

KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION (EDC)
JOINT OPERATIONS BOARD OF DIRECTORS (OB) MEETING
MINUTES
December 8, 2016
EDC Board Room, Willmar

Present: Rollie Boll, Donna Boonstra, Robert Carlson, Gary Gilman, Linda Kacher and Kelly TerWisscha

Excused: Art Benson, Bruce Peterson, Doug Reese and Connie Schmoll

Guests: Jennifer Mendoza, Board Chair and Noe Carranza, Board Secretary, Willmar Area Multicultural Business Center

Staff: Aaron Backman, Executive Director

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

President Robert Carlson called the meeting to order at approximately 11:00 a.m.

AGENDA—The Consent Agenda was revised to remove item 2 from Accept, Broadband and Advanced Technology Committee minutes of 11/7/2016 as there was no meeting and to add item 5 under Approve, Removal of Lynn Zeppelin from the Finance Committee.

IT WAS MOVED BY Rollie Boll, SECONDED BY Kelly TerWisscha, to approve the Agenda and revised Consent Agenda. MOTION CARRIED.

CONSENT AGENDA—

- Approve:
1. Minutes of November 10, 2016 meeting
 2. Financial reports as of November 30, 2016
 3. Payment of Invoice from REDstar in the amount of \$1,052.84 from the Marketing and Public Relations Committee's budget
 4. Removal of Heather Koffler from the Marketing and Public Relations Committee
 5. Removal of Lynn Zeppelin from the Finance Committee
- Accept: Committee/Subcommittee Minutes
1. Agriculture and Renewable Energy Development 11/17/2016
 - a. Ag Producers Survey Subcommittee 10/25/2016
 2. Business Expansion Retention/Recruitment 9/21 and 10/21/2016
 - a. BRE/R Vision 2040 Workforce Subcommittee 10/18/2016
 3. Finance 11/8/2016
 4. Leisure Travel 10/3/2016

Willmar Area Multicultural Business Center. Aaron Backman introduced Jennifer Mendoza, Board Chair and Noe Carranza, Board Secretary, of the Willmar Area Multicultural Business Center (WAM-BC). Backman provided background information on WAM-BC, a 501(c)(3) nonprofit corporation. Its annual operating budget is approximately \$200,000 and is entirely dependent on grants and donations. WAM-BC provides technical assistance to mainly minority-owned businesses and has a microloan program for minority-owned businesses in Kandiyohi and Meeker Counties. WAM-BC's board and its accountant have been monitoring the outstanding loans and have had some discussions with Southwest Initiative Foundation (SWIF) about administering the loans. WAM-BC has approximately \$55,000 available for lending and most loans are around \$10,000. Backman met with the Elks Board of Trustees on the possibility of subletting the EDC's vacant office to WAM-BC. The Elks Board of Trustees is okay with the EDC subleasing its vacant office to WAM-BC for one year conditioned upon a \$100 increase in rent to accommodate additional expenses. Backman offered WAM-BC to sublease the EDC's office for \$250 per month. Backman believes collaboration with WAM-BC would be beneficial to both entities. WAM-BC currently has its office at 311 Benson Avenue and its director recently resigned. Jennifer Mendoza stated subleasing from the EDC will allow WAM-BC time to regroup, continue its work and save funds with a reduced rent. Mendoza stated Willmar has 36 minority-owned businesses, a vast majority of which are located downtown. Businesses come to the WAM-BC office and most are by word-of-mouth. Noe Carranza estimated 97% of the businesses assisted by WAM-BC have been in Willmar. WAM-BC would like to reach out to other communities. WAM-BC has discussed being more available to entrepreneurs outside of normal business hours. WAM-BC is looking at hiring a new part-time director, who is bilingual and educated. It has no other staff, but works with a consultant, Jeff Madsen, who provides technical assistance. A current board member works at Ridgewater College, which may be of benefit to WAM-BC. If subleasing to WAM-BC is approved by the board, Backman will present a draft sublease agreement at the January board meeting. Backman proposes WAM-BC be allowed to use the EDC's furniture. WAM-BC would provide its own equipment, including a computer and telephone. WAM-BC would be allowed to use the EDC's large color printer/copier and would reimburse the EDC for actual usage. The EDC would need to know who has access to keys to keep its location secure. Backman believes an outdoor marquee sign would be too costly for WAM-BC, but they could have a sign similar to the one the EDC has by its entrance door. The WAM-BC board is scheduling a strategic planning session with a facilitator during the first quarter of 2017. Carranza distributed information on the history of WAM-BC taken from its website, <http://www.willmarbusinesscenter.com>. Mendoza and Carranza stated they look forward to possibly collaborating with the EDC.

[Mendoza and Carranza were excused from the meeting.]

IT WAS MOVED BY Linda Kacher, SECONDED BY Kelly TerWisscha, that the Kandiyohi County and City of Willmar Economic Development Commission's Joint Operations Board is supportive of subleasing to the Willmar Area Multicultural Business Center and directed Aaron Backman to draft a sublease agreement for board consideration.
MOTION CARRIED.

The board discussed the potential of hiring another staff person in the future and asked that the sublease include a 30-60 day out clause. Backman informed the board he did ask the Elks about WAM-BC leasing the former Windstream office, but at present, the Elks are using it for other purposes.

PROGRESS REPORTS

Willmar/Willmar Industrial Park. Backman reported progress continues on the Willmar Wye and the Minnesota Department of Transportation (MnDOT) has put the Willmar project on its website under planned future projects. The at-grade crossing at First Avenue continues to be a challenge. Plans are for the City of Willmar and MnDOT to meet and specifically discuss the at-grade crossing. Deane Foote, the Arizona site selector, who toured the Industrial Park and Willmar community, emailed complimentary comments to Backman on his visit and suggested sectors that may be interested in the Industrial Park.

IT WAS MOVED BY Rollie Boll, SECONDED BY Donna Boonstra, to approve \$311.66 in additional expenses incurred for Deane Foote's visit to Willmar. MOTION CARRIED.

Kelly TerWisscha commented on paying a consultant to try and get business to the county. Backman indicated the need to get site selectors aware of the Industrial Park. Foote is a member of the Site Selectors Guild and will be helpful in getting Willmar's name out to others.

Business Retention and Expansion Grant for Diverse Businesses. Backman reported SWIF approved a \$15,000 Business Retention and Expansion grant to the EDC. Backman is awaiting receipt of the grant agreement from SWIF. The EDC will need to provide a copy of the board minutes showing it approved applying for the grant. SWIF must obtain approval of the grant from the Minnesota Department of Employment and Economic Development (DEED) and, thus, the grant agreement may not be received until January.

West Central Angel Fund I. Backman informed the board Connie Schmoll is attending the Minnesota Marketing Partnership meeting in the Twin Cities today and provided her update on the West Central Angel Fund I that its leadership team is working to create a Service Agreement with the consultant.

Business Visits and Meetings. Backman reported ERC Holdings has hired 19 individuals and plans to have up to 40-50 staff by year end. ERC Holdings is a market research and call center with its principal clients in telecommunications and financial services. Backman reported the Tax Abatement and Business Subsidy Agreement between the City of Willmar and RockStep Capital has been signed. The Kandi Mall presented a request to the Willmar Planning Commission for new signage, which was approved. The University of Minnesota Technology Showcase was well attended. Backman attended a DEED redevelopment grant workshop and Economic Development Professionals regional meeting at MWTC this past month. Backman informed the board he agreed to serve on the Master Plan Advisory Group for the Willmar Airport, which is being facilitated by Bolton & Menk. A board member suggested negative comments regarding the airport be countered by the Advisory Group as many positive things are happening and the airport is well used.

Backman and Schmoll attended the Minnesota Association of Professional County Economic Developers (MAPCED) quarterly meeting in Minneapolis December 5 where railroad transportation was discussed and planning for 2017 was held. The June meeting will be in Alexandria. Backman made a suggestion, that was accepted, to hold MAPCED's annual meeting in Willmar on September 21, 2017. MAPCED members were asked to support a Minnesota Freight Railroad

Grant Legislative Proposal, which requests funding to assist short line freight railroad infrastructure. Backman stated there are no short lines in Kandiyohi County, but the proposal would benefit Chippewa and Renville Counties that do have short line railroads that connect to main lines. The board directed Backman to find out what the funding source is for the proposed legislation and to provide additional information to the board in January. Some members felt that short line rails must be subsidized if they are going to work—similar to what is done for smaller regional airports.

Backman announced Tom Meium, Congressman Peterson’s representative in Willmar has retired. Jackie Anderson has been hired as his replacement and will start work the middle of next week. Backman stated he has been asked to present local case studies at the Ehlers Public Finance Seminar in February 2017. Backman provided information on the Vision 2040 Goal 1 Housing Subcommittee of which he is a member. Based on the 2015 housing study, areas of need were identified, including housing for the area’s workforce. The Vision 2040 Housing Subcommittee is working on those identified needs. Backman has been working with a housing developer, who is interested in having a project in Willmar and the subcommittee recently received information on the potential project. Board members questioned how housing fits into the EDC’s current goals and if EDC staff has the time to work on this issue. Some board members remarked that businesses are seeing employees having difficulty finding housing in the Willmar area. Backman stated development should be driven by the private sector, but there is a role for the EDC in the local area. Backman noted this project is still in the early stages.

UNFINISHED BUSINESS—There was no unfinished business.

NEW BUSINESS—

Highway 23 Update. Backman indicated transportation bonding has been discussed for a special legislative session. Backman stated the EDC’s Business Retention and Expansion/Recruitment (BRE/R) Committee is working on its 2017 goals, one of which includes Highway 23, specifically, Strategy 2.3 with an objective to engage the Highway 23 Coalition and Willmar Chamber of Commerce to hold a transportation summit in Willmar to include legislators. Backman has had discussions with Ken Warner on a transportation summit.

COMMITTEE REPORTS

Agriculture and Renewable Energy Development. Rollie Boll reported the committee met in November. The Ag Producers’ Survey Subcommittee will meet Monday and will find out at that time how many volunteers will assist with the survey. The goal is to interview 60 Ag producers.

[President Carlson was excused from the meeting.]

Broadband and Advanced Technology. Donna Boonstra reported the committee met Monday and received a report on the Fiber to the Home Conference that was attended. The committee broke into small groups that discussed marketing and how to bring more information to the community,

legislative concerns, stakeholders and technical issues. The committee will review the results from the small groups next month. The state Office of Broadband Development is still reviewing the grant applications and challenges by incumbent providers in hopes of announcing the grant recipients by year end. Consolidated Telecommunications Company and Schmoll both received questions regarding the county's ability to fund the proposed project.

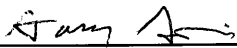
Finance. Backman informed the board he will be on vacation December 9-26, 2016 and, thus, Schmoll will attend the Finance Committee meeting next week in his place. The meeting is dependent on a potential loan and may be cancelled. Backman reported HVAC equipment has now been installed at Historic 313 on Fourth Street and the renovation work is slow. Backman has spoken with all of the partners to try to move the project forward. Historic 313 on Fourth Street's loan with the EDC is current. The board will review the project in January. Backman stated two representatives from Willmar Downtown Development attended the last Finance Committee meeting and gave an update on the project.

Marketing and Public Relations. Backman reported the committee is looking to redo the EDC's general marketing brochure in 2017. The board received a copy of the fall newsletter (see attached). Backman sent the new Industrial Park flyer to 10 site selectors around the country.

Other. Schmoll submitted a proposal to a manufacturer for a location in the Industrial Park.

NEXT MEETING—The annual board meeting is **11:00 a.m., Thursday, January 12, 2017**, at the EDC Office, Willmar.

ADJOURNMENT—There being no further business, the meeting was adjourned at approximately 12:40 p.m.



Gary Gilman, Secretary

APPROVED: 1/12/2017:



Robert Carlson, President



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."

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.



An example of a GrandStay Property.

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.

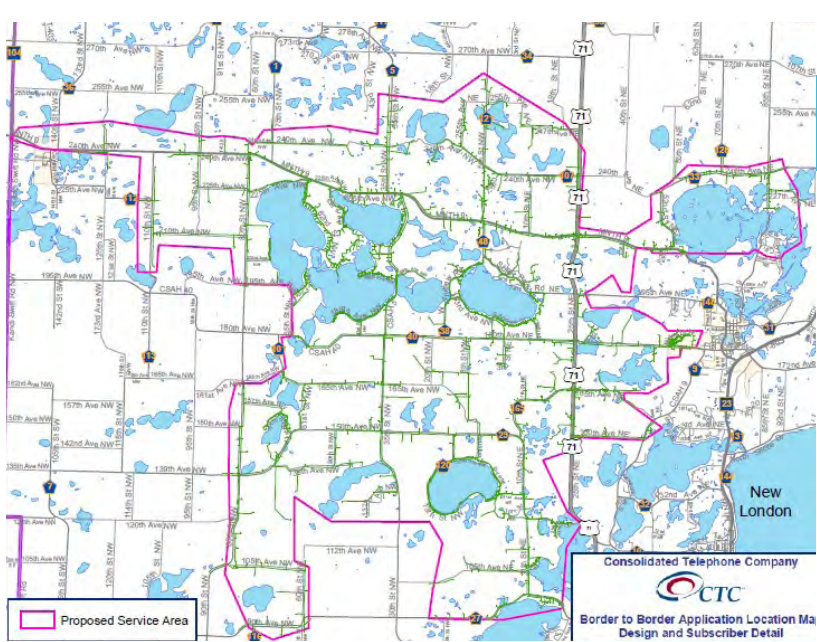
BROADBAND GRANT APPLICATION AWAITING DECISION

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.



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

TOTAL # OF RESIDENTS SURVEYED

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.

