

KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION (EDC)
JOINT OPERATIONS BOARD OF DIRECTORS (OB) MEETING
MINUTES
August 14, 2014
EDC Office, Willmar

Present: Rollie Boll, Robert Carlson, Beverly Dougherty, Gary Gilman and Linda Kacher

Excused: Jim Butterfield

Absent: Art Benson

Ex Officio: Bruce Peterson

Staff: Steven Renquist, Executive Director, Jean Spaulding, Assistant Director and
Connie Schmoll, Business Development Specialist

Guests: Doug Dietz and Steve Maher

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

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

AGENDA—The agenda was amended to add approval of a bill as item 2 under New Business.

IT WAS MOVED BY Rollie Boll, SECONDED BY Gary Gilman, to approve the amended agenda.

IT WAS MOVED BY Rollie Boll, SECONDED BY Linda Kacher, to approve the following Consent Agenda.

CONSENT AGENDA

- Approve: 1. Minutes of July 10, 2014 meeting; and
2. Financial reports as of July 31, 2014
- Accept: 1. with regret the resignation of Joanna Schrupp from the Marketing and Public Relations Committee
2. Committee Minutes
a. Agriculture and Renewable Energy Development 6/19/2014
b. Finance 6/10/2014
c. Business Retention and Expansion/Recruitment 7/2/2014
d. Marketing and Public Relations 6/23/2014

MOTION CARRIED.

PROGRESS REPORTS

Willmar. Bruce Peterson reported the Jennie-O construction project is underway and the Willmar Avenue crossing is nearly completed; the city of Willmar continues to work on the industrial park expansion, but wetlands need to be addressed before bids for site work can continue; he met with Kim Brinton at the former veterinary supply building; Brinton has a potential partner for a marijuana grow facility and has the ability to add 15,000 square feet to the building; plans are for the facility to be three stories; a recent article on Brinton's plans for a marijuana grow facility has also elicited interest in the building by other veterinary supply companies. Peterson also continues to work with LifeLink on a new location at the airport to house its helicopters. LifeLink likes the Willmar airport and is an asset to the community.

Willmar Downtown Development, Inc. Dougherty reported Bounty of the County, a local foods dinner and fund raiser, was held last night with great attendance; demolition of Historic 313's interior is underway. A new roof is scheduled for this month and will be done through a small cities development grant from the Minnesota Department of Employment and Economic Development (DEED) and a match from Willmar Downtown Development. The Fuchs' buildout is scheduled for November.

EDC/MinnWest Technology Campus. Jean Spaulding reported plans are underway for the University of Minnesota (U of M) showcase on September 30 at the Willmar Conference Center followed by a 4:30 p.m. reception for the Animal Science Conference. The U of M will talk about programs it offers in technology commercialization and its new Office for Business and Economic Development. The mission of the showcase is to let people know how to have better access to the U of M and its programs. The EDC hosted a site selector familiarization (FAM) tour coordinated by DEED and its marketing partners. Eight site selectors from across the country, including New York, New Jersey, Chicago, Houston and Phoenix, were brought to Minnesota to educate them on what Minnesota has to offer as a place to do business. Communities included were: the Duluth area, St. Cloud region (including Alexandria and Fergus Falls), Willmar/Hutchinson, Worthington/Windom, Faribault/Austin region and the Twin Cities. Willmar's site selector was from Phoenix. Many had never been to Minnesota and were very impressed with Minnesota in general. This is the second year DEED has done such a FAM tour. Monday, the EDC hosted a group from seven Latin American countries, who are on a three-week tour of the United States, and are looking for best practices in how to work with businesses and received guidelines and business plan forms. Renquist reported he gave an orientation to new board members Linda Kacher and Art Benson; the EDC has agreed to work with the Willmar Airport Commission on marketing the Willmar airport; Connie Schmoll led a tour of Riverview Dairy near Benson; Renquist is working with EpiTopix; Schmoll is working with New London and Spicer on a possible hotel and with New London for a grocery store; work continues on the railroad bypass; the Willmar Community-Owned Grocery continues to move forward and has negotiated a larger portion of the building it plans to lease. Spaulding reported she is a member of the state economic development association's government relations committee, which will start putting together a platform and hearing the needs and issues of economic development statewide.

Willmar Area Multicultural Business Center (WAM-BC). Spaulding reported Leslie Kelly has joined WAM-BC staff. Linda Kacher noted there was a nice newspaper article with WAM-BC's

statistics. Spaulding noted statistics are strong that the more technical assistance provided to entrepreneurs before and after going into business, the higher likelihood of their succeeding. SCORE and the Small Business Development Center also offer technical assistance. EDC staff will meet with the SCORE representatives about the EDC's new office location and space.

UNFINISHED BUSINESS—There was no unfinished business.

NEW BUSINESS

Funding Request Guidelines. Renquist stated there is a recommendation that paragraph 6 of the Funding Request Guidelines be revised to read Nonprofit corporations are ineligible for funding from the EDC rather than "for profit" corporations or that the paragraph be eliminated.

IT WAS MOVED BY Gary Gilman, SECONDED BY Linda Kacher, to strike from the Kandiyohi County and City of Willmar Economic Development Commission's Funding Request Guidelines paragraph 6, which reads "For profit corporations are ineligible for funding from the EDC." MOTION CARRIED.

Approval of bill. President Dougherty presented a bill from the EDC's attorney that requires board approval as it is over \$1,000. Renquist reviewed the bill with the board. Discussion was held on seeking legal counsel without board approval. Renquist indicated he will obtain approval from the board chairs before seeking legal counsel when there are allegations of wrongdoing.

IT WAS MOVED BY Bob Carlson, SECONDED BY Gary Gilman, to approve payment from reserves of \$1,483.50 for Anderson & Burgett's Invoice No. 21716. MOTION CARRIED.

COMMITTEE REPORTS

Agriculture and Renewable Energy Development. Renquist reported Schmoll has been very active with the committee. A tour of Riverview Dairy near Benson is an example.

Business Retention and Expansion/Recruitment (BRE/R). Renquist reported Schmoll has been working with the communities of New London and Spicer on a potential hotel and have been speaking with an interested franchiser. Schmoll has also been executing the BRE/R plan, which so far has been mostly the email survey sent to 640 businesses with 152 responses so far.

[Doug Dietz, Steve Maher and Connie Schmoll joined the meeting.]

Schmoll introduced Steve Maher and Doug Dietz who are on the hotel search committee. Schmoll contacted Grand Stay Hospitality, which is a good prospect for the New London/Spicer area and appears to be very interested. It has been determined that a feasibility study is

required before further work can be done. Doug Dietz noted that in addition to the communities of New London and Spicer (NL-S), New London Township is working on the hotel project and is also working with the BRE study. The communities have lost many resorts and in surveying local businesses and the school district, the area is short of lodging. Many events that require lodging have gone to Paynesville as Spicer's hotel does not fit the needs of the events. Steve Maher noted the NL-S school referendum for construction of a performing arts auditorium and gymnasium could increase the need for lodging. The hotel search committee determined the franchise should decide where to locate a potential hotel and offered six to eight possible sites, which have been narrowed down to four sites for consideration in the feasibility study. Schmoll indicated the feasibility study includes a pro forma. Although no developer has been determined, an independent developer that has developed many of the Grand Stay Hotels is interested. The total cost of the feasibility study is \$10,150, which covers three phases: 1) a field study for \$5,075; 2) a hotel market study and report; and 3) a pro forma and materials to present to a financial institution and investors. The search committee can stop after phase 1, if the field study is not favorable. Maher stated the New London Economic Development Authority (EDA) has authorized up to \$3,500, if needed and Dietz stated the Spicer EDA also voted to contribute up to \$3,500, however, the Spicer City Council has not yet voted on it. Renquist spoke in favor of the study and recommended that if approved, the funding be done as a match for each phase done with the funding coming from reserves. Dietz noted the entire project is \$4.5 million—\$1.5 million is required up front from local investors and \$3 million is financed—and, if it moves forward, the communities will gain from increased taxes and lodging taxes. The developer is oftentimes an investor and it is anticipated the developer may ask for tax increment financing or tax abatement. Grand Stay Hospitality encourages its developers to obtain workers and materials locally, if possible. Grand Stay Hospitality fits a rural niche bringing in management companies, includes monies for future upgrades and does cross marketing with its communities. A letter of intent for the project has been signed. The Spicer EDA will be the fiscal host. Once the initial funds are received, phase 1 is completed in 30 days and all three phases are completed within eight weeks. Hospitality Marketers International, a company that specializes in the hospitality industry, will do the feasibility study. The findings from a feasibility study could be used to also attract other developers and projects, including a grocery store.

[Doug Dietz, Steve Maher and Connie Schmoll were excused from the meeting.]

[Bruce Peterson was excused from the meeting.]

IT WAS MOVED BY Linda Kacher, SECONDED BY Gary Gilman, to approve the funding request by the cities of New London and Spicer and New London Township for an amount up to a maximum of \$5,075 to participate in a three-phase feasibility study for a 40-60 unit limited service hotel in northern Kandiyohi County, which will be paid from reserves. MOTION CARRIED.

Technology Advisory Subcommittee. Spaulding reported the committee had a productive meeting and is moving forward with identifying areas of the county to conduct a broadband survey and is speaking with broadband providers to see where they are interested in doing upgrades. The committee is also continuing to work with Ridgewater College and Blandin Foundation on hosting a hackfest and other technology events.

Finance. Spaulding reported the Finance Committee declined a loan application by Historic 313 as it was for a line of credit and also recommended the EDC assume the United States Department of Agriculture Intermediary Relending Program currently managed by the Willmar Housing and Redevelopment Authority. If the program is assumed, it will cover the entire county and the committee will develop the program guidelines.

IT WAS MOVED BY Bob Carlson, SECONDED BY Gary Gilman, to assume the United States Department of Agriculture Intermediary Relending Program currently managed by the Willmar Housing and Redevelopment Authority. MOTION CARRIED with Rollie Boll abstaining.

Marketing and Public Relations. Spaulding reported the committee did not meet in July, but will meet in August. The site selectors in the FAM tour offered suggestions of what they look for in a community's website. The EDC's Marketing and Public Relations Committee will discuss updates to the EDC's website at its next meeting. Community organizations, including Vision 2040, are also discussing area websites and it may be a lengthy process to come to a consensus. Board members encouraged the Marketing and Public Relations Committee to move forward with changes to the EDC's website.

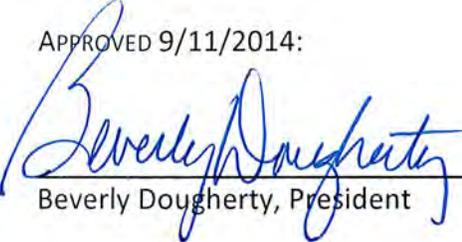
NEXT MEETING—The next regular board meeting is **11:00 a.m., Thursday, September 11, 2014**, at a place to be determined.

ADJOURNMENT—There being no further business, the meeting was adjourned at approximately 12:54 p.m.



Gary Gilman, Secretary

APPROVED 9/11/2014:



Beverly Dougherty, President



FUNDING REQUEST GUIDELINES

1. All requests for funding through the Kandiyohi County and City of Willmar Economic Development Commission (EDC) must be by written application in a form that can be obtained from the EDC Office, 333 Litchfield Avenue SW, Suite 100, P.O. Box 1783, Willmar, MN 56201, telephone 320-235-7370, edc@kandiyohi.com, along with a proposal and project budget.
2. Once a funding application is received by the EDC, an EDC staff member will review the application with the applicant and, if appropriate, forward the request to an EDC standing committee for consideration.
3. Funds contributed by the EDC must be matched dollar-for-dollar by funds from the requesting organization making the application, which funds may be raised through other organizations.
4. Applications, if approved, may receive the full funding requested or a portion thereof as determined by an EDC standing committee or the EDC Joint Operations Board.
5. An organization may request funding twice in a five-year period, except in the case of an emergency, which will be determined by the EDC Joint Operations Board. The second time a funding request is made, half of the original financial support may be offered and must be matched.
6. For profit corporations are ineligible for funding from the EDC.
7. Applications will be assessed on the following basis:
 - a. Does the application relate to an EDC standing committee's goals and the EDC's goals and overall mission?
 - b. Does the application detail the use of the funds requested?
 - c. Does the request duplicate efforts and work already being done by another entity?
 - d. Does the request show significant evidence of cooperation and collaboration with other entities?
 - e. Is the request within the reviewing committee's budget limits or the EDC's community contribution line item?
8. If the above criteria can be positively answered and an EDC standing committee approves the funding request by a majority vote, the committee's recommendation will be presented to the EDC Joint Operations Board for consideration at its next monthly meeting.
9. If the request is for more than an EDC standing committee's budget allows and the committee approves the request, the committee may request the EDC Joint Operations Board to allocate additional funds.
10. All funding requests for tourism-related activities will be forwarded to the Willmar Lakes Area Convention & Visitors Bureau (CVB) for consideration and determination.

11. If the CVB deems the funding request appropriate, the CVB may make an additional request for funding from the EDC to fund unique tourism-related events. If approved by the EDC Joint Operations Board, additional funds will be transferred to the CVB and the CVB will be responsible for how those monies are spent.
12. If a funding request is not appropriate to be referred to an EDC standing committee, EDC staff will review the funding request and, if deemed appropriate, present it to the EDC Joint Operations Board for consideration at its next monthly meeting.
13. In no event, will an approved funding request be used to fund personnel unless the request is for a feasibility study.
14. If a request is for a one-time unique request, the EDC Joint Operations Board may consider using its reserve funds.

Adopted by EDC Joint Operations Board 3/8/2012
Ratified by EDC Joint Powers Board 4/26/2012

Kandiyohi County
& City of Willmar
Economic Development Commission



Name of applicant

Name of contact person

Telephone

Cell phone

E-mail

Describe your organization, its mission and goals:

Is your organization a

- nonprofit corporation governmental entity

Amount requested:

Will the funds be matched?

- Yes No

If yes, how will they be matched?

For what purpose will the requested funds be used? Provide a copy of your budget.

If your request is for an event and is "seed money," can the event be profitable and self-supporting in future years?
Please explain:

Does the request fit within the EDC's mission (To be a catalyst for economic growth of the greater Kandiyohi County area) and goals? Please explain:

If funded, your federal tax ID number must be provided.

Return this application to: Kandiyohi County and City of Willmar Economic Development Commission
333 Litchfield Avenue SW, Suite 100 100 | P.O. Box 1783 | Willmar, MN 56201
edc@kandiyohi.com

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Kandiyohi County
& City of Willmar
Economic Development Commission



Name of applicant

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Will the funds be matched?

Yes

No

If yes, how will they be matched?

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Adopted by EDC Joint Operations Board 3/8/2012
Ratified by the EDC Joint Powers Board 4/26/2012

**City of New London/City of Spicer /New London Township—Request for funding
for lodging feasibility study—July 2014**

July 29, 2014

Kandiyohi County/City of Willmar EDC

This letter is a request for funding from the Kandiyohi County/City of Willmar EDC.

The cities of New London, Spicer and the township of New London have been asked to consider an economic development project involving the prospects for additional lodging in the New London-Spicer area. A project development team has been assembled that includes potential investors, hotel developers and economic development leaders in the region.

Proposed economic development of this nature has numerous stakeholders. Logically the investors that take the risks to pursue such a project do so with the intent and expectations of a return on their investment. However other major stakeholders are evident. If built, the jurisdiction in which the hotel is located, will receive major property tax payments. The County of Kandiyohi too will be a major recipient of tax payments—and lodging tax. And finally, existing businesses will be bolstered by the guests that will occupy the rooms, thus strengthening their sustainability.

A normal and logical early step in the process is to conduct a feasibility study of the lodging needs, market potential and success of a proposed project of this nature. A third party market research study would be conducted on behalf of the stakeholders of the project. At the recommendation of Grand Stay Hospitality and Apollo development, the firm of Hospitality Marketers International Inc. (HMI) has prepared and presented a proposal for the study. The study will consider and provide, but not be limited to:

- Market needs—based on population of area, traffic patterns, demand generators, competition and general economic conditions.

- Site selection--at this time, four sites have been identified as potential sites for the project. Other sites may be considered as they become identified. The current sites being considered are in the jurisdictions of the city of New London, city of Spicer and New London Township.
- Infrastructure—access on and of major road, soil qualities, sewer and water access, etc.
- Income Generators—population, traffic patterns, community events, local recreation, unique shopping, community engagement and other factors will be studied.
- Rate and Occupancy Projections—estimates of the market rate (room rates) and occupancy rates will be considered.
- Field research—on-site work will be conducted to review the feasibility of the project.

The feasibility study will be conducted in Three Phases with advancement to the second and third phase dependent on the outcome of the previous stage. The first phase will entail the field research. With a letter of engagement, the work will be scheduled. With receipt of retainer, one half of the total fee for market study and preliminary report, HMI will have thirty days in which to complete the field work.

With field work completed, and if findings support advancement of the project, a *preliminary* Operational and Investment Pro-forma will be produced. HMI will complete this work within thirty days of receiving the balance of the fee. If the field research does not merit advancement, the project can be aborted and no further payments will be made to HMI.

The final phase and product of the market study will be Detailed Operational Multi-year Proforma Projections and Investment Analysis. This instrument will be used to present investment opportunity analysis and Lender support considerations. Should the project be aborted prior to final Proforma, all funds not spent will be refunded.

The total cost for the Feasibility Study and Proforma is \$10,150.00. A 50% payment will provide the necessary retainer to start the work. As public stakeholders, we believe the funding of this feasibility study is in the domain of the economic development entities. It is consistent with public assistance financing that has recently been proposed for Jennie O' Foods, BNSF, the City of Sunburg and other projects in and around the county.

We believe that Kandiyohi County, through future property tax collections and lodging tax is the major public stakeholder in this proposed 4.5 million dollar project.

This letter is a request for funding from the Kandiyohi County/City of Willmar EDC in the amount of one half of the total funding (\$5,075.00) needed to complete the feasibility study and Proforma for this project.

Thank you for your consideration and support of this potentially exciting economic development.

Respectfully submitted,

Denny Baker, Spicer

Bill Gossman, New London

Mark Mertens, N L Township

Dated, _____
