

EDC ENCOURAGES EXPANSION

ADVOCACY
RETENTION
EXPANSION
MARKETING

A Message from the Executive Director

With the changing seasons, I am reminded of the changing cycles for business. Businesses have growth spurts and times of dormancy. 2016 has definitely seen both. Our agricultural sector has been challenged with low commodity prices, but projects continue to move forward. MeadowStar Dairy, the largest dairy operation in Minnesota with a \$60 million investment near Pennock, began processing milk last October. A 2017 Agriculture Producers Survey is moving ahead, and Jennie-O Turkey Store, Willmar's largest employer, and Willmar Poultry Company have bounced back this year from the effects of the avian influenza outbreak in 2015. In September of this year, the state opened an \$8.5 million MN Poultry Testing Laboratory, a state-of-the-art diagnostic testing lab, in Willmar.



Aaron Backman

During 2016, the EDC has been working to assist several expansions, including the Kandi Mall Rehabilitation Project, Glacial Ridge Hospitality, and the ERC expansion. Each of these projects not only offers significant capital investment, but also involves a lot of planning and interaction with businesses. Through these projects and more, around 350 new jobs will be generated in Kandiyohi County during the next two years. The EDC is committed to working with the business community to create opportunities for new and existing companies to thrive in Kandiyohi County.

SOMETHING TO CROW ABOUT

Plans for a 51-room GrandStay Hotel, 300-seat event center, 75-seat restaurant, and a new clubhouse are in the works on the property of the Little Crow Country Club (LCCC) south of New London, thanks to a lot of hard work by LCCC's Redevelopment Committee and some help from Kandiyohi County and City of Willmar EDC.

The EDC facilitated and contributed financially to a hotel feasibility study with LCCC, which found a need in the New London-Spicer area for lodging to replace the many small resorts that have closed over the years.

LCCC has teamed up with David Harchanko, an experienced hotel developer and President of Apollo Development in Minnetonka, MN. Harchanko has worked on more than 40 hotel projects and says he's very excited about the LCCC project. "A new hotel and event center, in partnership with the golf club, will help turn New London into a destination," Harchanko said. "It will bring jobs and activity to the area."

An investment entity, Glacial Ridge Hospitality LLC, was created to own and operate the hotel and event center. Together, LCCC and Glacial Ridge Hospitality have secured financing for the \$7.8 million project, which is the largest private capital investment in the New London area.

Assisted by the EDC, the project partners have obtained approvals for a nearly \$1 million tax abatement over 10 years from Kandiyohi County and the New London-Spicer School District. Aaron Backman, Executive Director of the EDC says the project is a key development in the area. "We think this can have a significant impact on northern Kandiyohi County and on the region."



An example of a GrandStay Property.

EDC HELPS BRING JOBS TO WILLMAR

Willmar will be seeing more than 230 new jobs and a \$1.5 million investment in the former Kandiyohi Power Cooperative headquarters over the next three years, thanks to ERC Holdings, a Jacksonville, FL-based company. ERC is an international company with 2,000 employees and offices worldwide, including Chicago and New Delhi, India. The Willmar facility will be an accounts receivable management operation.

The EDC prepared and submitted a Job Creation Fund (JCF) application to the Minnesota Department of Employment and Economic Development (DEED) on behalf of ERC in late September. ERC was awarded more than \$560,000 from the State of Minnesota for the Willmar project. The money will be used to offset costs associated with building improvements and hiring new employees.



A new sign marks the entrance to the ERC Holdings building.

BUSINESS UPDATES | PROJECT HIGHLIGHTS

KANDI MALL - A NEW LOOK



There's a major facelift in the works for Kandi Mall, the largest shopping center in the region. RockStep Capital, a Houston, Texas-based company bought the mall in October of 2015 in partnership with RockStep Willmar, and a \$6.5 million rehab of the 44-acre property is being planned. The mall was built in 1973 and it's been decades since any major improvements have happened. "This is the largest capital investment the mall has seen in 32 years," says Aaron Backman, Executive Director of the EDC. "The mall needs upgrades to attract tenants and customers, especially national retailers."

Tommy Stewart, who handles property management and leasing for RockStep agrees. "Deals are very tough with these national buyers. Major mall projects like the one planned for Kandi Mall can take three-plus years to be completed, when you include the time needed to enter into lease agreements."

The EDC assisted RockStep with a \$1.23 million in property tax abatement over 10 years from the City of Willmar, Kandiyohi County and the Willmar School District. Construction on the project is set to begin this coming spring. In addition to the tax abatement, \$3.5 million has been secured in bank financing and \$1.76 million in owner equity. RockStep looks for strong communities with underdeveloped commercial properties and operates ten shopping centers and eight shopping malls in nine states.

KANDI MALL PROJECT - A BREAKDOWN

\$3.5 million	Upgrade of the former Kmart, which closed in 2012
\$1.15 million	Construction of a new retail building on the southwest corner of the property
\$1.0 million	Improvements to parking lots and signage
\$850,000	Other expenses

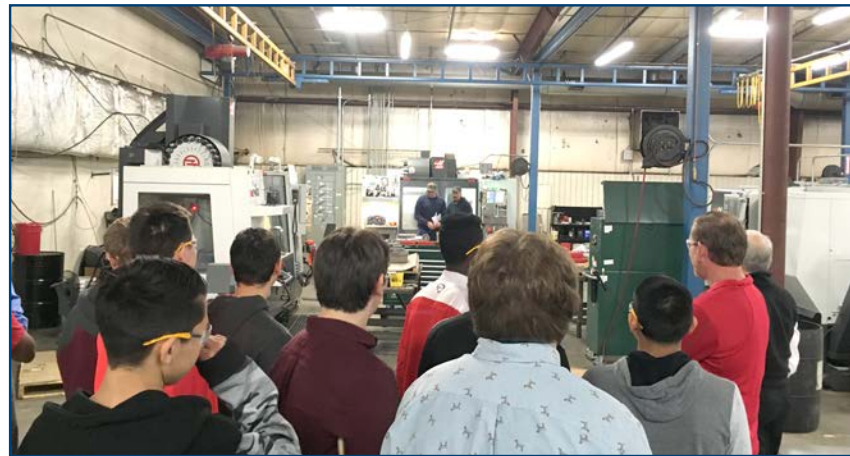
MANUFACTURING AS A CAREER

Eight area manufacturing businesses teamed up with local educators to promote careers in manufacturing to local high school students. One in eight jobs in Minnesota is in manufacturing. These jobs tend to be high quality and pay well.

Before school started in August, Willmar High School teachers took a break from their in-service sessions to tour local manufacturing facilities. Many teachers said they were surprised by the breadth of distribution of locally-manufactured product, which in totality reaches more than 40 countries. They were also surprised by the variety of jobs that were represented, including electrical, industrial and mechanical engineering, scientists, machinists, lab technicians, CNC operators, graphic artists and more.

Willmar tenth grade students took similar tours in October, which is Minnesota's Manufacturing Appreciation Month. Teachers and students will continue discussions about local jobs along with other career opportunities in their Ramp-up sessions throughout the year.

Businesses that participated were RELCO, Nova-Tech Engineering, Inc., Lange Ag Systems, Inc., Epitepox, Jennie-O Turkey Store, Central Minnesota Fabricating, West Central Steel, and Chappell Central. The business leaders contributed to the event by paying for busing, providing tour guides and submitting material for a video that was created to further showcase local manufacturing. The tours were in preparation for career education and exploration training provided to all high school students and was planned and supported by the EDC's Business Retention and Expansion/Recruitment Committee and the Willmar Lakes Area Vision 2040 Goal Two, which is Economic Diversity. Willmar High School hopes to continue the tours in upcoming years.



Students tour the Chappell Central facility in Willmar.

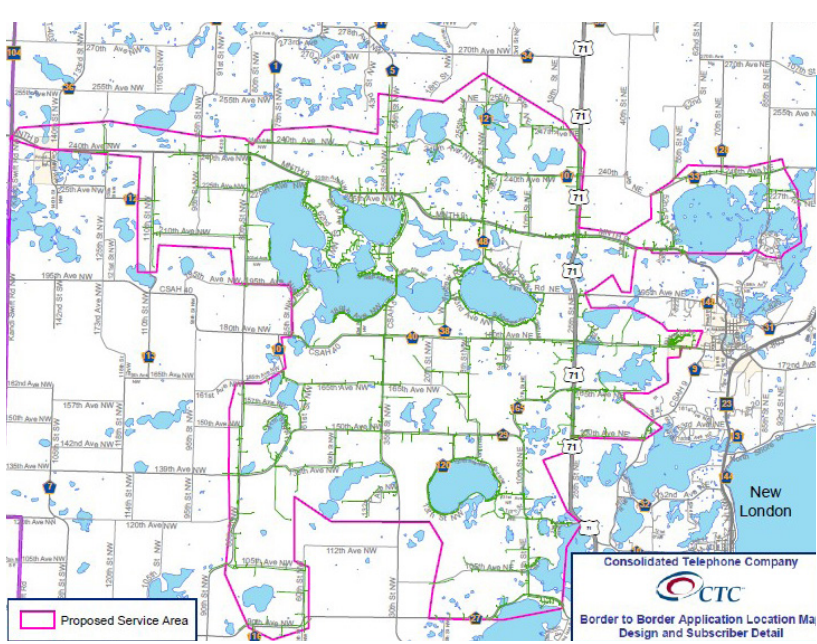
INVESTMENT OPPORTUNITIES EXPAND FOR LOCAL BUSINESSES

A new financing resource for entrepreneurs and early-stage businesses will soon be available, thanks to local investors. With more than 30 founding members, the group is currently completing organizational documents for the West Central Angel Fund I, and they hope to invite business pitches by the end of the year.



"Working collaboratively with local business leaders and the EDC to increase the level of funding available for innovative technology development projects represents a forward-looking initiative," says United FCS CEO, Marc Knisely. "United FCS believes the Fund has the potential to positively impact its members along with their local communities."

The group was formed after the idea was promoted by members of the EDC's Agriculture and Renewable Energy Development Committee, and local investors had expressed their desire to financially contribute to start-up and early-stage projects in West Central Minnesota.



HIGHLIGHTS OF THE BROADBAND FEASIBILITY STUDY

A recent broadband study in Kandiyohi County supports what many people have been saying for years—there is significant demand for more reliable and faster broadband/internet than what is currently offered by existing providers.

The study also concluded that speeds of more than 5MBPS are rare outside of Willmar, New London and Spicer, and that deploying broadband throughout the county would take several projects with a total price tag of \$60 million or more.

The EDC and Kandiyohi County secured the services of Communication Network Engineering Inc. (CNE) of Fargo, ND, to conduct the study in the underserved and unserved areas of Kandiyohi County. The study components included engineering to provide understanding of the physical aspects of deployment and the related costs, a marketing study to provide information about existing infrastructure and services and the satisfaction

level of those who subscribe, and a financial study to seek information about resources that may be available to support broadband deployment.

The study results made it possible to submit an application to the State of Minnesota for Border-to-Border grant funds. If funded, the grant would provide a portion of the funding needed to begin to deploy fiber broadband networks in the unserved areas of the county.

RESIDENT SURVEY RESULTS:

Do You Support Broadband Network Expansion in Kandiyohi County?

82%
STRONGLY SUPPORT KANDIYOHI COUNTY BEING INVOLVED WITH A BROADBAND NETWORK CONSTRUCTION INITIATIVE.

37%
SURVEYED WHO CURRENTLY SUBSCRIBE TO BROADBAND SERVICE SAID THEY USE THEIR BROADBAND FOR BUSINESS PURPOSES.

35%
STATED THAT BROADBAND AVAILABILITY WOULD ALLOW THEM TO BUILD OR EXPAND A NEW OR EXISTING BUSINESS, HIRE ADDITIONAL EMPLOYEES OR TELECOMMUTE FOR AN EXISTING EMPLOYER.

11% INDICATED THEY MIGHT SUPPORT THE INITIATIVE.

7% DECLINED SUPPORT

BROADBAND GRANT APPLICATION AWAITING DECISION

Kandiyohi County will likely know by the end of the year if a \$5 million state grant is approved to help bring high-speed internet service to over 1,600 homes, farms and businesses in Northwestern Kandiyohi County.

The county partnered with Consolidated Telephone Company (CTC) of Brainerd to develop a project and submitted the grant application in early October. Kandiyohi County's proposal is one of 62 applications from across the state vying for grants. The state of Minnesota only has \$35 million in Border-to-Border Broadband funds allocated, so the grant process is extremely competitive.

Applications for projects in Kandiyohi County were also submitted by TDS and Frontier, with TDS applying for a project in nearly the same area as the county and Frontier applying for a project in the southern part of the county. The applications differ from the county's project in the internet speeds that are proposed. The county project proposes a fiber-to-the-premise deployment which will provide speeds that are sure to meet customer demand well into the future.

If the \$5 million grant is approved, Kandiyohi County will provide financing for CTC in order for it to invest \$5 million in matching funds that are required to complete the project.

NEW FARM SURVEY IN THE WORKS

The EDC's Agriculture and Renewable Energy Development Committee is in the process of creating a survey that will be conducted in 2017. Farm families representing small to large-sized crop and livestock operations will be included in the upcoming surveys.

A similar survey was conducted in 2005 and was extremely helpful to the EDC for planning purposes. The goals of the new survey include identifying issues and trends pertinent for agricultural producers today, determining possible strategies to assist them, and demonstrating support for area ag producers and related businesses.

A leadership team will coordinate the survey program, decide on agriculture businesses that will be surveyed, prepare survey documents, and provide training to the volunteers who will conduct the interviews. With a goal of visiting 60 agriculture producers during the month of February, many community volunteers will be needed. The volunteers will participate in two-person teams drawn from the entire community. After training, volunteers visit the two to four ag producers that have been assigned to them and administer the survey. Interview volunteers will be invited to join the community meeting to review the data and will be given a copy of the final report.

If you're interested in volunteering, call Connie Schmoll at the EDC, 320-235-7370.

