

PROCEEDINGS OF THE ST. CLOUD ECONOMIC DEVELOPMENT AUTHORITY BOARD

A meeting of the St. Cloud Economic Development Authority Board was held on September 19, 2012, at 11:30 a.m. in City Hall Conference Room 1. Members present were Gruenes, Lawson, Siyad, and Libert. Lenzmeier and Euerle were absent.

Consent Agenda: Lawson moved to approve the consent agenda as follows:

Approval of August 1, 2012 EDA Board Meeting Minutes

Approval of EDA Revenue/Expenditure Report of August 31, 2012

Libert seconded the motion, and it carried unanimously.

Consideration of Resolution Recommending Approval and Execution of Releases and Related Documents Concerning The Donlin Company: Cathy Mehelich, Economic Development Director, stated the Geringhoff project is moving forward. Staff expects JOBZ and Minnesota Investment Funds applications will be submitted to the City in upcoming weeks. The State of Minnesota Dept of Employment & Economic Development is offering a \$500,000 forgivable loan to the company. Staff also expects Geringhoff will move forward with a purchase option for the EDA owned property on the adjacent 5-acre lot in Airport Business Park to provide space for future building expansion. In 2008 the HRA and City of St. Cloud provided The Donlin Company a revolving loan of \$85,000 at 3% interest to support the business. The loan was secured by a subordinated mortgage on the property located at 3405 Energy Drive. Repayment ceased in June 2010. The outstanding principal balance of the City's loan to The Donlin Company is \$75,714.54. Proceeds from the sale of property are not sufficient to cover payment on the subordinated loans. The subordinate lenders have reviewed and agreed to a release or settlement of the encumbrances in order to expedite the sale to another company, of which the property will be occupied by Geringhoff. The City's Revolving Loan Fund originated from repayments of loan proceeds provided to other businesses through MN

Investment Fund grants that the City received from the State of Minnesota Dept of Employment & Economic Development. As of the end of June 2012 the balance in the City's Revolving Loan Fund is \$173,135. The resolution under consideration by the EDA also provides for the issuance of a Certificate of Completion and Release of Forfeiture. Staff recommends the EDA approve the attached Resolution Recommending Approval and Execution of Releases and Related Documents Concerning The Donlin Company. Following the EDA's recommendation, the City Council will be asked to approve and authorize the releases and related documents at its September 24, 2012 meeting. Chair Gruenes questioned the balance of the revolving loan fund and if a policy is in place on how it can be used. Mehelich stated approximately \$151,000 of the \$173, 135 was approved for the Microbiologics expansion.

Libert moved to approve the "Resolution of The Economic Authority in and for the City of St. Cloud, Minnesota Recommending Approval and Execution of Released and Related Documents Concerning The Donlin Company." Siyad seconded the motion, and it carried unanimously.

Director's Report: Mehelich stated the past month has been busy with administration of existing economic development agreements. Relative to prospects, Mehelich stated that staff continues to work with the State of Minnesota Dept of Employment & Economic Development and Greater St. Cloud Development Corporation on business expansion and recruitment prospects. Mehelich informed the Board that Knife River Corp. is seeking a temporary access agreement for a lot in the I-94 Business Park to allow parking of a construction trailer and vehicles associated with the I-94 road construction project. Gruenes suggested the agreement include proof of insurance and indemnification. The Board agreed the Chair and Executive Director can execute the agreement as prepared by staff and the City Attorney. Mehelich informed the Board that MicroBiologics had their open house on September 12 and Marco had their open house on September 17. The Board

unanimously selected Tammy Campion, Senior Planner, as the Interim Secretary until a secretary is hired in the Community Development Section.

Adjournment: There being no further business, the meeting was adjourned at 11:42 a.m.

EDA Secretary