

EDA Board Meeting

Main Conference Room – City Center
11:30 AM Wednesday, July 22nd, 2009

Meeting Minutes

Members present in **bold**.

Members

Tim Ulrich

Diane Gordon

Steve Jansick

Marc Vaillancourt

Chad Czmowski

Jim Haugen

Mike McGraw

Staff

Miles Seppelt, EDA Director

Ryan Miller, EDA Assistant

Jeremy Carter, Finance Director

Liaison

Bill Corby, Chamber President

I. Call to Order

Mr. Ulrich called the meeting to order at 11:33 AM.

II. Approve Agenda

No action.

III. Review Meeting Minutes

A. June 24th Board of Directors

M/S/P: Vaillancourt, McGraw to approve June 24th Board of Directors' Minutes as written. Passed unanimously.

B. June 17th Finance Team

M/S/P: Jansick, Ulrich to approve June 17th Finance Team Minutes as written. Passed unanimously.

IV. Review of June Financial Statements – Finance Director

- In operations the EDA has \$106,900 in cash available, \$22,736 is reserved (proceeds of Warrior land sale)
- First half taxes have come in, a total of \$72,909. In addition we've had \$500 in rental revenue for the month.
- In the Economic Development Loan Fund we have \$78,445 in cash available.
- In addition we have a receivable of \$32,461 for work done of the Stritesky Property.
- Notes receivable total \$92,225 and all loans are performing as required.
- For the month we've had \$2,258 in loan prepayments.
- In the Downtown Revolving Loan Fund we have \$366,193 in cash, \$732,901 in loans receivable and \$149,999 as a capital asset – that being the four Cenex lots on 3rd Avenue.
- Loan repayments for the month totaled \$9,104.

- In the MIF Loan Fund we have \$118,321 in cash available and outstanding loans totaling \$590,993.
- For the month we have received \$8,553 in loan repayments.

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

V. Director's Report

A. Cenex Redevelopment update

- Staff is aiming for a final closing on the properties by July 31st.

B. Industrial Park Grant

- Still awaiting word from the Federal Government on the status of our \$950,000 grant application.
- The apparent low bid contractor has agreed to hold their bid price until September 15th

C. Atomic Crane Corp.

- The project has a new name: "NuCrane Manufacturing"
- Looks like the project is moving ahead, with site work commencing shortly.

D. County EDA

- The next step will be a workshop with the EDA Exploratory Committee and the McLeod County Board on Tuesday, August 4th.

E. BR & E Project

- EDA staff will be working with Chamber staff to complete the last few business visits in the manufacturer's census project. Once done all survey results will be compiled and a final report put together.

F. Customer Elation Claim (update)

- Braun Intertec has agreed to drop the final invoice to Customer Elation.

G. Wetherell Property (update)

- EDA Staff has obtained three quotes to have the Wetherell house hooked up to the city sewer system. It will be up to the Wetherell's to decide if they want to have the work done at their own expense and continue renting the property.

VI. EDA Budget 2010

Staff presented a draft EDA Budget for 2010. Key points included:

- Assumed zero rent
- Levy kept at 1.525% \$165,024
- City wage freeze
- Line Item cuts in:
 - Wages, Temporary employees (intern)
 - Office supplies
 - Professional Services
 - Postage
 - Travel/school/conference
 - Printing & publishing
 - Improvements to land (Gateway)
 - Machinery & Equipment

The budget for Taxes & Assessments was increased slightly to account for actual expenditures in that area.

Staff noted that by keeping the levy amount at 1.525% of the city's tax capacity the EDA would receive \$165,024 for 2010.

M/S/P: McGraw, Vaillancourt to approve the budget as presented and request a levy amount of \$165,024. Passed unanimously.

VII. Cenex Property / Railroad Right-of-Way

Discussion was held on the 3rd Avenue (Cenex) redevelopment project. Staff updated the Board on the progress of the Wright-Property clean-up and upcoming steps.

Staff also reviewed the status of the other properties in the area. The four lots of the Cenex site total 47,521 square feet and the two Wright lots total 8,243 square feet – giving an overall total between the six lots of 55,764 square feet.

The key to successfully redeveloping the site might be the addition of the former railroad right-of-way located between the six lots acquired and the Crow River – this would add another 76,307 square feet.

If combined, the entire site would total 132,071 square feet, approximately 3.03 acres.

The former railroad right-of-way has a gravel portion of Les Kouba Parkway running over it at present. There is no dedicated street right-of-way, and that portion of road serves no purpose.

Another factor to consider is that the area is in a "shore land district" so only 25% of the site can be covered with impervious surfaces (building & parking lot). More than anything, this makes the addition of the railroad right-of-way a critical piece of the redevelopment effort.

M/S/P: McGraw, Czmowski to ratify the recommendation of the Finance Team (Requesting City Council permission to add the railroad right-of-way to the redevelopment site and permission to incorporate gravel removal, site filling & grading and planting of grass into the neighboring Les Kouba Parkway project). The motion passed unanimously.

Further discussion was held on the closing date for the four Cenex Lots and how the taxes should be pro-rated.

M/S/P: Jansick, Haugen to pro-rate the taxes as of May 1st. Passed unanimously.

VIII. Industrial Park Financing

Discussion was held on the status and structure of funding for the industrial park infrastructure project.

The Finance Team has reviewed this and recommended that regardless of the funding structure, there should be no special assessments on the industrial park lots.

After further discussion it was decided that until we know the outcome of the Federal grant application no decisions can be made.

No action was taken.

IX. Grant & Loan Applications

Sign & Awning Grants

CORE Exercise Studio \$2,000
101 Park Place

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

Venus Salon & Spa – Pulkerbek (2006) \$675
47 Main Street North

The applicants had received a Sign & Awning grant of \$1,325 back in 2006. Their sign suffered wind damage however and they are now requesting the balance of the allowable grant to assist them with repairs.

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

X. Other Business – Customer Elation Request to exit the JOBZ Program.

Customer Elation has requested permission to exit from the JOBZ program due to the administrative burden it places on the company. All of their job and wage requirements would remain in place and the property will go back onto the property tax rolls.

M/S/P: Vaillancourt, Haugen to approve the request of Customer Elation to leave the JOBZ program. Passed unanimously.

XI. Chamber Update

- RiverSong was successful.
- The “Hometown Golf Challenge” is scheduled for July 27th.
- There will be two Business After Hours events in August: “Best Buy” and “My Inspiration.”
- The Arts & Crafts festival is scheduled for September 18th & 19th.

XII. Set Next Meeting – August 26th

XIII. Adjourn

The meeting was adjourned at 12:50 PM.

Respectfully Submitted,

Miles R. Seppelt
EDA Director

EDA Board Meeting

Main Conference Room – City Center
11:30 AM Wednesday, August 26th, 2009

Meeting Minutes

Members present in **bold**.

Members

Tim Ulrich
Chad Czmowski

Diane Gordon
Jim Haugen

Steve Jansick
Mike McGraw

Marc Vaillancourt

Staff

Miles Seppelt, EDA Director
Ryan Miller, EDA Assistant
Jeremy Carter, Finance Director

Liaison

Bill Corby, Chamber President

I. Call to Order

Mr. Ulrich called the meeting to order at 11:38 AM.

II. Approve Agenda

No action.

III. Review Meeting Minutes

A. July 22nd Board of Directors

M/S/P: Jansick, McGraw to approve July 22nd Board of Directors' Minutes as written.
Passed unanimously.

B. July 15th Finance Team

M/S/P: Ulrich, Vaillancourt to approve June 17th Finance Team Minutes as written.
Passed unanimously.

IV. Review of July Financial Statements – Finance Director

- In operations the EDA has \$96,967 in cash available, \$22,736 is reserved (proceeds of Warrior land sale)
- Year to date property tax revenue totals \$71,924. In addition we've had \$500 in rental revenue for the month.
- In the Economic Development Loan Fund we have \$80,085 in cash available.
- In addition we have a receivable of \$32,461 for work done of the Stritesky Property.
- Notes receivable total \$91,675 and all loans are performing as required.
- For the month we've had \$680 in loan prepayments.
- In the Downtown Revolving Loan Fund we have \$369,373 in cash, \$718,715 in loans receivable and \$149,999 as a capital asset – that being the four Cenex lots on 3rd Avenue.
- Loan repayments for the month totaled \$8,519.

- In the MIF Loan Fund we have \$128,323 in cash available and outstanding loans totaling \$582,754.
- For the month we have received \$8,553 in loan repayments.

M/S/P: Vaillancourt, McGraw to approve the July Financial statements as presented. Passed unanimously.

V. Director's Report

A. Cenex Redevelopment update

- The four lots have been officially transferred to the City's ownership. Final closing costs were \$7,194. The house and trees are now gone with the five large trees being retained. A well on the property still needs to be sealed and surveying still needs to be done. This Les Kouba Riverview Addition will total 132,071 sq. ft. or slightly more than 3 acres in size.

B. NuCrane Crane Manufacturing

- Primary project financing will be in place in the near future. An application for bonding authority from the state will be submitted soon. Once primary project financing is in place, the application for MIF dollars will move forward.
- The MIF Loan for this project may be coming out of the federal pool of dollars, meaning that the EDA will be able to retain the dollars once they are repaid by the company.

C. County EDA

- The next workshop with the County Board will be on October 6th.

D. Customer Elation Claim

- Braun Intertec has agreed to waive their last bill to Customer Elation. The company is satisfied with the outcome.

E. Internship Grant

- A \$1,000 grant from EDAM (Economic Development Association of Minnesota) has been awarded to help the internship expenses.

F. Wetherell Property (update)

- The septic system has been fixed at the owner's expense and has been inspected. The owners will remain on the property as their lease is still valid.

VI. Industrial Park Financing

The Federal Grant has been approved. A pre-construction conference in Chicago will take place in Chicago where federal officials will review all the requirements for administering the grant. Staff reviewed infrastructure costs and financing options with the grant dollars now included. Options were discussed for the structure of project funding, special assessments and how the price of the new industrial park will compare with that of neighboring communities.

M/S/P: Jansick, Vaillancourt to recommend pricing the lots in the industrial park at \$30,000 per acre with no assessments. Passed unanimously.

VII. Grant & Loan Applications

Sign & Awning Grants

“Lillians” – Katie Quast
44 Main Street South

\$2,000

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

VIII. Other Business – Finance Team Board addition.

There was discussion of adding Keith Fischer to the EDA Finance Team. It was agreed that this should be reviewed by the Finance Team themselves.

IX. Chamber Update

- Hutchinson Leadership Institute classes are beginning once again this fall and are looking for participants.
- The Hutchinson Arts and Crafts Festival will be September 18-19th

X. Set Next Meeting – September 23rd

XI. Adjourn

The meeting was adjourned at 12:35 PM.

Respectfully Submitted,

Ryan Miller
EDA Assistant

EDA Board Meeting

Main Conference Room – City Center
11:30 AM Tuesday, September 29th, 2009

Meeting Minutes

Members present in **bold**.

Members

Tim Ulrich
Chad Czmowski

Diane Gordon
Jim Haugen

Steve Jansick
Mike McGraw

Marc Vaillancourt

Staff

Miles Seppelt, EDA Director
Ryan Miller, EDA Assistant
Jeremy Carter, Finance Director

Liaison

Bill Corby, Chamber President

Guests

Tom Daggett

I. **Call to Order**

Mr. Ulrich called the meeting to order at 11:44 AM.

II. **Approve Agenda**

No action.

III. **Review Meeting Minutes**

A. August 22nd Board of Directors

M/S/P: Jansick, Vaillancourt to approve August 26th Board of Directors' Minutes as written. Passed unanimously.

B. August 15th Finance Team

M/S/P: Jansick, Haugen to approve August 19th Finance Team Minutes as written. Passed unanimously.

IV. **Review of August Financial Statements – Finance Director**

- In operations the EDA has \$86,772 in cash available, \$22,736 is reserved (proceeds of Warrior land sale)
- Year to date property tax revenue totals \$71,924.
- In the Economic Development Loan Fund we have \$81,817 in cash available.
- In addition we have a receivable of \$32,461 for work done of the Stritesky Property.
- Notes receivable total \$90,446 and all loans are performing as required.
- For the month we've had \$1,732 in loan prepayments.
- In the Downtown Revolving Loan Fund we have \$362,089 in cash, \$713,655 in loans receivable and \$150,000 invested in Capital Assets – 3rd Avenue lots.
- Loan repayments for the month totaled \$9,087 and total assets are \$1,225,744.
- In the MIF Loan Fund we have \$136,876 in cash available and outstanding loans totaling \$574,509.

- For the month we have received \$8,553 in loan repayments.

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

V. Director's Report

A. Cenex Redevelopment update

- The EDA's portion of work to be done on the Cenex Site is nearly done. Work still in progress includes the removal of the adjacent Les Kouba Parkway, removal of signs on the former road and resetting the curb flush with 3rd Avenue. The entire lot will be leveled and covered with soil from the industrial park. There are storm drains on the site that will remain the low points on the lot for proper drainage. Monitoring wells will also need to be put in place within the lot.

B. Industrial Park

- The Industrial Park project is at a stand still once again while Mr. Seppelt waits for a letter to proceed from the Federal EDA.. The federal grant is approved but final notice must be given for the work to begin. Contractors are still holding their bids. The land available in the industrial park will start appearing on the EDA's website for marketing efforts. Two lots will be assessed in order to cover the 20% required for bonding authority.
- Pending lot sales:
Warrior Manufacturing: 11-12 acres
Hutchinson Utilities: approx. 3 acres

C. County EDA

- The next workshop with the County Board will be on October 6th. Mr. Seppelt recently attended a township meeting to discuss the County EDA proposal with the townships associations.

VI. NuCrane Manufacturing

A. Project Update

- NuCrane Manufacturing will build large scale cranes which will operate within nuclear power plants. The cranes will be built to their entirety in the Hutchinson facility being built adjacent to Hutchinson Manufacturing. The cranes will be forty one feet off the ground and require a clearance of about 56ft inside the manufacturing facility. Products will be taken apart after completion and shipped worldwide. Mr. Daggett hopes to have operations starting March 1st of next year. NuCrane will initially offer 12-15 jobs with the potential to increase its payroll to nearly 50 within a few years. The jobs will be high-paying and offer benefits. JOBZ will be utilized on this project and possibly the Minnesota Investment Fund and an AG Loan as well.

B. Public Hearing

M/S/P: Viallancourt, Haugen to open public hearing. Passed Unanimously.

No comments were offered.

M/S/P: Haugen, Czmowski to close public hearing. Passed Unanimously.

C. Resolution

M/S/P: Czmowski, Jansick to approve EDA Resolution 2009-2, authorizing bonding up to \$4,845,000 for the Daggett Ventures II project (NuCrane Manufacturing). Passed unanimously. Marc Vaillancourt abstained from the vote.

VII. Grant & Loan Applications

Sign & Awning Grants

Crow River Eyecare Center **\$2,000**
225 Main Street South

M/S/P: Vaillancourt, Czmowski to approve the grant request, subject to the receipt of a second bid. Passed unanimously.

VIII. Other Business

- **Finance Team Addition**

The addition of Mr. Keith Fischer of Wells Fargo Bank to the EDA Finance Team was discussed.

It was agreed that Josh Gehlen of Home State Bank and Jeff Grant from First Minnesota Bank should be invited to join the Finance Team as well. Staff will visit with both individuals to see if they are interested.

M/S/P: Vaillancourt, Haugen to appoint Keith Fischer to the EDA Finance Team. Passed Unanimously.

- **SWIF Event**

The Southwest Initiative Foundation will be hosting an event speaker at the Morton, MN Casino, October 30th.

IX. Chamber Update

- Hutchinson Leadership Institute will start September 24-25. There are 21 participants so far this year.
- Business after Hours will be held Wednesday October 8th at New Century Charter School- New Discoveries Montessori.
- CEO Exchange (name not confirmed) – a business owners/managers roundtable will be kicking off in October.
- Ladies Passport Event will be held on November 6-7.

X. Set Next Meeting – October 28th

XI. Adjourn

The meeting was adjourned at 12:25 PM.

Respectfully Submitted,

Ryan Miller
EDA Assistant

EDA Board Meeting

Main Conference Room – City Center
11:30 AM Tuesday, October 27th, 2009

Meeting Minutes

Members present in **bold**.

Members

Tim Ulrich
Chad Czmowski

Diane Gordon
Jim Haugen

Steve Jansick
Mike McGraw

Marc Vaillancourt

Staff

Miles Seppelt, EDA Director
Ryan Miller, EDA Assistant
Jeremy Carter, Finance Director

Liaison

Bill Corby, Chamber President

I. Call to Order

Mr. Ulrich called the meeting to order at 11:34 AM.

II. Approve Agenda

No action.

III. Review Meeting Minutes

A. September 29th Board of Directors

M/S/P: Haugen, Vaillancourt to approve September 29th Board of Directors' Minutes as written. Passed unanimously.

B. September 23rd Finance Team

M/S/P: Jansick, Czmowski to approve September 23rd Finance Team Minutes as written. Passed unanimously.

IV. Review of September Financial Statements – Finance Director

- In operations the EDA has \$69,367 in cash available, \$22,736 is reserved (proceeds of Warrior land sale)
- Year to date property tax revenue totals \$71,924.
- In the Economic Development Loan Fund we have \$83,023 in cash available.
- In addition we have a receivable of \$32,461 for work done of the Stritesky Property.
- Notes receivable total \$89,551 and all loans are performing as required.
- For the month we've had \$1,206 in loan prepayments.
- In the Downtown Revolving Loan Fund we have \$367,547 in cash, \$708,872 in loans receivable and \$150,000 invested in Capital Assets – 3rd Avenue lots.
- Loan repayments for the month totaled \$9,087.
- In the MIF Loan Fund we have \$145,429 in cash available and outstanding loans totaling \$566,261.

- For the month we have received \$8,553 in loan repayments.

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

V. Director's Report

A. Cenex Redevelopment update

- Monitoring wells have now been installed by Braun Intertec. These wells will be in place for approximately six months, but could be in as long as twelve months. The site has already been given an "all clear" environmentally; these wells will just be in place to track the movement of any remaining underground contaminants. Black dirt from the Industrial Park will be arriving as soon as the weather allows.

B. Industrial Park

- The Industrial Park is now moving full steam ahead. The grant money and notice to proceed have cleared the final hurdle and the only obstacle now is the weather. Once the land is dry enough to move dirt around, work will begin and continue into the winter, again weather permitting.

C. NuCrane

- A sticking point has come up with the JOBZ status at NuCrane Manufacturing due to job creation numbers being significantly lower than what was originally thought. Staff is working with the company, DEED and the Department of Revenue to arrive at a solution.

D. Customer Elation

- Customer Elation has been doing very well and may be adding another 50 jobs in the first half of 2010. If so, Customer Elation may be looking for an equipment loan of about \$100,000.

E. County EDA

- The McLeod County EDA Exploratory Committee met with the County Board on October 6th for a second workshop. Items discussed at this workshop included: enabling legislation, an "opt-out" clause and also funding. The County Board asked the Committee to consider another workshop in December.

F. Stritesky Property

- Staff has been receiving inquiries about leasing out the Stritesky Property for 2010.

VI. Consider Appointment of Additional Finance Team Members

Following an invitation from staff, Jeff Grant of First Minnesota Bank and Josh Gehlen of Home State Bank have both expressed an interest in joining the EDA Finance Team. The Finance Team is recommending them for appointment.

M/S/P: Vaillancourt, Haugen to appoint Jeff Grant and Josh Gehlen to the EDA Finance Team. Passed unanimously.

VII. Industrial Park Land Sale

A. Warrior Manufacturing – 11.6 acres

Warrior Manufacturing will be purchasing 11.6 acres of land just north of their existing facility.

B. Hutchinson Utilities Commission – 3.09 acres

Staff has visited with members of the Hutchinson Utilities Commission to see if they might be interested in purchasing the 3.09 acre parcel immediately to the east of their existing property. HUC is interested in purchasing the property; however they are unwilling to consider paying assessments.

Staff has also visited with McLeod County Solid Waste and they may be interested in purchasing the property as well. Discussion followed. It was agreed to wait and see what McLeod County Solid Waste wanted to do.

VIII. Industrial Park Land Purchase – Hackbarth Property (5.65 acres)

There is a need for storm water drainage from the southeast corner of Energy Park to the County Ditch which lies several hundred feet to the south, across 5th Avenue. Initially it had been planned to acquire a drainage easement from Marvin Hackbarth along the east edge of his 5.65 acre lot. Discussions were underway; however he passed away in mid-summer. The heirs to the property do not wish to have a drainage easement across it, although they are willing to sell the property. Options for locating the drainage easement on the Knife River side of the property were discussed, as was the purchase of the remaining Hackbarth Property. Funding could come from the sale of land to Warrior.

M/S/P: Jansick, _____ to authorize up to \$30,000 per acre for the purchase of the property, on the condition that an immediate drainage easement be granted, and contingent upon City Council approval. Passed Unanimously.

IX. Grant & Loan Applications

Downtown Loan Program

\$14,720.00 10 years at 1.25%

Maria Oman (Dana's Dog Spa / All That Dance)

130 Main Street South – Roof Replacement

M/S/P: Gordon, Haugen to approve loan. Passed unanimously.

X. Other Business

▪ **Charter School**

The Charter School on 5th Avenue had wanted to put in an ice rink on EDA property. Due to legal issues this is not feasible.

▪ **Marc Vaillancourt**

Mr. Vaillancourt has taken a new job and will be resigning from the EDA Board. Similarly, Diane Gordon may be relocating, as also submitted her resignation.

The Board thanked both Ms. Gordon and Mr. Vaillancourt for their years of service to the community.

Discussion of possible nominees to fill the two vacancies ensued. Staff noted that it is necessary to publicly advertise any vacancies.

M/S/P: Jansick, Gordon to direct staff to visit with Daron VanderHeiden and Mike Retterath to see if they have an interest in serving on the EDA Board of Directors. Approved unanimously.

Nominations will be considered at the next regularly scheduled meeting of the EDA Board.

XI. Chamber Update

- November 10 – Chamber Link Luncheon – Kathy Schwantes, at Ridgewater College
- Holiday Sampler – November 12, 5:00 - 7:00 P.M. at the Hutch Event Center
- The third annual Passport to Hutchinson will be held November 6 -7.
- Business Compass will be held on November 4th & 18th.

XII. Set Next Meeting – November 25th

XIII. Adjourn

The meeting was adjourned at 12:50 PM.

Respectfully Submitted,

Ryan Miller
EDA Assistant

EDA Board of Directors

Minutes of Special Meeting 12 PM, Friday, October 30th, 2009

Members present in **bold**.

Members

Tim Ulrich
Chad Czmowski

Diane Gordon
Jim Haugen

Steve Jansick
Mike McGraw

Marc Vaillancourt

Staff

Miles Seppelt, EDA Director
Ryan Miller, EDA Assistant
Jeremy Carter, Finance Director

I. Call to Order

Mr. Ulrich called the meeting to order at 12:01 PM.

II. Approve Agenda

No action.

III. Hackbarth Land Purchase

The Hackbarth's have indicated a willingness sell the remaining 5.65 acres of their property.

The Board discussed the situation; key points included:

- The need for the property for the Energy Park project (for a storm water outlet)
- Costs for an alternative solution would be in the range of \$46,000 to \$66,000
- The EDA can utilize funds from the pending land sale to Warrior Mfg.
- Ultimately the property will be resold and the investment recovered.

M/S/P: McGraw, Czmowski to authorize up to \$30,000 per acre for the purchase of the remaining Hackbarth Property, contingent upon being granted an immediate construction easement for the Energy Park project and contingent upon City Council approval. Passed unanimously.

IV. Other Business

A. Director's Update

- **NuCrane Manufacturing**
 - EDA staff has discussed the JOBZ situation with both Tom Daggett & Sherie Landrud. A new JOBZ agreement should be in place within a couple of days.
 - The city's MIF application for \$500,000 on behalf of NuCrane should be decided by DEED within a few days.
 - Staff is currently putting together a loan application to the Mid-Minnesota Development Commission on behalf of the NuCrane project.

- **SONOCO**
 - Staff has received an inquiry about finding 10,000 – 15,000 square feet of manufacturing space for SONOCO. Plans would be to lease space initially and potentially do a building project next year.
- **Cenex Site Redevelopment**
 - Topsoil is being placed on the Cenex site but wet weather is slowing down the process.

B. EDA Board Vacancies

Staff reported that letters of resignation have been received from both Marc Vaillancourt and Diane Gordon. Marc has taken a new position in St. Cloud and Diane may shortly be relocating to Colorado.

The process to fill vacancies is to publically advertise, after which the EDA Board will make recommendations to the Mayor for official action. The City Council confirms appointments.

M/S/P: Jansick, McGraw to accept the resignations of Marc Vaillancourt and Diane Gordon from the EDA Board of Directors. Passed unanimously.

V. Adjourn

With no further business to attend to, the meeting was adjourned at 12:34 PM.

Respectfully Submitted,

Miles R. Seppelt
EDA Director

EDA Board Meeting

Main Conference Room – City Center
11:30 AM Wednesday, November 25th, 2009

Meeting Notes

Members present in **bold**.

Members

Tim Ulrich

Chad Czmowski

Steve Jansick

Jim Haugen

Mike McGraw

Staff

Miles Seppelt, EDA Director

Ryan Miller, EDA Assistant

Jeremy Carter, Finance Director

Liaison

Bill Corby, Chamber President

- I. Call to Order
Note: Due to the lack of a quorum, no official meeting took place. Staff provided updates.
- II. Approve Agenda
No action.
- III. Review Meeting Minutes
 - A. October 27th Board of Directors
 - B. October 30th Board of Directors (Special Meeting – Hackbarth Land Purchase)
 - C. October 21st Finance Team
- IV. Review of October Financial Statements – Finance Director
 - Cash available for operations is \$65,968
 - The Economic Development Loan Fund has \$83,703 in cash available and assets totaling \$205,159.
 - The Energy Loan Fund has \$379,818 in cash available, \$698,349 in loans receivable and has assets totaling \$1,228,167.
 - \$12,421 was received in loan payments towards the Energy Loan Fund.
 - The MIF Loan Fund has \$153,962 in cash available, \$500,000 in grants receivable and \$558,007 in loans receivable. Total assets are \$1,211,969.
 - The MIF Loan Fund collected \$8,553 in loan repayments in November.
- V. Director's Report
 - A. Cenex Site Redevelopment – DONE
All site work is complete. A final plat combining all the lots into one is being finalized.
 - B. Industrial Park
The good weather in November has allowed dramatic progress to be made in construction. Most of the underground pipes are in and four of the five storm water

ponds have been dug. Construction for this season should be complete by mid-December. Starting about May 1st there will be about 90 days of road construction and the entire project should be complete by August 1, 2010.

C. Company "X"

Staff has provided the company with additional information about the industrial park. It looks like the project is on the "front burner" again.

D. NuCrane

The JOBZ issue has been resolved and NuCrane can go forward on the basis of 20 jobs being created over the next two years. Building construction is moving ahead rapidly and the company is on schedule for a late spring start of production.

E. County EDA

Staff has prepared a draft enabling resolution, job description for the county EDA director and a potential list of projects the county EDA would work on. If possible, another workshop will be held with the EDA exploratory committee in December.

F. Real Estate Transactions

- Warrior – closing on the property sale should take place in a week or two.
- Purchase of remaining Hackbarth property – Purchase agreement is signed.
- McLeod County Solid Waste – may be interested in purchasing the 3.09 acre lot.

VI. EDA Board Membership

~~**A. Recommendations to fill vacant seats (2)**~~

The City Council appointed Mike Retterath and Daron Vanderheiden to the EDA Board at its meeting last evening. A recommendation from the EDA Board is therefore unnecessary.

B. Recommend reappointment of Steve Jansick (1st full 6-year term)

Mr. Jansick is at the end of his term and will have to be reappointed by the City Council.

VII. Lease of Stritesky Property (accept high bid)

One bid was received for the lease of the Stritesky Property in the amount of \$227.20 per acre from Mr. Randy Luthens. This will provide the EDA with \$16,670 of rental income for 2010.

VIII. MIF Loan for NuCrane Manufacturing (set terms)

The Finance Team is recommending an interest rate of 2% for the equipment loan of \$500,000 to NuCrane, with the option of a seven or eight year loan term.

IX. Additional Infrastructure for Industrial Park

Due primarily to the acquisition of the remaining 5.65 acre Hackbarth parcel it will be necessary to build additional infrastructure to service that lot and the one immediately to the north of it. Staff is proposing to pay for this additional infrastructure with proceeds from the lot sale to Warrior Manufacturing. The "per acre" price of both lots would then be set at \$35,000 (with no assessments) so as to recoup this cost.

X. Grant & Loan Applications

Sign & Awning Grant Program

Corey Ninneman – Complete Self Defense \$1,300
126 Main Street South

XI. **Other Business** – None.

XII. **Chamber Update**

Bill Corby, Chamber President, provided an update on current Chamber activities.

XIII. **Set Next Meeting – December 23rd**

XIV. **Adjourn**

Respectfully Submitted,

Miles R. Seppelt
EDA Director

EDA Board Meeting

Main Conference Room – City Center
11:30 AM Wednesday, December 23rd, 2009

Meeting Minutes

Members present in **bold**.

Members

Tim Ulrich
Chad Czmowski

Steve Jansick
Jim Haugen

Mike Retterath
Mike McGraw

Daron Vanderheiden

Staff

Miles Seppelt, EDA Director
Ryan Miller, EDA Assistant
Patrick Brama, EDA Assistant
Steve Heintz, Assistant Finance Director

Liaison

Bill Corby, Chamber President

I. Call to Order

Tim Ulrich called the meeting to order at 11:37AM.

II. Introductions

- A. New Board Members**
 - Mike Retterath
 - Daron Vanderheiden
- B. New Intern – Patrick Brama**

Introductions were made of the new EDA Board members as well as the new EDA intern. The Board thanked Ryan Miller, the outgoing intern, for all his good work and wished him well.

III. Approve Agenda – No action.

IV. Review Meeting Minutes

A. October 27th EDA Board of Directors

M/S/P: Haugen, Retterath to approve the minutes as written. Passed unanimously.

B. October 30th EDA Board of Directors (Special Meeting – Hackbarth Land Purchase)

M/S/P: Jansick, McGraw to approve the minutes as written. Passed unanimously.

C. October 21st Finance Team

M/S/P: Ulrich, Haugen to approve the minutes as written. Passed unanimously.

D. November 25th EDA Board of Directors (notes only)

M/S/P: Jansick, Haugen to accept the notes as presented. Passed unanimously.

E. November 18th Finance Team

M/S/P: Czmowski, Retterath to approve the minutes as written. Passed unanimously.

V. Review of November Financial Statements – Finance Director

Assistant Finance Director Steve Heintz presented the November EDA financials:

- Operations had a total of \$62,137 in cash available. \$33,008 was unreserved and \$22,736 was reserved for future land purchases, being proceeds from the sale of land to Warrior Mfg. in 2005.
- For the month, \$5,730 in revenue was received and expenditures totaled \$10,114 – primarily salary expense.
- The Economic Development loan fund has \$85,435 in cash available, loans receivable totaling \$62,747 and \$25,000 on deposit with MCCF. Loan repayments totaled \$1,732 for the month.
- The Downtown Loan Fund has \$387,644 in cash available and loans receivable totaling \$691,786. Loan repayments totaled \$8,175 for the month.
- The MIF loan fund has \$162,535 in cash available and loans receivable totaling \$549,748. Loan repayments totaled \$8,553 for the month.

M/S/P: Retterath, Haugen to accept the financial report as presented. Passed unanimously.

VI. Director's Report

Staff provided an update on the status of current projects:

A. Industrial Park – nearly DONE

- Fall construction on the new industrial park is essentially complete.
- The only remaining item is to complete the storm water connection beneath 5th Avenue.
- Construction should pick up again approximately May 1st with about 90 days of street construction.
- The entire industrial park should be completed by August 1st, 2010.

B. Warrior Mfg. Land Sale – DONE

- The sale of industrial park land to Warrior Mfg. has been completed.

C. Hackbarth Property – closed 12/18

- The purchase of 5.65 acres from the Hackbarth's was completed on December 18th.

D. NuCrane Manufacturing

- Construction on NuCrane's 51,000 sf building is about a month ahead of schedule.
- The company is in the process of ordering equipment.
- NuCrane hopes to begin manufacturing operations by late spring, 2010.

E. County EDA

- Currently a January meeting of the County EDA exploratory committee is planned to begin reviewing several items as requested by the County Board.
- A draft enabling resolution, budget, project list & staff job description has been prepared.

F. Company "X"

- Staff has not received any update from the company.
- Mike Retterath indicated that meetings between the company and 3M were continuing and that there should be some activity in January.

G. Board of Directors Compensation

- Board member annual compensation was distributed.

VII. Ratify November Agenda Items

Because there was no quorum, and hence no official meeting in November, several actions were made official by a vote of the full EDA Board. Staff provided a very brief explanation of each item:

A. Lease of Stritesky Property (accept high bid)

M/S/P: Jansick, Haugen to accept a bid of \$227.20 per acre (totaling \$16,669.66) from Randy Luthens for the rental of the Stritesky Property. Passed unanimously.

B. MIF Loan for NuCrane Manufacturing (set terms)

M/S/P: McGraw, Czmowski to set the loan terms for the \$500,000 MIF loan to NuCrane Manufacturing at 2% for 8 years, per the recommendation of the EDA Finance Team. Passed unanimously.

C. Additional Infrastructure for Industrial Park

M/S/P: Haugen, McGraw to approve utilizing proceeds from the sale of land to Warrior Mfg. to pay for additional infrastructure in the industrial park and to recoup the investment by setting the price of the two industrial lots fronting 5th Avenue at \$35,000 per acre. Passed unanimously.

D. Grant Application (Sign grant: Complete Self Defense / 126 Main Street South / \$1,300)

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

VIII. EDA Board Membership – Recommend reappointment of Steve Jansick (1st full 6-year term)

Steve Jansick's term on the EDA Board is up at the end of the year and he will need to be reappointed by the City Council.

M/S/P: McGraw, Haugen to recommend that the City Council reappoint Mr. Jansick to a new 6-year term. Passed unanimously.

IX. Land sale to McLeod County Solid Waste

The sale of 3.09 acres in the industrial park to McLeod County Solid Waste was discussed. They have concerns over the EDA's asking price for the lot.

The development potential of the lot was also discussed. Even with the gas pipeline easement that is present, there is sufficient room for a 20,000 + sf building on the site.

It was agreed that this topic will be revisited at a future EDA meeting.

X. Economic Development Loan Fund – Loan Application

An early stage company called NEW EDGE is seeking funding for working capital / inventory. The company has developed a new type of lawn mower blade that features replaceable plastic edges. It is proposed that the actual manufacture of the blades & tips be done in China, due to lower costs. The total project is \$105,000; with \$35,000 being requested from the EDA. Home State Bank and the Southwest Initiative Foundation are the other projected funding partners. They have each approved their loans to the company.

Job creation in the US would consist of the owner and potentially some warehouse / shipping help. It was noted that there is no apparent patent protection for the product. There was no collateral available for the EDA loan.

After discussion, the Board took no action – the loan request was not approved.

XI. Cenex Site Redevelopment – Final Report / Next Steps

Staff provided a final report on the costs incurred in the acquisition and clean-up of the Cenex and Wright properties on 3rd Avenue NW. To date, the EDA has \$194,008.56 invested in the site from the downtown revolving loan fund, and the city has \$150,000 invested from its Community Improvement Fund.

One item to be resolved is the amount of compensation due to the McLeod County Rail Authority for the 1.75 acres of former railroad right-of-way that is to be included in the final plat of the site. The city purchased all of the railroad right-of-way within city limits from the McLeod County Rail Authority on a contract-for-deed back in 2004 and is making \$30,000 annual payments for 19 years. Thus far, five years have been paid with 14 remaining.

To complete the re-platting of the site, it will be necessary to obtain a partial mortgage release from the Railroad Authority.

Based upon the purchase price and the number of acres acquired by the city, it was determined that the price for the railroad right-of-way was \$32,967 per acre. This works out to \$57,692 for the 1.75 acres the EDA desires to add to the redevelopment site. Payment would be due to the rail authority at the time the property was sold.

Discussion followed about the desirability of having the area replatted into one lot so as to have the property as ready as possible for sale and redevelopment.

Further discussion will take place at a future meeting of the Board.

XII. Disposition of TIF District 4-15 (former Goebel Property)

Several years ago steps were taken to establish TIF district 4-15 on the former Goebel property to provide part of the financing for a joint EDA / Nordic Components building project.

Ultimately, the project did not move forward. No projects are currently planned for the site, and the TIF District is not serving any useful purpose.

M/S/P: Jansick, Haugen to take down TIF District 4-15. Passed unanimously.

XIII. Discussion of potential 2010 projects

Proposed 2010 EDA projects were discussed. Board members were asked to notify staff if they wanted any changes or additions made to the proposed program of work.

XIV. Grant & Loan Applications

Sign & Awning Grant

State Farm Insurance – Kim Kotzer
132 Main Street South

\$2,000

M/S/P: Haugen, Czmowski to approve the grant request, subject to the required second bid being obtained. Passed unanimously.

Storefront Revitalization Matching Grant

Dostel Electronics – Larry Dostel
147 Main Street South

\$1,050

M/S/P: Jansick, Retterath to approve the grant request. Passed unanimously.

XV. Other Business

- Miles will be on vacation January 1st – 10th

XVI. Chamber Update

Chamber President Bill Corby updated the Board on current Chamber of Commerce activities.

XVII. Set Next Meeting – January 27th

XVIII. Adjourn

With no further business to attend to, the meeting was adjourned at 12:56 PM.

Respectfully Submitted,

Miles R. Seppelt
EDA Director