

**ECONOMIC DEVELOPMENT AUTHORITY
MEETING AGENDA
Tuesday, May 24 2011
6:00 P.M.
Council Chambers**

1. Call to Order.
2. Approval of Agenda.
3. Approval of Minutes.
 - A. April 26, 2011
4. Approval of Financial Reports.
 - A. May, 2011
5. New Business
 - A. EDA Annual Report to City Council.
 - B. SEDCO Dues.
6. Old Business.
 - A. RLF Request: Leah Prah, Premiere Choice Realty.
 - B. Goal Setting.
7. Board Announcements.
8. Adjourn



**ECONOMIC DEVELOPMENT AUTHORITY
MEETING MINUTES
MAY 24, 2011**

The meeting was called to order by President Lundstrom at 6:00 pm.

Members Present: Krueger, President Lundstrom, Nuesse, Sorenson, Thomes, Councilmember Pichelmann, Councilmember Ruehling

Member Absent: None

Also Present: EDA Director Smith-Strack, Leah Prah

Motion by Krueger, seconded by Thomes, and passed by unanimous vote to approve the agenda as presented.

Motion by Ruehling, seconded by Pichelmann, and passed by unanimous vote to approve the minutes from the April 26th meetings as presented.

The April Financial Reports were reviewed.

Motion by Krueger, seconded by Nuesse, and passed by unanimous vote to approve the April Financial Reports as presented.

Smith-Strack presented a draft annual report for the EDA to review. Nuesse and Lundstrom volunteered to present the report to the Council on June 6th.

Discussion resumed (from the previous meeting) on Leah Prah's request for financial assistance for her business. Prah commented that the project had not changed and the associated costs (for acquisition and revitalization) were \$98,700. She had a Letter of Intent from ProGrowth Bank for \$45,000 and was seeking a loan in the amount of \$39,500 from the EDA. She handed out an investment worksheet, which included personal financial information and showed equity in the amount of \$14,200. Prah believed that the estimated market value of the property after the work is done should be around \$85,000. Sorenson expressed concern that a balance sheet for the Business was not provided, just personal was. Prah commented that she didn't think it was relative, since individuals were purchasing the property and the business would be renting from them.

Prah was asked to leave for a short time, in order to give the EDA some time to review the information handed out. Smith-Strack noted that the public meeting was not be 'closed'.

Sorenson expressed concern about the amount of cash available (or lack thereof) as presented in the balance sheet. He commented that the RRR (3% interest rate over 7 years) wouldn't be a problem to issue, but felt the interest rate for the RLF should be slightly higher than the prime (3%). It was noted that Prah had done everything the EDA had asked her to do. Sorenson questioned what collateral was going to be; and if the EDA would be 2nd (jr. lien) on the property (business) or the home stead property. It was suggested to set the interest rate for the Revolving Loan at 4% if EDA can have 2nd position on

residence with verification on the estimated market value of the property; or at 5% without anything. PrahL was asked to return and answered various questions. She commented that she was not comfortable with EDA having junior lien on residence as they tend to move every few years and didn't want the loan to come due upon sale. She added that they paid cash for the commercial property.

Sorenson introduced the following resolution and moved for its adoption:

EDA RESOLUTION NO. 3-2011

A RESOLUTION APPROVING A LOAN FROM THE ARLINGTON REVOLVING LOAN FUND AND A LOAN FROM THE ARLINGTON RESTORATION, REHABILITATION AND RENEWAL LOAN FUND FOR LEAH PRAHL AND JAMES HARMON AND DIRECTING PREPARATION OF LOAN DOCUMENTS RELATING THERETO.

WHEREAS, Leah PrahL and James Harmon have applied for assistance available through the EDA; and

WHEREAS, the Applicants have requested two \$18,000 loans (total \$36,000) from the Revolving Loan Fund and a \$10,000 loan from the RRR Loan Fund; and

WHEREAS, the purpose of the loans is to allow for window replacement, new boiler, electrical updating, re-roof, add cabinets/appliances, add exterior awning, asbestos consultation, carpet replacement, and miscellaneous office updates including paint and cosmetic updating of the mixed use structure at 425 West Main Street; and,

WHEREAS, the EDA has reviewed the loan application to determine compliance with loan policies and procedures; and,

WHEREAS, the EDA recognizes the value of business expansion and the desire to maintain the Downtown as a pedestrian-oriented business center; and,

NOW, THEREFORE, BE IT RESOLVED, that the Arlington Economic Development Authority hereby approves a loan from the Revolving Loan Fund \$29,500 for a term of fifteen (15) years at an interest rate of four (4) percent secured by a junior mortgage on the Applicant's homestead residence and a junior mortgage on the property at 425 West Main Street in Arlington MN.

BE IT FURTHER RESOLVED, the Arlington EDA hereby approves a loan from the RRR Loan Fund in the amount of \$10,000 for a term of seven (7) years at an interest rate of three (3) percent secured by a subordinate mortgage on the property at 425 West Main Street in Arlington MN.

BE IT FURTHER RESOLVED, that the loan agreement shall provide for the release of the junior mortgage on the Applicant's homestead residence in the event the EDA moves into a first position on the commercial property at 425 West Main Street which secures the outstanding debt amount or the loan is paid in full.

BE IT FURTHER RESOLVED, that the EDA Director is hereby authorized and directed to have loan documents prepared and executed.

The motion for the adoption of the foregoing resolution was duly seconded by Nuesse and upon poll being taken thereon the following voted in favor thereof: Krueger, Lundstrom, Nuesse, Sorenson, Thomes, Councilmember Pichelmann, Councilmember Ruehling; and the following voted against the same: None; and the following abstained from voting: None; and the following were absent: None.

Adopted by the Economic Development Authority of the City of Arlington this 24th day of May, 2011.

Signed: /s/ Mark Lundstrom
President

Attest: /s/ Cynthia Smith-Strack
EDA Director

Whereupon the resolution was declared duly passed and adopted and was signed by the Mayor whose signature was attested by the City Administrator.

Discussion was held on the annual payment of SEDCO dues. It was noted that these funds come out of the 'Undesignated' EDA Fund. Thomes explained that SEDCO does a lot for smaller communities that don't have and EDA. Krueger commented that it is worth the money to belong to SEDCO, but more visibility (of Tim Dolan) is needed within Arlington by attending an EDA or Council meeting occasionally and giving updates on what SEDCO is doing or has to offer or what it can do for Arlington. Krueger commented that he would like to see the Arlington EDA set some expectations for SEDCO to consider.

Motion by Thomes, seconded by Lundstrom, and passed by unanimous vote to pay the annual SEDCO dues in the amount of \$2,233 and invite Tim Dolan to the next regular meeting.

Discussion resumed (from previous meeting) on Goal Setting. Smith-Strack tallied the survey results provided during the last meeting and broke them into different work areas and ranked in order of importance. She commented that 52 goals had been offered, of which 10 (50%) of the top 20 ranked goals were in the business development area; 5 (25%) of the top 20 ranked goals were in the market development area; 3 (15%) of the top 20 ranked goals were in the infrastructure development area; and 2 (10%) of the top 20 ranked goals were in the organizational development area. The following is a list of the top 10 goals overall:

- Work with SMC and local businesses to make Arlington the 'medical hub' of Sibley County.
- Update website to provide additional resources and 'one stop' business information.
- List available (purchase or lease) properties to be used for commercial or industrial on website.
- Conduct business retention visits with at least five businesses.
- Create concept plan(s) for future use possibilities at the former UFC site.
- Create concept plan(s) for future use possibilities at the Cemstone site.
- Apply for a beautification grant from MnDOT for areas adjacent to Highway 5 in conjunction with 2014 DOT Hwy 5 reconstruction project.
- Create goals and work plan (one year and five year).
- Correct reference to EDA term lengths (statute = 6 years) in enabling resolution and bylaws.
- Access federal funds through CEDS Regional 9.

The goals within each work area (Organizational Development, Business Development, Infrastructure Development, Market Development) were discussed and suggestions were made of what the next step/work plan should be for them or what contacts should be made. It was suggested to meet with the new SMC Administrator and new Director/Manager at Seneca to see what, if anything, the EDA can do for them.

Motion by Lundstrom, seconded by Thomes, and passed by unanimous vote to adjourn the meeting.

President, Mark Lundstrom

Director, Cynthia Smith-Strack