

**City of Isanti
Economic Development Authority
Regular Meeting Minutes of
September 27, 2011
Isanti City Hall**

1. Call To Order

The meeting was called to order by Chair Kuechle at 7:00 p.m.

a. Pledge of Allegiance

b. Roll Call

Members Present: Tara Hallberg, Jim Kennedy, Larry Kuechle, Keith Dragisich and George Wimmer

Members Absent: None

Staff Present: Economic Development Director Sean Sullivan

c. Agenda Modifications

Motion by Kennedy, second by Dragisich to approve the agenda. Motion carried unanimously.

2. Approve Minutes of August 23, 2011 Regular Economic Development Meeting

Motion by Hallberg, second by Dragisich to approve the minutes for August 23, 2011. Motion carried unanimously.

3. Initiative Foundation Presentation – Sandy Voigt

Sandy Voigt, Business Development Specialist for the Initiative Foundation in Little Falls, gave a brief presentation highlighting the role and accomplishments of the organization. The organization serves 14 counties and has the support of the McKnight Foundation (3M). Projects in Isanti County have received \$2,687,651 in loans and \$682,651 in grants. City of Isanti businesses including: Evercat Fuels, Granger Machine, Diamond Welding, Prairie Senior Cottages and Water Works Manufacturing all have utilized various loan programs. They have also supplied a grant for the recent industrial rail park study done by Isanti County. The organization is committed to encouraging growth and innovation for businesses in the region it serves. She thanked the City of Isanti for its past and future support.

Member Wimmer indicated that the maps that were distributed by Ms. Voigt were incorrect and that the population for the City of Isanti was nearly 12 years out of date. He suggested that the maps be

updated as to reflect the growth that has occurred in Isanti. He noted that a lot of developers are looking at the number of rooftops before they make an investment. He stated that Isanti has a lot to offer for those considering to invest here and the 2,324 population represented on the map was providing a disservice to the economic development efforts in Isanti.

Chair Kuechle asked what percentages of the support of the organization have come from the McKnight Foundation and other parties.

Ms. Voigt stated the McKnight foundation accounted for 25% of their funding and the rest was from the public and private sectors along with some federal grants.

Chair Kuechle inquired as to what secured position the Initiative Foundation found itself in for loans.

Ms. Voigt indicated they were always in a subordinate position to the primary financing and very rarely had secured capital. Their financing is often the “piece” that pulls projects together.

Member Wimmer asked how their funds could be used. He understands that there are many sources for those funds and they are subject to limitations.

Ms. Voigt highlighted the different loan funds available for lending. They include the Direct Business Loan Fund, Technology Capital Fund, Green Business Loan Fund, and Seed Capital Fund. She noted that they recently did a loan with Waterworks Manufacturing using the Technology Capital Fund.

Member Wimmer stated that a lot of projects require multiple sources of financing

Member Wimmer asked what the percentages of Grant and Loans are and what the default rate for loans is.

Ms. Voigt stated that the organization looks to do 1 Million annually for grants and 2.5 to 3 Million a year in loans. The current loan portfolio is 12 Million. Ms. Voigt stated that up until early 2009 the default rate had been less than 2%. The recent economic downturn has impact loans for the organization and they currently are at 12% default rate. She noted that the organization makes every effort to “work with” clients to get them current but that anyone who is not current is included in the 12% default rate. She stated that the portfolio has stabilized. They just received a Community Advantage Lender status as of September 23, 2011. They are now able to do loans similar to a SBA 7a. The loans are capped at \$250,000.

Motion by Member Kennedy to recommend financial support for the Initiative Foundation, second by Dragisich. Motion carried unanimously.

4. Consider Residency Requirements for Commercial Buildings for Lease

Economic Development Director Sullivan presented the Staff Memo. Sullivan indicated that the cities he researched (Elk River, Ramsey, Roseville and Cambridge) did not have a residency requirement for commercial property. He also stated that the City of Ramsey had recently removed its residency requirement for residential rental property.

Member Wimmer indicated that he has aware of the recent change in Ramsey for residential property.

Economic Development Director Sullivan asked if any further action was needed on this item.

Consensus was that the EDA felt that no changes were necessary for commercial property and no further action was required by Economic Development Director Sullivan.

5. 2011 Comprehensive Economic Development Strategy (CEDS)

Economic Development Director Sullivan highlighted the staff memo. Review of the CEDS is an annual item and this document was used as a tool to highlight projects that are important to the City of Isanti. This information is passed on the East Central Regional Development Commission (ECRDC) which also qualified listed projects for Federal EDA dollar opportunities. Sullivan indicated that he added a hotel project as the 4th project of economic development significance.

Motion by Kennedy, Second by Hallberg to recommend approval for the 2011 CEDS as presented to the City Council and to submit to the ECRDC. Motion carried unanimously.

6. Consider Purchase of Laptop for Marketing

Economic Development Director Sullivan presented the Staff Memo.

Member Wimmer stated this item should go to the Finance Committee first and was surprised to see it on the EDA agenda.

No action, discussion or recommendation was taken by the EDA on this matter.

Economic Development Director Sullivan was directed to bring this item to the Finance Committee if he wished to proceed

7. Other Business / Updates

Economic Development Director Sullivan highlighted the following items.

- a. Special TIF Project Updates
- b. Shovel Ready Certification
- c. RMW Twins, LLC Project Update
- d. C.L. Hough LLC Update
- e. Business Retention Visits
- f. Business Prospects
- g. GPS 45:93 Meeting Agenda and Minutes
- h. Isanti County EDA
- i. Minnesota Real Estate Journal
- j. Greater MSP Event in Minneapolis
- k. Final Rail Served Industrial Park Report
- l. Business Arrivals and Departures in Isanti

Economic Development Director Sullivan highlighted items on the Staff memo.

Member Wimmer asked if Economic Development Director Sullivan if he could provide plans of the new layout to the EDA.

Sullivan stated he has yet to receive the revised plans but will forward them onto the EDA when he receives them.

Member Dragisich asked what number and what level of wages the Dickey's BBQ project would bring.

Sullivan stated the wages would ranges from \$7.25-\$16.00/hr and that 7-11 new employees would be hired.

Member Dragisich asked if there were other manufacturers we could go after with this incentive that would create more high paying jobs.

Member Wimmer indicated that the restaurant project brings options to Isanti that are current not available. He also stated that it's tough to draw large manufacturers up here based of the availability of the workforce. There is very little movement.

Economic Development Director Sullivan stated that there is not a lot of activity in the manufacturing sector but would welcome any leads that presented themselves. He indicated he would try to make contact with the Minnesota Manufacturers Association as requested by Member Dragisich. Sullivan also noted that the City was running up against a Special TIF deadline on July 2012 and that if the funds were not allocated we would essentially lose the use of them.

Member Dragisich asked how much money is available right now.

Economic Development Director Sullivan stated the City has enough funds to fund all projects currently being discussed. There is approximately \$20,000 of unallocated TIF. Sullivan also stated that he was working with two hotel prospects.

8. Adjournment

Member Kennedy motioned, seconded by Member Dragisich to adjourn at 7:37 pm. Motion carried unanimously.

Dated at Isanti, Minnesota, this 28th day of September, 2011.

Respectively Submitted,

Sean M. Sullivan, Economic Development Director