

PROCEEDINGS OF THE ST. CLOUD ECONOMIC DEVELOPMENT AUTHORITY BOARD

A meeting of the St. Cloud Economic Development Authority Board was held on Tuesday, May 5, 2015 at 4:30 p.m. in City Hall Conference Room 1.

ROLL CALL: Members present were Banaian, Lenzmeier, Libert, and Siyad. Masters was absent. Staff present were Tammy Campion, Cathy Mehelich and Ashley Skaggs.

Consent Agenda:

**APPROVAL OF MINUTES FROM THE MARCH 31, 2015 EDA BOARD SPECIAL MEETING
APPROVAL OF THE EDA REVENUE/EXPENDITURE REPORT AS OF MARCH 31, 2015
ACTION TAKEN:** Libert/Lenzmeier/Approved (4-0)

New Business:

**RESOLUTION OF THE ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF ST. CLOUD, MINNESOTA DECLARING REDEVELOPER IN DEFAULT UNDER THE CONTRACT FOR PRIVATE REDEVELOPMENT BY AND BETWEEN THE HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE CITY OF ST. CLOUD AND WEBWAY, INC. DATED JUNE 24, 1996
ACTION TAKEN:** Libert/Lenzmeier/Approved (4-0)

Mehelich explained that in 1996, the St. Cloud HRA created a Tax Increment Financing (TIF) Redevelopment District and entered into a Contract for Private Redevelopment with Webway, Inc. to assist the construction of a 30,000 sq. ft. office facility and 50,000 sq. ft. expansion of the existing manufacturing facility located on Clearwater Rd. The HRA issued a TIF note in the amount of \$1,450,000 payable to Webway, Inc. to reimburse public development costs. In 2005, the HRA provided written consent to the Antioch Company (successor to Webway, Inc., now reorganized as CM Companies, Inc., d/b/a Ahne and Zoe) request to transfer a portion of the Redevelopment Property to Cascade Development, LLC.

It has come to the attention of staff that in 2007 the remainder of the property was transferred to the redeveloper Levimo, LLC without the HRA's knowledge or consent. Staff is recommending declaring the redeveloper in default under the Development Agreement. The Antioch Company will be notified and given 30-days to respond.

Libert made a motion to approve the resolution declaring the redeveloper in default under the contract for private redevelopment. The motion was seconded by Lenzmeier. Vicki Morgan of Levimo, LLC stated that *Ahne and Zoe* has filed bankruptcy and no longer exists. Mehelich noted that the agreement is with the developer and not the current property owner. As a matter of law, communication must be with the developer. Morgan expressed concern for Levimo, LLC's lack of recourse available. Matt Staehling, City Attorney, stated that any potential recourse would need to be discussed with private counsel.

Banaian called for a vote and the motion carried unanimously,

**RESOLUTION OF THE ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF ST. CLOUD, MINNESOTA RECOMMENDING THE CITY COUNCIL SUPPORT A JOB CREATION FUND APPLICATION IN CONNECTION WITH DUBOW TEXTILE, INC. PROJECT
ACTION TAKEN:** Lenzmeier/Siyad/Approved (4-0)

Mehelich explained a request to make a recommendation to City Council supporting a Job Creation Fund application in connection with Dubow Textile, Inc. The project is proposed to include an estimated \$2.1 million expansion to allow the company to increase capacity at their current location by increasing physical production space, installing new equipment and hiring up to 20 new full-time positions at an average hourly wage and benefits of \$15 per hour. The MN Job Creation Fund is operated by DEED and is funded by allocation from the legislature.

Rob Dubow of Dubow Textiles, Inc. explained the expansion project and thanked the Board for their consideration.

Lenzmier made a motion to approve the resolution recommending the City Council support a Job Creation Fund application. The motion was seconded by Siyad and carried unanimously.

Other Business:

COMPREHENSIVE PLAN & ECONOMIC DEVELOPMENT STRATEGIC PLAN UPDATE

ACTION TAKEN: None

Houseal Lavigne conducted two workshops last week to look at the downtown and the identified ‘catalyst’ sites. Banaian noted that public participation and support was great. Lenzmeier noted that both events were well attended.

DIRECTOR’S REPORT

ACTION TAKEN: None

Mehelich announced an upcoming sponsorship on May 6 for the MN Real Estate Journal Land Development Conference and presentation on May 12 at the St. Cloud Real Estate Development Summit.

Quinlivan & Hughs will be holding an open house on May 7 from 4-7pm.

Benton County will be hosting an economic development brainstorming meeting on May 7 at 8am in Foley, MN.

Campion provided the 2015 Development Activity Report as of March 31, 2015.

GERINGHOFF EXTENSION

Geringhoff Manufacturing has notified staff that they may request a one-year extension on its compliance date for its Minnesota Investment Fund loan to create jobs.

Lenzmeier made a motion to, upon written request from Geringhoff Manufacturing, LLC, recommend to City Council a one-year extension. The motion was seconded by Libert and carried unanimously.

OTHER

Banaian noted that the June meeting will be canceled. There are currently two open seats on the Economic Development Authority board.

Adjournment: There being no further business, the meeting was adjourned at 5:31 p.m.