

ECONOMIC DEVELOPMENT AUTHORITY
MEETING MINUTES
JULY 11, 2006

The meeting was called to order at 7:00 a.m., President Jim Kreft presiding.

Members Present: President Kreft, Noack, Rosenfeld, Councilmember Borchert, Councilmember Voight

Members Absent: Sorenson, Vrklan

Also Present: Director Krueger, Asst. Director Schultz, Mayor Czech

Motion by Voight, seconded by Rosenfeld, and passed by unanimous vote to approve the minutes from the June 13, 2006 meeting as presented.

It was the consensus of the EDA Board that the Financial Report for June was approved as presented. Director Krueger explained that 2 Lot Acquisition Loans for ADI had been approved at a previous meeting, but the paperwork had not been completed, therefore there is a \$60,000 balance in the Lot Acquisition Loan section. Director Krueger gave an update on the G.E.I.S., Inc. loans. He stated that there has been no activity on any of the loans. Krueger informed the EDA that Mr. Klitzke's medical condition is terminal to which he has indicated that he would be able to cash out an insurance policy at face value and pay the City. However, it has come to the City's attention that Region 9 had taken out a lien against this particular insurance policy. Region 9 has since agreed to remove the lien on this policy and put it on a different policy. Voight questioned why Mr. Klitzke has not just filed bankruptcy versus touching his insurance policies. Director Krueger commented there are probably financial and/or legal reasons that could affect the business long-term.

Asst. Director Schultz updated the EDA on the Housing Study. He had been in contact with Steve Griesert of Community Partners. It was initially planned to present the Preliminary Housing Study information at this meeting, but some of the numbers were still being put together so it was not ready. Director Krueger questioned who of the EDA had been interviewed for the study and what their opinion of the interview process was. Voight commented that Mr. Griesert was very knowable of the town and she perceived from her conversation with him that he was picking up that people in the area want the town to grow but not at a fast pace. Mayor Czech commented that he was very professional. Schultz commented that the City had been awarded a \$5,500 grant to assist with paying for the study.

Schultz commented that there really wasn't anything new to report on the Hotel Feasibility Study, other than it should be completed in late July or early August. Mayor Czech and Kreft were interviewed for this study and gave their comments. Schultz commented that Michael Hool of Hospitality Marketers International was very impressed with the Community Center and that the City should be promoting it for mid-week functions already to businesses in the Twin Cities. Schultz commented that Mr. Hool did ask what there was to do in Arlington (was there a water park, etc.). Krueger commented that Arlington is not a destination point, but does have things to offer (racetrack, indoor swimming pool, A's baseball, etc.).

Schultz commented that Technical Services has contacted the City about the parking lot on Main Street (near Shear Designs & Sibley Shopper) and the possibility of having it black-topped for safety reasons.

Voight expressed concern about spending money on another parking lot on Main Street, especially when the City does not own the entire lot (it is partially owned by the Templo Maranatha Church). She explained that the Council has reviewed this request and suggested that Technical Services split the cost as their employees utilize it the most. Krueger commented that the City's engineer is reviewing the lot to look at existing water runoff or pooling problems, plus evaluate if new problems could arise if it is blacktopped. Kreft commented that the City should decide if it is going to market the lot to a business or wants to keep it a parking lot; if they keep it a parking lot, then it should be black topped. Voight commented that buildings did exist on the lot at one time, and the City should check to see if the foundations were completely removed or just filled in before it decides to market the lot.

Assistant Director Schultz explained that he had been trying to work with Technical Services on setting up tours, but due to vacation and closing schedules has been unsuccessful and had put this on hold for a short time. He stated that he intends to start pursuing some dates in the near future for tours. Brief discussion was held on Technical Services' limited interaction within the community and their possible expansion needs and how the City could help.

Director Krueger stated that Golden Hearts has expressed an interest in expanding and as approached the City about financial assistance such as TIF. He explained to them what was all involved with using TIF (EDA and Council approval, a public hearing, etc.) and that this process would take approximately 8-12 weeks. He also informed them that they must put some information together (business plan, cash flows, income taxes, etc.) before the City can do its part. Kreft questioned if Golden Hearts would be interested in the Revolving Loan Fund. Director Krueger commented that they really weren't interested in this. Schultz commented that Shannon Sweeney had suggested using tax abatement within the City (not through the County or School District), as this would allow them to move quicker (Golden Hearts wanted this done by October). Schultz commented that businesses don't realize the time element involved when they work with Region 9 or Small Business Development. They want to move as quickly as possible, but it all takes time when working with government money.

Rosenfeld questioned when the Arlington Good Samaritan Center expansion was going to start. Mayor Czech explained that it has been delayed because the bids came in too high and they are reassessing the project.

Discussion resumed on the Main Street parking lot. Borchert suggested giving the lot to Technical Services which would then eliminate the City's involvement. Krueger said it was a possibility. Mayor Czech was favorable to this as they have not asked for any assistance from the City in the past and it would be a nice gesture. Voight commented that the City acquired the lot with the old Dale's Foods grocery store and it really didn't cost them anything. It was agreed to wait for the survey of the lot to be done, this will show who owns what (between the City and the Church), plus see if Technical Services is interested in owning the lot before trying to decide what should be done with the lot. It was also agreed that the City is interested in helping with this situation, it is just a question of how.

Kreft commented on the 2 outstanding Lot Loans for Jim & Paul Soeffker. He questioned if a letter had been sent reminding them that their loans are due in November. It was the consensus of the EDA that a letter should be sent to Jim & Paul Soeffker that their outstanding Lot Loans are due in November.

Voight commented that the property northwest of town (remainder Nickel farm) is not being maintained and questioned who was supposed to be. Schultz commented that Duane Duenow has a 3-year contract with the City; he planted alfalfa late last year and had to replant this year, which now it is struggling because of the heat and lack of moisture. Schultz will contact Duenow on this.

Kreft questioned what was happening with the Strategic Planning session. Schultz commented that he has found someone to come down from the University of Minnesota Extension (for a fee) to facilitate the meeting. He stated that the meeting could be held here in Arlington or New Prague at no cost, St. Peter's Council Chambers would cost \$50.00 (4 hour to full day). Brief discussion was held on setting a location, date and time and number of sessions needed. Krueger said the reason they had suggested holding the session out of town was to get away from all the distractions. It was agreed that a Friday afternoon would be best for everyone and to stay in Arlington in September or October. Schultz will contact the facilitator and let everyone know the date and time.

Mayor Czech commented on the 3 concepts for development that Jeff Hennen had presented to the Planning & Zoning Board. Hennen is working on a development (Building Better Neighborhoods program through the State of Minnesota) for workforce housing where the homes would sell for approximately \$145,000. Mayor Czech commented that Mr. Hennen had inquired about TIF for this project. Director Krueger gave a brief summary on the program and stated that there would be mixed housing within the development (looks better esthetically, not every house is the same). It was suggested to have Mr. Hennen come to the next EDA meeting and hook him up with Shannon Sweeney regarding TIF.

The next meeting was scheduled for Tuesday, August 8, 2006 at 7:00 a.m.

Motion by Borchert, seconded by Noack, and passed by unanimous vote to adjourn the meeting.

Director David L. Krueger

President Jim Kreft