

ECONOMIC DEVELOPMENT AUTHORITY  
MEETING MINUTES  
NOVEMBER 16, 2006

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

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

Members Absent: None

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

Motion by Noack, seconded by Borchert, and passed by unanimous vote to approve the minutes from the September 11 & October 10, 2006 meetings as presented.

Motion by Rosenfeld, seconded by Noack, and passed by unanimous vote to approve the Financial Reports for August, September and October as presented. Director Krueger gave a brief update on the G.E.I.S. loans/bankruptcy. He stated that the Bankruptcy Court has authorized some liquidation of assets, which there is really nothing the City can do about this; however he and Attorney Arneson had submitted a letter to the Court asking them to be conservative with the liquidation of assets and allowing assets to be moved around. He added that the City had applied to be on the creditor board, but there was not enough response from the other creditors so the Court will be handling this, there will not be a creditor board.

Director Krueger reviewed the proposed EDA budget for 2007. He explained that \$16,850 was added to the budget from the September Preliminary Budget and explained where within the EDA Fund it was being placed. The housing study showed that more marketing is needed to promote the lots available in Arlington. Kreft stated that the budget committee had asked the Council for the increase because the EDA had spent considerable money this past year and wanted to make sure they had money available so if the opportunity arose to purchase more land, they could.

The EDA reviewed the Lot Loan Report. Asst. Director Schultz stated that he had not heard from the Soeffker's about their payoff. It was agreed to send one more letter to the Soeffker's asking for payment on their outstanding lot loans.

The EDA reviewed the current Lot Acquisition Assistance Program Policy and discussed possibly amending it by adding the following 3 items:

- 1) No construction may be started prior to loan application other than infrastructure;
- 2) Advanced notice must be given because it takes time to look the financial information over and actually process the loan – 30 days (to be strictly enforced);
- 3) Full financial disclosure is needed and must include specific documentation (current balance sheet, 3 year P&L statement and/or previous year's tax return {as substitute for P&L statement});
- 4) If the application is for a twinhome, that the maximum loan is towards the whole building and not per half, plus when the first half is sold the loan is repaid in full.

It was suggested to have Attorney Arneson draft a revised policy for the EDA to approve at its next regular meeting. It was also suggested to provide all the local contractors with a copy of the new policy once it has been approved. Krueger stated that it will be put on the website also.

Krueger explained that a few EDA members and members from Technical Services had met to discuss TSE's expansion needs. He reviewed what was discussed during the meeting and handed out information on TSE's proposed building. Schultz commented that he had spoken with Vos

Construction and Nelson Builders (one of top builders in the State) about the proposed building and they seemed very interested. He informed these 2 contractors that they would be in charge of purchasing the land, construction and leasing back to TSE. Some discussion was held on what the EDA/City's role should be with this project. It was agreed that the EDA did not want to own the property. TSE was hopeful to have a grand opening in 2007. It was noted that there is a lot in the Industrial Park (approximately 9 acres) that could be utilized for this project and infrastructure is already in place. Krueger commented that he was a little reluctant to provide financial assistance to TSE for constructing a new larger facility when they have admitted that they are not meeting their quotas because they are currently understaffed. Vrklan questioned how TSE plans to handle their labor shortage. It was agreed to allow Krueger and Schultz to pursue conversations with developers/contractors. Kreft expressed concern that 2 buildings would then be sitting empty if the new facility was built for TSE. He also questioned what the next step in this process should be. Krueger stated that he was looking for approval to work with Shannon Sweeney about what kind of incentive package the City can provide to the developer (TIF or JOBZ), which could cost the some money.

Discussion was held on what potential, if any, the remaining lot in the Industrial Park has. Noack expressed his feelings that he would like to see Cemstone move from their current location to the Industrial Park possibly to this lot because they would then be able to utilize the railroad better, where TSE probably does not need access to the railroad. Krueger stated that he has been in touch with Cemstone and they are not interested in this property. Some discussion was held on possibly splitting the lot. The comment was made that Scott Equipment was looking to expand again and who owned the various lots within the Industrial Park.

Motion by Vrklan, seconded by Sorenson, and passed by unanimous vote to permit EDA staff to use money from the EDA fund to start preliminary discussions with Shannon Sweeney to put an incentive package together for TSE.

Schultz gave an update on the Housing Study. He stated that he should be receiving an RFP from Southwest Minnesota Housing Partnership to assist with developing a game plan for implementing the recommendations in the housing study. He stated that staffing, travel expenses, etc. will cost approximately \$3,000, which the EDA can apply for a grant to cover these costs. Krueger and Schultz summarized what this group will be doing for the City. Kreft tabled this discussion until the December meeting.

Schultz commented that he has had contact from a couple of interested parties about constructing a hotel in Arlington. He was intending to continue pursuing these conversations. Krueger commented that this was a very good thing as it shows there is interest out there.

Kreft questioned where things were at with Hennen. Schultz commented that Hennen had contacted him and wants to meeting prior to the next EDA meeting in December, plus be on that agenda.

The next meeting was scheduled for Tuesday, December 12, 2006 at 7:00 a.m. at the Technology Conference Center (official new meeting location).

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