: Jansick, Hoversten motioned to approve the \$2,000 grant for Quiznos. Passed unanimously.

Mainstreet Antiques – Skip Quade **\$2,000**

Was tabled pending further sign bids.

Storefront Revitalization Matching Grant

Mainstreet Antiques – Skip Quade **\$1,525**

M/S/P: Hoversten, Jansick motioned to approve the \$1,525 matching grant for Mainstreet Antiques. Passed unanimously.

Bavarian Haus Restaurant – Woody Lamprecht **\$2,615**

M/S/P: Haugen, Hoversten motioned to approve the \$2,615 matching grant for the Bavarian Haus. Passed unanimously.

2 Main Street N. – Lorraine Meyer **\$3,956.52**

M/S/P: Ulrich, Jansick motioned to approve the \$3,965.52 matching grant for the Meyer Property. Passed unanimously, with Mr. Haugen abstaining from the vote.

XII. Other Business

Mr. Seppelt informed the board the Mayor had suggested incorporating the new 3M plant manager Mike Retterath to either the Finance Team or the EDA Board. The Finance Team has approved his position on their board.

M/S/P: Jansick, Ulrich motioned to approve Mr. Retterath's position on the Finance Team. Passed unanimously.

Mr. Ulrich discussed the request of the Mayor and the City Council to be updated on the EDA's actions via minutes. Mr. Ulrich mentioned that in keeping with the goals of the EDA that Bio-Science will continue to be a priority.

XIII. Chamber CVB Update

Mr. Vaillancourt gave the reported the following:

- The revamped Leadership Institute is going great.
- The Arts & Crafts Fair went well. The fair is always adapting for the better. Revenues for the vendors were up, however attendance was down.

XIV. The next meeting will be Friday, October 27, 2006 at 7:00 a.m.

XV. Adjourn

The meeting adjourned at 8:30 a.m.

**Respectfully submitted,
Dan Sexton
EDA Assistant**

EDA Board of Directors

Minutes of Meeting Wednesday, November 1, 2006

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
Dan Sexton, EDA Assistant

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

II. Approve Agenda- No action

III. Review and Approve Meeting Minutes

a. Review minutes from September 29th EDA Board Meeting

M/S/P: Jansick, Hoversten to approve the minutes from the September 29, 2006 EDA Board meeting as written. Passed unanimously.

b. Review minutes from August 15th Finance Team Meeting

M/S/P: McGraw, Jansick to approve the minutes from the September 20, 2006 Finance Team Meeting as written. Passed unanimously.

IV. Review May Financial Statements

Mr. Seppelt gave the following report:

- On Pg 1 under operations for the EDA, there is \$192,958 cash on hand. The total fund balance as of September 30, 2006 is \$191,419. Total Mortgages Receivable is \$76,608.
- Pg 2 and 3 is the statement of revenue and expenses. The EDA continues to collect \$500 each month for the Wetherell Property. The EDA has generated a total of \$4,500 to date for the year of 2006. Total expenses for the month of September equal \$16,446.
- Pg 4 under the EDA Loan Fund, the cash on hand is \$120,964. The EDA has generated a fund balance of \$145,964 to date the year of 2006.
- Pg 5 under the EDA Downtown Loan Fund, cash on hand is \$598,423. Mortgages receivable is currently \$652,446. \$79,644 has been collected this year for loan repayments. A total of \$22,280 has been paid out thus far in 2006 including loans, downtown grant program, and miscellaneous. The balance sheet reflects revenues of \$89,436 above expenditures.

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

V. Director's Report

Miles Seppelt gave the following report:

A. Goebel Land Transaction – The Goebel land transaction is complete.

- B. Cornerstone Commons** – Windows are being installed on the second floor. According to the building owners the second floor is almost completely leased and the first floor is scheduled to be turned over to the tenants for build outs November 15th.
- C. Warrior Manufacturing** – For the most part the site preparations are complete, they are currently working on pouring the footings and the foundation. The EDA also received the MCIF grant for 200K, which will be set up as a 7 year pay back from Warrior.
- D. EDA Budget / Levy** – The resolution passed the city council and all paperwork has been filed with the county. The first payment from the county should be sometime in June 2007.
- E. RTA / SSSS / Third Thursday / SCSU State Theater / Farmers Market** – The RTA and SSSS event were a success attendance was around 25 individuals at both gatherings. The RTA report and the power point presentations will become a useful tool to use in the near future with business development. On Thursday, September 21st the Economic Development Association of Minnesota had their Third Thursday Event here in Hutchinson, to highlight the revitalization of the downtown and the process of creating the Downtown Master Plan. The SCSU Downtown Development class visited Hutchinson recently to examine Hutchinson as an excellent example of how to redevelop, revitalize and sustain a downtown. The State Theater was recently awarded a preservation award by the Minnesota Historical Society, the theater was among eleven recognized this year. The Farmers Market is also being recognized by the University of Minnesota Extension Service for their exemplary work in creating and sustaining a vibrant farmers market. Information and interviews will be published in a booklet that will be distributed to communities throughout Minnesota and the Midwest.
- F. Pet Hospital Building** – The Rieters have agreed upon a price and the hazardous materials inspection has been completed on site. Staff is working on securing a company that will remove the contaminated materials within the next few weeks. Mr. Seppelt mentioned that there is the possibility that additional funding may be needed to cover some of the projects various cost outside the grant funding.
- G. Business Recruitment**
 - a. Nordic Components** – This prospect is currently at a stand still with the interest of the company changing with the flow of business. Staff will continue to facility their interests.
 - b. Alexis Systems** – Mr. Seppelt has received the company's financial plans. He recently met with board member Hoversten to formulate questions concerning some unanswered questions. These questions pertained to the companies ability to secure and defend patents on their product. Staff met recently with representatives from Ridge Water College to discuss the utilization of their facility in the industrial park, the discussion was very well received.
 - c. Baklund Tool & Design** – Staff is waiting for further information for the owners to better understand the goals and plans of the company.

VI. Cenex Redevelopment

Mr. Seppelt mentioned that the EDA's Cenex Project team had recently met to discuss ways the acquisition and redevelopment of the site could possible proceed. Different funding options and resources were also discussed. The next step is to compare appraisals and complete an environmental site assessment of the property.

VII. 2007 Projects – Part 1

Mr. Seppelt explained the plans and proposals for the upcoming year of 2007:

- a. BR & E** – Conduct 20 site visits (report such visits to board)
- b. Downtown** – Secure a nice sit-down restaurant, coordinate Cenex allocation and redevelopment
- c. Industrial Park** – Bio-science, complete Warrior Mfg. development, develop business incubator

- d. **General** – Support businesses during Phase II of Hwy. 15/Hwy. 7 construction
- e. **Purposed Projects**
 - Facilitate & establish McLeod County EDA to further expand and strengthen the economic base of Hutchinson and McLeod County.
 - Further examine and facilitate downtown housing.

VIII. Joint Meeting w/ City Council

Mr. Seppelt mentioned the prospects of organizing a joint meeting between the City Council and the EDA Board. The intent of this meeting would be to inform the City Council of the EDA's current goals, objectives and plans. Members of the board discussed whether a meeting at the first of the year would work better so the vision of the EDA for 2007 could be better defined.

IX. Grant & Loan Applications

None

X. Other Business

None

XI. Chamber CVB Update

Mr. Vaillancourt gave the reported the following:

- The Chamber/CVB will be hosting a Regional Tourism discussion during the week of November 6th.
- The Chamber/CVB will be doing their annual planning on November 15th.
- In cooperation with City Staff and MnDot, the Chambers/CVB is organizing a ribbon cutting event for the road opening. The date has yet to be finalized.

XII. The next meeting will be Friday, December 1, 2006 at 7:00 a.m.

XIII. Adjourn

The meeting adjourned at 8:05 a.m.

**Respectfully submitted,
Dan Sexton
EDA Assistant**

EDA Board of Directors

Minutes of Meeting Friday, December 1, 2006

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

Dan Sexton, EDA Assistant

Ken Merrill, Finance Director

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 November 1st EDA Board Meeting

M/S/P: Jansick, Stotts to approve the minutes from the November 1, 2006 EDA Board meeting as written. Passed unanimously.

b. Review minutes from October 18 Finance Team Meeting

M/S/P: Jansick, Haugen to approve the minutes from the October 18, 2006 Finance Team Meeting as written. Passed unanimously.

IV. Review May Financial Statements

Mr. Merrill gave the following report:

- On Pg 1 under operations for the EDA, there is \$178,445 cash on hand. The total fund balance as of October 31, 2006 is \$177,453. Total Mortgages Receivable is \$76,608.
- Pg 2 and 3 is the statement of revenue and expenses. The EDA continues to collect \$500 each month for the Wetherell Property. The EDA has generated a total of \$4,208 to date for the year of 2006. Total expenses for the month of September equal \$14,472.
- Pg 4 under the EDA Loan Fund, the cash on hand is \$121,534. The EDA has generated a fund balance of \$146,534 to date the year of 2006.
- Pg 5 under the EDA Downtown Loan Fund, cash on hand is \$604,273. Mortgages receivable is currently \$648,386. \$95,286 has been collected this year for loan repayments. A total of \$26,080 has been paid out thus far in 2006 including loans, downtown grant program, and miscellaneous. The balance sheet reflects revenues of \$69,207 above expenditures.

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

V. Director's Report

Miles Seppelt gave the following report:

- A. Cornerstone Commons** – New Ulm Glass is working on installing the final windows for the second floor. Mr. Seppelt was notified by the Cornerstone Commons investors that they would be utilizing the 130K loan to gap the construction costs. Quizino's is scheduled to be open for business Tuesday, December 14th.
- B. Pet Hospital Building** – The inspection and decontamination of the building has been complete. Demolition is set to proceed Monday, December 4th. Mr. Seppelt mentioned that the final purchase price for the property came to 129K which will be covered by the grant monies, the additional 3K for attorney's fees, and an additional 3K may have to be paid by the EDA. He commented that this additional 6K could be paid in the form of a grant.
- C. Warrior Manufacturing** – The footings and foundation for the building have been poured. Steel is scheduled to arrive early next week. Warrior Mfg. is still looking at an opening date of April 15, 2007.
- D. Business Recruitment**
 - a. Alexis Systems** – Staff has currently received the financials from the company. In response to the financial statements a due diligence packet was created and sent to the company to answer some under laying questions. Due to a lack of response staff feels this prospect is dead in the water.
 - b. Gekko** – At the recent CVN conference Mr. Seppelt meet with a new company prospect called Gekko. Gekko designs pull boats for skiing, tubing, wake boarding, etc. Their boat designs are current manufactured by other companies, which they are looking to change.
 - c. American Energy Systems** – Is a business currently located in the industrial park that is looking to add an additional 22 sq. ft. to their facility. Staff has met with the owners to discuss different opportunities. Plans for the expansion have been submitted to the City of Hutchinson for approval.

VI. Cenex Redevelopment

Mr. Seppelt informed board members that the EDA appointed negotiation committee is scheduled to meet with Cenex representatives early next week. Further discussion proceeded pertaining to the expansion of redevelopment efforts for a larger area other than just the Cenex site. Possible lots included in this larger area might include a couple of pole structures across from the present Cenex facility to the north and a house east of the facility.

VII. Property Rental

A. Stritesky Property – Mr. Seppelt recently discussed land rental options with Kurt Reiner for the Stritesky Property (77 acres). Last year the EDA charged Mr. Reiner \$110 an acre to keep the property maintained.

M/S/P: Haugen, Hoversten to approve the rental of the Stritesky Property for \$110 an acre. Passed unanimously.

B. Goebel Property – Mr. Seppelt commented on whether the EDA would like to rent the Goebel Property (5 acres) to Steve Reiner. Mr. Reiner has rented the property in the past from Mr. Goebel to maintain it. Board members discuss the need to develop a coordination agreement with any renter to prevent problems in the case of development after planting. It was discussed whether the property should be rent out to Kurt Reiner to alleviate dealing with two different renters.

This matter was tabled till the meeting in March.

I. EDA 2007 Budget

Mr. Seppelt reviewed the proposed 2007 EDA Budget – key points:

- Rental income was projected to decline from \$14,122 to \$11,122 because Mr. & Mrs. Wetherell had indicated that they were going to move out of the house located on for the former Wetherell Property at the end of June.
- The annual transfer of \$10,000 from the Downtown Revolving Loan Fund was discussed. Given that the EDA now had sufficient funds coming from its own revenue source, and in keeping with the “Matching Principle” of financial management (that recurring dollars fund recurring expenses and one-time dollars should fund one-time expenses).
- With the levy in place, the EDA will get its first revenue check in the amount of \$70,000 in early July.
- We are paying the intern \$11 per hour. This is necessary to attract quality applicants, especially given that they typically drive down from St. Cloud for work.
- The annual contribution to the Southwest Initiative Fund was discussed. It was decided to maintain the contribution at the \$4,000 level for this funding year.
- The EDA’s membership in the “Community Venture Network” (CVN) was discussed. The advantage is that we get access to 24 businesses each year that are interested in growing and/or relocating. The downside is that we have not yet been able to recruit any of these businesses to Hutchinson – although there have been several strong possibilities. Our current membership runs through May of 2007.

After discussion it was decided that we will keep this item in the 2007 budget, but re-evaluate whether we should maintain our membership when it next comes up for renewal.

M/S/P: Haugen, Jansick motioned to recommend approval of the 2007 EDA Budget as presented. Passed unanimously.

VIII. 2007 Projects – Part 1

Mr. Seppelt inquired about any changes or additions that should be made to the plans and goals for the upcoming year of 2007. Mr. Hoversten mentioned that some additional research should be conducted in the area of Bio-Science / Renewable Energy, more specifically the Little Falls facility.

IX. Grant & Loan Applications

Sign & Awning Grant

Grove Street Music Studio – Jason Schooler \$2,000.00

M/S/P: McGraw, Hoversten motioned to approval the Sign and Awning Gant as presented for the Grove Street Music Studio. Passed unanimously.

X. Other Business

- Mr. Hoversten mentioned that there is a Business development seminar scheduled for Wednesday, December 6th at the Southwest Initiative Foundation

- Mr. Seppelt informed the board that the Mayor and himself would be traveling to the University of Minnesota Campus to investigate alternative energy resources.

XI. Chamber CVB Update

Mr. Seppelt gave the reported the following:

- Program of Work, Integrated Marketing Communication Plan and Budget for FY2007 have been presented to the Board at our November meeting. Final revisions and approval expected at the December meeting. Highlights include:
 - Focus on increasing membership value
 - Focus on increasing “educational” opportunities for members
 - Creation of a Public Policy workgroup/committee
 - Continued focus on communication with members and other key stakeholders
- Volunteer Appreciation Event scheduled for December 19th (5-6:30pm) at the Chamber CVB offices
- Professional Development Network (PDN) January session will feature two-time Paralympian and National Record holder Judy Siegle on “Living Without Limits” and the March session on New York Times Best Selling author Ben McConnell on the topics of “Citizen Marketers: When People are the Message”
 - January Session: Wednesday, January 17, 7:30-9am
 - March Session: Wednesday, March 14, 11:30am-1:30pm

XII. The next meeting will be Friday, December 29, 2006 at 7:00 a.m.

XIII. Adjourn

The meeting adjourned at 7:55 a.m.

**Respectfully submitted,
Dan Sexton
EDA Assistant**

EDA Board of Directors

Minutes of Meeting Friday, December 29, 2006

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

Brian Warzecha, EDA Assistant

Ken Merrill, Finance Director

Marc Vaillancourt, Chamber/CVB

I. Tim Ulrich called the meeting to order at 7:07 a.m.

II. Approve Agenda- No action

III. Review and Approve Meeting Minutes

a. Review minutes from December 1st EDA Board Meeting

M/S/P: Walser, Haugen to approve the minutes from the December 1, 2006 EDA Board meeting as written. Passed unanimously.

b. Review minutes from December 20 Finance Team Meeting

M/S/P: Walser, Haugen to approve the minutes from the December 20, 2006 Finance Team Meeting as written. Passed unanimously.

IV. Review December Financial Statements

Mr. Merrill gave the following report:

- On Pg 1 under operations for the EDA, there is \$144,693 cash on hand. The total fund balance as of November 30, 2006 is \$142,978. Total Mortgages Receivable is \$76,608.
- Pg 2 and 3 is the statement of revenue and expenses. The EDA continues to collect \$500 each month for the Wetherell Property. The EDA has generated a total of \$5,500 to date for the year of 2006. Total expenses for the month of November equal \$17,616.
- Pg 4 under the EDA Loan Fund, the cash on hand is \$122,099. The EDA has generated a fund balance of \$147,099 to date the year of 2006.
- Pg 5 under the EDA Downtown Loan Fund, cash on hand is \$599,730. Mortgages receivable is currently \$638,839. \$102,757 has been collected this year for loan repayments. A total of \$44,249 has been paid out thus far in 2006 including loans, downtown grant program, transfers, and miscellaneous. The balance sheet reflects revenues of \$58,463 above expenditures.

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

V. Director's Report

Miles Seppelt gave the following report:

- A. Cornerstone Commons** – Quizno's, Marine Corp., and Snap Fitness are currently open for business. It is projected that Dunn Bros Coffee will open on February 1st. Second floor construction is nearly complete and almost all units have been occupied or rented out.
- Pet Hospital Building** – The pet hospital demolition was completed earlier this month and the final grant paper work with DEED is in the process of being filed.
- B. Warrior Manufacturing** –Warrior manufacturing building is moving right along. The steel skeleton has been erected and the shell of the building should be on soon. Their revenues have been up 60%, so they are need of this new building. The projected opening date was April 15; however, this was pushed back to sometime in May.
- C. Cenex**– The Hutchinson Cenex recently met with Cenex representatives to recognize the importance cleanup. Mr. Seppelt mentioned that he was currently in the process of gathering estimates for a Phase I & II environmental analysis. Most of the contamination on the current has been caused by oil-leakage and fertilizer deposits. Ag-Vic program, which specializes in land and building cleanup, may fund up to \$270,000 of the cleanup costs.
- D. Business Recruitment** – Mr. Seppelt visited several businesses within Hutchison and its surrounding townships. C and C Machine is a company located 4 miles west of Hutchison and they have some interest of moving into the industrial park

VI. 2007 EDA Budget Update

The Wetherells still want to rent from the EDA. The monthly rent would be \$500 a month, which in turn would generate \$6,000 for the 2007 fiscal year.

Mr. Seppelt indicated his salary was included in the 2007 budget.

M/S/P: Walser, Haugen motioned to recommend approve the EDA Budget as presented. Passed unanimously.

State Theatre requested to maintain a interest only payment structure on their loan

M/S/P: Haugen, Walser motioned to keep the Downtown Loan for the State Theatre on an interest only basis through all of 2007. Ulrich abstained

VII 2007 Goals

Seppelt explained the following goals:

- **Farmers Market Pavilion** - To keep the flow of redevelopment downtown and to continue the utilization of the Main Street Master Plan Mr. Seppelt recommended the EDA evaluate the development of a Farmer's Market Pavilion. The Pavilion would be located on the corners of Hassan and 1st Ave. E. The estimated cost could amount to 150-175 K. Potentially, the funding could be allocated through the downtown grant program. It was discussed that the HDA should contribute funds to offset the design or the construction costs of the project. The next step for this project is a feasibility study.
- **Industrial Spec Building** - A 30,000 sq ft. industrial building was proposed to entice new businesses to the community and to provide a facility for growing businesses to expand to. This type of facility could be utilized as a business incubator. The project could be funded through an EDA revenue bond which would equate to \$4.00 a sq ft triple net. Potential profit for this structure could annually return \$30,000. The utilization of an Economic TIF district could be used to offset the overall development cost. Mr. Ulrich thought this strategy would be

good for the Stratesky property because it would be self efficient and it would eventually take off.

- **Industrial Park Access Road** -To gain access and to further the development of the southern Wetherell property it was proposed a certain size facility be located on the property with TIF. The TIF revenues would go towards the cost of the infrastructure (road, sewer, water, etc). The estimated cost of this project is 300,000 K.

VIII Grant & Loan Applications

Sign & Awning Grant

Snap Fitness– Christina Clark \$2,000.00

M/S/P: Haugen, Walser motioned for approval of the Sign and Awning Gant as presented for Snap Fitness. Passed unanimously.

The Little Country Store– Lee Grunhagen \$830.98

M/S/P: Haugen, Walser motioned for approval of the Sign and Awning Gant as presented for The Little Country Store. Passed unanimously.

Maria’s Hair Salon– Maria Haack \$1,500.00

M/S/P: Haugen, Walser motioned for approval of the Sign and Awning Gant as presented for The Little Country Store. Passed unanimously.

Storefront Revitalization Matching grant

Venus Salon & Spa– Doug Dobratz \$4,150.00

M/S/P: Haugen, Walser motioned for approval of the Storefront Revitalization Grant as presented for Venus Salon & Spa. Passed unanimously.

IX. Other Business

- Next meeting elections have to be held for EDA board positions
- December 29th was Intern Dan Sextons last day with the Hutchinson EDA

X. Chamber CVB Update

Mr. Vaillancourt reported the following:

- Chamber has just hired a part time Marketing Specialist and they are downsizing to three full time staff members
- The Chamber is exploring the options of a possible Internship position in the future
- Their annual meeting will be held on January 25th

XI. The next meeting will be Friday, January, 26 2007 at 7:00 a.m.

XII. Adjourn

The meeting adjourned at 8:13 a.m.

**Respectfully submitted,
Brian Warzecha
EDA Assistant**