

## PROCEEDINGS OF THE ST. CLOUD ECONOMIC DEVELOPMENT AUTHORITY BOARD

A meeting of the St. Cloud Economic Development Authority Board was held on February 1, 2012, at 11:30 a.m. in City Hall Conference Room 1. Members present were Euerle, Gruenes, Lawson, and Libert. Lenzmeier and Siyad were absent. Staff present were Mehelich, Glaesman, Norman and Campion.

**Consent Agenda:** Libert moved to approve the consent agenda as follows:

Approval of January 4, 2012 EDA Board meeting minutes.

Approval of January 25, 2012 EDA revenue/expenditure report.

Euerle seconded the motion, and it carried unanimously.

**Sale of EDA Property Located at 700 West St. Germain St. to MetroBus:** Chairperson Gruenes opened the public hearing on the sale of EDA property located at 700 West St. Germain St. to MetroBus. There being no one wishing to speak, Lawson moved to close the public hearing. The motion was seconded by Libert and carried unanimously. Lawson moved to approve the sale of the property at 700 West St. Germain St. (formerly used by Tri-CAP) to the St. Cloud MTC subject to the following terms: 1) The purchase agreement calls for a \$10,000 sales price allowing the EDA to recoup its holding costs (utilities and repairs) incurred during the past year. The proceeds will be considered CDBG program income to be reallocated to CDBG eligible activities during the 2012 program year; 2) The MTC will be required to enter into a CDBG sub-recipient agreement establishing terms for the forgiveness of the remaining CDBG funds allocated to the property over the last 20 years. The funds would be forgiven after 10 years occupancy of the building by MTC; 3) MTC would own the building outright and have the right to resell the building or lease portions to other parties. As such, the purchase agreement calls for half of the sale proceeds, if sold during a 10

year period, to be split between the EDA and MetroBus; and, 4) The property cannot be sold within one year of the conveyance and building improvements must be made within that year. Euerle seconded the motion, and it carried unanimously.

**Update on Construction Assistance Program:** Cathy Mehelich, Economic Development Director, informed the Board that the City Council approved the Construction Assistance Policy and Spending Plan recommended by the EDA Board. At this time, 10-12 parties have expressed interest in the program with some looking at new construction. Most of the businesses are commercial in nature, but there are a few from the industrial sector. Information on the program has been posted on the City's website with an on-line pre-application. The EDA office will meet with applicants to discuss their projects. The applications will be reviewed by staff and prepared for the EDA's consideration and action. EDA staff will work with the City Attorney's Office to prepare agreements and monitor projects to be sure construction is completed by December 31, 2012. Relative to outreach, staff has been talking to banking and real estate professionals; a presentation to the CMBA, Commercial Builders Council, is scheduled for tomorrow morning; and, contact will be made with the Downtown Council and the manufacturing community. Chairperson Gruenes asked if the State Auditor has made a determination about the availability of the Norwest TIF fund balance which will in turn determine whether there is \$750,000 or \$1.5 million dollars available. Staff is in contact with Bob Toftey, the EDA's attorney, about working with the State Auditor's Office in providing their opinion of fact as to what year the Norwest TIF falls under relative to State law and obligations. Mr. Toftey is preparing a response to the State Auditor who had deferred the question back to the City for its opinion. Euerle asked if the EDA will have a definitive answer by early March, and Mehelich answered that they will. Lawson inquired if there is a grading system for the requests in the event that the funding requests exceed the available dollars. Euerle commented that 25% funding of one very large request could exceed the available dollars. Chairperson Gruenes stated a need must be demonstrated. Mehelich said an application deadline could be established. Euerle said the end of June is technically the deadline. Mehelich suggested that there could be two rounds of applications,

with the first deadline being prior to the March meeting and the second for the middle of April. Lawson stated that the deadline would have to be at least a week prior to the scheduled EDA meetings if the Board is to review them on a monthly basis. Mehelich said she will prepare questions for the EDA to consider to assist in ranking the requests. Applicants are made aware that they must make a brief presentation about their project to the EDA Board.

**Consideration of Draft Economic Development Strategic Plan 2012-2014:** Mehelich stated that the first two years are geared toward the organizational framework of the EDA with anticipated review every six months. She noted that she would like to incorporate comments from the EDA prior to the City Council study session on Monday, February 6. She added that she will also be seeking input from the Chamber of Commerce, the Downtown Council, and the GSCDC. Mehelich said she plans to bring the Plan back for EDA action at the March meeting. The Strategic Plan 2012-2014 includes the EDA's mission, vision, and three strategic goals with action strategies to accomplish those goals as well as measures for success. Lawson suggested that the Vision Statement be abbreviated. Mehelich stated that the first strategic goal is "Promote the City of St. Cloud as the Economic Heart of the Region." The associated action strategies include: 1) Develop a proactive marketing campaign to attract business investment in the City of St. Cloud; and, 2) Retain and expand existing businesses. Gruenes suggested that the order of the action strategies be reversed. Euerle asked if the strategies fit within the EDA's budgetary boundaries. Mehelich explained that the work plan would assure that both staff and financial resources are being allocated appropriately over the two-year time period. Gruenes pointed out that Mehelich has developed a strong working relationship with the GSCDC which will allow more to be done than what ED staff could afford to do on their own. Lawson asked if measures of success could include satisfaction level of people/businesses served by the EDA. Mehelich responded that staff has drafted a customer feedback survey for review by the Mayor's Office as responses would be directed to that office. That survey would be sent to prospects that have undergone an experience with the ED

office. She said she will add that customer feedback survey to the measures for both business retention and recruitment.

Mehelich stated that the second strategic goal is “Foster an Environment that Supports Business Growth.” The action strategies are: 1) Assess and enhance the development process; and, 2) Foster relationships and partnerships with public and private interests to positively affect development. Gruenes stated that the third item under the second action strategy states: “Engage regularly with Chamber of Commerce and Downtown Council to facilitate small business needs and new development opportunities.” He suggested that the language be open ended rather than limiting it to the Downtown Council and Chamber of Commerce. Relative to the measure, “Number of businesses assisted in development process,” Lawson said she would also like to include the number of jobs and capital that is being brought in. She said she is not sure if that is information that is being collected by the GSCDC. Gruenes then suggested that particular measure should probably not be specific to “the development process” as staff may assist businesses with many other questions they may have. Glaesman concurred. Gruenes offered a suggestion that the measure simply state “Number of businesses assisted.” Libert said he is more concerned with qualitative information vs. quantitative information. Mehelich stated that the goal is to obtain a better business environment and overcome the perception that the City is difficult to work with. Gruenes suggested looking for partnerships that might benchmark business starts, job creation, commercial and industrial building permits, etc.

Mehelich said the third goal is to “Facilitate Opportunities for Business Growth and Development.” The two action strategies for this goal are: 1) Assess and improve site readiness for development; and, 2) Develop and enhance data resources and financing tools to be competitive for a variety of economic development projects.

Mehelich will make the suggested changes and will bring the Plan back for the March meeting.

**Director’s Report:** Mehelich stated that the main focus has been on the strategic plan and the construction assistance program. Staff has continued to meet with existing companies to build

working relationships. She worked with GSDC last week in hosting a reception for one of the large employers and their executive group. Mehelich noted that a site visit at an existing building was held with an out of state prospect with international relations. However, there have been no new inquiries in the last month.

**Other Business:** Chairperson Gruenes said it is his understanding that the Ethics Policy has been amended to only affect existing Council members and the Mayor and that voluntary Board and Commission members would not be precluded from doing business with the City. However, Libert stated that the Mayor's position has not changed, i.e., an EDA Board member as appointed by the Mayor would not be able to do business with the City. Chairperson Gruenes encouraged any EDA Board member that is concerned with the Mayor's position to have a discussion with the Mayor.

**Adjournment:** Lawson moved to adjourn the meeting. Libert seconded the motion, and it carried unanimously. The meeting was adjourned at 12:40 p.m.

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Vicki Perske, Secretary