

ECONOMIC DEVELOPMENT AUTHORITY
MEETING MINUTES
SEPTEMBER 11, 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 Voight, seconded by Noack, and passed by unanimous vote to approve the minutes from the August 8, 2006 meeting as presented.

Director Krueger informed those present that Glenn Klitzke, the owner of G.E.I.S. Inc., had passed away very recently. He was not sure how this would affect the bankruptcy status at this time, but Attorney Arneson thought that it would accelerate their personal bankruptcy or the sale of the business depending on the family's wishes. He stated that the City of Arlington has filed to be on the Bankruptcy Committee with the Federal Court, which this takes several months to hear back and get the process started. Krueger stated that the City has put in what our claim is, which the City is one of the top ten creditors listed and are now waiting for the next step.

Schultz commented that he has distributed the Hotel Marketing Study to 7 different developers and franchises (hotel companies) and are awaiting feedback. Schultz stated that the issues brought up at the last meeting were addressed and changes were made before the study was distributed to anyone. Kreft questioned if some traffic counts were added. Schultz stated the company that did the study didn't feel these counts were necessary, which he disagreed. The traffic counts pertain more to phase 2 in the market study process.

Voight commented on the Technical Services tour that members of the EDA and Council took. She was amazed at everything they produced, more than she realized. She commented that after touring both facilities (administration and manufacturing) it was apparent that they are out of space with no room to expand and that is why they have approached the city for help. Krueger commented that they are still looking to stay in Arlington because it is still close enough to the metro where their engineers are willing to commute to come to work; the labor force is a little cheaper out here versus the metro area and they get a lower tax rate. TSE is currently a \$30 million company and wants to be a \$100 million company in the next 10 years. Krueger stated that TSE has not really presented anything to them as far as size or cost yet, but he is expecting this information to come forward very shortly and be in the price range of \$2.5 million - \$4 million. Krueger commented that it is clear they are looking for incentives and for the City to lead the way to finding a facility (either EDA and/or City help them build a facility or find an outside investor). Krueger believes it is TSE's plan to consolidate everything (engineering, administration, manufacturing, marketing, shipping, etc.) into 1 location. Schultz commented that he is trying to set up a meeting with TSE and the EDA to get the process started.

Schultz reminded those present about the upcoming Strategic Planning session on September 22nd at the Technology Center. Schultz stated that the session will be recorded by the new cameras and DVD system, so the EDA can refer back to it as needed.

Director Krueger stated that he, Asst. Director Schultz and Chairperson Kreft had met with Shannon Sweeney of David Drown Associates to discuss the different options available regarding TIF for developments like Mr. Hennen is proposing. The EDA reviewed a letter from Sweeney, which outlined what the city needs to do and what Mr. Hennen needs to do and what each party can expect overall. Kreft commented that Mr. Hennen's proposed development was not talked about specifically; they discussed these types of developments and how other cities are handling them and TIF. Kreft stated the letter provides good information, but the EDA as a whole should review the housing study and determine if they want to use TIF in this capacity as they have not in the past. Krueger commented that the City could implement conditions that Mr. Hennen would have to meet in order to use TIF and they would be included in a Developer's Agreement. He added that language should also be included to cover the idea that if Hennen did not meet the conditions, he would be held accountable by the Minnesota Housing Partnership, etc. and not just the City of Arlington (essentially before any money is transferred he will have to go through a process). Krueger commented that they have not heard from Hennen for a while, he still needs to do his Preliminary Plat and engineering.

Kreft and Schultz reminded those present of the upcoming Joint EDA/Council meeting on September 20th to go over the housing study with Steve Griesert from Community Partners Research. Schultz stated that copies of the study will be mailed out a week before the meeting.

Noack questioned if the City has land available in the Industrial Park to accommodate Technical Service if they wish to expand. Schultz commented that there is land in the Industrial Park, but they won't know how much land will be needed until TSE comes forward and presents a plan to the City.

Brief discussion was held on the location of a future Industrial/Business Park. Krueger commented that this is something that will be discussed in the upcoming Strategic Planning Session.

The next meeting was scheduled for Tuesday, October 10, 2006 at 7:00 a.m.

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

Director David L. Krueger

President Jim Kreft