

KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION (EDC)  
JOINT OPERATIONS BOARD OF DIRECTORS (OB) ANNUAL MEETING  
**MINUTES**  
January 9, 2014  
EDC Office, Willmar

Present: Rollie Boll, Robert Carlson, Beverly Dougherty and Robert Enos

Excused: Rick Nordin and Milan Schmiesing

Ex Officio: Jim Butterfield and Bruce Peterson

Staff: Steven Renquist, Executive Director and Jean Spaulding, Assistant Director

Guests: Attorney Mike Burgett of Anderson & Burgett and Jim Ruff of Ruff & Company CPAs, Inc.

Media: Anne Polta, West Central Tribune

Secretarial: Nancy Birkeland, Legal & Administrative Assistants, Inc. (LAA)

President Bev Dougherty called the meeting to order at approximately 11:00 a.m.

AGENDA—The financial reports were removed from the Consent Agenda.

IT WAS MOVED BY Gary Gilman, SECONDED BY Rollie Boll, to approve the Agenda as emailed and the following Consent Agenda:

CONSENT AGENDA—

- Approved:
1. Minutes of December 12, 2013 meeting
  2. Bills
    - a. Minnesota Counties Intergovernmental Trust for \$3,139 (insurance for public employees, blanket bonds, property, business automobile, marine and general liability)
    - b. Payment of \$34,000, as budgeted, to Willmar Lakes Convention & Visitors Bureau for the 2014 Tourism Partnership Agreement
  3. Removal of committee members with thanks:
    - a. Glenn Arfstrom from the Agriculture and Renewable Energy Development Committee
    - b. Sara Goebel from the Marketing and Public Relations Committee

- Accepted: Committee Minutes
1. Finance 12/10/2013
  2. Marketing and Public Relations 11/25/2013
  3. Leisure Travel 11/4/2013

MOTION CARRIED.

[Steve Renquist, Jean Spaulding, Nancy Birkeland and Anne Polta were excused at approximately 11:15 a.m. for a closed session regarding the Executive Director's annual review.]

[Renquist, Spaulding, Birkeland and Polta rejoined the meeting at approximately 11:38 a.m.]

[Jim Ruff and Mike Burgett joined the meeting.]

Dougherty noted the board held a very effective and positive review of Executive Director Steve Renquist. During the closed session,

IT WAS MOVED, SECONDED AND CARRIED to recommend to the Kandiyohi County and City of Willmar Economic Development Commission Joint Powers Board that based upon a more than favorable review it continue the Executive Director's employment for 2014 as he more than meets expectations.

IT WAS MOVED, SECONDED AND CARRIED to continue the Executive Director's salary at \$79,500 as budgeted for 2014 and to consider a bonus based on an incentive-based performance as determined by a task force to be appointed by the Joint Operations Board.

The President and Vice President will meet with the Executive Director to go over the review.

Financial reports. Renquist asked the EDC's auditor, Jim Ruff, to clarify the reserves held by the EDC. Ruff reviewed with the board the December Balance Sheet noting in particular the Equity section as to Reserved Funds, Designated funds and Unreserved Funds. Reserved Funds are an accumulation of assets above the income and expenses of the organization. Reserved or restricted indicates someone or an entity outside the organization has placed a restriction on the funds and they can only be used for that restricted purpose. The board can permanently restrict and unrestrict money. Definitions are included in the Statement of Position by the Office of the State Auditor (see attached). The following are noted as Reserved Funds on the EDC's Balance Sheet:

- Entrepreneurs Loan Fund Reserve of \$53,263.00 is more of a designation rather than a restriction. Restricted is a stronger term than designated. This is the EDC's guarantee loan program where it guarantees 80% of the outstanding principal balance on loans made in partnership with banks. The Entrepreneurs Loan Fund Reserve is an arbitrary figure reserved by the board, which is currently 50% of current outstanding loans and is set annually. Spaulding noted the state auditor indicated the reserve can be as low as 20%.

- The Revolving Loan Fund-County of \$222,744 is a direct loan program. The funds were received from Kandiyohi County through the EDC's predecessors, the Kandiyohi County Rural Development Finance Authority (KCRDFA) and Kandiyohi County Economic Development Partnership, Inc. (KCEDP), and includes a Minnesota Department of Employment and Economic Development grant/loan to Christianson Systems, Inc. At the time the funds were transferred to the EDC, the county restricted these monies to be used for revolving loans and not for economic development. The EDC continues to collect principal payments on the Christianson Systems, Inc. loan. Concorde Bank services the loan and it is not shown as a loan receivable on the EDC's financials as the EDC does not service the loan, but receives the income from the loan.

Any loan losses through either loan program come out of reserves.

- Loan Receivable-HRA of Willmar is a restricted loan receivable and not available to the EDC.
- Tourism Development Reserve is specifically earmarked by Kandiyohi County for tourism.
- Designated/Invested in Capital Assets was a category recently added from the 2012 audit and is the undepreciated cost of office furniture and equipment.
- The unencumbered funds are approximately \$359,000.

Ruff noted in the State Auditor's Statement of Position, it recommends that government entities that rely on property taxes maintain an unrestricted fund balance of 35 to 50 percent of fund operating revenues or no less than five months of operating expenditures in their general fund. The EDC receives its revenues mid-year and at the end of the year so it is prudent for it to have reserves in order to even out the cash flow for working capital. Ruff noted the amount of reserves anticipated to make the 2014 budget should be reported on the financials. Renquist commented most units of government have multiple sources of income, but the EDC's principal source of income is the tax levy, which is received two times each year.

Attorney Mike Burgett provided an opinion as to the EDC's reserves and also referred to his January 8, 2014 memo (see attached). The Legislature does not have a list of dos and don'ts for reserve funds and there are no statutes that say the EDC shall or shall not have reserve funds nor how much they should be and there is little language as to what reserve funds should be used for. A person can draw the conclusion that reserve funds are allowed and can be used if it is prudent to do so. There is precedent as to reserve funds and how large the reserves should be and their use are left to the governing entity, the Joint Powers Board. The EDC has statutory language that reserve funds that exceed a certain level could be paid back to the governmental entities.

Ruff noted if dissolved, the EDC's undesignated reserves would be paid equally to the city of Willmar and Kandiyohi County.

Spaulding noted the Finance Committee recommended that \$200,000 be transferred from unreserved funds to the Revolving Loan Fund reserved funds. The loan limit was raised to a maximum of \$50,000 last month in hopes the program would be utilized more.

IT WAS MOVED BY Rollie Boll, SECONDED BY Robert Carlson, to approve the financial reports as of December 31, 2013 as presented. MOTION CARRIED.

[Jim Ruff was excused from the meeting.]

Conflict of Interest. Renquist informed the board a concern was brought to his attention that when the board voted to recommend extending the office lease, two board members should have abstained due to potential conflicts of interest. Burgett stated for voting purposes the governing documents, the Joint Powers Agreement and Bylaws, are the authority and neither addresses much as to voting. The Bylaws state *Roberts Rules of Order* are its parliamentary authority. *Robert's Rules of Order* state that any voting member is to abstain, if there is a conflict, which is defined as a direct, personal or pecuniary interest in the result. No board or voting member can be compelled to vote or compelled not to vote. Consequences could be disciplinary action by the governing body or by a court of law if a duty to the entity is breached. Has not researched statutes as to entities voting. Burgett will research state statute as to voting and conflict of interest. Spaulding noted she serves on boards that require full disclosure annually of all entities on which they serve. Dougherty requested pledges be obtained from those board members who have not signed one.

#### PROGRESS REPORTS

Willmar. Peterson reported on construction in and by the city of Willmar and the city is bidding to expand the industrial park to 100 acres.

Willmar Design Center (WDC). Dougherty reported the WDC is planning for 2014.

EDC/MinnWest Technology Campus. Renquist brought to the board's attention his written reports (see attached).

IT WAS MOVED BY Gary, SECONDED BY Bob Carlson, to table the 5-Year Goals and Objectives until the February 13, 2014 board meeting. MOTION CARRIED.

#### NEW BUSINESS

Business Development Specialist position. Renquist reviewed with the board the proposed Business Development Specialist job description (see attached). Renquist anticipates he will direct this individual to meet with each city council and township board in Kandiyohi County. The board discussed whether minimum education standards and trained requirements should be included with the description. Renquist will email the description to the Joint Powers Board if this board approves it.

IT WAS MOVED BY Roland Boll, SECONDED BY Gary Gilman, to recommend to the Kandiyohi County and City of Willmar Economic Development Commission's Joint Powers Board the proposed job description. MOTION CARRIED.

[Bruce Peterson was excused from the meeting.]

[The agenda was taken out of order.]

**COMMITTEE REPORTS—**

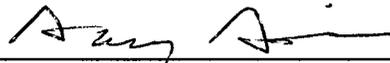
**Finance.** Spaulding reported the committee met this week and recommended approval of a loan under the Revolving Loan Fund program for Oakes Lawn Care, LLC. The total project is \$280,000.

IT WAS MOVED BY Roland Boll, SECONDED BY Gary Gilman, to approve a five-year \$37,500 Revolving Loan Fund loan to Oakes Lawn Care, LLC, at an expected interest rate of 5.25% with property and equipment being secured as collateral. MOTION CARRIED.

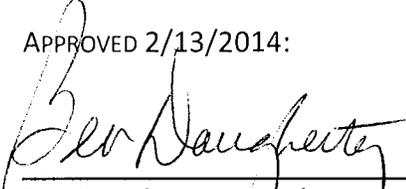
President Dougherty asked board members to think of which committee they would like to serve. The remaining agenda items were tabled until the February meeting.

**NEXT MEETING—**The next regular board meeting is **11:00 a.m., Thursday, February 13, 2014**, at the EDC Board Room.

**ADJOURNMENT—**There being no further business, the meeting was adjourned at approximately 1:03 p.m.

  
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Gary Gilman, Secretary

APPROVED 2/13/2014:

  
\_\_\_\_\_  
Bev Dougherty, President



REBECCA OTTO  
STATE AUDITOR

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## **Statement of Position Fund Balances for Local Governments Based on GASB Statement No. 54**

### **Background**

Governmental Accounting Standards Board's (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, defines the classifications of fund balance based on the focus of the constraints placed on the use of current fund balance. The Statement also identifies the governmental fund type definitions. This Statement of Position addresses only the fund balance classifications and reporting.

The requirements of GASB 54 are applicable to all local governments. Implementation was required for the first fiscal year ended June 30, 2011. However, most Minnesota local governments report on a calendar year. For those reporting on a calendar year, the first required year for implementation was the year ended December 31, 2011.

In governmental funds,<sup>1</sup> local government should identify fund balance separately based on a hierarchy of the constraints placed on the use of the financial resources within governmental funds. A local government will classify its fund balances into one of up to 5 classifications: nonspendable, restricted, committed, assigned, and unassigned. While some of the GASB 54 classifications are similar in nature to the classifications under pre-GASB Statement No. 54, the focus is different, and thus, what is classified into these classifications may be different.

### **Fund Balance Classifications/Definitions for Governmental Funds**

The fund balances of a local government's governmental funds should be reported in the new classifications based on the definitions in the following table:

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<sup>1</sup> Governmental fund reporting focuses primarily on the sources, uses, and balances of current financial resources and often has a budgetary orientation. The governmental fund category includes the general fund, special revenue funds, capital projects funds, debt service funds, and permanent funds. Codification of Governmental Accounting and Financial Reporting Standards § 1300.102.

Reviewed: July 2012  
Revised: July 2012

2010-1003

This Statement of Position is not legal advice and is subject to revision.

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| <b>Fund Balance Reporting</b> |  |   |  |
|-------------------------------|--|---|--|
| <b>Classification</b>         | <b>Definition</b>  | <b>Examples</b>   |  |
| <b>Nonspendable</b>           | “Amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.” <sup>2</sup>  | <ul style="list-style-type: none"> <li>• Inventories,</li> <li>• Prepaid items,</li> <li>• Long-term receivables in the general fund, and</li> <li>• Permanent principal of endowment funds.</li> </ul>   |  |
| <b>Restricted</b>             | “Fund balance should be reported as restricted when constraints placed on the use of resources are either: <ol style="list-style-type: none"> <li>Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or</li> <li>Imposed by law through constitutional provisions or enabling legislation.”<sup>3</sup></li> </ol> | <ul style="list-style-type: none"> <li>• Restricted by state statute,</li> <li>• Unspent bond proceeds,</li> <li>• Grants earned but not spent,</li> <li>• Debt covenants,</li> <li>• Taxes dedicated to a specific purpose, and</li> <li>• Revenues restricted by enabling legislation.</li> </ul>                                     |  |
| <b>Unrestricted</b>           | <b>Committed</b>   | “Used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority.” <sup>4</sup>  | <ul style="list-style-type: none"> <li>• The governing board has decided to set aside \$1M for a new city hall.</li> <li>• Property tax levies set for a specific purpose by resolution.</li> </ul>  |
|                               | <b>Assigned</b>  | “Amounts that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed.” <sup>5</sup>  | <ul style="list-style-type: none"> <li>• Governing board has set aside \$2 million for a county hospital and the county manager may amend this up to \$100,000.</li> <li>• Governing body delegates the authority to assign fund balance to the finance officer.</li> <li>• Governing board has appropriated fund balance often to balance next year’s budget.<sup>6</sup></li> <li>• Positive residual balances in governmental funds other than the general fund.</li> </ul> |
|                               | <b>Unassigned</b>  | Unassigned fund balance is the residual classification for the General Fund. This is fund balance that has not been reported in any other classification. The General Fund is the only fund that can report a positive unassigned fund balance. Other governmental funds would report deficit fund balances as unassigned. <sup>7</sup> |  |

<sup>2</sup> GASB Statement No. 54, ¶ 6.

<sup>3</sup> GASB Statement No. 54, ¶ 8.

<sup>4</sup> GASB Statement No. 54, ¶ 10.

<sup>5</sup> GASB Statement No. 54, ¶ 13.

<sup>6</sup> See appropriated fund balance section of this document.

<sup>7</sup> GASB Statement No. 54, ¶ 17.

## **Classifying Fund Balance**

A local government should classify its fund balances based on the nature of the particular net resources reported in a governmental fund. The government would first start by identifying nonspendable net resources, followed by restricted, committed, assigned and lastly unassigned. This will classify a fund's net resources from those that have the most constraints placed on their use to the least. A fund's net resources also are affected by the spending policy of that government. A local government should determine the order of use of resources when expenditures are incurred. Are restricted resources used first? Or, if available for use, are unrestricted net resources (committed, assigned, or unassigned) used first? If a local government does not have an accounting policy that identifies the order of use of resources, then the net resources with the most constraints are used first.

## **Unrestricted Fund Balance**

Unrestricted fund balance is the amount of fund balance left after determining both nonspendable and restricted net resources. The unrestricted fund balance is the amount of fund balance that a local government, itself, has placed constraints on its use (committed and assigned) and fund balance that does not have any specific purpose identified for the use of those net resources (unassigned). Unrestricted fund balance, therefore, includes the committed, assigned, and unassigned classifications. Committed and assigned fund balance represent resources set aside by the government to fund specific purposes. The two classifications differ in the formality of the action required to set aside the net resources.

The government's highest level of decision-making authority is required to commit available fund balance to a specific purpose. Once the action has been taken, the committed funds cannot be used for any other purpose unless the commitment is rescinded by the same type of action that previously committed the funds. The action taken to commit the funds must be taken prior to the end of the fiscal year, but the specific amount may be determined in the subsequent period.

The authority to assign may be delegated to an official other than the governing body. Unlike committed fund balance, the action taken to assign fund balance may be made after year end. In governmental funds other than the general fund, the assignment must follow the government's intent for the specific purpose of the individual funds. Therefore, all remaining positive fund balances in the special revenue, debt service, and capital projects funds are classified as assigned.

Unassigned fund balance represents the remaining unrestricted fund balance in the general fund after identifying fund balance that has been committed or assigned. Deficits in fund balances of other governmental funds are reported as unassigned. Assignments should never cause a deficit in unassigned fund balance to occur.

## **Stabilization Arrangements: Restricted/Committed vs. Unassigned**

Many local governments currently set aside part of fund balance for emergencies, working capital, cash flows, revenue shortages, or other contingencies. The authority to set aside these amounts usually comes from ordinance or resolution. The GASB calls these types of funds

“stabilization arrangements.” For a government to be able to set aside these types of funds as restricted or committed, they need to specifically define when these amounts may be used and specify a situation that cannot be expected to occur routinely. For example, identifying funds to be accessed “in an emergency” does not sufficiently detail the circumstance or condition that must be met for the funds to be considered committed. To commit these funds, the government needs to be more specific in defining an emergency. If the arrangement meets these requirements, it would be considered a specific purpose and reported as either restricted or committed, depending on the source of the constraint. Stabilization arrangements that do not meet the requirements should be reported as part of unassigned fund balance in the general fund.

### **Appropriated Fund Balance**

Usually a local government only classifies fund balances at year end for financial reporting purposes. Thus only current, and not future, net resources are classified. Typically, the subsequent year’s budgeted expenditures are expected to be paid from the subsequent year’s revenues and not the current reporting year’s ending fund balances. On occasion, local governments will “deficit” budget, or in other words, budget more expenditures than anticipated revenues and drawdown beginning fund balance for the subsequent year. An appropriation of existing fund balance to eliminate a projected budgetary deficit in the subsequent year's budget in an amount no greater than the projected excess of expected expenditures over expected revenues satisfies the criteria to be classified as an assignment of fund balance.<sup>8</sup>

### **Recommendations**

#### Adoption of Comprehensive Fund Balance Policy

The GASB’s Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, identifies fund balance accounting policies that a local government may have or should consider. The Office of the State Auditor recommends that each local government establish/approve a formal comprehensive fund balance policy relating to accounting and financial reporting of governmental fund balances. A local government’s fund balance policy could address the following areas:

- Minimum fund balance
- Order of resource use
- Stabilization arrangements
- Committing fund balance
- Assigning fund balance

#### *Minimum Fund Balance*

The Office of the State Auditor recommends that local governments determine and establish in their fund balance policy a desired minimum level of unrestricted fund balance to maintain in their general fund and other significant governmental funds. The local government’s governing

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<sup>8</sup> GASB Statement No. 54, ¶ 16.

body should keep revenue streams in mind when determining a minimum level of fund balance for their policy. Often a local government's revenue stream is not evenly distributed throughout the year. A local government will need sufficient beginning fund balances to pay expenditures until these revenues are received. For example, funds that rely heavily on property taxes must maintain sufficient financial resources until the next tax revenue collection cycle. Funds that rely on state appropriations and grants should consider the timing of those payments. Also, local governments need to maintain a prudent level of financial resources to protect against a forced service level reduction or having to raise taxes and fees because of temporary revenue shortfalls or unpredicted one-time expenditures.

Other considerations include the predictability of revenues and the volatility of expenditures. A local government may need higher levels of unrestricted fund balance if significant revenue sources are subject to unpredictable fluctuations or if operating expenditures are highly volatile, such as greater expenditures in the early part of the year. The availability of resources in other funds and the potential drain on the general fund resources from other funds could affect the necessary level of minimum unrestricted fund balance. The availability of resources in other funds may reduce the amount of unrestricted fund balance needed in the general fund, just as deficits in other funds may require that a higher level of unrestricted fund balance be maintained in the general fund.

After establishing a minimum level of unrestricted fund balance, the policy should provide for both a time frame and a specific plan for increasing or decreasing the level of unrestricted fund balance. If the actual unrestricted fund balance is not consistent with the policy, a plan should be developed by the governing body that will allow for compliance with the desired minimum level. The fund balance policy should include a provision for a regular review of the sufficiency of the minimum fund balance level.

#### *Order of Resource Use*

The Office of the State Auditor recommends that local governments include in their comprehensive fund balance policy the normal order of resource use. The policy should identify which fund balance resources (restricted or unrestricted) are normally used first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Also, for unrestricted fund balance, the local government should identify the order in which committed, assigned, or unassigned amounts are spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

#### *Stabilization Arrangements*

The Office of the State Auditor also recommends that local governments consider establishing a stabilization arrangement for emergency situations in their comprehensive fund balance policy. The policy should establish the amount to be set aside, identify the types of nonroutine emergencies/situations that would meet the need for use of stabilization funds, and clearly state that the amount set aside may only be used for the identified emergency situations.

### *Committing Fund Balance*

The Office of the State Auditor also recommends that a local government's governing body identify in its comprehensive fund balance policy its process for committing fund balance to a specific purpose. The policy could identify the local government's highest level of decision making authority, what formal action is required to commit fund balance, and what specific purposes normally will require committing resources.

### *Assigning Fund Balance*

Furthermore, the Office of the State Auditor recommends each local government that decides to delegate the authority to assign fund balance for a specific purpose include in their comprehensive fund balance policy the body or official authorized to assign amounts to a specific purpose and the types of specific purposes that may be assigned by that delegated body or official. The policy should also specify how the amounts for such assignments are arrived at and whether the governing body will set the assignments annually or will set up a process to make the assignment based on the guidelines established by the governing body.

### Appropriate Fund Balance Levels

The Office of the State Auditor recommends that, at year-end and/or at other key times of the year, local governments that rely significantly on property taxes maintain an unrestricted fund balance of approximately 35 to 50 percent of fund operating revenues or no less than five months of operating expenditures in their general fund and special revenue funds. This amount of unrestricted fund balance should provide the local government with adequate funds until the next property tax revenue collection cycle. The adequacy of unrestricted fund balance should be assessed based on an individual local government's own circumstances. If the local government's unrestricted fund balance is less than or greater than the recommended level, the local government should be able to explain the reason for the difference.

According to the Minnesota Department of Education, Minnesota school districts, unlike most local governmental units, experience timing of receipts from local property tax levies, state aids, and federal aids that provide a more reliable flow of cash to fund operations. Therefore, a recommended unrestricted fund balance for school districts may be less than the amounts recommended above for other local governmental units. Each school district should determine the appropriate level of unrestricted fund balance based on the school district's circumstances.

Local governments should also consider taking a position on the level of unrestricted fund balance in other funds that have unrestricted revenues. In setting an appropriate level, the local government should consider any long-term forecasting/planning issues to avoid the risk of placing too much emphasis on the level of unrestricted fund balance at any one time.

## **MEMO**

To: Steve Renquist

From: Mike Burgett, Anderson & Burgett, PLLC

Date: January 8, 2014

RE: Reserve Funds Establishment and Use by the EDC

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### **Overview of the Formation of the EDC**

The Minnesota Legislature enacted a bill during its 2003 session which authorized Kandiyohi County to exercise the powers of a city under § 469.090 to § 469.107. Further, the bill authorized Kandiyohi County and the City of Willmar to enter into a joint powers agreement pursuant to § 471.59 to exercise the powers common to the city and county under § 469.1090 to § 469.107 *in a manner to be determined by a majority of the Kandiyohi county board and the Willmar city council.*

That bill also identified the joint powers entity as a political subdivision of the state with the power to certify a tax levy to the county auditor.

What followed this legislation was the creation of the joint powers agreement between Kandiyohi County and the City of Willmar that is in effect today and which, upon its execution, marked the formation of the entity known as the Kandiyohi County and City of Willmar Economic Development Commission (“EDC”), which is operating with the full authority of a statutory EDA under § 469.090 to § 469.107. (Note: it appears that Alexandria went through a very similar process at the same time to create the Alexandria Area Economic Development Commission.)

### **First, a look at HRA Reserve Funds**

Legislation does not expressly prohibit or permit the establishment of reserves by Housing and Redevelopment Authorities, nor does it establish minimum reserves. But clearly they are understood to be a normal, prudent component of the operations of an HRA and the legislature leaves it to individual HRAs to determine the appropriate level of reserves for its operations. The only guidance offered by the legislature to HRAs for reserve funds lies in the provision granting authority to HRAs to invest reserve funds in certain ways. Specifically:

**§ 469.012 Subd. 1r:** An authority may invest any funds held in reserves or sinking funds, or any funds not required for immediate disbursement, in property or securities in which savings banks may legally invest funds subject to their control...

Clearly, specific legislation permitting reserves to be held by an HRA is not needed – otherwise it would be found within the HRA statute. But it isn't because it is widely understood that reserve funds would be established by HRAs. Would the legislature give specific authority to an HRA to invest reserve funds in the manners it has enumerated if the HRA was not even authorized to establish reserve funds? That would be absurd. In the same way, the legislature did not enumerate minimum reserves that need to be established by HRAs. It is left to the individual entity to exercise prudent practices in establishing its reserves.

### **Reserve Funds at the EDC**

As is the case with HRAs, the legislature has been silent about whether a reserve can or cannot be established by EDCs and what minimum reserves need to be. However, State law does permit, but does not require, the enabling body of an EDC (in this case the City Council and the Kandiyohi Board of Commissioners) to limit the powers of the EDC through its enabling resolution (in this case, through the Joint Powers Agreement) in a number of ways as set forth in § 469.092. More specifically, when it was created the Joint Powers Agreement “**could**” have included the following limiting language (from Minn. Stat § 469.092 subd.1(2)):

*“except when previously pledged by the authority, the city council [or, in this case, the Joint Powers Board] may by resolution require the authority to transfer any portion of the reserves generated by activities of the authority that the city council [in this case, the Joint Powers Board] determines is not necessary for the successful operation of the authority to the debt service fund of the city [in this case, the City and the County], to be used solely to reduce tax levies for bonded indebtedness of the city [in this case, the City and the County].”*

As was the case with HRAs, would the legislature give the enabling body of the EDC the option to limit the power of the EDC by requiring it to divest itself of a portion of its reserve funds *if the EDC wasn't even authorized to establish reserve funds?* Once again, that would be absurd.

As you're aware, there is no such limiting language contained in the Kandi/Willmar Joint Powers Agreement. Accordingly, unless an Amendment is made to the existing Joint Powers Agreement, there is no authority which would allow reserve funds to be diverted away from the EDC.

It is worthy of noting that, even if there was limiting language in the Joint Powers Agreement or Bylaws that addressed reserve funds, the Joint Powers Board could only direct the disbursement of reserves to the extent that they are not already pledged. With the EDC being obligated to the County for certain funds currently held in reserve, a significant portion of the existing “reserve funds” cannot be allocated to the debt service funds of the city/county.

It is also worthy of noting that the Willmar City Council, by itself, does not have the ability to direct reserve funds of the EDC. Nor does the Kandiyohi County Board of Commissioners. For that matter, the Operations Board does not have authority to determine the use of reserve funds. The only body that could influence the use of reserve funds is the Joint Powers Board. It has chosen not to.

There is no additional legislation that compels or directs the use of reserve funds held by the EDC. Any suggestion to the contrary would be a seriously misconstrued reading and interpretation of state law.

**Current Kandiyohi County and City of Willmar  
Economic Development Commission  
Development Projects**

**Report to EDC Joint Operations Board  
January 9, 2014**

Atwater – Business retention (1.1); hardware/greenhouse (1.1)

Raymond –business acquisition (1.1.10,1.5.1); community marketing plan (1.5.1); save-the-school effort (1.1.6)

New London – Grocery store (1.1); downtown business acquisition (1.1); marketing highway potential (1.1);motel (1.1)

Pennock – develop city owned housing lots (1.1); develop downtown property(1.1)

Kandiyohi – develop near RR property (1.1.); two business loans (1.1)

Lake Lillian – grocery store (1.1); natural gas pipeline (1.1); agricultural bio-mass pelleting center (1.1)

Priam – reconstituted animal feed – corn bio-mass and distillers grain (1.1)

Spicer – Highway 23 corridor marketing plan (1.1), downtown development (1.1)

MinnWest Technology Campus (1.1)

- Assisting in marketing this facility, results 30 companies 410 employees
- Manufacturing Showcase
- Animal Science Conference
- U of M Technology Showcase
- U of M Office for Technology Commercialization – recruiting
- Business center

Mid-Central Research and Outreach Center (1.1)

- U of M Regional Extension office
- U of M Avian Research Laboratory
- IREE
- AURI
- Renewable energy center

Turkey Research and Development Facility – joint venture, build w/ lease-back if necessary (1.1)

Bio-science Center (1.1, 3)

Dairy Research, Training and Consumer Education facility (1.1)

Mastitis – MWTC Potential (1.1)

Stem Cell – MWTC Potential (1.1)

Human vaccine (1.1)

Department of Defense (1.1)

Epitopix (1.1)

Renewable Energy (1.1)

NH<sub>3</sub> (anhydrous ammonia)

Methane

Wind – 2 wind farms

Bio-Gas

Bio-Mass

Ethanol – new energy source

Solar – solar farm near Atwater

Energy Commercialization Center (1.1)

Insurance Company Data Center (1)

Ag Bio – Etipopix, effort to attract Syntiron (3)

Jennie-O – two possible projects (1.1)

Venture capital (1.2)

Meadow Star, second plant (1.1, 1.2)

Cheese (1.1, 1.2)

Bio-Science corridor (1.1)

Renewable resource zone (1.1)

Beef finishing (1.1)

Kandiyohi County Landfill – waste to energy (1.1)

Buhler manufacture (1.1)

Area Infrastructure (1.1, 2.1)

- Industrial park development
- Airport – development of marketing plan
- BNSF RR related projects
- Rail Served Industrial Park
- Railroad By-Pass
- Passenger Rail
- Highway 23 Task Force

## Highway 12 Task Force

Veterans Home (1.1,3.2)

National retailers and hospitality – acquisition and site selection (1.1)

County based business, hospitality and service sector attraction (1.1)

Promote technology utilization – Blandin Web site grants have been successful (1.1)

Office center – (1.1)

- downtown
- Wal-Mart area business park

Centre Point Mall – assist w/ tenant relocation (1.1)

Angel Network – KCAN – Kandiyohi County Angel Network – merge efforts with Ag Finance – initial stages of regional Ag based finance network

Airport marketing ((2.1)

- Life Link III
- Metro Cargo Overflow
- Tour regional facilities – marketing plan

Community Owned Grocery (1.1)

Barn Shed project – food distribution center and other retail (1.1)

**Kandiyohi County and City of Willmar Economic Development Commission**  
**5-Year Goals (2011-2016)**  
***Updated January 9, 2014***

**Goal 1 – Create, recruit, retain and expand businesses in Kandiyohi County**

Objective 1.1 – Develop, invest in, and support programs and activities that foster the retention and expansion of existing business plus the creation of a growth environment that allows the recruitment of new businesses, with a special emphasis on value added agriculture, renewable energy, bioscience and the MinnWest Technology Campus as a technology hub

Strategy 1.1.1 – Retention, expansion, and recruitment of businesses at the MinnWest Technology Campus

- Coordinate with MWTC Business Development staff with entrepreneurship opportunities
- Partner with MWTC in a Community Venture Network Membership
- Collaborate with MWTC for targeted business recruitment events and activities
- Develop materials for outreach and follow-up on leads generated that would fit the MWTC collaborative culture
- Support the Animal Science Venture Conference at the MWTC and the University of MN Office of Technology and Commercialization
- Support efforts to develop, engage, expand, and promote the Mid-Central Research and Outreach Center (MCROC)

Strategy 1.1.2 – Development of agriculture and renewable energy businesses

- Support the development of additional sources and uses for area food products
- Prioritize and target resources toward the recruitment, retention, and expansion of primary and secondary businesses in value added agriculture and agbioscience
- Additional movement to state designation as a Renewable Resource Development Zone
- Work with area partners to create a Bioscience Zone
- Attract State of Minnesota Dairy Research, Training and Consumer Education facility
- Continue development of Minnesota Turkey Research and Development facility

Strategy 1.1.3 – Business Retention and Expansion

- Develop and implement a business retention and expansion (BRE) survey program

- Create a database program that will leverage the BRE survey data and will collaborate with the Synchronist program

#### Strategy 1.1.4 – Leadership Development

- Actively promote and recruit a diverse and balanced representative group of established and emerging leaders from Kandiyohi County/Willmar to participate in the Blandin Community Leadership Program in September 2014; support their efforts upon completion of the program

#### Strategy 1.1.5 – Entrepreneurship

- Develop templates and resources along with Ridgewater College for successful entrepreneurship programs and training that can be delivered through the EDC website
- Collaborate with existing entrepreneurship resource providers in the region and statewide
- Actively support a champion for the creation of a co-working model for business development within the county

#### Strategy 1.1.6 – Workforce & Talent Development/Recruitment

- Launch the redesigned “Bring em Home” campaign in conjunction with the Vision 2040’s committee to attract new residents to the community.
- Identify through social media outlets graduates of Kandiyohi County schools for targeted messages through the “Home” campaign
- Develop strategic priorities in technology jobs development in conjunction with Ridgewater College
- Support existing efforts within the region led by Ridgewater College, Central Minnesota Jobs and Training Services, DEED, and other stakeholders

#### Strategy 1.1.7 – Economic development programs including WAM-BC, downtown development, and community development throughout Kandiyohi County

- Serve on WAM-BC Board of Directors to promote collaboration and EDC programs and services.
- Serve on WDC Board or Committee to promote collaboration and EDC programs and services.
- Provide outreach to city councils within the county to promote collaboration and EDC programs and services.

#### Strategy 1.1.8– Mapping of Industrial Development within Kandiyohi County for infrastructure and services

- Complete Shovel Ready process for Willmar’s Industrial Park.
- Assist other cities within the county in efforts to map their industrial properties and/or complete the Shovel Ready process.
- Contact service providers (utilities, broadband, telco’s) for cooperative mapping and trench programs for Kandiyohi County and City of Willmar.
- Work with county community officials and real estate professionals to create and maintain a compilation of available commercial and industrial property

Strategy 1.1.9 – Broadband Internet Access and Utilization

- Continue collaborative efforts through Blandin’s Broadband Initiative including the coordination of a Hackathon
- Coordinate with Connect MN to create an access map that will be utilized to educate community on existing infrastructure and build-out needs
- Convene a taskforce with user groups and providers to develop a public-private strategy utilizing best practices and attract resources for infrastructure funding

Objective 1.2 – Increase the availability of and /or access to debt and equity financing resources

Strategy 1.2.1 – Debt Financing

- Explore potential sources of capitalization for the EDC’s loan program and other business finance programs within the county
- Leverage resources from regional, state, and national financing programs

Strategy 1.2.2 – Equity Finance

- Assess the feasibility of a countywide angel investor fund or network; support development efforts as warranted
- Participate in active angel investor networks within the state

Objective 1.3 – Market Kandiyohi County to prospective businesses, residents, investors and site selectors

Strategy 1.3.1 – Marketing materials and tactics that promote business opportunities in Kandiyohi County

- Develop new printed marketing materials and a plan for targeted dissemination
- Enhance the EDC’s website and social media presence
- Re-create the recruitment campaign

**Goal 2 – Improve, maintain and expand Kandiyohi County’s transportation infrastructure through increased collaboration**

Objective 2.1 – Support efforts to improve, maintain, expand, and market our existing transportation infrastructure

Strategy 2.1.1 – Willmar Municipal Airport

- Support efforts of the City of Willmar to market the airport to existing and prospective businesses within the city/region
- Assist the City of Willmar with any funding opportunities to maintain, improve, or expand the existing facility
- Examine opportunities to create linkages that might expand the utilization of the airport

Strategy 2.1.2 – Railroad

- Assist efforts of BNSF, the City of Willmar and Kandiyohi County on all funding opportunities through the TIGER Federal Grant program, MNDOT and DEED for construction of a rail bypass west of Willmar
- Coordinate with BNSF, the City of Willmar and Kandiyohi County a design build for a rail-serviced Industrial Park loop for land west of the expanded Willmar Industrial Park  
Coordinate with BNSF marketing outreach to rail serviced customers that are in need of expanded building development opportunities with the Willmar Industrial Park

Strategy 2.1.3 - Roads and Highways

- Engage the Hwy 23 Coalition to work with MnDOT on development of passing lanes on the Hwy 23 corridor from Willmar to I-90
- Utilize the resources of the Hwy 23 Coalition to advocate the completion of the planned 4-lane along Hwy 23 between New London, Paynesville and Richmond
- Engage MnDOT resources to promote ‘super two’ passing lanes between Willmar and Litchfield
- Determine viability of Highway 12 Coalition
- Work with Willmar element on improvement of Highway 12 through the city

**Goal 3 – Promote and position Kandiyohi County (Willmar) as a regional medical center**

Objective 3.1 – Coordinate annual medical community listening sessions

Objective 3.2 – Support efforts to develop a Veterans Home in Willmar

Objective 3.3 – Determine community attributes most attractive to medical professionals

Objective 3.3 – Coordinate workforce recruitment efforts specifically designed for the healthcare sector within the “Home” campaign

- Invite medical recruitment professionals from Rice Hospital, APMC, Family Practice Medical Center, Bethesda, and other providers to input and design a “Medical HOME” campaign

**Kandiyohi County and City of Willmar  
Economic Development Commission (EDC)  
Business Development Specialist**

**Job Summary**

The position is an active member of the Economic Development Team. It upholds the mission and core objectives of the EDC by:

- Identifying development needs and opportunities in Kandiyohi County
- Developing and implementing a marketing plan to advance the economies in the rural areas and the communities in Kandiyohi County
- Recognizing and advancing agribusiness, bio-business, value-added agriculture and renewable resource development as economic drivers in the future success of Kandiyohi County
- Promoting, retaining and expanding existing businesses in Kandiyohi County

**Job Specifications and Requirements**

The applicant must demonstrate a trained or acquired ability to work with new and existing businesses in Kandiyohi County communities by:

- Serving on a team to design and implement effective economic development programs
- Providing communities with planning and visioning toward their goals
- Enhancing development by identification of and contacting business retention and growth opportunities
- Having highly developed organizational, planning and communications skills
- Having the ability to process guidelines and objectives into effective action plans
- Being able to understand financial reports, business plans and budgetary guidelines

**Job Relationships**

Responsible to: Executive Director

Work with: Assistant Director

Agribusiness and Renewable Energy Development Committee

Business Retention, Expansion and Recruitment Committee

Marketing Committee

Finance Committee