

**KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION (EDC)
JOINT POWERS BOARD OF COMMISSIONERS MEETING
MINUTES
April 28, 2011
EDC Office, Willmar, MN**

Present: Denis Anderson, Harlan Madsen, Jim Butterfield, Dean Shuck and Frank Yanish
Staff: Steven Renquist, Executive Director and Jean Spaulding Assistant Director
Excused: Ron Christianson
Secretarial: Nancy Birkeland, Legal & Administrative Assistants, Inc. (LAA)
Media: Anne Polta, West Central Tribune

Chairperson Harlan Madsen called the meeting to order at approximately 11:31 a.m.

MINUTES—

IT WAS MOVED BY Denis Anderson, SECONDED BY Dean Shuck, to approve the minutes of the January 27, 2011 meeting of the Kandiyohi County and City of Willmar Economic Development Commission Joint Powers Board of Commissioners as mailed and e-mailed. ALL PRESENT VOTED IN FAVOR BY ROLL CALL.

TREASURER'S REPORT— Steve Renquist presented the financial reports for periods ending January 31, February 28 and March 31, 2011 and 2010 year-end adjusted reports and reviewed with the board the most recent Balance Sheet showing undesignated funds of \$243,543. Renquist also reviewed the March Statement of Activities, including the Agriculture and Renewable Energy Development (Ag) Committee's budget and expenditures. Renquist informed the board he authorized additional hours for the part-time employee, which have averaged close to 40 hours per week since last fall, and noted he has been pleased with the employee's performance.

IT WAS MOVED BY Dean Shuck, SECONDED BY Denis Anderson, to accept the Kandiyohi County and City of Willmar Economic Development Commission financial reports for periods ending January 31, February 28 and March 31, 2011 and 2010 year-end adjusted reports, subject to audit. ALL PRESENT VOTED IN FAVOR BY ROLL CALL.

UNFINISHED BUSINESS

Ag Committee's budget. Renquist informed the board the EDC Joint Operations Board requested the 2011 budget be amended to reflect adjustments.

There was no other unfinished business.

NEW BUSINESS

2010 audit. Renquist reported Jim Ruff is working on the 2010 audit. Jean Spaulding reported Ruff hopes to have the audit done by the next board meeting and it is moving ahead very well. The EDC has not paid anything to the County Auditor/Treasurer for the EDC's bookkeeping services.

Agribusiness & Renewable Energy Specialist position. Renquist reviewed with the board his March 10, 2011 memo for a recommendation from a part-time to full-time position for the Agribusiness & Renewable Energy Specialist (see copy attached). Renquist informed the board the Joint Operations Board made a motion recommending the position be made full time at an annual salary of \$45,000 with \$15,000 be taken from reserves for 2011. Renquist reviewed the history of the position and recommended \$15,000 be taken from reserves for the position for 2011 and 2012. Board members noted Kandiyohi County does not have a hiring freeze, but no new positions have been created and the county is not replacing retiring staff, however, the city of Willmar does have a hiring freeze on new positions. Renquist reviewed with the board the Agribusiness & Renewable Energy Specialist Joint Powers Board Report April 2011 (see copy attached) and the items on which the employee is working. Renquist recommends standard benefits with two weeks vacation. The board discussed, at length, the position, the employee and the long-term ramifications of a full-time position on the tax levy. Renquist stated a contract would be set up for the rest of 2011 and annually reviewed and renewed by this board on a calendar year basis. The employee will be expected to meet goals and criteria set by the Ag Committee.

IT WAS MOVED BY Dean Shuck, SECONDED BY Jim Butterfield, that the Joint Powers Board ratify the recommendation of the Joint Operations Board that the Kandiyohi County and City of Willmar Economic Development Commission hire Cathy Keuseman full-time as the Agribusiness & Renewable Energy Specialist at an annual salary of \$45,000 (with benefits, including two weeks vacation) prorated from the date the position is made full time and increase the Agriculture and Renewable Energy Development Committee's budget to \$65,000 and the EDC budgeted revenues from reserves be increased by \$15,000. ALL PRESENT VOTED IN FAVOR BY ROLL CALL.

Annual board planning session. Renquist recommended the boards' annual planning session be held prior to determining the 2012 budget. Renquist suggested a facilitator be hired every few years for the planning session, but he and Spaulding can facilitate this year. By consensus, the board selected June 30 to hold the planning session with the first choice of 9 a.m.-noon or second choice of 5-8 p.m. The planning session will primarily focus on the 2012 goals and secondarily on how the budget will work into the goals. Renquist informed the board the line item allocations in the 2011 budget will change. **Staff** was directed to create a recommended 2012 budget and present it to the board at its July meeting.

There was no other new business.

Economic development activities. Renquist highlighted EDC activities, including working with the Atwater businesses involved in the fire; financing a convenience store in Kandiyohi; helping Lake Lillian with programs, including reuse of the former winery and former coupon redemption center; meeting with Senator Gimse, who suggested forming a coalition concerning Highway 12 from Litchfield to Willmar and into the Twin Cities. Renquist reported MinnWest Technology Campus (MWTC) continues to grow and thanked the city of Willmar for approving the leases and contracts between the Mid-Central Research and Outreach Center (MCROC) and MWTC. An avian research department will be at MCROC. The Ag Committee continues to pursue a dairy research

and education facility, renewable energy, including anhydrous ammonia, wind and energy commercialization efforts through MCROC. Bühler Industries is moving forward; Renquist thanked the Willmar School District, city of Willmar and Kandiyohi County for modifying the sub-zones and approving new JOBZ areas for Willmar Fabrication. Renquist met with the Willmar Airport Commission on promoting the airport and the EDC will participate in a state angel investment network. Spaulding reported attending the Worthington bioconference at which Jagi Gill of Tenex Health was a presenter on new technologies and did a very nice job on complimenting Willmar; the state angel tax credit and Minnesota angel network are moving forward; and potential leaders of the Kandiyohi County Angel Network will meet in May. Spaulding stated the *West Central Tribune* printed information from the "Readiness Analysis of the MIRC Demonstration Communities" report (a copy of the full report will be emailed to the board) in which Kandiyohi County is ranked first, mainly due to its marketing efforts. The report evaluates mapping of carriers and what kind of subscription rate there is for services. Spaulding stated a new satellite service provider, LightSquared, contacted the EDC this week and was featured in the April 24 issue of the *Minneapolis Star Tribune*.

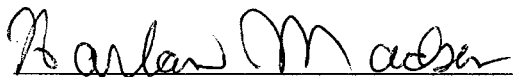
ADJOURNMENT—There being no further business, the meeting was adjourned at approximately 12:56 p.m.

NEXT MEETING—The next regular board meeting is **11:30 a.m., Thursday, July 28, 2011**, at the EDC office.



Denis Anderson, Secretary

APPROVED 7/28/2011:



Harlan Madsen, Chairperson

Kandiyohi County and City of Willmar
Economic Development Commission

To: EDC Operations and Joint Powers Boards

From: Steve Renquist

Date: March 10, 2011

Re: Recommended conversion of Agribusiness and Renewable Energy Specialist from part time to full time position

Cathy Keuseman has served as the EDC's Agribusiness and Renewable Energy Specialist for nearly one year. During that time Cathy has performed the duties of the position very well, solidified existing EDC Ag Committee objectives and launched several new initiatives. Her work has been consistent with the EDC Five Year Plan and focused on Ag Committee objectives. The Ag Committee is working on achieving some previously planned goals that had been removed from the goal lists as unobtainable. Some examples of projects that had been planned and dropped include the Ag Committee web site, the Ag Committee pod casts, the quarterly Bio-Business Forums and the Renewable Resource Commercialization Center.

The past two months the employee expense has been \$5,159.12 per month. This figure includes pay, PERA, FICA, employee payroll taxes and employer payroll taxes and other costs paid by the EDC. Cathy is presently an hourly employee and, in consideration of the large number of projects in play, I authorized extra time. Cathy legally may not continue as a part time employee and working full time hours. I know she wants a full time position and I would like to keep her performing the duties of the EDC's Ag and Renewable Energy Specialist.

The EDC Agribusiness and Renewable Energy Development Committee voted in their December meeting to recommend to the Operations Board that Cathy's job be converted to full-time. The original motion was made by a person who used to have the part time position.

My proposal:

Hire Cathy Keuseman as a full-time Ag and Renewable Energy Specialist with typical employment status change probationary period.

The recommended salary - \$50,000 per year

Employer's share:

FICA @ 6.2% =	\$ 3,100
Medicare @ 1.45% =	725
Workers' compensation @ \$3.15/1000	158
PERA @ 7.25 =	3,625
Health Insurance @ \$579.75/mo =	<u>6,957</u>
Total employers share (\$50,000 salary) =	\$14,565
Recommended salary	<u>50,000</u>
Total cost	\$64,565

My proposal to fund the position:

2011 Budget:

Part time employee	\$ 25,000
From Ag budget (\$25,000 available)	15,000
From EDC undesignated reserves*	<u>25,000</u>
Total	\$ 65,000

***I recommend utilizing unrestricted reserve monies to complete the funding of the position for two years 2011 and 2012.** This would not be a permanent source of funding but would facilitate the position while more permanent sources of revenue are created. It is early but it is my preliminary judgment that the EDC consider its first budget increase in four years. A draft example of a \$35,000 budgetary increase for each of two years provides the necessary revenue to pay for the additional funding necessary to pay the Ag and Renewable Resource Specialist, the EDC contribution to the Southwest Initiative Foundation (SWIF receives a \$18,000 contribution, paid from reserves) and a few other small budgetary adjustments.

Some may question the wisdom of utilizing the reserve fund to provide the necessary revenue to fund the Ag and Renewable Resource Specialist position. The EDC Ag Committee is a significant contributor to the reserve fund based on several years when we budgeted funds for a larger than realized level of Ag Committee activity.

Ag Committee contribution to EDC reserve fund

2010	\$ (3,500) over	(50,000 budget)
2009	19,500	"
2008	14,500	"
2007	17,000	"
2006	42,800	(80,000 budget)
2005	2,800	(30,000 budget)
2004	<u>0</u>	(0 budget)
Total	\$93,100	

The Board must be cautioned that, although the EDC has a healthy Total Fund Balance of \$471,170 (\$280,381 undesignated) it cannot continue for many years funding new operations from reserves. The proposed conversion of the Ag and Renewable Resource Specialist, especially combined with other EDC initiatives, will obligate the EDC to seek new revenues (Steve-speak for increase the budget).

Summary

The Ag and Renewable Energy Specialist is doing a great many of the tasks we had envisioned the position accomplishing several years ago. The Ag Specialist wants to work full time. I believe the budgetary increase is affordable and the mechanism of utilizing a portion of previous unspent Ag Committee dollars is prudent. I do not envision this action as a new hire, we simply are formalizing the relationship with a part time employee that has been working successfully with EDC programs for nearly one year. The taxpayer will receive a significant return in their investment due to the previously demonstrated productivity of this position. This action causes no increase in the EDC levy for 2011.

Agribusiness & Renewable Energy Specialist Joint Powers Board Report April 2011

Sub-committee on fuel cell development from renewable resources

We have met with MCROC personnel Tim Miller who is a committee member and will be drafting a proposed demonstration project to be done at the MCROC facility. The demonstration project will be to pursue the feasibility of manufacturing a methane fuel cell cartridge for hand held devices using local resources. This would be an Ag-Biotech project. We are pursuing funding from some grants and also resources at the MCROC. The committee meets monthly on the first Monday of each month at 7:30am in the EDC Board Room.

Agriculture and Renewable Energy Initiatives: 1 & 4

Sub-committee for Kandiyohi County Greensteps Cities

Jeff Vetsch, program coordinator for CERT's, has volunteered to be Chairman of the committee. There are over 20 cities currently pursuing this certification in Minnesota. There are over 15 members of the Greenstep Cities subcommittee and we have outgrown the EDC Conference room and are meeting at Heartland Action Agency. The working groups also meet on their own to manage the best practices to certify a city. The working groups are:

- Energy efficient buildings and lighting systems
- Transportation
- Land use
- Environmental management
- Economic development (Cathy Keuseman, Steve Renquist, Bob Bonawitz and Bev Dougherty recruited for this group)

The sub-committee has identified working group leaders and recruits to start the work in New London and Spicer. The sub-committee chairman and Andrew Bjur are setting up a meeting with the City of Willmar to introduce the benefits to the planning commission. The next meeting is scheduled for May 26th at 4:30pm at the Heartland Action Agency.

Agriculture and Renewable Energy Initiatives: 1, 3 & 4

Sub-committee for Regulatory Environment

During the Ag Committee planning meeting this year it was noted that we are not doing enough for Objective 3: create a positive regulatory environment. A sub-committee was formed under direction of the committee chairperson and Tim Miller agreed to be the sub-committee chairperson. A few meetings have been held on the direction of this committee. The topics will be centered on local agriculture issues and a professional path will be detailed out for the Ag Committee to review for each issue for their approval. Sensitive issues will be raised to the EDC operations boards for approval prior to action. The subcommittee meets the first Friday of each month and is held at the MinnWest Technology Campus Conference Room. The next meeting is scheduled for May 6th, Time is still being determined.

Agriculture and Renewable Energy Initiative: 3

Agribusiness & Renewable Energy Specialist Joint Powers Board Report April 2011

Dairy Research and Training Facility

The state has passed the Ag Bill this past month to include a feasibility study focus group for a dairy research and training facility using the business plan that Steve Renquist and I help draft with the working groups we participated in this past year. We are networking with our political representatives to keep Kandiyohi County in the running. We have been told Kandiyohi County is still being considered due to Ridgewater College. Recently Ridgewater College's Dairy Training Team (PALS) took the top three spots in the national training event for dairy students.

Agriculture and Renewable Energy Initiatives: 1 & 4

Anhydrous Ammonia (now called the NH3 Project)

The data suggests biomass is competitive if used on a regional basis where the biomass is delivered to the plant by the farmer in a 50 mile radius. Also the economy of scale for production is at 75-100 tons per day which would fit a regional center. The wind study was completed and the analysis proved biomass was more feasible than wind for this area. Business plans and preliminary financial statements were written and the formal grant study was submitted to the state and is now public information. Our team has had meetings with three local cooperatives to form a new entity to pursue a formal engineering and planning study to locate a plant in Kandiyohi County. We are getting very positive feedback from the cooperatives and have more research to do prior to them forming the entity. We have ongoing meetings in May set-up for this project.

Agriculture and Renewable Energy Initiatives: 1&4

Inter-active Electronic Newsletter www.kandi-ag-energy.com

Last month the hits on the website were over 3,400. There is a lot of activity since we have been uploading the podcasts of the BioBusiness Forums. This year we would like to showcase the Agriculture and Renewable Energy Development Committee members and do an article and picture on each member. We plan to start with the Chairmen and Sub-committee Chairmen and then alphabetical for all committee members. We would also like to pursue Google Ads on the site to raise money for Ag Committee Projects.

Agriculture and Renewable Energy Initiative 2

BioBusiness Forums

This past month the forum was centered on the new Mid Central Research and Outreach Center. Our guest speakers were Dr. Robert Jones, VP of University of Minnesota, Dale Wahlstrom President, Biobusiness Alliance of Minnesota and Life Science Ally, and Jim Sieben of Nova-Tech Engineering and President of MinnWest Technology Campus. We had a good turn-out for a snowy April day, 55 people attended. There is an attachment to this report of statics of Biobusiness in the State of Minnesota and the potential for Kandiyohi County to be a dominant player of Ag-Biotech and Ag-Processing projects. Also attached is the article from the West Central Tribune. Podcasts will be made in the next month from this forum and hosted on the website. The topic is undecided for June. We may host a renewable Ag-Biotech meeting with scientists on how to manufacture new products from agriculture residues. However, if the NH3 project creates a new entity in May we will dedicate the Biobusiness Forum in June to that announcement.

Agribusiness & Renewable Energy Specialist Joint Powers Board Report April 2011

Agriculture and Renewable Energy Initiatives: 1, 2, & 4

Kandiyohi County Landfill Task Force

The taskforce is moving closer to recommendations to the county commissioners for three options for them to pursue. A new and improved landfill, become a transfer site to another municipal solid waste processing center, or a waste-to-energy project. A matrix of criteria is being completed for this recommendation. The anticipation is the matrix will be completed in June and then presented to the county board. The commissioners then will make their decision on the pathway they wish to pursue and will hire experts in the proposed area to complete a feasibility study for the project.

Agriculture and Renewable Energy Initiative 1, 3, 4

US Senator Al Franken Presentations

A request was made from Senator Franken to tour through the county's Health and Human Service Building to see the geothermal heating and cooling system that is installed in that building which is similar to the system in the Law Enforcement Center. The Senator is a sitting member of the U.S. Energy Committee and ceased on the information we presented last August about the cost savings to governments using geothermal energy systems in government buildings. It's estimated that Kandiyohi County saves approximately \$300,000 a year in energy costs on the two buildings. A tour was set up and a professional presentation was made to his staff. Pictures were taken of the system with facts on the system for him to take back to Washington. Our presentation also covered the Empower Kandiyohi Solar Project, the joint project with Willmar Municipal Utilities and Kandiyohi Power Cooperative. This joint project will offer residents the choice to obtain their power from solar energy, while their neighbor can still chose to use traditional power sources. We also requested endorsement from his office on the EDA/MCROC grant we were submitting and did receive his endorsement.

The presentation then moved to Willmar Municipal Utilities where they presented on the updated results from the wind turbines, current status of their corn cob project, and regulatory mitigation and improvements at the utility. The visits from the senator are always timed and every minute has to be accounted for and used wisely. Also the presenters and presentation materials require approval by his staff.

Agriculture and Renewable Energy Initiative s: 1 & 4

EDC/MCROC Partnership

The grant was submitted successfully by the deadline with the approval from the University of Minnesota's grant writing team, endorsement from Senator Franken's office and 4 regions collaborating along with academia and private sector cooperation for a new renewable energy commercialization center. The federal agency, Economic Development Agency(EDA), sent our application back with comments and a request for very specific data sets only the University of Minnesota could provide. The University is pursuing options to provide this data to the EDA, however, has not committed to providing the data. It may be the University will seek other funding mechanisms to provide this opportunity at the MCROC. Dr. Jones is committed to providing a renewable energy workforce training and