

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

A meeting of the St. Cloud Economic Development Authority Board was held on May 2, 2012, at 11:30 a.m. in City Hall Conference Room 1. Members present were Euerle, Gruenes, Lawson, Libert, and Siyad. Lenzmeier was absent. Staff present were Mehelich, Campion and Norman. City Councilmember Gohman was also present.

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

Approval of April 4, 2012 EDA Board meeting minutes

Approval of March 31, 2012 EDA Revenue/Expenditure Report

The motion was seconded by Siyad and carried unanimously.

### **Consideration of Construction Assistance Program Application from Redevelopment Holdings One, LLC for Development of Property Located at 1113 West St. Germain Street:**

Cathy Mehelich, Economic Development Director, stated that this application included acquisition of three parcels and two buildings. The proposal was for removal of the two existing buildings and construction of a new 18,000 sq. ft. building for Class A office space. She stated that since the packet was sent, there has been a written request to withdraw the application. Applicant offered no explanation for withdrawal. Mehelich stated that both she and the Mayor have spoken with the applicant and requested that he consider resubmittal of the application. However, they have not had any further discussions with or correspondence from the applicant. Euerle noted that there was very little information provided by applicant. Mehelich stated that staff had several concerns in the review of the application: 1) Need for additional information about the sworn construction statement and financing that was identified for the project in order to identify the financing gap in order to support up

to 25% of the construction cost. Without that information, staff supported up to \$143,000 of eligible redevelopment costs; and, 2) Applicant had requested funding approval for acquisition costs of \$725,000. The Construction Assistance Policy approved by the EDA and City Council did not allow acquisition as an eligible cost. Administration determined that a change in that policy would have to be brought back to the City Council for its approval. Chairperson Gruenes said he does not believe that acquisition costs totally align with the legislation's intent for construction assistance. Euerle inquired if applicant may pursue any other funding sources. Mehelich responded that they have had previous discussions with staff regarding TIF eligibility.

**Additions to "Other Business":**

SCSU Refunding Bond Update: John Norman, Finance Director, stated that the EDA Board approved the conduit financing for SCSU at its last meeting followed by City Council approval to verify the issuance of the bonds. The sale of the bonds will take place on May 15. The \$50,000 fee will go to the EDA. A legal document designating the City Finance Director to monitor the bonds on behalf of the EDA needs to be approved by the EDA Board. The post-issuance compliance reporting will actually be the responsibility of SCSU. Norman stated issuance of a debt instrument requires filing a form with the IRS which includes statements that if checked by the issuer of the bonds will reduce the likelihood of an audit. Libert moved to approve the compliance document as requested by the Finance Director. Euerle seconded the motion, and it carried unanimously.

Update on Federal Grant Application/John Hart of St. Cloud Technical & Community College (SCTCC): John Hart, Director for Business & Industry Training Solutions for SCTCC, stated that he has been working with a consortium of Central MN manufacturers, the SCTCC, Central Lakes College, Pine Technical College Central Minnesota and State agencies and organizations on a Trade Adjustment Act (TAA) grant proposal which, if funded, will provide training aligned with the needs of Central MN companies for workers skilled in advanced manufacturing. The first grant application was not funded; however, it is being resubmitted with minor changes. He is requesting if he may include the St. Cloud EDA as an organization in support of the need for workers in skilled advanced

manufacturing in Central MN. Other entities that will be involved in supporting the grant are DEED, EDA's in various communities in Central MN, business partners from Central MN manufacturing companies and economic development organizations. Priority programs identified for SCTCC which are not currently offered are a plastics program, automation program, and a reverse engineering/rapid prototyping program. The grant would support 10 full time employees in those programs at SCTCC, three of which are instructors, as well as set up labs and purchase equipment and supplies. The total of the three year grant request would be \$11 to \$12 million, with SCTCC's share at approximately \$3.3 million. The fiscal agent will be Central Lakes College. Chairperson Gruenes asked if the grant funds could be used for training of veterans. Hart said he is unsure; however, TAA is part of the Dept. of Labor, and Dept. of Labor funds would give preference to unemployed or underemployed veterans. Lawson asked what happens to the programs and personnel at the end of the three-year grant. Hart stated that most grants require sustainability. He expects that the intent of the consortium is that the programs will be extremely viable so that they will be supported by tuition funds and some State support after the end of the grant period. Mehelich asked about the estimated goal for the number of students that will go through these programs over the three-year period. Hart said he has not seen that projected number; however, he believes the goal would be at least 150 enrolled in those programs with at least 50 completing the programs. Chairperson Gruenes asked Hart if he is looking for the EDA Board's endorsement of the grant application, and Hart said that is correct. Lawson said a letter could be written on behalf of the EDA acknowledging the need for more potential manufacturing employees with the right skills, but would be hesitant to support the grant itself without knowing more details and without knowing the sustainability of the grant. Chairperson Gruenes pointed out that the EDA Board is unaware of background work that has been done relative to the new curriculum and what type of discussions have been held with employers to build a base for the grant application. Hart stated that he has talked with TO Plastics in Clearwater and Right Way Manufacturing. Chairperson Gruenes stated that TO Plastics has two locations and stated another

plastics manufacturer would be Gold Leaf Plastics. Hart said he will find answers to the questions that were asked by the Board members.

**Amendment to Resolution No. EDA-2012-7 to Consider Granting Approval of a Contract Between the EDA and Arctic Cold Storage for Development of Property Located at 4139**

**Roosevelt Road:** Mehelich noted that the Board approved a Contract for Development for Arctic Cold Storage at the April meeting. Since that time, it was discovered that the references to “Arctic Cold Storage” need to be changed to “Jefferey R. Condon and Julie K. Condon”. Also, due to the size of the incentives provided for the project (\$110,000), it is considered “financial assistance” rather than a “business subsidy” and does not require approval by the City Council.

Libert moved to approve the “Resolution of the Economic Development Authority of the City of St. Cloud Amending Resolution No. EDA-2012-7 Granting Approval of a Contract Between the EDA and Arctic Cold Storage, Inc. for Development of the Property Located at 4139 Roosevelt Road.” Lawson seconded the motion which carried unanimously.

**Resolution to Consider Granting Approval of a Contract for Private Development Between the EDA and Kruse Group LLC for Development of Property Located at 110 Waite**

**Avenue South:** Mehelich stated that Kruse Group is still working on the purchase agreement for the property at 110 Waite Ave. So. The development agreement will not be executed unless there is a signed purchase agreement for the property and the construction can start by June 30, 2012. Chairperson Gruenes asked if the construction assistance approval is site specific, and Mehelich answered that it is. Euerle asked if purchase of the property is an issue. Mehelich responded that the development agreement for that subdivision requires approval of adjacent property owners which include Shopko and Toys R Us.

Lawson moved to approve the “Resolution of the Economic Development Authority of the City of St. Cloud Granting Approval of a Contract for Private Development Between the EDA and Kruse Group LLC for Development of the Property Located at 110 Waite Avenue South.” The motion was seconded by Libert and carried unanimously.

**Resolution to Consider Granting Approval of a Contract for Private Development**

**Between the EDA and Friesz Properties LLC for Development of Property Located at 2506 1<sup>st</sup>**

**Street South:** Mehelich stated that the Board has approved the term sheet and preparation of the development contract. Up to \$107,500 of project cost improvements will receive assistance structured as a \$50,000 deferrable loan to be forgiven after five years and the remaining \$57,500 as a loan at a 0% fixed rate payable over a five year period.

Euerle moved to approve the “Resolution of the Economic Development Authority of the City of St. Cloud Granting Approval of a Contract for Private Development Between the EDA and Friesz Properties LLC for Development of the Property Located at 2506 1<sup>st</sup> Street South.” Siyad seconded the motion, and it carried unanimously.

**Resolution to Consider Granting Approval of a Contract for Private Development**

**Between the EDA and Larry A. Logeman and Connie J. Logeman for Development of Property**

**Located at 3358 Southview Drive:** Mehelich noted that the Board approved the term sheet and preparation of a development contract for the applicants (Executive Express). Assistance of up to \$85,250 will be structured as a five-year deferrable loan.

Libert moved to approve the “Resolution of the Economic Development Authority of the City of St. Cloud Granting Approval of a Contract for Private Development Between the EDA and Larry A. Logeman and Connie J. Logeman for Development of the Property Located at 3358 Southway Drive.” The motion was seconded by Lawson and carried unanimously.

**Director’s Report:** Mehelich stated that staff has been working on details of four final contracts for construction assistance over the past month. A process will be established for monitoring construction starts and assuring that the projects are built in accordance with what was proposed by the applicants. Staff will also be monitoring legislative issues, primarily relative to the Norwest TIF District. There was a question about the eligibility of the District under the Jobs Bill program. Staff proposed special legislation to request ratification of that District for eligibility and to use it for public infrastructure improvements in the downtown because it did not appear that the Jobs

Bill program would be extended by the legislature for use in the Construction Assistance Program. A compromise was negotiated, and the Conference Committee has accepted ratification of the district but only for use under the Jobs Bill program. Legislation is proceeding to extend the Jobs Bill program for another 18 months to two years. If approved, it would free up \$712,000 from the Norwest TIF District to be used for the Construction Assistance Program under the Jobs Bill. Mehelich pointed out that there is a balance of \$378,000 for Construction Assistance. She stated that staff has been working with the League of Minnesota Cities on general legislation to extend the tax exemption time period for EDA held properties which affects St. Cloud EDA's business park property. Staff was attempting to get a four to five year extension but at this time has been able to get support for a one year extension.

Mehelich stated she is continuing to work with a large prospect for the Donlin building. In addition staff recently hosted an international company that has a Minnesota facility looking to expand and toured three existing buildings in the St. Cloud area for production expansion.

Tammy Campion, Senior Planner, explained the handout regarding the inquiries received on the Construction Assistance Program. There have been 29 inquiries in the last three months. Ten pre-applications were submitted. Four final applications have been approved for a total amount of \$407,000. Four of the companies that made inquiries proceeded with projects without Construction Assistance Program funds. Euerle asked if staff should be following up with any of the companies that made inquiries. Mehelich responded that there is one in the downtown that should be revisited as the project has changed since the initial contact. She stated that very few of them met the primary objectives identified by the EDA in the preliminary application.

**Adjournment:** There being no further business, the meeting was adjourned at 12:25 p.m.

---

Vicki Perske, Secretary