

EDA Board of Directors

Minutes of Meeting Friday, January 26, 2007

Members present in **bold** print:

Members:

Tim Ulrich	Steve Jansick	Jim Haugen	Diane Gordon
Duane Hoversten	Casey Stotts	Mike McGraw	

Staff:

Miles Seppelt, EDA Executive Director

Brian Warzecha, EDA Assistant

Marc Vaillancourt, Chamber/CVB

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

II. Board Organization – Elect New Officers

- **President – Tim Ulrich**
- **Vice President – Mike McGraw**
- **Treasurer – Steve Jansick**
- **Assistant Treasurer –**
- **Secretary – EDA Intern**

III. Approve Agenda- No action

IV. Review and Approve Meeting Minutes

a. Review minutes from December 29th EDA Board Meeting

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

b. Review minutes from December 20th Finance Team Meeting

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

V. Review December Financial Statements

Mr. Seppelt gave the following report:

- On Pg 1 under operations for the EDA, there is \$132,947 cash on hand. The total fund balance as of October 31, 2006 is \$339,405. 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 spent down a total of \$114,801 for the month of December. The EDA has spent down a total of \$54,461 for the year of 2006.
- Pg 4 under the EDA Loan Fund, the cash on hand is \$122,669. The EDA has generated a fund balance of \$211,986 for the year of 2006.
- Pg 5 under the EDA Downtown Loan Fund, cash on hand is \$596,215. Mortgages receivable is currently \$633,633. \$110,457 has been collected this year for loan repayments. A total of \$45,508 has been paid out thus far in 2006 including loans, downtown grant program, and miscellaneous. The balance sheet reflects revenues of \$64,946 above expenditures.

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

VI. Director's Report

Miles Seppelt gave the following report:

- A. Cornerstone Commons** – The interior walls of the Dunn Bro's Coffee Shop have been sheet rocked and there is not much more interior construction to be done. It is expected that they will be open for business in the next 30 days. Americas Pastime Sports Bar has not finished their construction efforts because of financing issues, but the project is still a go.
- B. Pet Hospital Building** – Total demolition cost of the Pet Clinic project was \$147,811. The EDA has received one reimbursement from the state for \$129,850 and another reimbursement is pending for \$15,150. The final cost to the EDA on this project totals \$2,810.65. Construction of the parking lot will be the next step in the project.
- C. Warrior Manufacturing** – Building constructions is moving ahead as planned. The steel frame has been completely erected. The entire 8 ft, of the lower wall, has tip up concrete panels in place. The roof and the outer shell have not been completed on the main part of the building. The frame of the office building was erected in the last week and the roof trusts were put into place.
- D. Cenex Project** – Mr. Seppelt met with representatives from Cenex and the Department of Natural Resources last week to discuss the future of the project. A contractor has been selected to do the Phase I environmental study. The Phase I study will determine what will have to be done in the future for the Phase II study. 80% of study cost will be covered by the DNR Ag-Vic program. Seppelt and Warzecha will be performing most of the leg work in the redevelopment project.
- E. Business Recruitment**
 - a. American Energy Systems** – Staff met with business officials to discuss an expansion of their current facility. It is planned that the expansion would create 30-35 new jobs for the company. It was discussed that the Minnesota Investment Fund would be a possible source of funding for this project.
 - b. Nordic Components** – Nordic Components contacted Mr. Seppelt about expanding their business. Currently, they are renting building space from Mr. Quade. Their goal is to get their own 10,000 to 15,000 sq. ft. building to run their operations out of.

VII. 2007 Goals and Objectives

Mr. Seppelt gave the following report

- **Business Retention / Expansion:**
 - i.** Conduct 20 BR &E business visits, or as many as possible in conjunction with the Chamber of Commerce
- **Downtown:**
 - i.** Continue Cenex site redevelopment
 - ii.** Start the Napa / Train Depot redevelopment project to create more housing in the downtown
 - iii.** Recruit a nice sit-down restaurant
 - iv.** Construct the Farmers Market Pavilion

- **Industrial Park:**
 - i. Make bio science & renewable energy products a development priority
 - ii. Complete Warrior Mfg. expansion project
 - iii. Recruit at least one new company for the industrial park
 - iv. Complete preliminary site layout for the Stritesky Industrial Park
 - v. Working with CALP Team, research & develop a business incubator
 - vi. Build a 30,000 sq. ft. industrial “spec” building

- **General:**
 - i. Support Hwy 7 businesses through construction project
 - ii. Obtain \$100,000 in grants (various uses)
 - iii. Pursue development of McLeod County EDA
 - iv. Update EDA marketing brochure and web-site

VIII. 2006 Annual Report

Mr. Seppelt presented a brief overview of the 2006 annual report. Next step is for Seppelt and the EDA board to present the report to City Council on February 7th at 12 pm.

I. Farmers Market Pavilion

Mr. Seppelt informed the board that a feasibility study should be done before any construction begins on a pavilion. The study would evaluate land soil, utilities, design, materials being used in the project and the overall cost of the project. The study will give a realistic picture to how much the project will cost. Seppelt explained that if the cost is between \$150k and \$175k the project should continue, but if it exceeds \$200k it would be considered too expensive.

Ulrich thought the EDA should notify city council before a feasibility study was performed. With further discussion, the board thought this would be an appropriate action.

M/S/P: Jansick, McGraw to authorize \$8,000 for Miller Architects to perform a feasibility study. Passed Unanimously

IX. Amendment to Rules – Storefront Revitalization Matching Grant Program

Mr. Seppelt and Mr. Walser thought it would be appropriate to tighten the language on the Storefront Revitalization Matching Grant. This would eliminate confusion for those interpreting the grant.

The **Work by Owner** section of the grant currently reads, “Work can be performed on a “sweat equity” basis. While grant funds cannot be used to compensate for the owner’s labor, the owner’s labor can be used as the match for HCDC monies. The owner’s labor will be credited at two times the current Federal minimum wage (e.g. 8 hours of labor at \$10.30 / hour would be credited as an \$82.40 match.” The proposed language states, “The grant applicant can do their own work and use grant funds to cover 50% of the materials cost, up to a maximum of \$5,000.”

The first sentence of **Total Project Cost section** currently reads, “The HCDC will contribute up to ½ of the cost of improvements, up to a maximum award of \$5,000. The proposed language says, “The HCDC will contribute up to ½ of the cost of materials if the grant applicant does their own work, or ½ of the cost to hire a contractor to do the work, up to a maximum award of \$5,000.””

**M/S/P: Hoversten, Stotts to approve change of the grant application language.
Passed unanimously.**

X. Grant & Loan Applications

Sign & Awning Grant

Dunn Bros Coffee – Paul and Greg Soukup, et al. \$2,000.00

M/S/P: Jansick, Stotts to approve the Sign and Awning Grant as presented for Dunn Bros Coffee Shop. Passed unanimously.

XI. Other Business

- Mr. McGraw wanted to clarify that if buildings are vacant they are still eligible to apply for the Sign and Awning Grant and Storefront Revitalization Matching Grants.

XII. Chamber CVB Update

Mr. Vaillancourt gave the reported the following:

The 59th annual Chamber awards banquet took place last week. Some of the 2007 goals mentioned at the banquet were membership service and public policy. Vaillancourt stated that he would be at the State Capitol once a month to meet with legislators and the governor. This will assure that the city of Hutchinson is being recognized at the state level.

Events taking place in 2007 include:

- Author signing on March 14th by Ben McConnell: 11:30am-1:30pm Keynote \$25/person
- Joe Constance will speak about Customer Service Excellence on April 18th
- Jeff Munneke, who is the Director of Fan Relations for the Timberwolves / Lynx , will be present on May 16th
- First Chamber / CVB golf tournament will be held on July, 11. \$75 per-person

XIII. The next meeting will be Friday, February 23, 2007 at 7:00 a.m.

XIV. Adjourn

The meeting adjourned at 8:10 a.m.

**Respectfully submitted,
Brian Warzecha
EDA Assistant**

EDA Board Meeting

Minutes of Meeting Friday, February 23rd 2007

Members present in **bold** print:

Members:

Tim Ulrich

Duane Hoversten

Steve Jansick

Casey Stotts

Jim Haugen

Mike McGraw

Diane Gordon

Staff:

Miles Seppelt, EDA Director

Ken Merrill, City Finance Director

I. Call to Order

EDA President Tim Ulrich called the meeting to order at 7:04 AM.

II. Approve Agenda

No action.

III. Review & Approve Meeting Minutes

A. January 26th EDA Board meeting

M/S/P: McGraw, Stotts to approve the minutes of the January 26th, 2007 meeting of the EDA Board as written. Passed unanimously.

B. February 7th joint meeting with City Council

These minutes were not available for review and will be considered at the next meeting of the EDA Board.

C. January 17th Finance Team Meeting

The EDA Finance Team did not meet in February and so did not have an opportunity to review their own minutes. These minutes will be considered at the next meeting of the EDA Board.

IV. Review of EDA January Financial Statements – Ken Merrill

City Finance Director Ken Merrill reviewed the EDA's financial statements for the benefit of the Board of Directors. Highlights included:

- There is a total of \$255,799 in cash available in the operations budget.
- We've received \$500 in rental revenue for the month from the Wetherell Property.
- Expenditures for the month are just the typical items. Salaries for EDA staff are the largest component.

- We have a total of \$126,479 in cash available in the Economic Development Loan Fund. There is one loan outstanding with a balance of \$26,569 and this loan is performing as required.
- In the Downtown Loan Fund we have \$606,513 in cash available with \$625,619 in mortgages held. All loans are performing satisfactorily.

Board member Haugen inquired if downtown loans become due and payable immediately if the property is transferred. Mr. Merrill indicated that this is indeed the case.

M/S/P: Haugen, McGraw to accept the January Financial report as presented. The motion carried unanimously.

V. Director's Report

EDA staff made the following report:

- Dunn Brothers coffee will be opening on Thursday, March 1st.
- It appears that the partners involved in Cornerstone Commons will be providing the funding for the leasehold improvements for the American Pastime Sports Bar. Bruce Marcus will oversee this part of the project, so we should see some action shortly.
- It looks as though Column Financial will be providing the permanent financing for the Cornerstone Commons project. In talking with their loan officer, he indicated that they do not want to see any other loans against the property – so the EDA's downtown loan for \$130,000 may not be necessary.
- A new business, "Family Video," will be constructing a 6,000 square foot building just north of Ace Hardware downtown.
- Construction on Warrior Manufacturing's new facility is moving ahead quickly – most of the building is now enclosed. They are looking to be open for business by June 1st, which is about 2 weeks later than they originally planned.
- The EDA has now received the final reimbursement from the Redevelopment Grant that funded the acquisition and demolition of the old Pet Hospital building downtown. The final out-of-pocket cost to the EDA was \$2,810.65.
- The Phase I environmental work on the Cenex site is now completed. We'll be applying to the AgVIC program immediately and moving on to the Phase II environmental work as quickly as possible.
- During the past month we've made BR & E visits to the following businesses: Econo Foods, Impressions, Target & Wal-Mart. EDA President Tim Ulrich suggested that we visit "Rath Racing."
- Extra copies of the EDA 2006 Annual Report are available if anyone wants them.
- The planned expansion of American Energy Systems is on hold at least for the time being while they reassess their needs.
- EDA staff is currently working with a number of business prospects:
 - Nordic Components is looking to build their own facility in the industrial park – this would be about 12,000 square feet in size.
 - A warehouse-type operation is looking for an existing 10,000 square foot building. They may consider building a new facility.
 - Another warehouse-type operation is considering various locations for a 20,000 tip-up concrete facility.
 - A call-center is looking for 15,000 – 20,000 square feet in which to establish a facility. At present they are looking for an existing building.

- Another call center is looking for 5,000 – 7,000 square feet of space to lease.
- A medical device company is looking for a location on which to build a 50,000 square foot facility.
- The Nordic Components expansion looks pretty solid, but anything could happen with the rest of these possibilities. There are a lot of variables.
- City staff is looking at the Hutch Iron & Metal property to see what can be done to improve the aesthetics of the area. There have been numerous complaints over the years. EDA staff will visit the business in the near future to see if we can arrive at a “win-win” solution.

VI. Farmer’s Market Pavilion

Over the last month EDA re-crafted the RFP for the proposed Farmers Market Pavilion and has obtained new proposals based on a phased approach to the project.

Phase I design work will include:

- Develop schematic design (site & floor plans / exterior elevations)
- Create menu of design features for cost control
- Research preliminary probable costs for construction

This initial work will provide enough information to bring the EDA to a GO / NO GO decision point for the project. In addition, enough information should be provided to allow the EDA to seek bids on a “design-build” basis, if it so chooses.

If, on the other hand, the EDA decides to seek a general contractor, then we would implement Phase II:

- Create construction design drawings so project can be bid

We would then secure bids, the results of which will bring the EDA to a final GO / NO GO decision point.

If the project can be done on a budget the EDA is comfortable with, construction could begin in May and be completed hopefully by the time of the Jaycee’s Water Carnival in mid-June.

The Hutchinson Downtown Association has contributed \$2,000 towards the design work.

General Discussion ensued.

Once we have the Phase I results, the City Council will be updated on the project.

M/S/P: Haugen, Stotts to approve the hiring of Wold Architects to implement Phase I of the design process for \$3,500. Passed unanimously.

VII. Grant & Loan Applications

Three grant applications were reviewed. These were:

Sign & Awning Grants

Hutch Sport Shop Building – George Quast \$2,000

M/S/P: Haugen, McGraw to approve the grant. Passed unanimously.

Curves – Dawn Berry \$2,000

M/S/P: Stotts, Gordon to approve the grant. Passed unanimously.

Storefront Revitalization Matching Grant

Lighthouse Bookstore – Tammy Lauer \$5,000

M/S/P: Haugen, Stotts to approve the grant. Passed unanimously.

These will be added to the agenda of the Finance Team for their review.

VIII. Other Business

A local business is looking at purchasing the 2nd floor of the Jorgensen Hotel (the property would be condominiumized). The question that arises then, is if this property would be eligible for a loan from the downtown loan fund.

Discussion ensued. It was noted that it is in our interest to promote the continued redevelopment of the Jorgensen Hotel and that by getting the second floor done, renovation of the third floor would become a virtual certainty.

It was also noted that the project fits within the “spirit” of the guidelines of the downtown loan program if not the letter of the guidelines – which makes loans available on a “per lot” basis. It may be necessary to tweak the language of the program to make this project eligible.

The Board directed EDA staff to look at the downtown loan program rules and propose amendments to address this possibility.

IX. Chamber Update

Miles Seppelt gave a brief update: Ben McConnell will be in town giving a talk on “Citizen Marketers” at 11:30 AM on Wednesday, March 14th. People that sign up early get a complimentary copy of Mr. McConnell’s book. People can sign up by calling the office of the Chamber of Commerce.

X. Set Next Meeting

Due to various board members traveling, the next meeting of the EDA Board of Directors was set for **7 AM, Friday, April 6th**.

XI. Adjourn

The meeting adjourned at 8:15 AM.

Respectfully Submitted,

Miles R. Seppelt
Economic Development Director

EDA Board Meeting

Minutes of Meeting Friday, April 6th 2007

Members present in **bold** print:

Members:

Tim Ulrich

Steve Jansick

Jim Haugen

Diane Gordon

Duane Hoversten

Casey Stotts

Mike McGraw

Staff:

Miles Seppelt, EDA Director

Brian Warzecha, EDA Assistant

Ken Merrill, City Finance Director

I. Call to Order

EDA President Tim Ulrich called the meeting to order at 7:05 AM.

II. Approve Agenda

No action.

III. Review & Approve Meeting Minutes

A. February 23rd EDA Board meeting

M/S/P: Stotts, Hoversten to approve the minutes of the February 23rd, 2007 meeting of the EDA Board as written. **Passed unanimously.**

B. February 7th joint meeting with City Council

M/S/P: Haugen, Hoversten to approve the minutes of the February 7th, 2007 joint meeting with City Council. **Passed unanimously.**

IV. Review of EDA February Financial Statements – Ken Merrill

City Finance Director Ken Merrill reviewed the EDA's financial statements for the benefit of the Board of Directors. Highlights included:

- There is a total of \$257,887 in cash available in the operations budget.
- We've received \$500 in rental revenue for the month from the Wetherell Property.
- Expenditures for the month are just the typical items. Salaries for EDA staff are the largest component.
- We have a total of \$126,479 in cash available in the Economic Development Loan Fund. There is one loan outstanding with a balance of \$26,569 and this loan is performing as required.

- In the Downtown Loan Fund we have \$617,606 in cash available with \$619,705 in mortgages held. All loans are performing satisfactorily.

M/S/P: Stotts, Gordon to accept the February Financial report as presented. **Passed Unanimously**

V. Director's Report

EDA staff made the following report:

- Cornerstone Commons – We've closed on our \$130,000 loan. In talking with one of the owners of the building it looks like the BBQ restaurant is aiming for an opening date of June 1st.
- Cenex – We are planning to do a site evaluation of the Cenex on Wednesday the 11th to begin the Phase II Environmental work.
- Warrior Manufacturing – the new facility is coming along – they are hoping to begin production on June 1st.
- Farmer's Market Pavilion – we are meeting with the architects on Tuesday (the 10th) to review their initial site plans and elevations.

VI. Business Recruitment – “Customer Elation” (Call Center)

Customer Elation is a call center operation that provides outsourced customer services for companies. The company has about 50 clients with the most notable being COSTCO. The average contract with their clients is about \$100,000. Currently, the company has two locations. The HQ is located in Bloomington MN and smaller call center is located in Foley MN. The total employment of the company is near 100 people and growing.

Customer Elation Representatives contacted EDA Staff to see if Hutchinson would be suitable place for their company to expand. They are looking to obtain a building with 20,000 sq ft. The new call center would add 15-20 new jobs immediately and there would be a possibility of 200 new jobs within 2 years. Their typical call center reps. make about \$10 -\$10.50 an hour.

The proposed site for the call center would be across the road from Warrior Manufacturing on the Wetherell Property. The call center would be located on 3.8 acres on the Eastern side of the property. To save on future development costs, Mr. Ulrich thought we should develop the entire site at once. This would require the Wetherell's to move off of the property.

Seppelt explained funding for this project could happen several ways. First, this project could utilize the EDA revenue bond. This would allow for a lower interest and lease rate. Second, EDA staff could write a proposal for the MIF grant at 0%. If we would receive the federal dollars the EDA would keep this money forever. Finally, the proposed site would make the business eligible for JOBZ tax breaks.

Board members thought that Customer Elations has very solid financials and the company would be a solid asset to Hutchinson.

M/S/P: Stotts, Gordon to approve the concept plan & proposed financial package for the Customer Elation call center. **Passed unanimously.**

VII. Business Expansion – Nordic Components

Nordic Components, a supplier of precision – machined aluminum parts, has contacted EDA staff about expanding their business. It would work well for them to partner with the EDA on a 30,000 sq ft spec building. Nordic Components would initially buy 10,000 – 15,000 sq ft of building space from the EDA. This would cover 1/3 to 1/2 of the building cost. The other 10,000 – 15,000 sq ft of the building would be used for future business or Nordic Components would have the option to buy this space in the future.

The next step in this project is to get a letter of intent from Nordic Components. At this point EDA staff can begin to research building details (cost), establish a TIF District, and create a development agreement.

Mr. Ulrich was concerned that if other businesses were to locate in this building Nordic Components may not be able to expand in the future.

Discussion followed.

M/S/P: Haugen, Hoversten to approve in concept the plan for the Nordic Components / EDA spec building. **Passed unanimously.**

VIII. State Theatre TIF District

Mr. Seppelt informed the board that the completed value of the State Theatre is much higher than initially anticipated, which results in more Tax Increment being generated. Its original market value was \$463,000 and its revised 2007 value is 602,000, which is up 35.9%. If the TIF District would be restructured around the 2007 market value the owner of the building would be able to capture more dollars through Tax Increment.

Mr. Merrill thought that Mr. McMonagle had used all of his reimbursements in the past, which would not make him eligible for any additional reimbursements. Mr. Seppelt noted that there were additional reimbursable expenditures.

M/S/P: Gordon, Haugen, to proceed with the revision of the State Theatre TIF District once staff works out the correct procedure. **Passed Unanimously (Mr. Ulrich abstained)**

IX. Establish Cenex Redevelopment TIF District

Staff noted that many of the expenses the EDA will be incurring as part of the Cenex redevelopment project would be reimbursable from future tax increment, if a redevelopment TIF District is set up in advance of incurring those expenditures.

Items like land acquisition, building demolition, environmental clean-up and soil corrections would be reimbursable.

The key is to have the redevelopment TIF district set up before those expenses are incurred. Generally, it takes about 90 days to get a TIF district set up.

M/S/P: Stotts, Gordon to proceed with the establishment of the Cenex Redevelopment TIF District. **Passed Unanimously.**

X. RFP for Industrial Park Design (Stritesky Property)

Being there is an infrastructure grant available from DEED, Mr. Seppelt would like to distribute a request for proposals (RFP) to have a schematic design of the Stritesky property. The prerequisite of this grant is having a design plan completed. The proposed study would cover:

- Water & sanitary sewer infrastructure requirements and layout
- Storm water drainage requirements / parameters and layout
- Street alignment(s)
- Lot size & layout
- Projected costs for infrastructure development
- Potential phasing of development

M/S/P: Hoversten, Stotts to prepare an RFP and obtain quotes for this study.
Passed Unanimously

XI. Revision of Downtown Loan Program Rules

Mr. Seppelt said that Steve Gasser has been interested in purchasing the second floor of the Hutchinson Hotel and it his intention to redevelop it as the new location for his business, Vivid Image. To save on costs, Mr. Gassner would like to utilize the Commercial Rehabilitation Loan Program. For this to occur some of the language of the loan program would have to be altered.

The current language reads, "The downtown loan program can provide funds ranging from \$3,000 to \$65,000 per lot for up to two lots, or up to 10% of the total project with a maximum of \$130,000 available for any given project."

The proposed language reads, "The downtown loan program can provide funds ranging from \$3,000 to \$65,000 per lot or condominium for up to two lots or condominiums, or up to 10% of the total project with a maximum of \$130,000 available for any given project."

Mr. Seppelt also proposed to change the language of # 8 under Application Materials. It currently reads, "Required documents must be submitted by the second Friday of the month to be considered by the Finance Team on the third Thursday of the month and by the EDA Board of Directors on the fourth Friday of the Month.

The proposed language states, "Required documents must be submitted by the second Friday of the month to be considered by the Finance Team and EDA Board."

The proposed changes have been carefully reviewed by the EDA Finance Team, and they are recommending the amendments as proposed.

M/S/P: Stotts, Hoversten to revise the loan program language as proposed. **Passed Unanimously**

XII. Proposed development of property adjoining EDA – owned land.

Tabled until the next meeting

XIII. Consideration of proposal to purchase lot just to the north of Allied Mechanical. Tabled until the next meeting

XIV. Grant & Loan Applications

Sign & Awning Grants

Herbal Pumpkin Patch – Bev Brown \$2,000

M/S/P: Stotts, Haugen to approve the grant. Passed unanimously.

XV. Other Business

- City staff has recommended a highway 7 Corridor study for the up coming project. Also, a limited moratorium will be proposed.

Mr. Ulrich was not in favor of the limited moratorium. He stated that the city had gone down this route in the past and it was not successful. The EDA Board would be in favor of a highway 7 corridor but not a moratorium.

M/S/P/: Hoversten, Gordon to support the Highway 7 study, but without a moratorium.

- Mr. Seppelt noted that cleaning up the Wetherell property may be a fall project to consider. This would include the demolition of the barn and silos located there. Mr. Ulrich thought we should wait until the call center commits to this property before any action is taken. If the EDA goes through with this the Wetherell's should be notified ASAP.

XVI. Chamber Update

Mark Vaillancourt gave a brief update:

- Joe Constance will speak about Customer Service Excellence on April 18th. There are 2 sessions 8:00am -11:30am and 1:30pm – 5:00pm. Cost is \$49.00 Chamber and HDA members.
- Preparing for the startup of Music in the Park
- Have been working with the Hutchinson Parks & Recreation Department on several projects.

XVII. Set Next Meeting

The next meeting will be Friday, April 27th, at 7:00 am in the City Center Main Conference Room

XVIII. Adjourn

The meeting adjourned at 8:50 AM.

Respectfully Submitted,

Brian Warzecha
Economic Development Director Assistant

EDA Board Meeting

Minutes of Meeting
Friday, May 25th 2007

Members present in **bold** print:

Members:

Tim Ulrich **Steve Jansick** **Jim Haugen** **Diane Gordon**
Duane Hoversten **Casey Stotts** **Mike McGraw**

Staff:

Miles Seppelt, EDA Director
Brian Warzecha, EDA Assistant
Shan Ghimire, EDA Assistant
Ken Merrill, Finance Director

I. Call to Order

EDA President Tim Ulrich called the meeting to order at 7:04 AM.

II. Approve Agenda

No action.

III. Review & Approve Meeting Minutes

A. April 18th Finance Team Meeting

M/S/P: Jansick, Haugen to pass April 18th Finance Team Meeting Minutes.
Passed Unanimously.

B. April 27th EDA Board Meeting

M/S/P: Haugen, Jansick to pass April 27th EDA Board Meeting Minutes. Passed Unanimously.

IV. Review of EDA April Financial Statements

Mr. Merrill gave the following report for April:

- On Pg 1 under operations for the EDA, there is \$238,750 cash on hand and a total mortgage is \$62,977. This gives total assets of \$301,727. Total Liabilities is \$71,570 and total fund balance is \$230,157 giving total of liabilities & fund balance equal to \$301,727.
- 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 spent down a total of \$17,698 for the month of April. The EDA has spent down a total of \$50,745 for the year 2007.
- Pg 4 under the EDA Loan Fund, there is \$128,174 as cash on hand with total assets to be \$208,054.
- Pg 5 under the EDA Downtown Loan Fund, there is \$503,374 as cash on hand. Mortgages receivable is \$592,237. \$46,455 has been collected this year for loan repayments. A total of \$151,594 has been paid out thus far for 2007 including

loans, downtown grant program, and miscellaneous. The current revenues over expenditures were \$105,139.

M/S/P: Gordon, McGraw to approve the April 30th financial statements. Passed unanimously.

V. Director's Report

Mr. Seppelt presented the following report:

- Cornerstone Commons – American Pastime BBQ restaurant is still framing the inside of the BBQ, doing the plumbing.
- Cenex – talks are moving ahead with people from Cenex. Another round of meeting is to be held on the week of May 28th.
- Warrior Manufacturing – production equipments are already on the site; will start production in three weeks.
- Industrial Park Design – consultations are going on with SEH. The timeline and designs have not been framed out yet but are working to put the report and the design together.
- Spec Building – Working on getting the TIF District established which should be done by mid June. EDA is planning to have a public hearing. Mr. Ulrich wanted to know if the floors had to be poured in the spec building. Mr. Seppelt mentioned that different businesses would use different floor types so the final touch will not be given now.

VI. MIF Grant Status (Customer Elation)

Mr. Seppelt informed the board that EDA was granted \$500,000 for the MIF Grant. The grant will be used for the Customer Elation Building. The next step is to bid for the building and build it, rent it to the tenant with the possibility of them buying it. With Customer Elation coming close to Wetherell property, Mr. Ulrich wanted to know what the Board's thoughts were about continued existence of Wetherell farm. Mr. Seppelt said that if we continue to have it there, EDA would generate a \$30,000 in next five years. If Customer Elation wanted to expand on this property in next five years, we could demolish it. Mr. Ulrich thought that we should have conversation with Mr. Wetherell to see what he wants to do if everything is removed from the East of driveway.

VII. Customer Elation Authorization for Architect

Mr. Seppelt mentioned that EDA would have to spend \$75,000 to do architectural work for Customer Elation Building. Mr. Jansick thought that we should get a guaranty from customer Elation before we go forward with the project. The board thought that we should get a letter of intent from them.

M/S/P: Gordon, McGraw to approve \$75,000 to be spent towards Architectural work for Customer Elation Building. Passed unanimously.

VIII. Farmers Market Pavilion

Mr. Seppelt mentioned that the design has been changed for the Pavilion with height decreased from 12ft to 10ft. Next step is to complete the plan and receive final bids which would cost \$7,500.

M/S/P: Gordon, Stotts to approve \$7,500.00 to be spent for plan completion and final bids for Farmers' Market Pavilion. Passed unanimously.

IX. Braun Intertec – Authorization for Soil Borings

Mr. Seppelt mentioned that the EDA has to spend approximately \$10,000 for soil borings for the spec building in the Stritesky industrial park for the Wetherell Property.

M/S/P: Jansick, Haugen to approve money for Soil Borings not exceeding \$10,000. Passed unanimously.

X. Grant & Loan Applications

Sign & Awning Grants

None

Storefront Revitalization Matching Grant Program

246 Main Building – Robert and Richard Hantge

\$3,298.97

M/S/P: Haugen, McGraw to approve the Storefront Revitalization Matching Grant to Robert and Richard Hantge. Passed Unanimously

Main Street Salon – Doug Dobratz

\$5,000.00

M/S/P: Jansick, Gordon to approve the Storefront Revitalization Matching Grant to Doug Dobratz. Passed Unanimously

XI. Chamber Update

It was mentioned that the Chamber is moving ahead to interview the candidates for president.

XII. Other Business

- Brian Warzecha's last day as EDA Intern is May 25th. The board thanked him for his work over the last five and half months.
- Dairy Days is on June 9th.
- Mr. Haugen wanted to know if we should go for two meetings a month; Mr. Seppelt said that he would keep everyone posted if we have to call a special meeting.

XIII. Set Next Meeting

The next meeting will be Friday, June 22nd, at 7:00 am in the City Center Main Conference Room

XIV. Adjourn

The meeting adjourned at 8:11 AM.

Respectfully Submitted,

Shan Ghimire
Economic Development Assistant

EDA Board Meeting

Minutes of Meeting

Friday, June 29th 2007

Members present in **bold** print:

Members:

Tim Ulrich

Steve Jansick

Jim Haugen

Diane Gordon

Duane Hoversten

Casey Stotts

Mike McGraw

Staff:

Miles Seppelt, EDA Director

Shan Ghimire, EDA Assistant

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

II. Approve Agenda: No action.

III. Review and Approve Meeting Minutes:

a. May 16th Finance Team Minutes

M/S/P: Ulrich/Jansick to pass May 16th Finance Team minutes. Approved unanimously.

b. May 25th EDA Board Meeting

M/S/P: Stotts/Gordon to pass May 25th EDA Board minutes. Approved unanimously.

c. June 13th EDA Special Meeting

M/S/P: McGraw/Jansick to pass June 13th EDA Special minutes. Approved unanimously.

IV. Review May 2007 Financial Statements

- On Pg 1 under operations for the EDA, there is \$212,851 cash on hand. The total fund balance & liabilities as of May 31, 2007 is \$275,828.
- Pg 2 and 3 is the statement of revenue and expenses. The EDA continues to collect \$500 each month for the Wetherell Property. \$200 was received from refunds and reimbursements giving total revenue of \$700. The EDA spent down a total of \$22,840 for the month of May. The EDA has spent down a total of \$73,746 for the year of 2007.
- Pg 4 under the EDA Loan Fund, there is \$128,740 as cash on hand.
- Pg 5 under the EDA Downtown Loan Fund, there is \$503,015 as cash on hand. Mortgages receivable is \$714,510. \$55,234 has been collected this year for loan repayments. A total of \$161,031 has been paid out thus far for 2007 including loans, downtown grant program, and miscellaneous. The current revenues under expenditures were \$105,797.

M/S/P: Gordon, Stotts to approve financials for May 2007. Passed Unanimously

V. Director's Report

a. Cenex Redevelopment Project

Phase II environmental inspection is underway for this project; we are in the process of preparing a purchase agreement.

b. Cornerstone Commons

- American Pastime BBQ is all set to be open for business by mid-July
- Snap Fitness is expanding the facility towards the north end of the building
- They are working on individual office suites in the west end of the building

c. Warrior manufacturing

They should be ready to go for production any day soon.

d. Customer Elation

The plans are to be approved by the planning commission meeting on July 2nd and by the city council on the 10th.

e. Nordic Components / Spec Building

Discussion underway with the Architect for floor plan. EDA staff is meeting with Midwest Tool Grinding as a new potential business for that space.

f. Industrial Park Design

Currently working with SEH on the design; soil borings underway.

VI. Request for Letter of Support

Mr. Seppelt informed the board that Mr. Jim Fayhe is looking for a letter of support regarding the space west of Spec Building site that could be used for charter school.

M/S/P: Stotts, Gordon to provide a letter of support to Jim Fayhe for new Charter School facility. Passed unanimously.

VII. Parameters of Cenex Deal

Mr. Seppelt provided an update on the status of the Cenex Redevelopment Project. As part of the deal, EDA would get 4 lots on Fertilizer site and right of way needed to access the industrial park. Cenex would demolish all of their existing structures and would also cover 20% match requirement for AG-VIC program. Cenex would get \$300,000 in cash and 1.8 acres of the eastern-most Goebel lot.

VIII. Report on Project Financing (2007 Projects)

Mr. Seppelt presented different options for financing 2007 projects. For Cenex Deal, EDA could use \$150,000 each from Downtown Revolving Loan Fund and the City's Development Fund. For the \$1.2 million Spec Building Project, 40% of the cost would be funded by Nordic Components, 45% can be used from EDA TIF Bond and rest of the 15% can be used from Economic Development TIF district. He also mentioned that the plan for Call Center is to keep the project under 1.5 million and will probably be financed by a lease-revenue bond.

IX. Farmers' Market Pavilion

Mr. Seppelt informed that the bids for pavilion came back much higher than what we were expecting. The lowest bid was for about \$279,000 and the highest was over \$370,000. There was a discussion to reject all bids and terminate the project.

M/S/P: Gordon, Stotts to reject all bids and terminate the process. Passed unanimously.

X. Grants & Loan Applications

a. Sign & Awning Grant

American Pastime BBQ \$2,000

M/S/P: Gordon, Stotts to approve \$2,000 Sign and Awning Grant for American Pastime BBQ. Passed unanimously.

Salon Montage \$1,600

M/S/P: Jansick, Cannon to approve \$1,600 Sign and Awning Grant for Salon Montage. Passed unanimously.

b. Storefront Revitalization Matching Grant

Hager Jewelry \$2,100

M/S/P: Gordon, Stotts to approve \$2,100 Storefront Revitalization Matching Grant for Hager Jewelry. Passed unanimously.

Dry Cleaner Building \$5,000

Bids for the project were still needed. So the board decided to approve with the condition of submitting the bids.

M/S/P: Jansick, Stotts for contingent approval of \$5,000 Storefront Revitalization Matching Grant for Dry Cleaner Building. Passed unanimously.

XI. Chamber Update

Mr. Bill Corby has been appointed as the new president of the Hutchinson Area Chamber of Commerce.

XII. Set next meeting

The next meeting will be Thursday, July 27, 2007 at 7:30am in the City Center Main Conference Room.

XIII. Adjourn

The meeting adjourned at 8:11 a.m.

Respectfully submitted,
Shan Ghimire, EDA Assistant

EDA Board Meeting

Minutes of Meeting

Friday, July 27th 2007

Members present in **bold** print:

Members:

Tim Ulrich

Steve Jansick

Jim Haugen

Diane Gordon

Duane Hoversten

Casey Stotts

Mike McGraw

Bill Corby

Staff:

Miles Seppelt, EDA Director

Shan Ghimire, EDA Assistant

Ken Merrill, Finance Director

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

II. Approve Agenda: No action.

III. Review and Approve Meeting Minutes:

- a. Minutes of May 16th Finance Team Meeting and the notes from the June 20th meeting.

M/S/P: Hoverton/Gordon to pass May 16th Finance Team minutes and the notes from June 20th meeting. Approved unanimously.

- b. June 29th EDA Board Meeting

M/S/P: Gordon/Haugen to pass June 29th EDA Board minutes. Approved unanimously.

IV. Review June 2007 Financial Statements

Mr. Merrill gave the following report:

- For operations we have cash available of \$124,019 – this is different from the May 31st balance of \$212,851 because of adjustments being made dating back to December 31st
- Also in operations we have \$56,736 remaining from the proceeds of the Warrior land sale of 2005.
- In June the EDA received its first levy dollars: \$64,946. In addition we had \$500 in rental revenue from the Wetherell property.
- Expenditures were just the typical items; “Professional Services” was higher due to payments to SEH for their work on the industrial park feasibility study.
- In addition, \$3,950 was paid for our membership in the Community Venture Network (CVN) and this is reflected in “Dues & Subscriptions.”

- Also \$4,557 in improvements were made to the Wetherell lot – where the Call Center is to be located. This is shown in “Improvements to Land.”
- For the month total expenditures were \$19,565.
- We have a total of \$129,305 in cash available Economic Development Loan Fund with one outstanding loan (to Ashwill Industries) which is performing as required.
- The Downtown Loan Fund has \$510,904 in cash available with mortgages totaling \$715,779.
- Thus far in 2007, we have made loans totaling \$136,400 and grants totaling \$31,694 in the downtown.

It was mentioned that once Customer Elation and Warrior manufacturing fulfill their obligation, EDA will be receiving \$100,000 back from the grants made available to them. Further discussion was to throw some infrastructure in 77 acre industrial park from that repayment.

M/S/P: Haugen, Hoversten to approve financials for June 2007. Passed Unanimously

V. Director’s Report

a. Cornerstone Commons

- They should be paying back the loan soon.
- American Pastime BBQ is planning to be open by Wednesday.
- Snap Fitness is expanding the facility towards the north end of the building
- They are working on individual office suites in the west end of the building

b. Warrior manufacturing

Mr. Miles noted that he toured the production facility. They are already into production; however, offices are yet to be done. He also mentioned that we could throw a Board Meeting at the facility later this year once the offices are done.

c. Nordic Components / Spec Building

Mr. Miles is regularly chatting with Nordic components to move the project a head

d. Family Video

They should be working on Hutchinson project once they are finished with their store in New Ulm.

e. Industrial Park Design

Mr. Miles is meeting with city engineer and neighbor. He also talked with 3M about running services straight through the west of the industrial park.

f. Midwest Tool Grinding

They are very interested in Cenex Site. They have not decided whether they will be renting Spec Building Site.

g. Cenex Redevelopment Project

Phase II environmental inspection report should be ready by following week. Mr. Miles is working with Mr. Sebor to put a purchase agreement

together. He also noted the structure of financing for this project. The proposed structure is as follows:

- \$150,000 to be invested from Downtown Development Fund and
- \$150,000 from City Development Fund
- \$200,000 will be paid at signing of Purchase Agreement
- \$99,999 on January 1st, 2008
- \$1 at closing

While repaying, Downtown Development Fund will be paid back first and the City Development fund will be paid later.

M/S/P: Hoversten, Gordon to move with proposed funding structure. Passed Unanimously

VI. Structure of Customer Elation Deal

Mr. Seppelt provided an update on the Customer Elation Deal. As per the plan, the EDA would own the call center building and lease it to the City. The City would then sub-lease the building back to the EDA, which in turn would sub-lease it to the company. The purpose of this arrangement is to get the City into the equation, as it will be the city's credit rating that the bond-holders will be looking at. The city leasing the facility provides much more financial strength for the deal, whereas having just the company & EDA involved would not interest bond holders.

Current plan will have a 5-year lease with the company; however, most of the board members thought that the agreement should be lengthened for more than five years.

M/S/P: Gordon, Haugen to recommend at least 8 year agreement in exchange of personal agreement. Passed unanimously.

VII. EDA/Spec Building – Nordic Components

Mr. Seppelt provided a preliminary funding option for Spec Building. Nordic Components is proposing to fund about \$520,000 while \$835,000 would come through TIF bond. Also, \$200,000 could be used from Economic Development TIF District.

VIII. Grants & Loan Applications

Downtown Revolving Loan Fund

10 Main Street – McKraut Holdings (Gus Wurdell)

\$35,000

The board wanted to make sure that the total outstanding obligation secured by the property is less than 100% of the assessor's estimated market value. So, the application will be tabled in next meeting or will go through e-mail voting, if need be.

IX. Funding Request – Southwest Initiative Foundation

Tabled for next meeting.

X. Other Business

The board was informed that Mr. Seppelt is going to be on vacation between August 17 and August 30th, 2007.

XI. Chamber Update

- a. Chamber has received a state grant for tourism development. They are working on bringing other cities together, including Litchfield and Glencoe, to form a group.
- b. CVB is working on organizing a 'lady's night' probably in November.
- c. Arts and Crafts Festival is on September 14th and 15th.

XII. Set next meeting

The next meeting will be Friday, September 7, 2007 at 7:00 am in the City Center Main Conference Room.

XIII. Adjourn

The meeting adjourned at 8:31 a.m.

Respectfully submitted,
Shan Ghimire, EDA Assistant

**EDA Board of Directors
Meeting Minutes
7 AM Friday, September 7th 2007**

Members present in **bold** print:

Members

Tim Ulrich	Steve Jansick	Jim Haugen	Diane Gordon
Casey Stotts	Duane Hoversten	Mike McGraw	

Staff

Miles Seppelt, EDA Director
Shan Ghimire, EDA Assistant
Ken Merrill, Finance Director

Guests

Bill Corby

I. Mr. Ulrich called the meeting to order at 7:06 AM.

II. Approve Agenda: No action.

III. Review and Approve Meeting Minutes

a. Minutes of July 18th Finance Team Meeting.

M/S/P: Jansick, Gordon to approve the July 17th Finance Team minutes as written.
Approved unanimously.

b. July 27th EDA Board Meeting

M/S/P: Gordon, McGraw to approve the July 27th EDA Board minutes. as presented.
Approved unanimously.

IV. Review July 2007 Financial Statements

Mr. Merrill gave the following report:

- For operations we have cash available of \$105,355. Also in operations we have total mortgage receivable of \$62,977. There is also total liabilities of \$69,897 and total fund balance of \$98,435.
- For the month of July, there was \$500 in revenue from rent and the total income year to date is \$68,650.
- Expenditures were just the typical items; "Professional Services" was higher due to payments to Ehlers for setting up TIF district for the EDA spec building, other expenses included engineering fees and soil work.
- For the month total expenditures were \$20,568.
- We have a total of \$132,517 in cash available in the Economic Development Loan Fund with one outstanding loan (to Ashwill Industries) which is performing as required.

- The Downtown Loan Fund has \$526,621 in cash available with mortgages totaling \$707,019.
- Thus far in 2007, we have made loans totaling \$136,400 and grants totaling \$31,694 in the downtown while we received loan repayments of \$71,372.

M/S/P: Gordon, McGraw to approve financials for July 2007. Passed Unanimously

V. Director's Report

Cornerstone Commons

We might not be getting paid off. They had been working with another financial institution to secure permanent financing but nothing has been finalized as yet.

Warrior manufacturing

Both the \$50,000 and the \$200,000 loans have been dispersed to the company. At least 10 people have been hired, so the company has attained all its employment goals. They are working on their office space.

Industrial Park Design

The design is getting close to be done, having a meeting with SEH soon.

Replacement of Crow River Dam

Project is scheduled to start on the 17th of September.

VI. Cenex Redevelopment Project

Mr. Seppelt informed the Board that the purchase agreement has been written and is under review by attorneys; hopefully will be finalized by the end of next week. He also informed that the plan to finance the Spec Building with \$150K Downtown Revolving Loan Fund and the \$150K from City's Development Fund has been approved by the City Council.

If the project moves forward as planned, the structures on site would be demolished by December 31, 2007 and Cenex would have two years time to clean-up everything on the site. As per the proposed plan, the EDA obtains the deed for driveway and 'triangle' east of the grain elevator at signing while the EDA provides deed for Goebel lot only at closing.

VII. Customer Elation Project Update

Mr. Seppelt presented updates on the Customer Elation Project. He mentioned that development agreement and lease might be signed by Tuesday. The lowest bid, out of eight totals, came to be \$1,738,200 and the bid might be awarded by the Council meeting on Tuesday, September 11th 2007.

Mr. Seppelt also provided details about the lease. The lease will be for five years, with 2-year and 3-year extensions. The owner has committed for personal guarantee of the \$500,000 MIF loan but not the lease. However, because of the terms of JOBZ program, the company would not be able to relocate without having to repay a substantial portion of the JOBZ benefits. The JOBZ program goes until December 31,

2015. The owner is aware of the terms and these are included as a provision in the Business Subsidy Agreement.

Mr. Seppelt also presented an overview of protections for city and EDA. The EDA can re-lease of sell building to other businesses as this will be constructed to be a multi-purpose building. The other protection comes from JOBZ, which requires that the jobs be maintained until 2015. Bond Structure provides another protection since debt includes one-year of debt service of \$215,000. Also, EDA has \$2.22 million in assets and the \$500,000 MIF grant received could potentially be applied to building.

M/S/P: Gordon, Jansick to approve terms of lease as outlined. Passed Unanimously.

VIII. EDA Spec Building – Nordic Components

Mr. Seppelt provided an update on Nordic Component's stand at this point. It was mentioned that they are not sure whether they will be continuing with their plan to partner with the EDA on the Spec Building. He also mentioned that the EDA has several options with regard to the Spec Building project – these are:

- continue with spec building as planned
- complete building plans now and construct the building later
- Put the project on hold for the time being

M/S/P: Jansick, McGraw to put the Spec Building project on hold for the moment and work on looking for other tenants. Passed Unanimously.

IX. Easement

Mr. Seppelt informed the board that a drainage easement needs to be established on the EDA's Goebel property and that, because the Charter School would utilize the same easement, we have an opportunity to share the costs of establishing the easement.

M/S/P: Jansick, Gordon to establish the needed drainage easement, sharing the costs involved with the Charter School. Passed Unanimously. Tim Ulrich abstained.

X. Levy Request

Mr. Seppelt indicated that the EDA should propose a new levy amount to the City Council for 2008, as they will be setting levy's in September. When the EDA levy was established it was intended that it be kept at a tax rate of 1.525% each year. In this way, as the city's tax capacity grows, the dollars generated for EDA operations would grow as well. Applying a tax rate of 1.525% to the current city tax capacity would result in a levy amount of \$146,000 for the 2008 budget.

M/S/P: McGraw, Gordon to recommend a levy request of \$146,000 to the City Council. Passed Unanimously.

XI. Funding Request – Southwest Funding Request

This year the Southwest Initiative Foundation requested a support of \$5,000 from EDA, which is \$1,000 more than last year.

M/S/P: Gordon, McGraw to approve a contribution of \$5,000 for the Southwest Initiative Foundation. Passed Unanimously.

XII. Grants & Loan Applications

Sign and Awning Grant

A. Hot Paks, 140 Main St. N \$600

M/S/P: Jansick, McGraw to approve a sign and awning grant of amount \$600 for Hot Paks. Passed Unanimously.

B. Sherry Eddy, Dog Training Center, 126 Main St. S \$1,400

M/S/P: McGraw, Gordon to approve a sign and awning grant not to exceed \$2,000 to Dog Training Center. Passed Unanimously.

XIII. Other Business

It was mentioned that the City's annual recognition banquet for volunteers & staff was scheduled for September 20th at the Event Center.

XIV. Chamber Update

Mr. Corby updated the Board on the following events:

- September 12 – Step-Up Your Business at SWIF
- September 13 – Business After Hours
- September 14-15 – Arts and Crafts Festival
- November 2-4 – Passport to Hutchinson.

XV. Set next meeting

The next meeting will be Friday, September 28, 2007 at 7:00 am in the City Center Main Conference Room.

XVI. Adjourn

The meeting adjourned at 8:14 a.m.

Respectfully submitted,
Shan Ghimire, EDA Assistant

**EDA Board of Directors
Meeting Minutes
7 AM Friday, September 28th 2007**

Members present in **bold** print:

Members

Tim Ulrich	Steve Jansick	Jim Haugen	Diane Gordon
Casey Stotts	Duane Hoversten	Mike McGraw	

Staff

Miles Seppelt, EDA Director
Shan Ghimire, EDA Assistant

Guests

Bill Corby

I. Mr. Ulrich called the meeting to order at 7:04 AM.

II. Approve Agenda: No action.

III. Review and Approve Meeting Minutes

a. Minutes of August 14th Finance Team Meeting.

M/S/P: McGraw, Ulrich to approve the August 14th Finance Team minutes as written. Approved unanimously.

b. September 7th EDA Board Meeting

M/S/P: McGraw, Haugen to approve the September 7th EDA Board minutes with the corrections noted. Approved unanimously.

c. September 11th EDA Board Special Meeting

M/S/P: Stotts, Haugen to approve the September 11th EDA Board Special Meeting minutes with the corrections noted. Approved unanimously.

IV. Review August 2007 Financial Statements

Mr. Seppelt presented the following report:

- At of the end of August, the EDA has \$84,394 available for operations.
- The EDA received \$500 in rental revenues for the Wetherell property and an additional \$630 in reimbursements.
- Professional services for the month totaled \$25,675, reflecting largely a payment made to ZRT architects for their work on the planned EDA spec building.
- The Improvements to Land line-item is \$5,158 for the month, reflecting dirt work done on the Wetherell lot where the call center is to be located. This will be reimbursed to the EDA when the lot is sold.

- The Economic Development (Industrial Park) loan fund has \$83,082 in cash available.
- A \$50,000 loan has been made to Warrior Manufacturing for equipment.
- The loan to Ashwill industries is performing as required, with an outstanding balance of \$23,837.
- The EDA is maintaining the outstanding loan balance of \$21,560 on the books for the time being from the Allied Mechanical loan, in hopes that collection efforts may yet bear fruit.
- The EDA continues to have \$25,000 on deposit with MCCF.
- In the Downtown Loan Fund, the EDA has \$533,138 in cash available and holds mortgagees totaling \$701,978. All loans are performing as required.
- For the first 8 months of the year the EDA has received \$79,322 in loan repayments and disbursed \$35,326 in downtown grants.
- A new page has been added to the monthly financial report for loans made with Minnesota Investment Fund (MIF) grant dollars. A \$200,000 loan to Warrior Manufacturing has been disbursed and the EDA will start receiving monthly payments immediately.

M/S/P: McGraw, Stotts to approve financials for August 2007 with the changes on page 1 for receivable from Warrior Manufacturing and page 6 to change the title to MIF Loan Fund. Passed Unanimously.

V. Director's Report

CENEX Project

We will hopefully be able to sign documents on September 28th; just waiting for review of the documents by the CENEX' attorney.

Warrior Manufacturing

They are going good with their production; not sure whether they are done with the office space.

Industrial Park Design

The preliminary reports have been finished; working on project cost estimates.

EDA Levy

Council gave preliminary approval for \$146,000.

There was a discussion about board's thought on the package with CENEX. It was mentioned that the agreement sounds fair since we are getting the land required for access to industrial park. There was also discussion about possible funding for clean up from MN Department of Agriculture, MN Pollution Control Agency and DEED.

VI. EDA 2008 Budget

Mr. Seppelt presented a draft of 2008 EDA Budget to the board. It shows a comparison of budgets from 2006 to 2008. Under revenue, the levy is \$146,000 keeping the tax rate same, which has already been approved by the city council. Under expenditure, professional services seem higher reflecting additional activity. Communications and conferences expenditure have been increased reflecting actual expenditure. Taxes on Stritesky property has been added as a new item. There was

discussion on this issue if the city owned property would be exempt from taxes. Staff will provide more information on the next meeting.

M/S/P: Haugen, McGraw to approve to approve preliminary budget as presented. Passed Unanimously.

VII. Customer Elation Project Update

Mr. Seppelt presented an update on the Customer Elation Project. It was mentioned that we might be able to sign documents by next week. The company has been working on finalizing the numbers; they are looking at financing from Western Bank. Discussions are underway between the builder and the company to move ahead with the project. Since we are going to be out of the project once the documents are signed, the company is going to reimburse the expenses for dirt work and architect fees.

VIII. Business Recruitment Update

Mr. Seppelt provided an update on recent meeting at Community Venture Network. It was mentioned that two companies – Global Discware and TranCentral, Inc seem to fit the nature of business that we aim to recruit in Hutchinson. Global Discware is a CD/DVD producer while TranCentral specializes in factoring for trucking and logistic companies. He mentioned that a letter of interest has been sent and we are waiting to hear back from them.

IX. Grants & Loan Applications

Sign and Awning Grant

A. George Quast, 137 Main St. S **\$2,000.00**

M/S/P: Haugen, Stotts to approve awning grant of amount \$2,000 for the property at 137 Main St. S. Passed Unanimously.

B. Hutch Sport Shop, Mark Mittelsteadt, 137 Main St. S **\$1,360.94**

M/S/P: McGraw, Haugen to approve a sign grant of \$1,360.94 to Hutch Sport Shop. Passed Unanimously.

C. The Shoe Inn, George Moehring, 137 Main St. S **\$1,360.94**

M/S/P: Haugen, Stotts to approve a sign grant of \$1,360.94 to The Shoe Inn. Passed Unanimously.

D. Lighthouse Counseling, Larry Bengtson, 101 Main St. S **\$1,290.00**

M/S/P: Ulrich, McGraw to approve a sign grant of \$1,290 to Lighthouse Counseling. Passed Unanimously.

X. Other Business

- There was discussion about development of the new industrial park. It was mentioned that it is included as part of the City's capital improvement plan for 2009. We could also look into Infrastructure Development grant from DEED.
- There is a ribbon-cutting ceremony for Hwy-7 at 10 AM on September 28th.

XI. Chamber Update

Mr. Corby updated the Board on the following events:

- Arts and Crafts has been wrapped up successfully.
- Dynamic sales training has been scheduled for October 9th.
- The Hutchinson Area Chamber of Commerce, has joined forces with the Glencoe Chamber, the Winsted Chamber, Ridgewater College and the MN Workforce Center to form the MBC - McLeod Business Collaborative.

XII. Set next meeting

The next meeting will be Friday, November 2, 2007 at 7:00 am in the City Center Main Conference Room.

XIII. Adjourn

The meeting adjourned at 8:02 a.m.

Respectfully submitted,
Shan Ghimire, EDA Assistant

**EDA Board of Directors
Meeting Minutes
7 AM Friday, November 2, 2007**

Members present in **bold** print:

Members

Tim Ulrich

Diane Gordon

Steve Jansick

Duane Hoversten

Casey Stotts

Jim Haugen

Mike McGraw

Staff

Miles Seppelt, EDA Director

Shan Ghimire, EDA Assistant

Guests

Bill Corby

I. Mr. Ulrich called the meeting to order at 7:03 AM.

II. Approve Agenda: No action.

III. Review and Approve Meeting Minutes

a. Minutes of September 28th Board of Directors

M/S/P: Gordon, Haugen to approve the minutes from September Board of Director's meeting. Approved unanimously.

b. September 19th Finance Team Meeting

M/S/P: Gordon, Stotts to approve the September 19th Finance Team meeting minutes. Approved unanimously.

IV. Review September 2007 Financial Statements

Mr. Seppelt presented the following report:

- As of the end of September, the EDA has a negative \$19,302 balance due to payment released to the architect. However, we are being reimbursed from Customer Elation which will be reflected in next month's statements.
- The EDA received \$500 in rental revenues for the Wetherell property.
- Professional services for the month totaled \$63,475 reflecting largely a payment made to ZRT architects for their work customer elation.
- The Economic Development (Industrial Park) loan fund has \$86,052 in cash available. Another, \$50,000 needs to be added in the notes receivable item from Warrior Manufacturing.
- The loan to Ashwill industries is performing as required, with an outstanding balance of \$23,436.
- The EDA is maintaining the outstanding loan balance of \$21,560 on the books for the time being from the Allied Mechanical loan.

- The EDA continues to have \$25,000 on deposit with MCCF.
- In the Downtown Loan Fund, the EDA has \$548,885 in cash available and holds mortgagees totaling \$695,821. All loans are performing as required.
- For the first 8 months of the year the EDA has received \$87,242 in loan repayments and disbursed \$35,326 in downtown grants.
- In the MIF Loan Fund, first payment of \$2,600 was received from Warrior manufacturing with total assets being \$200,055.

M/S/P: Haugen, Stotts to approve financials for September. Passed Unanimously.

V. Director's Report

CENEX Project

All the documents have been signed and \$200,000 has been handed over to CENEX. Another \$99,999 will be disbursed in January once the buildings are demolished. Phase II environmental study is being finished soon; next step is to remove the dirt.

Customer Elation

Customer Elation reimbursed a total of \$161,787 that the EDA had spent for architect and soil work on the lot. They are planning to start footing and foundation on the week of November 5th and are planning to have the building enclosed by mid January.

Warrior Manufacturing

They are moving with the production; 15 people have been hired so far. They met their employment goal. They are in a process to close the loan with the state so we do not have to report.

Business Recruitment

Recent BR & E visits included SHOPKO, Hilliard Floor Care, Hutchinson Technology and Stearnswood. Also, there is a prospective company called Global Discware, coming for tour on Monday. They will have a presentation for us about their plans.

EDA Website

There are plans for updating the EDA website with new look and more information. More information will follow in the next meetings.

VI. Services for Goebel Property

There was discussion about water and sewer services needed for the Goebel property. It was mentioned that the Charter School is under construction and working on their water/sewer services. So, it would be easier to put services on Goebel lot at the same time while they will be on site. It would also save our cost if we share it with the Charter School. Estimated cost that we would have to pay would be about \$18,540, which includes survey work, legal expenses and other required expenses.

M/S/P: Stotts, Gordon to approve sharing necessary costs with Charter School to provide water and sewer services on Goebel Lot. Passed Unanimously. Mr. Ulrich abstained.

VII. Wetherell Buildings – Demolish?

Mr. Seppelt inquired about Board's thought on Wetherell buildings in the industrial park area whether or not to demolish them. Consensus was that we should first ask Customer Elation what they would prefer since they have the exclusive right on the property. If the buildings do not bother them at all, it would be a source of revenue for EDA since we get monthly payments on rent. The Board thought that if we were to do the demolition, the expenses should be added to the cost of the lot.

VIII. Industrial Park Design

Mr. Seppelt provided an update on Industrial Park Design. He mentioned that we got the final report yesterday and staffs are working with ACH on the design layout. There were three different options and option B looks like the most feasible to have low impact design. Plan B economizes the infrastructure costs as wetland has been proposed instead of storm water. This design gives the most lots that vary by size. The design incorporates a future connection to the west. He also mentioned that there is an infrastructure grant program available from the state. We have possibility to apply for the grant so that we could put basic infrastructures in the park.

IX. Pending Board Members Vacancies (3?)

There was discussion about possible vacancies on the Board of Directors. Mr. Hoversten is intending to resign from the board at the end of the year. We also have to look at board members whose term is expiring. Mr. Seppelt mentioned that he would have more information on the next meeting.

X. Recognition Event

Mr. Seppelt noted that it would be a good idea to organize a recognition event for founding fathers and outgoing members of the board. We will have a plan next month.

XI. Grants & Loan Applications

Sign and Awning Grant

A. Sherry Eddy, Dog Training Center, 126 Main Street South \$600.00

M/S/P: Stotts, Gordon to approve sign grant of amount \$600 in addition to \$1,400 that was approved last month. Passed unanimously.

B. Jo Piehl, McLeod Alliance for Victims of Domestic Violence \$1,010.00

M/S/P: Gordon, Haugen to approve a sign grant of \$1,010.00 to McLeod Alliance for Victims of Domestic Violence. Passed Unanimously.

C. Jim Corson, Corson's Store, 40 Main St. South \$2,000.00

M/S/P: Haugen, Stotts to approve a sign grant of \$2,000 to Corson's Store. Passed Unanimously.

XII. Other Business

- Family Video is shooting to open for business by mid December.

XIII. Chamber Update

Mr. Corby updated the Board on the following events:

- There is a Board Meeting planned for November 20th.
- January 31st – Annual Banquet.
- Passport to Hutchinson – starting tonight; 40 plus women are attending the event.

XIV. Set next meeting

The next meeting will be Friday, November 30, 2007 at 7:00 am in the City Center Main Conference Room.

XV. Adjourn

The meeting adjourned at 8:09 a.m.

Respectfully submitted,

Shan Ghimire,
EDA Assistant

**EDA Board of Directors
Meeting Minutes
7 AM Friday, November 30, 2007**

Members present in **bold** print:

Members

Tim Ulrich
Casey Stotts

Duane Hoversten
Jim Haugen

Steve Jansick
Mike McGraw

Diane Gordon

Staff

Miles Seppelt, EDA Director
Shan Ghimire, EDA Assistant
Ken Merrill, Finance Director

Guests

Bill Corby

I. Mr. Ulrich called the meeting to order at 7:03 AM.

II. Approve Agenda: No action.

III. Review and Approve Meeting Minutes

a. Minutes of November 2nd, Board of Directors

M/S/P: Stotts, Hoversten to approve the minutes from November 2nd Board of Director's meeting. Approved unanimously.

b. October 17th Finance Team Meeting

M/S/P: Hoversten, Haugen to approve the October 17th Finance Team meeting minutes. Approved unanimously.

IV. Review October 2007 Financial Statements

Finance Director Ken Merrill gave the following report:

- As of the end of October, the EDA has \$108,309 cash on hand and total fund balance equal to \$108,522.
- The EDA received \$500 in rental revenues for the Wetherell property, \$5,009 as the first payment for the homestead tax credit, & \$38,519 on land sale, \$104,511 on reimbursement from Customer Elation; total income for the month being equal to \$148,539.
- Professional services for the month totaled \$7,617. Regular salaries and fringe benefits totaled \$13,116, total expenses being equal to \$21,141.
- The Economic Development (Industrial Park) loan fund has \$87,848 in cash available.
- The loan to Ashwill industries is performing as required, with an outstanding balance of \$23,032.

- The EDA is maintaining the outstanding loan balance of \$21,560 on the books for the time being from the Allied Mechanical loan.
- The EDA continues to have \$25,000 on deposit with MCCF.
- In the Downtown Loan Fund, the EDA has \$548,885 in cash available and holds mortgages totaling \$683,022. All loans are performing as required.
- For the first 10 months of the year the EDA has received \$104,430 in loan repayments and disbursed \$38,048 in downtown grants.
- In the MIF Loan Fund, year to date payment of \$5,200 was received from Warrior manufacturing with total assets being equal to \$200,466.

M/S/P: Jansick, McGraw to approve the October Financial Statements. Passed unanimously.

V. Director's Report

CENEX Project

- Their new facility in Adams Street is rolling along. The new building provides space for loading and unloading of material inside the building so ground contamination will be avoided in the future.
- EDA Staff is working with Brown Intertec on cleaning up the old site.

Customer Elation

- They started working on foundations and footings.
- If the project goes as planned, building will be enclosed by mid January and could possibly open for business by April.
- Working on closing the \$500,000 loan from the state.

Warrior Manufacturing

- They are moving ahead with the production.
- This week they will receive the permanent certificate of occupancy.

Business Recruitment

- Global Discware toured the town. They are looking at two other possible places for their expansion. By the end of December they should be narrowing their list of location options.
- Information was provided about GR Kreations, a business located in the township that makes things out of Styrofoam. They are looking for expansion and need about 10,000 sq. feet by next summer. Since they are looking for a space to rent, we could possibly move ahead with the Spec Building project. More information will follow next month.

New Intern

- Lee Miller has been hired as the new intern for spring 2008. He will start work on December 10th.

VI. Industrial Park Design

SEH has submitted the final report. They came up with three options and the consensus for Plan B – which provides the greatest number of lots and has the lowest overall infrastructure cost. Phase I includes the development of about 38 acres of land. General discussions followed on design, timeline and project financing.

VII. Pending Board Members Vacancies

Mr. Seppelt provided information regarding the EDA Board member's term on the board. The EDA Board terms are governed by City Council Resolution 10969. Per the resolution, there is no term limit for EDA Board members. We will be advertising to fill the board vacancy created by Mr. Hoversten's retirement.

VIII. County EDA

Mr. Seppelt explained about a recent meeting with the local officials in Glencoe about County EDA. Setting up a countywide EDA would be beneficial for the region and help retain and recruit more businesses in the area. He also presented the funding option by establishing a separate annual levy of \$156,000 that would be collected on a county-wide basis. This is the same way of funding applied at city level. Mr. Seppelt requested the board for a resolution to the County Commission to move forward with the plan. Discussions followed on increased taxes because of the separate levy to set up County EDA.

M/S/P: McGraw, Hoversten to approve the resolution to the County Board recommending the establishment of a County EDA. Passed unanimously.

IX. Recognition Event

There was discussion about having an event to recognize the founders, outgoing EDA board members and celebrate success. It will be organized sometime in January or February so that we would have enough time for preparation

X. Loan Subordination Request – Wells Fargo Bank

The EDA received a request from Wells Fargo Bank looking for a formal subordination from the EDA of the loan on the property located at 137 Main St. South, owned by Mr. George Quast. The loan they are putting against the building is \$125,000. The tax assessed value for 2008 is \$256,600, which puts loan to value well below the 100% loan-to-value threshold since the outstanding balance on EDA loan is about \$38,000

M/S/P: McGraw, Haugen to approve the loan subordination to Wells Fargo Bank. Passed unanimously. Mr. Jansick abstained.

XI. SBDC – Bill Corby

Mr. Corby explained about recent effort from Chamber of Commerce to bring back SBDC office to Hutchinson. It was mentioned that it would require \$10,000 start-up fund and an office space. He mentioned that the plan is to raise \$5,000 and request Ridgewater College for a matching fund and an office space. He mentioned that if EDA could contribute \$2,500, another \$2,500 would be collected from other sources and finally take it to the Ridgewater College. General discussion followed on SBDC and SBM and how it would benefit the community.

M/S/P: Stotts, McGraw to provide up to \$2,500 for this initiative for one year. Passed unanimously. Mr. Hoversten abstained.

XII. Grants & Loan Applications

Sign & Awning Grant Program

Julie White, White Properties \$2,000
23 Main St. North

M/S/P: Haugen, McGraw to approve \$2,000 Awning Grant to White Properties. The motion passed unanimously.

Angela Mattson, Purse-a-nalities (Lillian's) \$2,000
34 Main St. North

M/S/P: McGraw, Hoversten to approve \$2,000 Sign Grant. The motion passed unanimously.

Alan Kock, Kock's Jewelry, \$2,000 (Sign)
10 Main St. South

M/S/P: Stotts, Haugen to approve \$2,000 Sign Grant. The motion passed unanimously.

Gus Wurdell, \$1,796 (Awning)
10 Main St. South

M/S/P: Haugen, McGraw approve \$1,796 Awning Grant for the building on 10 Main Street South. Passed unanimously.

Storefront Revitalization Matching Grant

Brett Oman, 141 Main St. South \$5,000

M/S/P: McGraw, Stotts to recommend approval of \$5,000 Storefront Revitalization Grant to Brett Oman. The motion passed unanimously.

XIII. Other Business

None

XIV. Chamber Update

Mr. Corby updated the Board on the following events:

- Stress Doctor is presenting next Thursday.
- Chamber has been calling for nominations for annual banquet.

XV. Set next meeting

The next meeting will be Friday, January 4, 2008 at 7:00 am in the City Center Main Conference Room.

XVI. Adjourn

The meeting adjourned at 8:40 a.m.

Respectfully submitted,
Shan Ghimire, EDA Assistant

EDA Board of Directors

Minutes of Special Meeting Thursday, December 27th, 2007

Members present in **bold** print:

EDA Board Members

Tim Ulrich

Steve Jansick

Jim Haugen

Diane Gordon

Duane Hoversten

Casey Stotts

Mike McGraw

Staff

Miles Seppelt, EDA Director

Ken Merrill, City Finance Director

Guests

Anthony Hanson, Finance Team

A special meeting of the Hutchinson EDA was held to review a request from Beacon Bank for a loan subordination on the Cornerstone Commons project.

I. Call to Order

Mike McGraw called the meeting to order at 7:04 AM.

II. Request for Loan Subordination

Staff gave the Board of Directors an update on the Cornerstone Commons project and the request for a loan subordination in favor of Beacon bank.

City Attorney Marc Seborá has reviewed the subordination agreement and has found that the city's interests are adequately protected.

Beacon Bank has provided a commitment letter indicating that they will provide \$2,925,000 in financing for Cornerstone Commons.

An updated appraisal has been provided on Cornerstone Commons, indicating an appraised value of \$3,900,000. Total project financing is less than the appraised value, so this meets the EDA's loan-to-value guideline.

Marcus Construction has provided documentation on TIF eligible project costs.

M/S/P: Stotts, Hoversten, to approve the subordination agreement subject to each of the ten clauses of the agreement being met to the satisfaction of the city. The motion passed unanimously.

III. Adjourn

There being no further business to attend to, the EDA Board adjourned at 7:14 AM.

Respectfully Submitted.

Miles R. Seppelt
EDA Director