

KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION (EDC)
JOINT OPERATIONS BOARD OF DIRECTORS (OB)

MINUTES

March 14, 2024

Community Room, Heritage Bank, N.A., Willmar and Via ZOOM Video Conference

Present: Abdulcadir Gaal, Veronica Garcia, Jesse Gislason, Noah Hultgren and Mary Warszynski

Excused: Art Benson and Les Heitke

Ex Officio: Christopher Corbett, Planning and Development Director, City of Willmar

Guest: George “Corky” Berg, Joint Powers Board Liaison

Staff: Aaron Backman, Executive Director; Michelle Marotzke, Business Development Manager and Kelsey Olson, Marketing & Communications Specialist

Media: Jennifer Kotila, West Central Tribune

Secretarial: Nancy Birkeland, Legal & Administrative Assistants, Inc.

President Jesse Gislason called the meeting to order at approximately 11:07 a.m. and announced a quorum was present.

WELCOME NEW BUSINESS DEVELOPMENT MANAGER. Aaron Backman introduced new Business Development Manager Michelle Marotzke followed by self introductions. Marotzke provided her background.

AGENDA—

IT WAS MOVED BY Noah Hultgren, SECONDED BY Mary Warszynski, to approve the Agenda as presented and the following Consent Agenda:

CONSENT AGENDA

- Approve: 1. Minutes of February 8, 2024
2. Financial reports as of February 29, 2024
- Accept: Committee/Subcommittee Minutes
1. Agriculture and Renewable Energy Development 12/21/2023
 - a. Industrial Hemp Exploratory Subcommittee 12/11/2023
 2. Broadband and Advanced Technology 2/5/2024
 3. Business Retention and Expansion/Recruitment 12/13/2023

4. Finance 12/12 and 12/14/2023
5. Marketing and Public Relations 1/22/2024

MOTION CARRIED.

UNFINISHED BUSINESS

EDC Office Location Options. Backman received updated information from the Elks and from Willmar Ten Investors relative to Appletree Square. A comparison of three location options was reviewed (see attached). Option 1B would have a large enough meeting room to accommodate board and committee meetings, Elevate classes and the EDC boards' strategic planning session. For option 2B, Backman would recommend paying the leasehold improvement cost of \$40,000 from reserves; there is a reset for the Consumer Price Index at five years. Appletree Square has a meeting space of 750 square feet. The city would have larger meeting rooms, one of which would be 900 square feet. Backman indicated if a decision is made this month, Willmar Ten Investors would begin remodeling Appletree Square on May 15 and end September 15. The Elks would begin remodeling June 1 and end August 1. The Elks remodeling for Option B would include the addition of a furnace room, plumbing and electricity. Backman notified the city that the Joint Powers Board would like a response within 45 days of its last special meeting, which would be April 1. The board discussed the options and the consensus was that Option 2B is the best option. It was questioned how much more would need to be spent on furniture and other items to furnish a new location. Backman noted his priority for EDC funds is technology and work conditions rather than on furniture. Backman believes parking at any of the locations is adequate for the EDC's needs. Leslie Valiant has been very supportive of the EDC co-locating with the city and is in favor of Block 50, but they are looking at other sites as well. Christopher Corbett indicated there is a strong desire to share a location with another entity and with his department working closely with the EDC, it would be nice to be located within the same building. Backman agreed that he and Corbett speak daily and have a regular bi-weekly meeting. It would likely be two years before the city would have a new building constructed. Backman believes the Elks is open to a short-term lease if another location is selected to allow time for remodeling.

IT WAS MOVED BY Mary Warszynski, SECONDED BY Jesse Gislason, to recommend to the Kandiyohi County and City of Willmar Economic Development Commission's (EDC) Joint Powers Board that the EDC move forward with a ten-year lease at Appletree Square. MOTION CARRIED.

Executive Director Review Committee. Backman announced proposals were received from Baker Tilly, DDA Human Resources, Inc. and Next Move Group and will be considered by the Joint Powers Board at a special meeting following this board meeting. He provided the cost of each proposal. Backman called references for each of the firms. The board was shown the proposed organizational chart and administrative/personnel chart that the Joint Powers Board will receive and approve.

NEW BUSINESS—There was no new business.

REPORTS

Economic Development Activity. Corbett reported his department has been busy issuing 53 building permits since January 1. The Planning and Development Board of Zoning and Appeals and the Planning Commission are still looking for members. If anyone has any recommendations, forward them to Corbett, who will contact the individuals. He noted Marotzke is on the Comprehensive Plan Task Force that is set to be completed this year. He is looking to recruit two residents at large for the Task Force, which will meet monthly over the next five to six months. Yesterday, they had a workshop for the Planning Commission—training about what comes to the Commission and how to vote on it. He found a need to provide the Commission with resources to make informed decisions and to determine a format for the future. Backman reported he has been invited to present to the Governor’s Council on Freight Rail in regard to the economic impact of the Willmar Wye project. Progress is being made on Dooley’s Petroleum for a fuel station for fleet trucks. The Planning Commission recommended approval of the purchase agreement and it will go before the City Council on March 18 regarding the purchase of two parcels in the Willmar Industrial Park, south and west of its current location. There has been much discussion on the Cura project that will be west of the CentraCare Care Center, which was approved by the City Council. A hearing on the land sale will be held April 15. The Council approved a conveyance that will allow Cura to manage the Care Center, which will remain city-owned. The Planning Commission will discuss the concerns raised by Municipal Utilities. Backman requested 12 years of results from the well monitoring; the engineer is gathering information. Corbett reported Jennie-O Turkey Store will be requesting the purchase of 30 acres north of its site, which will be considered at Monday’s City Council meeting. A groundbreaking for Bethesda’s new \$40 million independent living project will be in April; it is anticipated there will be 16 months of construction by Marcus Construction.

Elevate Community Business Academy. Marotzke reported she is a monitor for the Elevate classes. She will meet with Sarah Swedburg in the next couple of weeks about the program. There are 26 enrolled—8 in the Spanish class led by Danny Carranza and Andrés Albertsen and held at Paz y Esperanza on Thursdays; and 16 in the English class led by Stephanie Lopez, a graduate of the program, and held at the Commons at MinnWest Technology Campus. They are currently in week 4 of the 12-week program. Attendance has been very good and the students are very participatory. By May 2024 the program will have 87 graduates, if the current students all graduate. Graduation will be held at Ridgewater College Student Center on May 17 and will require an R.S.V.P. as food will be provided. The EDC was awarded a Small Business Assistance Partnership Grant from the Minnesota Department of Employment and Economic Development (DEED) in the amount of \$203,500 for the program over the next two years. This grant will help to increase the classes to three each year and build out the business assistance services for alumni, which will include a podcast, networking events and a mentorship program. Backman stated around 60 have graduated, 11 alumni have started or expanded their business and they have leveraged \$1.6 million in funding. Samantha Nelson, a graduate, will host the podcast.

Child Care Economic Development Grant. Marotzke reported Tanna Stucky has been very busy with the Wayfinder program. DEED has a new staff person, Tammy Wickstrom, Director of Child Care Community Partnerships, who assisted Marotzke with the Child Care Economic Development Grant application of \$600,000 to start a nature-based childcare program by Prairie Woods

Environmental Learning Center (PWELC) and a new childcare project in Atwater to provide alternative licenses to four family providers who cannot have a daycare in their home. These two programs will bring up to 7 jobs and cover up to 68 slots. The EDC received 24 letters of support for the grant application that was submitted this week. Marotzke hopes to hear of a grant award by May. Backman noted the Atwater program will be intergenerational and will involve a senior program. Backman and Marotzke met with the PWELC board and saw the proposed location in the Westby Observatory. If received, the grant would be split \$300,000 to each program. Each are contributing local funds; Backman noted generally a 50% match is required. Kandiyohi County approved \$35,000 in American Rescue Plan Act funds for each project plus in-kind work.

COMMITTEE REPORTS

Broadband and Advanced Technology. Marotzke reported Kandiyohi County was awarded a \$8.2 million on a \$16.4 million project to serve 1,289 residents in five townships. The second award was for Fahlun Township. Half of the investment in the projects was awarded in grants. Marotzke noted that 26% of the total grants awarded by the state went to Kandiyohi County. Backman complimented Mark Boesch, EDC Broadband Committee chair, for leading the broadband efforts for the county and acknowledged financial participation by Kandiyohi County in the broadband projects. Marotzke noted there are still areas that need to be covered.

[Marotzke was excused from the meeting.]

Agriculture and Renewable Energy Development. Noah Hultgren reported the committee hosted Harold Stanislawski from the Agriculture Utilization Research Institute, who gave a report mainly on industrial hemp. Hultgren stated Hultgren Farms will not be growing hemp this year. The committee heard a report from Stanislawski on the tour of Dun Agro in the Netherlands and was shown pictures of the use of hempcrete, which was very interesting. Backman noted the sample productions done in Minnesota last year by Dun Agro were very good.

Business Retention and Expansion/Recruitment (BRE). Backman noted the BRE Committee did not meet this month.

Finance. Backman noted New Minnesotan Realty's loan has a balloon payment coming due and the borrower has requested an extension of the loan for ten months beginning March 2024 and that the balance be reamortized.

IT WAS MOVED BY Noah Hultgren, SECONDED BY Jesse Gislason, to ratify the Finance Committee's recommendation to extend the Revolving Loan Fund loan to New Minnesota Realty and reamortize the remaining balance over ten months beginning March 2024. MOTION CARRIED.

Backman provided information on 6th Street Logistics, a trucking company, located on Eagle Lake. The committee is recommending approval of a loan to the business.

IT WAS MOVED BY Mary Warszynski, SECONDED BY Victoria Garcia, to approve a \$45,000 loan to 6th Street Logistics LLC through the Kandiyohi County and City of Willmar Economic Development Commission's Revolving Loan Fund program at 6.5% interest with a 10-year amortization and 7-year balloon; with a first security position on a 2011 international truck. MOTION CARRIED.

Backman informed the board that Coffee & More filed bankruptcy and the committee is recommending the balance of the loan be written off.

IT WAS MOVED BY Victoria Garcia, SECONDED BY Noah Hultgren, to approve the Finance Committee's recommendation to write off the remaining balance of the Kandiyohi County and City of Willmar Economic Development Commission's Revolving Loan Fund loan to Coffee & More in the approximate principal balance of \$4,965.79. MOTION CARRIED.

Marketing and Public Relations. Kelsey Olson reported she has been working on getting the customer relationship management program from Executive Pulse organized and data entered. The committee was shown a first draft of the new website's landing page and a majority of the content has been written. Olson has been getting out press releases, especially about the exciting news related to the broadband grant. She will be assisting with the New London Water Days parade and tonight she will be meeting with the City of Kandiyohi on its community event. The Annual Student Job Fair and Career Expo will be held April 25 at the Willmar High School. Any business interested in having a booth should contact the Willmar Lakes Area Chamber of Commerce. As of now, 350 high school students outside of the Willmar School District will be participating in the Job Fair.

Leisure Travel. No report.

WHAT'S UP?

- Hultgren was in the field yesterday and planted wheat. He is concerned with the need for moisture.
- Warszynski noted she is assisting with daycare for her four year old granddaughter as the daycare provider decided to take every Friday off instead of raising her rates. She continues to seek employees for Employment Plus.
- Garcia is looking for a supervisor for their Willmar office for Monday-Thursday. She distributed brochures on the Cinco de Mayo program.
- Steve Gardner announced he qualified for the president's club through his employment with Coordinated Business Systems. He has been there 16 years.
- Gislason report the condominiums across from Zorbaz in Spicer are almost complete and a couple are sold. Four units south of United Prairie Bank will be ready in the next couple of months. Business is going well for Alley on Ash; they will have to raise rates due to the price of supplies.

ADJOURNMENT—There being no other business, the meeting was adjourned at approximately 1:02 p.m.

NEXT MEETING—The next meeting is 11:00 a.m., Thursday, April 11, 2024 at the Community Room of Heritage Bank, Willmar.



Mary Warszynski, Secretary

APPROVED: 4/11/2024



Jesse Gislason, President

EDC Office Location Options

3/14/2024

	Proposal Date	Square Footage	Lease Rate**	Annual Cost	Term	Leasehold Improvement Cost
1) Elks Building	3/7/2024 & 3/12/2024					
Option A		1,500	\$18.25/sq. ft.	\$27,375 (+ \$800)	5 years	0
Option B		3,000*	\$20.84/sq. ft.	\$62,592	10 years	\$200,000 Included in Lease
2) Appletree Square	2/26/2024					
Option A		2,840	\$17.60/sq.ft.	\$49,984	5 years	\$80,000 (Owner covering \$90,000)
Option B		2,840	\$17.60/sq.ft.	\$49,984	10 years	\$40,000
			(Reset for CPI)			
3) New Willmar City Hall	1/29/2024					
Proposal		2,000	\$20.00/sq.ft.	\$40,000	Not Limited	0
				(+ 3% annual increase		
				Year 5 is \$45,020)		

All options except 1) Option A offer larger meeting/classroom space and sufficient number of offices for EDC and contracted staff. Locations 1 and 2 can be renovated in the next 3 to 5 months. Appletree Square contractor would work from May 15th-September 15th. Elks contractor would work from June 1st-August 31st.

*Actual estimated space is 2,977 sq. ft.

** Current lease rate is \$16.00/sq. ft. or \$24,000/year plus storage.



Mailing: P.O. Box 3169 Willmar, MN. 56201-3169 Phone: (320)-444-8300
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Paul R. Ryan
Past Grand Exalted Ruler

3/7/2024

A Fraternal Organization

Economic and Development Commission
222 20th St SE
Willmar MN 5620

Mr. Bachman:

The Board of Directors asked me to present a layout to you as to what the numbers would be for your current situation and then a comparison to the future.

Currently this is the plan:

\$2000/Month X 12 Months per year is \$24,000
\$24,000 Divided by the approximate 1500 Sq. Ft that you are occupying is: \$16 Per Square foot.

I would like to take note that the Elks have been paying all utilities, all CAM, All insurance, and all taxes. For these reasons the rate is higher than the "average" rates of the City of Willmar.

The buildout and future rents would look like the following:

\$11/Sq Ft x 3000 Sq Ft. is \$33,000/12 is \$2750 Per month Lease rate.

The buildout would be as follows:

\$200,000 Amortized over 10 Years @ 7.75% interest is \$2466 per month.

So, the EDC would be responsible for what follows:

\$2750 Lease amount per month PLUS \$2466 Buildout Cost per month equals \$5216 per month.

\$5216 times 12 months is \$62,592 divided by 3000 Sq. Ft. is \$20.84 Per Sq. Ft.

The Elks will still be paying the insurance on the property which currently is \$1100 per month. We will also be paying the taxes with is \$10,816, The water and sewer running \$260 per month and CAM which is hard to put a number on, most of it done currently by members, however, I would say the future would probably run about \$300-400 per month.

I do hope that this will help you with your decision. We look forward to this continued fantastic relationship.

Stay Safe, Stay Healthy and God Bless.

Fraternally,

A handwritten signature in black ink, appearing to read "Paul R. Ryan". The signature is fluid and cursive, with a prominent initial "P" and "R".

Paul R. Ryan
Past Grand Exalted Ruler
2020-2021



Mailing: P.O. Box 3169 Willmar, MN. 56201-3169 Phone: (320)-444-8300
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Paul R. Ryan
Past Grand Exalted Ruler

March 12, 2024

A Fraternal Organization

Economic and Development Commission
222 20th St SE
Willmar MN 5620

Mr. Backman:

We appreciate the opportunity to be able to continue the relationship between the Willmar Elks and the EDC.

The Board of Directors Building subcommittee met and discussed the lease amount of the EDC with the current amount of space that they currently have in the building. Taking into consideration that we have a great working relationship and would like to continue the agreement between all involved.

Due to the Elks continuing to have the responsibility of the CAM, taxes, insurance, and utilities, we are still willing to work with what we would consider a less than market rate.

The EDC currently is using approximately 1500 square feet of the building. We would like to propose an increase amount to \$18.25 per square foot.

$1500 \text{ Sq. ft.} \times \$18.25 = \$27,375$ per year divided by 12 months is \$2281.25 per month.

We hope that this would be a feasible amount of an increase and all parties involved can continue with this relationship that is good for all.

Thank you.

Stay Safe, Stay Healthy and God Bless.

Fraternally,

A handwritten signature in black ink that reads "Paul R. Ryan".

Paul R. Ryan
Past Grand Exalted Ruler
2020-2021

WILLMAR TEN INVESTORS, LLP

February 26, 2024

Mr. Aaron Backman
Executive Director
Kandiyohi County Economic Development

RE: New Location for KCED Offices

Dear Aaron:

Thank you for the conversation last week regarding the space we have available in Appletree Square located at 1601 East Highway 12 in Willmar. I appreciated you taking the time to discuss the numbers we had spoken about last summer when you toured the space. I felt it was time to provide a formal proposal that you can share with your board.

As you know, this is a highly visible location with more than ample parking. We would be happy to have the EDC located at this busy intersection. We have shared with you our estimates from TerWisscha Construction. The build-out, to the same finishes you enjoy now, came in at approximately \$136,000. For the calculations below, I am using \$140,000. Willmar Ten, along with investing an initial \$90,000 in the project, is also willing to assist the EDC with the final build-out and finishes specific for your needs.

Our Proposal:	Option One	Option Two
Lease Term:	5 years	10 years with a rate adjustment after 5 years
Price per foot, triple net	\$13.10, fixed	\$13.10, initially
CAM per foot	\$4.50 estimated	\$4.50 estimated
EDC build -out contribution	\$80,000	\$40,000

I would estimate the lease to cost approximately \$49,984 per year if the CAM numbers are consistent with previous years for this building. For Option Two, we would adjust the second 5-year rent period to the Consumer Price Index change from 2024 to 2029. Please call me with any questions- 212-3556.

Sincerely,



Dion Warne, Partner



WILLMAR

CITY ADMINISTRATOR

January 29, 2024

Aaron Backman
Kandiyohi County/City of Willmar Economic Development Commission
222 20th Street SE
P O Box 1783
Willmar, MN 56201

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RE: EDC Office Space

Dear Mr. Backman,

We are writing to you as a potential partner in the new city hall project. As you may know, the City has been exploring the possibility of building a new city hall that would better serve the needs of the community. We understand that the EDC, Chamber of Commerce, and the Convention Bureau are also looking for more space to carry out their activities. We would like to invite you to join us in this project and consider moving into the new city hall.

The City is exploring two possible locations for the new city hall in the downtown area. One of them is block 50, which has been vacant for several years. The other one is a confidential site that we are not authorized to reveal at this moment. We are conducting feasibility studies and cost-benefit analyses for both options.

This is a great opportunity for you to have a say in how the new city hall will be designed and configured to suit your needs. For example, you could have a separate entrance from both the outside and the inside, similar to the EDC's current main entrance. You could also benefit from the shared use of meeting spaces and building signage. Moreover, the EDC could contract with the City's Informational Systems Department, providing faster response when computer issues occur. The City has a voice over IP phone system which would allow the EDC to keep your current phone number, only paying for external phone service. There could also be savings on internet service.

We estimate that the annual rent for the space at the new city hall at \$20 per square foot with a 3% increase every year for about 2,000 square feet of office space. This is based on the current market value and may change depending on the final design and construction costs. However, we believe that this is a reasonable and competitive price for a prime location in the heart of the city. This rate would include utilities, use of common areas, meeting spaces, landscaping, snow removal, taxes, janitorial services. Internet services and phone services could be negotiated further.

The EDC is a joint initiative of the City and County that aims to facilitate business development and address developer's inquiries by being co-located within the City Offices in the downtown area we both become more efficient.

Sincerely,

Leslie M. Valiant
Willmar City Administrator



TO: Joint Operations Board

FROM: Michelle Marotzke

DATE: March 12, 2024

RE: Report for 3/14 board meeting

It has been a busy introduction to my position at the EDC! My first day was March 6th, and the first week was focused on completing the grant application for DEED's Child Care Economic Development Grant, which was submitted on March 12th. The application, for \$600,000, is to support creation of two child care projects: four Specialized Family Child Care units in Atwater (up to 48 children) and a nature-based preschool at Prairie Woods Environmental Learning Center (20 preschoolers). We hope to hear, favorably of course, from DEED by mid to late April.

On March 12th, I participated in the Office of Broadband's Connecting One Minnesota conference as a panelist for digital equity work. I was asked to speak on behalf of a project that I led last April to build a digital equity team. Kandiyohi County was a leader in this work, pulling together over a dozen community leaders from non-profits, businesses, and townships, to discuss and evaluate the digital equity needs that go beyond reliable access. County Commissioner Roger Imdieke also participated on a panel titled County Strategies to Achieve 100% Coverage.

I am serving as the classroom monitor for the English Elevate class and have been learning the details of the course with the students. We have 16 students and Stephanie Lopez does a great job of keeping everyone on track and engaged in the lessons.

Finally, I look forward to attending The Workshop Forum in Louisville, KY next Monday-Wednesday (3/18-20). This workshop will introduce me to 18 site selector consultants from throughout the U.S. and provide an excellent opportunity to network with economic development professionals. When I return from that, I will attend the MAPCED Q1 meeting in Fergus Falls on Friday (3/22).



Joint Operations Board Meeting

Willmar, MN

3/14/2024

Marketing and Communications Update

Re-Branding & Website Updates

- The first mock-up of the webpage has been seen, it is a good start to a new look!
- About 60% of the website content has been written.
- Meetings with LOIS, GIS Planning, and REsimplifi, all site selection software companies have taken place. The new site will amplify the capabilities of LOIS and REsimplifi to have the broadest representative of available sites, features and data.
- Almost all webpages are being completely recreated. The MPR Committee has been working on taglines and headers for webpages.

Marketing/Public Relations/Communications

- The spring newsletter has begun to be written, the theme is construction updates post-covid and projects in Kandiyohi County
- Publications were put in the West Central Tribune Rooted magazine, this includes our past Industrial Hemp educational ad. We also put a child care themed ad in the Summer Fun publication.
- The MPR Committee made a recommendation for new branded business cards that will be ready for our strategic re-launch.
- Our formal brand launch, including our adopting of KCED will take place simultaneously with the website launch.
- We continue to share community success stories on our social media. These posts, along with those that reflect the work we do, are most popular.
- About two and half weeks were spent updating our CRM Executive Pulse, while a lot of organization is yet to be completed, it is organized for functionality.

- The MPR Committee set goals and strategies for 2024. This year the marketing and public relations focus will be:
 - 1. Support Daily Marketing Needs
 - 2. Outreach and community engagement within Kandiyohi County
 - 3. Create a strategic social media plan
 - 4. Create awareness of EDC activities and services in the area
- Strategies, listed with the corresponding goal number include:
 - 6 Months
 - Implement CRM functionality: 1, 2, 3 (through tracking of activities)
 - Complete and launch website: 1, 2, 4
 - Create and implement a strategic re-brand launch: 1, 2, 3, 4
 - Create a calendar of events for 2024 and how we will support the events: 2
 - Implementation of Board expectations that includes volunteer participation supporting one event
 - Create new or edit existing marketing hand-outs: 1, 4
 - 12 Months:
 - Develop a Communications Handbook: 1,3
 - Conduct technical training on video creation: 2, 3, 4
- Press Release sent out announcing nearly ~\$8 million in broadband funding

Outreach

- On April 25th the Job and Career Fair at the Willmar High School will take place. There are about 2 dozen businesses signed up and 350 high schools from greater Kandiyohi County scheduled to come. SWIF will again be funding bussing.
- I have been assisting PWELC in preparing for a green-preschool including what the program model will look like. They were included in the DEED Child Care grant submitted this past week.
- I continue to serve as a remote ambassador, most recently attending the Stay and Play ribbon cutting.
- I have met with the New London Chamber and will meet with the activities committee in the city of Kandiyohi to identify how we can support their community celebrations this month.