

**KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION (EDC)
JOINT OPERATIONS BOARD OF DIRECTORS (OB) MEETING
MINUTES
March 9, 2017
EDC Board Room, Willmar**

Present: Art Benson, Donna Boonstra, Robert Carlson, Gary Gilman, Les Heitke and Kelly TerWisscha

Ex Officio: Bruce Peterson and Roger Imdieke

Excused: Rollie Boll

Staff: Aaron Backman, Executive Director and Connie Schmoll, Business Development Specialist

Media: Carolyn Lange, West Central Tribune

Secretarial: Nancy Birkeland, Legal & Administrative Assistants, Inc. (LAA)

President Donna Boonstra called the meeting to order at approximately 11:00 a.m.

AGENDA—Added to the Consent Agenda under Approve was item 5 payment of bill from REDstar for \$1,847.50; added under New Business was a special meeting of the board on March 23, 2017; and removed from the Consent Agenda were items 4a and 4b, Addition of committee members.

IT WAS MOVED BY Robert Carlson, SECONDED BY Art Benson, to approve the Agenda and Consent Agenda as revised. MOTION CARRIED.

CONSENT AGENDA—

- Approve:
1. Minutes of February 9, 2017 meeting
 2. Financial reports as of February 28, 2017
 3. Payment of \$1,100 to Blane Canada for annual Synchronist user fees as budgeted
 4. Payment of \$1,847.50 to REDstar Creative
- Accept:
- Committee/Subcommittee Minutes
1. Agriculture and Renewable Energy Development 1/19/2017
 - a. Ag Producers' Survey Subcommittee 2/6/2017
 2. Broadband and Advanced Technology 2/6/2017
 3. Business Retention Expansion/Recruitment (BRE/R) 1/20/2017
 4. Marketing and Public Relations 1/23/2017
 5. Leisure Travel 12/5/2017

Items Removed from Consent Agenda. Gary Gilman requested background information be provided on new committee members before being approved by the board. Aaron Backman stated Ryan Thielen is an employee of ProCore and expressed an interest in marketing the community. Deb Geister is owner of Navigator Consulting, a credit card fraud prevention company, who also expressed an interest in marketing the community. Dean Steinwand is an employee of Heritage Bank and will be replacing Jean Marthaler on the BRE/R Committee.

IT WAS MOVED BY Gary Gilman, SECONDED BY Kelly TerWisscha, to approve the addition of the following committee members: Ryan Thielen and Deb Geister to the Marketing and Public Relations Committee and Dean Steinwand to the Business Retention and Expansion/Recruitment Committee. MOTION CARRIED.

PROGRESS REPORTS

Willmar/Willmar Industrial Park. President Boonstra announced Bruce Peterson was excused from today's meeting to take his wife to Rochester for a medical appointment. Backman reported he has attended meetings with Peterson and a Fargo trucking company about a location in the Willmar Industrial Park near Willmar Avenue for an LTL maintenance facility and possible construction of a warehouse in a second phase. Backman noted two other companies are also looking at locations in the Willmar Industrial Park. The company is interested in being near Jennie-O Turkey Store and would add jobs to the community. It was noted the City of Willmar owns approximately 500 acres in the area of the Industrial Park. Discussions with one of the prospects included whether or not the parking and roadways can handle the weight of its trucks.

Business Retention and Expansion (BRE) Grant for Diverse Businesses. Backman stated the goal of the BRE grant is to do 16 site visits by June. Backman has visited two Latino-owned businesses and two Somali-owned businesses to date. Backman reported the \$15,000 grant funds were received from Southwest Initiative Foundation (SWIF). SWIF is looking for outcomes from the entire process. Some businesses would like technical assistance and others have asked questions related to expansion. There are approximately 30 businesses owned by East Africans plus Asian and Latino businesses.

Ag Producers BRE Survey. Connie Schmoll reported 56 ag producers were selected with 51 actually completing the survey. The ag producers have felt valued during this process. Jim Molenaar has been engaged to compile the data. Molenaar has already determined the outlook is good. A couple items of note are that ag producers wish there was more land available for production and health insurance is a big concern. The board is invited to attend one of two workshops on April 5 in the Multipurpose Room at the Kandiyohi County Health & Human Services Building where the report will be presented (see attached).

West Central Angel Fund I. Schmoll reported West Central Angel Fund I met. All 28 members signed their agreements and provided a 10% payment. One share is \$25,000 and a minimum of two shares must be purchased; some members purchased more than two shares. Schmoll will be done assisting the Fund soon, but will bring prospects to them. The total fund is more than \$1

million with a maximum of \$2 million. Backman indicated there are few active angel funds in rural Minnesota.

Business Visits and Meetings. Backman reported yesterday he participated in Business Day at the Capitol hosted by the Willmar Lakes Area Chamber of Commerce. He attended a panel on healthcare, toured the new Senate Office Building; met with Rep. Dave Baker; and the Speaker of the House spoke to the group and expressed support for transportation funding and included a reference to Highway 23. In February, Backman attended the Association of Minnesota Counties meeting and presented on the Kandiyohi County Entrepreneurial Opportunities (KCEO) program and WORKUP. Backman and Schmoll have had several broadband meetings. Backman attended an energy meeting with a representative from the American Petroleum Institute; a number of meetings regarding the railroad Wye project and a work session on February 21; has been working with REDstar Creative on the EDC's marketing pieces and participated with two ag producer surveys. Schmoll attended the KCEO student mentoring event. Last night, Schmoll attended the Atwater Economic Development Authority meeting where they spoke of a new fitness center owned by a former KCEO student. Meetings/presentations attended by Schmoll in the past month included: GROW Minnesota!; marketing and bonding for the broadband project; Ag Marketing Subcommittee; Agriculture and Economics at Ridgewater College; City Administrator candidate meet and greet; assisted with several ag producer BRE surveys; welcomed the Willmar Area Multicultural Business Center (WAM-BC) board members to the EDC office; planning for the Willmar Ag Show; and referral of eight entrepreneurs to SCORE for help with business plans. Schmoll attended the March 7 Kandiyohi County Board meeting where two resolutions were passed relative to the broadband project. The EDC is working with Consolidated Telecommunications Company (CTC) to market the Meet and Greet events to be held March 20, 23 and April 4, 2017 from 5:00-6:30 at the Dethlefs Community Center in Spicer. The EDC has received calls from several people about the project. Backman reported all parties have now signed the abatement documents for the Kandi Mall project. EDC staff will participate in a Job Fair on March 21 from 2:00-6:00 p.m. at the Willmar Conference Center.

UNFINISHED BUSINESS—

Broadband General Obligation Bond Interest Commitment. Backman reported steps have been taken by the Kandiyohi County Board and CTC calling for \$5 million in General Obligation Bonds for the broadband project. Backman stated a challenge for the bonds are the interest rates. A chart showing the interest rates over the past two years was distributed (see attached). CTC has committed to paying an additional \$700,000 in interest over the term of the bond (see attached); however, if interest goes up before the interest rate is locked in, an additional \$200,000 could be incurred. Ehlers is Kandiyohi County's financial advisor and the debt service schedule included a .25% cushion. As broadband was the EDC's number one goal, Backman recommends the EDC participate financially by paying the additional estimated interest of \$9,000 to \$10,000 per year until the take rate or participation meets 50% in the project area. If the interest does not go up and the interest is locked in before interest increases, the EDC would not pay anything. Backman indicated funds for this could come from the Diverse BRE Grant and WAM-BC rent less what has been committed to purchase the new server. CTC is requiring the county to have a 50% take rate before it will commit to the project. Schmoll has spoken with other areas of the state about take

rates and CTC's 50% requirement is higher than others. Schmoll stated the EDC is obligated to help CTC reach a 60% take rate. The term of the state broadband grant is two years and CTC will pay interest-only for the first two years of the project. The board discussed the project and Backman's recommendation.

IT WAS MOVED BY Gary Gilman, SECONDED BY Art Benson, that the Kandiyohi County and City of Willmar Economic Development Commission (EDC) pay to Consolidated Telecommunications Company the interest expense above the interest estimated by Ehlers as of January 12, 2017 at a maximum of \$10,000 per year, if needed, limited to three years or until the project meets a 60% sign-up rate, whichever occurs first. The EDC's first interest payment of \$5,000 will be made February 1, 2018 and \$5,000 installments every six months thereafter until the EDC's commitment is completed. MOTION CARRIED.

Boards' Strategic Planning Session. Backman reminded the board of the strategic planning session from 9:00 a.m. to 3:00 p.m. on March 23, 2017 at the Westby Observatory, Prairie Woods Environmental Learning Center. Backman also invited each of the EDC's committee chairs; some of whom will attend. Backman spoke with several consultants about facilitating the session and obtained estimates. He selected Linda Mathiasen of LDMarketing as the facilitator. Backman has had conversations and meetings with Mathiasen, who will do an environmental scan and present final goals and tactics to the boards to consider.

Highway 23 Coalition Transportation Summit. Backman stated a goal of the BRE/R Committee has been to move the Highway 23 project forward. Backman has been attending Highway 23 Coalition meetings and encouraging the project be moved forward. The Coalition is planning a Transportation Summit and will invite Minnesota Department of Transportation Commissioner Zelle. Backman showed a flyer developed (see attached) on behalf of the Coalition. The Summit is being planned for a Friday in April and may be held at O'Neil's Event Center in Spicer. The boards will be invited to the Summit. Roger Imdieke noted Mel Odens and Larry Kleindl believe the railroad Wye project and filling the gaps on Highway 23 are linked. Rep. Collin Peterson has stated the four-lane by Paynesville was completed because earmarks were available. Les Heitke stated another district also gave District 8 funds to complete the four-lane by Paynesville. Four lanes are needed to get product to market—not only for this region, but for the connection from Sioux Falls to Duluth.

NEW BUSINESS—

Concorde Bank Certificate of Deposit. Backman noted a Certificate of Deposit for \$103,548.44 is maturing April 15, 2017 at a current interest rate of .760%. The board directed bids be obtained from the Kandiyohi County banks for terms of 6 months, 12 months and 24 months.

Special Board Meeting. Backman requested the board hold a special board meeting on March 23, 2017, if the Finance Committee approves a loan request at their next meeting. It was the board's consensus that if necessary, the board will hold a special meeting at 8:30 a.m. on March 23, 2017.

Historic 313 on Fourth Street. Backman reported the Preservation Alliance of Minnesota (PAM) made an unannounced visit to the property in February and visited a second time to meet with contractors. It is believed PAM will be moving the project forward and is taking over management of the project.

COMMITTEE REPORTS

Agriculture and Renewable Energy Development. Schmoll reported the Ag Committee created a marketing subcommittee, is working on the Willmar Ag Show and the Ag Producer BRE surveys.

Broadband and Advanced Technology. Imdieke encouraged board members to attend one of the three meet-and-greet events with CTC. Schmoll stated she will have a link to CTC's website about the project soon.

BRE/R. Schmoll reported the committee had Bob Mathiasen attend to speak on Highway 23. Sam Bowen is the new chair and the committee will be discussing workforce issues.


Finance. The committee will meet on March 14, 2017 to review a loan application.

Marketing and Public Relations. The committee continues to work on the EDC's brochure, an Ag flyer and replacing the EDC's current booth with pull-up displays.

Other. President Boonstra reminded the board to turn in Backman's review form by March 15, 2017.

NEXT MEETING—The next board meeting is **11:00 a.m., Thursday, April 13, 2017.**

ADJOURNMENT—There being no further business, the meeting was adjourned at approximately 12:55 p.m.



Art Benson, Secretary

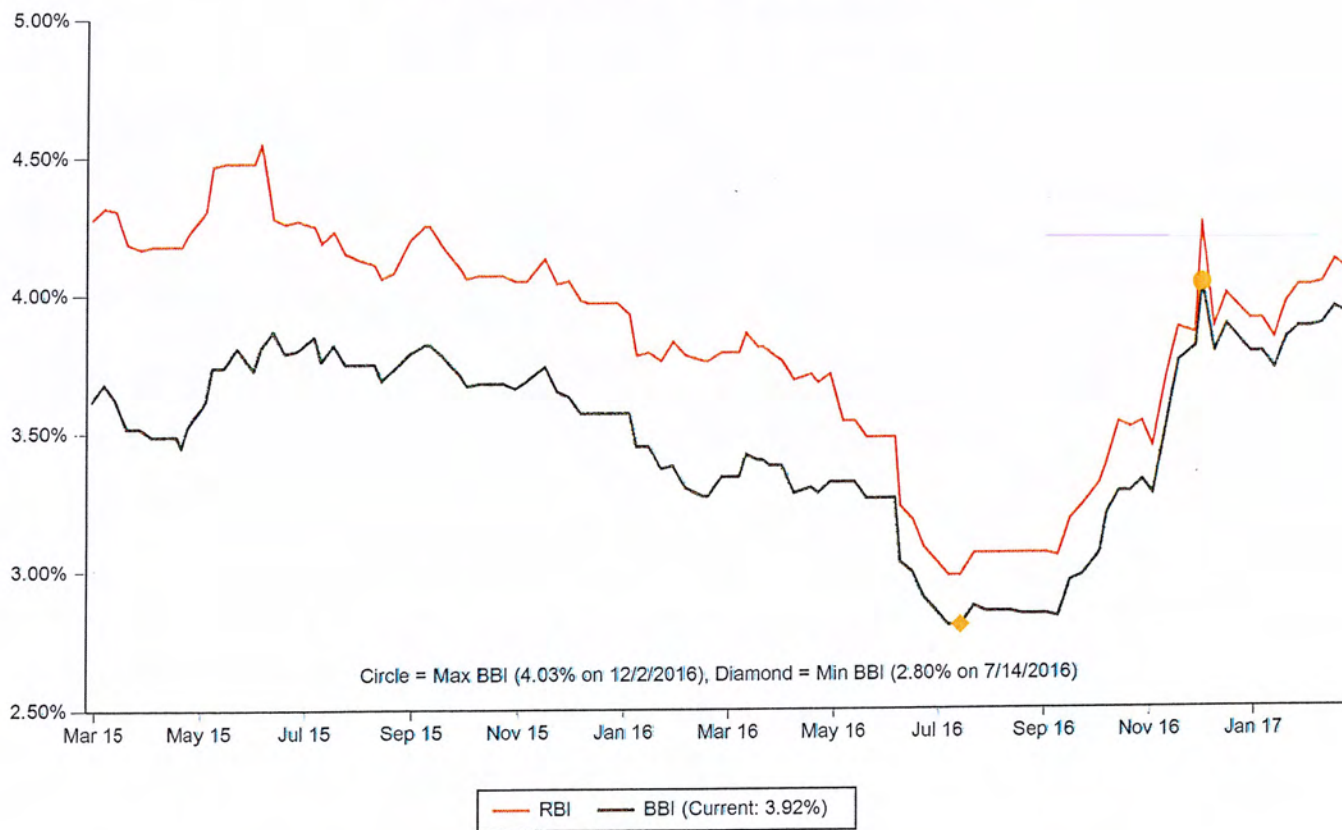
APPROVED: 4/13/2017:



Donna Boonstra, President

2 YEAR TREND IN MUNICIPAL BOND INDICES

Weekly Rates February, 2015 - February, 2017



The Bond Buyer "20 Bond Index" (BBI) shows average yields on a group of municipal bonds that mature in 20 years and have an average rating equivalent to Moody's Aa2 and S&P's AA.

The Revenue Bond Index (RBI) shows the average yield on a group of revenue bonds that mature in 30 years and have an average rating equivalent to Moody's A1 and S&P's A+.

Source: The Bond Buyer



EHLERS
LEADERS IN PUBLIC FINANCE



March 1, 2017

Administrator Larry Kleindl
2200 23rd Street NE
Suite 2020
Willmar, MN 56201

Dear Administrator Kleindl,

Consolidated Telecommunications Company (CTC) is committed to finding ways in which our organization can work with Kandiyohi County to fulfill our mutual goals as detailed in CTC's Phase I Border to Border FTTP project. This letter is to notify Kandiyohi County of CTC's plans regarding this project in light of the nearly \$700,000 of additional interest expense which has changed the project scope since the grant application was submitted in September of 2016.

First, CTC has engaged an engineering consulting firm to validate the estimated construction cost of this project. We believe this is an important investment in Kandiyohi County and to ensure we understand project scope. Next, because the nearly \$700,000 of additional interest expense impacts this project so significantly CTC will not be able to begin construction until we have reached a pre-sales penetration rate of 60% within the project area. Lastly, CTC commits to repayment of bond proceeds and interest expense as shown in the attached January 12th, 2017 proposed taxable general obligation bond estimate provided to Kandiyohi County by Ehlers. CTC does not commit to repayment of interest expense which would be in addition to any amount greater than what is contained in this estimate as a result of interest rate increases which might occur or any other reason.

50%
signature

CTC evaluated Kandiyohi's proposal in which payments are graduated over time but found forecasted expenses were greater than forecasted revenues resulting in financial loss. If Kandiyohi would like to discuss proposals made previously by CTC during phone conversations or any other proposals Kandiyohi County has we are very interested in doing so at any time.

We hope our commitment to taking on such a substantial change in project scope, if we see necessary subscriber sign-ups, is appreciated and we are very excited to begin connecting Kandiyohi County to CTC's award winning fiber optic broadband network.

Sincerely,

Kevin Larson
Chief Executive Officer

CTC Brainerd
1102 Madison Street
Brainerd, MN 56401

CTC Baxter
14385 Edgewood Drive
Baxter, MN 56425

CTC Crosby
8 Third Street Northwest
Crosby, MN 56441



OUR ECONOMIC FUTURE DEPENDS ON FOUR-LANE ACCESS AND FILLING THE GAPS FROM WILLMAR TO I-94

COMMUNITY

- District 8 has never received High Priority Funding
- Willmar is the largest outstate city without four-lane access
- The regional vision for West Central Minnesota includes a four-lane connection to the Interstate system

Contact us at kandiyohi.com or
toll-free at 866.665.4556

GROWTH

- Accessibility is required to attract and retain manufacturing jobs
- This project will attract professionals to our community



INDUSTRY

- Logistics and warehousing businesses with just-in-time inventory models require four-lane accessibility
- Safe, reliable transportation is crucial for our key industries
- Lack of transport access cost Willmar 325 jobs



