

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

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

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

Approval of July 5, 2012 EDA Board Meeting Minutes

Approval of EDA Revenue/Expenditure Report of June 30, 2012

Lenzmeier seconded the motion, and it carried unanimously.

### **Consideration of 2013 EDA Budget and Resolution Establishing the EDA Tax Levy:**

Cathy Mehelich, Economic Development Director, stated that at the July meeting, the Board had requested additional information from staff before taking action on the 2013 budget. She stated that the Board had requested information from the St. Cloud Downtown Council and the Greater St. Cloud Development Corp. (GSCDC) regarding specific initiatives that benefit the St. Cloud EDA for its annual contributions. Mehelich noted that the contributions in the 2013 budget are at the same levels as in the 2012 budget - \$10,000 to the Downtown Council and \$40,000 to the GSCDC. She noted that both the Downtown Council and GSCDC provided information about how they plan to spend the EDA's contribution to them and their strategic initiatives. The Board also asked staff to address what would be involved with a more aggressive marketing program. Staff stated that after the contribution of \$50,000 to the strategic partners, there is a balance of approximately \$20,000 for other marketing initiatives. To date, the marketing materials have been designed in house which is appropriate until the EDA is established. The EDA is now at the point where more public awareness of the services offered by the City's Economic Development Department/EDA is essential. Mehelich stated that the 2012 budget includes a dollar amount under Professional Services for a marketing plan to identify a unified message and image for the City as an organization. She said that a marketing plan could be

initiated yet this year. The plan would identify specific initiatives and estimated costs for future marketing budgets. Marketing costs for cities similar in size to St. Cloud range from \$75,000 to \$100,000. The projected year end balance for 2012 is almost \$163,000. She noted that the EDA's general fund and tax levy is a carryover from year to year. The cash balance for 2011 year end was approximately \$108,000. Part of the reason for the 2012 balance increase was a fee of \$50,000 received from SCSU's refunding bond. The Board discussed the option of having a contingency fund for marketing and miscellaneous initiatives that may arise. Staff is comfortable with not increasing the 2013 EDA levy, but may need to consider it in future years to support increased marketing initiatives and a second full time staff position. Chairperson Gruenes asked what type of expenses might be included under Miscellaneous Professional Services. Mehelich answered that it could be for marketing and some consultant services. Lenzmeier asked if the \$30,000 under "Legal" would be for in-house attorneys or outside firms. Mehelich explained that would be for outside legal assistance. Staff has primarily used Bob Toftey of Fryberger Buchanan Smith & Frederick out of Superior, WI for consistency in administering the previous HRA projects; however, staff is also developing a working relationship with the local firm of Rinke Noonan. Mehelich stated other costs under Miscellaneous Professional Services could include surveys, environmental work, and/or appraisals of EDA owned properties.

Libert moved to approve the "Resolution Adopting the Special Levy for Payment in the Year of 2013." Lawson seconded the motion, and it carried unanimously.

**Consideration of Business Financial Assistance Policy:** Mehelich noted that a developer fee policy draft was presented at the July meeting. After discussion at the meeting and feedback from EDA members suggesting a lower initial fee and making the developer responsible for any costs incurred after the initial fee, staff researched fees charged by other communities. In most cities, a lower initial fee was charged and expectation that any additional costs would be passed on to the developer during the project or when a formal agreement was executed. The initial application fees ranged from \$3,000 to \$5,000. Some included staff time and others were out of pocket costs. Some

cities have non-refundable fees which include staff administrative costs followed by a larger deposit of \$10,000-\$20,000. Mehelich stated that the revised policy suggests a lower initial fee of \$5,000. She pointed out that it is important to inform the developer upfront in the application process the costs of the various financial assistance programs. The application fee for the Construction Assistance Program was \$1,000; however, the developer was responsible for any subsequent costs. The City had no problems in receiving those reimbursements to offset outside legal expenses. The policy includes language stating that fees associated with a typical development project can range from \$10,000 to \$20,000, depending on the complexity of the proposal. In the case of the MN Investment Fund and JOBZ, there is less legal expense than TIF as they are State of Minnesota programs that are facilitated by the City.

Lenzmeier moved to approve the revised Business Financial Assistance Policy. The motion was seconded by Libert and carried unanimously.

**Director's Report:** Mehelich stated that Matt Glaesman, Community Development Director, e-mailed the Board members regarding the initial Zucker Systems report. The City will form a Task Force of both City staff and non-City staff to work on how recommendations might be implemented. The report included 226 recommendations with 7 key priority areas, one of which was Economic Development. The primary economic development items addressed were organizational in nature, e.g., website improvements, policy items, and processing of financial assistance applications.

Relative to prospects, Mehelich stated that in the last two weeks the EDA office, in conjunction with the GSCDC, hosted a site selection visit by an international company which is manufacturing in nature. They looked at both existing buildings and available land sites. Mehelich said she expects another prospect with whom a site selection visit was done in January, to come forward with financial assistance applications offered by both the City and the State. It would be for an expansion of a user at the former Donlin facility. An action item that will be coming to the EDA Board in the next month will be a purchase option on the adjacent lot in that Business Park to accommodate a future

expansion. Mehelich stated that a formal announcement regarding that business is expected in September.

Mehelich informed the Board that MicroBiologics will be having an open house on September 12 from 4:30 p.m. to 7:00 p.m.

**Adjournment:** There being no further business, the meeting was adjourned at 12:05 p.m.

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EDA Secretary