

PROCEEDINGS OF THE ST. CLOUD ECONOMIC DEVELOPMENT AUTHORITY

A meeting of the St. Cloud Economic Development Authority was held on December 7, 2011, at 11:30 a.m. in City Hall Conference Room 2. Members present were Gruenes, Lawson, Lenzmeier, Libert and Siyad. Euerle was absent. Staff present were Mehelich, Williams, Campion, and Norman.

Approval of Minutes: Libert moved to approve the minutes of October 5, 2011. Lenzmeier seconded the motion which carried unanimously.

Approval of October 31, 2011 EDA Revenue/Expenditure Report: EDA Director Mehelich stated there has been little change to the revenue/expenditure report since the last report that the Board received at the end of August. The larger negative balances in some of the line items relate to expenditures for the Tri-Cap building. Mehelich explained that the City receives its second allocation of property taxes in December; therefore, that is not reflected in the report. The cash balance at the end of the year will be forwarded into 2012. (Lawson and Norman arrived.) Lenzmeier moved to approve the January 1 through October 31 revenue/expenditure report. The motion was seconded by Siyad and carried unanimously.

Consideration of Adoption of Draft St. Cloud EDA Strategic Plan: Mehelich stated that the Strategic Plan sessions took place in early November with participation by Board members, staff, the consultant (Brimeyer Fursman) and several other economic development entities. The purpose of the strategic plan is to provide a framework for the EDA's work plan. The plan prepared by the consultant reflects the discussion that took place during those strategic planning sessions. Participants discussed the vision for the EDA which includes increased jobs and expanded tax base, creating a business friendly environment, unified ED message that inspires confidence, promoting the City as the economic heart of the region, excellent customer service, resources to facilitate growth and recruitment of companies and businesses, and being a proactive partner in the region for

economic development. Mehelich stated that the mission of the EDA is to create opportunities for business success. She thought that could be expanded by adding “by providing development resources and services that create jobs and enhance the tax base.” The four initial goals that were established were communicating the City of St. Cloud’s competitive advantage, creating a shared vision and unified approach to economic development, encouraging business development, and facilitating business growth. Mehelich asked that the EDA adopt the draft plan as notes that are reflective of the strategic planning sessions discussions. Lenzmeier asked if the EDA should be involved with the development of the work plan. Libert said he believes that should be done by staff and does not think the EDA should be involved. Mehelich said that Matt Glaesman, Community Development Director, and Mike Williams, City Administrator, will be involved in the discussions about the work plan. However, the Board will have an opportunity to offer comments on the draft work plan. Lawson commented that she does not think a full strategic plan is necessary at this point because it evolves over time. She believes that the strategic plan should address the next three to five years. Williams said that the Board should set boundaries within which the Board wants the Economic Development Director to work; Mehelich will bring forward a work plan. Chairperson Gruenes stated that some parts of the plan are very good; e.g., the EDA providing a return on investment to the community and businesses and promoting the City as the heart of the region. He stated that the notes are the beginning of the formation of a work plan. Gruenes feels there is some ambiguity in the meeting notes relative to overall marketing strategies and promotion of economic development. He thinks there is an opportunity to go to the GSCDC with the Board’s needs and expectations of the GSCDC. He stressed the importance of avoiding redundancy with the GSCDC and the EDA. Gruenes added that Mehelich has established a good relationship with the GSCDC and would like to use GSCDC initiatives to the fullest extent possible to accomplish the EDA’s goals. Lawson said a strategic goal would be for the EDA, with Mehelich as lead, to facilitate and support activities of economic development in the St. Cloud region. Staff can establish a work plan that will spell out what is to be done in each specific year to meet each goal. She said the notes from the sessions are

unclear relative to goals. Libert said the Economic Development Director should be the lead in drafting the work plan because she knows what goals are realistic and in what period of time they can be accomplished. He added that the City Council wants to be assured that the Economic Development Director is doing her job which will be done through the work plan. Lenzmeier said she wants to be ensured that the strategic plan is an ongoing plan that acts as a guide for the future. Mehelich said the discussions in November were extensive. The consultant has agreed to come back in early January to meet with the Board to conclude some of the remaining discussion items. Chairperson Gruenes stated that the notes from the working sessions offer the framework for a strategic plan. He pointed out that the strategic plan is a living document that will need to be updated periodically. Lawson said that the practical vision and the short term goals need to be re-worked into five or six goals. She said it is important that the EDA work with staff annually to determine the goal priorities. She also emphasized the importance of the strategic plan being understandable to the lay person and believes the existing notes are not; therefore, staff will need to rewrite them to be more clear. The Board agreed that there is no need for Brimeyer Fursman to come back and meet with the EDA Board but that Mehelich can work directly with Brimeyer Fursman. Mehelich said she will work on the plan based on the discussion and bring it back to the Board.

St. Cloud TIF Pooling Available Under 2010 JOBS Bill: Mehelich reminded the Commission of the presentation made by Stacie Kvilvang of Ehlers & Assoc. in September regarding TIF and tax abatement. At the end of that discussion, it was noted that staff was working with their office to conduct an analysis of available TIF balances to utilize under the 2010 MN JOBS bill. That bill opened up the use of cash balances in TIF districts in order to stimulate construction of private projects or substantial renovation of private projects by July 1, 2011. During last year's legislative session, that deadline was extended for projects that had commenced by July 1, 2012. Between \$800,000 and \$1.5 million in available TIF district cash balances have been identified under this special legislation. Use of the funds must result in job retention or creation, and the funds must be disbursed by the end of 2012. Mehelich stated that staff has drafted a policy entitled "St. Cloud

Construction Assistance Policy” based on models from other cities. The program allows for applications for projects that meet the statutory conditions. Applicants can apply for a deferrable loan program for up to 25% of their construction project costs. The State legislature’s goal was to stimulate development. Mehelich stated that the reason for the range of \$800,000 to \$1.5 million was due to the eligibility of the Norwest TIF district and the year in which that district was created and the laws that dictate the use of funds from that district. Staff is working with Ehlers to get an opinion from the State Auditor’s Office which would allow for flexibility in using the funds from that TIF. If the TIF cash balances are not expended by the deadline, the cash balances are used to pay off any existing obligations in the districts and upon the district decertification, redistributed to the different taxing jurisdictions. One or two large projects could quickly draw down the balance. Mehelich said the goal would be to have as much flexibility and efficiency in processing the requests. In order to implement the use of the funds, the City Council must draft a spending plan and hold a public hearing on that plan. Within that plan is the ability to authorize the EDA to make decisions on the use of those funds. During that process, the EDA and staff can be marketing and promoting the program. Gruenes asked if there are any risks in spending the surplus of a TIF district if the original TIF project fails. John Norman, Finance Director, stated that most of these districts are reaching the end of their terms. Gruenes asked why there is uncertainty with the Norwest TIF. Norman answered that it is complicated, but that different rules apply depending on the year the TIF was established. That decision will be rendered by the State Auditor. Libert asked Mehelich if her office would be capable of handling, for example, ten \$75,000 projects. Mehelich said she believes it could be done in a timely manner. It is essential that businesses understand the deadline and the importance of a complete application submittal. Libert said his priority would be job creation and said he would object to apartment construction and/or non-profit organizations using this program. He said he does not believe the City Council would approve of the expenditure of these funds for a non-profit. Mehelich clarified that residential projects are limited in eligibility by the Jobs Bill statute, and the policy can include language that prohibits use of the monies for non-profit organizations. Libert explained that he

wants to exclude non-profits because he wants property taxes to be generated and wants the funds used for businesses that will result in good paying long term jobs. That would not include construction worker wages. Lenzmeier said she wouldn't want to be too restrictive as this program is a good marketing tool and offers great exposure for the EDA. Lawson commented that one of the goals of the EDA is job retention. She feels that if only the large company projects are selected, a large portion of the economic base is being ignored. Gruenes stated that the policy could state that job creation would be a preference in using these funds. Libert noted that there needs to be some justification for the requests and that the applications must have some community benefit such as job creation and/or property tax generation. Gruenes stated that allowing anyone to apply that meets the criteria, whether a large or small business, has tremendous public relations value. Mehelich stated that the draft policy requires the applicant to have been in business for a minimum of three years. Libert emphasized the importance of establishing criteria that would justify why the City would deny a request. Mehelich said she will revise the draft policy to include comments relative to concerns about non-profits, the goal to increase the tax base and that the primary goal is permanent job creation. She asked that the Board review the policy and make suggestions for any additions or amendments. Libert said he believes there needs to be an application fee which will show that the applicant is serious. Mehelich stated that the policy states that the applicant must demonstrate the ability to commence construction by July 1, 2012. She said she will bring back a revised policy in January.

Appointment of Economic Development Director to the Benton County Economic

Development Committee: Chairperson Gruenes acknowledged the letter from Nancy Hoffman, Benton County Economic Development Director, inviting the EDA to appoint a representative to serve on the Benton County Economic Development Committee (BCEDC). Mehelich stated that Nancy Gohman has been appointed as the City Council representative to serve on the BCEDC. Lenzmeier moved to appoint Mehelich to also serve on the Committee. Libert seconded the motion which carried unanimously.

Director's Report: Mehelich said she has been working with a variety of prospects. These are inquiries that are coming directly to her office. She has been actively responding to businesses interested in locating to the city. She stated that the City recently hosted a business from out of state who was considering St. Cloud among five other communities in the upper Midwest as a possible business location. Mehelich informed the Board that the company has notified the City that they have eliminated St. Cloud as an option due to logistics to another facility. In addition she indicated she is meeting several existing businesses to develop a stronger relationship with the city as a point of contact on their growth needs and responding to various requests for information and exploring expansion opportunities. One of the goals is to have a greater presence in relationships with corporate entities that are currently located in St. Cloud. Staff is also developing marketing materials that establish the office as a point of contact for business and communicates advantages and opportunities for business development in the city, including an updated web presence. Libert suggested that the following caption be added to the Economic Development webpage to capture people's attention: "Creating Opportunities for Business Success." Lawson asked that the next community profile draft includes the work force availability in the area due to the higher education institutions. Mehelich pointed out that the information that is provided to companies is much more detailed and customized for their needs. She said that the colleges and universities provide great materials to recruit students but she would like to work with them to design a handout that communicates their services and partnerships with the business community on training and talent recruitment. Lawson reiterated the importance of emphasizing the value of secondary education.

Adjournment: There being no further business, the meeting was adjourned at 1 p.m.

Vicki Perske, Secretary