

KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION (EDC)
JOINT POWERS BOARD OF COMMISSIONERS MEETING
MINUTES
April 23, 2015
EDC Office, Willmar, MN

Present: Denis Anderson, Ron Christianson, Roger Imdieke, Harlan Madsen and Doug Reese

Staff: Steven Renquist, Executive Director and Jean Spaulding, Assistant Director

Excused: Marv Calvin

Media: Anne Polta, West Central Tribune

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

Chairperson Harlan Madsen called the meeting to order at approximately 11:32 a.m.

MINUTES—

IT WAS MOVED BY Denis Anderson, SECONDED BY Doug Reese, to approve the minutes of the January 22, 2015 annual meeting of the Kandiyohi County and City of Willmar Economic Development Commission Joint Powers Board of Commissioners as e-mailed. All present voted in favor by roll call.

TREASURER'S REPORT— Steve Renquist presented the financial reports for periods ending January 31, February 28 and March 31, 2015 and reviewed with the board the most recent Balance Sheet and Profit and Loss Budget Performance.

IT WAS MOVED BY Roger Imdieke, SECONDED BY Ron Christianson, to accept the Kandiyohi County and City of Willmar Economic Development Commission financial reports for periods ending January 31, February 28 and March 31, 2015 , subject to audit. All present voted in favor by roll call.

REPORTS

Economic development activities and 2015 Strategic Plan. Renquist gave an update on his activities, including work with the BNSF Wye and Industrial Spur project; a meeting today with a potential buyer of the Kandi Mall; work on a potential hotel in the New London-Spicer area; working with Bruce Peterson and businesses that may locate to the Willmar Industrial Park; and approaching the Minnesota Department of Transportation about opening the Highway 12 bypass into downtown at the request of a local business.

Jean Spaulding reported on her activities, including working with MinnWest Technology Campus and a Korean company; the EDC's website is being rebuilt; and WORKUP will open in May. The EDC Joint Operations Board (EDCOB) approved the EDC being a founding member of WORKUP. Spaulding reported on her work in regard to the county's broadband infrastructure and a meeting held with Federated Telephone Cooperative (FTC) on potentially bringing fiber into Kandiyohi County. FTC is interested in expanding into Kandiyohi County, but will only come if it completes work in Swift County and if it is awarded a grant under the state broadband program. FTC would do Kandiyohi County in phases and would only bring fiber to under and unserved areas of the county. FTC's return on investment (ROI) is based on 10 years versus a private company's of 3 years. FTC will apply for a grant for Swift County similar to what it did in Big Stone County. Kandiyohi County needs to be concerned with competitiveness of other counties that obtain broadband access. Spaulding reported Connie Schmoll has been very busy with the BRE survey and will be presenting the results to each City Council, along with information on the property search and demographic feature on the EDC's new website. Spaulding is working with area schools on future workforce matters and staff is on task as to working on the 2015 Strategic Plan (see attached). Board members voiced a concern as to the Business Retention Expansion/Recruitment Committee being unable to meet quorum for several months. Renquist noted the committee is seeking new members. Renquist provided an update on Ziegler CAT.

UNFINISHED BUSINESS—There was no unfinished business.

NEW BUSINESS

EDCOB liaison. Doug Reese informed the board after June 1, he no longer has a conflict in serving as the board's liaison to the EDCOB. Denis Anderson volunteered to attend the May 14 EDCOB meeting, if Reese is unavailable.

Burlington Northern Santa Fe Wye and Industrial Spur. Renquist reported on meetings he attended in Washington, D.C. along with other local representatives and requested the board consider signing the Memorandum of Understanding (see attached) that has already been signed by Kandiyohi County and the City of Willmar and to reaffirm the same amount of funds it approved in 2014 for the TIGER II (Transportation Investment Generating Economic Recovery) grant program.

IT WAS MOVED BY Ron Christianson, SECONDED BY Roger Imdieke, to approve entering into the Memorandum of Understanding for the Wye and Industrial Spur on behalf of the Kandiyohi County and City of Willmar Economic Development Commission and approve funding of \$35,000 toward the BNSF Railway Transportation Investment Generating Economic Recovery grant program contingent upon award of the grant to BNSF. All voted in favor by roll call vote.

Intermediary Relending Program. Spaulding reported the Willmar Housing and Redevelopment Authority (HRA) has asked the EDC to accept transfer of its United States Department of Agriculture (USDA) Intermediary Relending Program (IRP), which the EDCOB has recommended accepting. The loan guidelines will change from only being a downtown Willmar program to a countywide program. The Finance Committee reviewed the outstanding loans totaling approximately \$376,000

and received a risk rating by committee chair Russ Weeks. The value of the IRP is greater than the debt. The outstanding liability to the USDA is \$248,481 with annual payments of \$24,678 being made to the USDA. The Willmar HRA's focus is more on residential lending than commercial lending and it felt the IRP would fit better under the EDC. The program will be gap financing and involve a lender. The Finance Committee will enter into participation agreements with lenders to administer the loans. The program will limit use to assets (building and equipment) with a maximum loan of \$150,000. Madsen indicated Dean Shuck, who served on the Willmar HRA, spoke in favor of the EDC accepting the IRP.

IT WAS MOVED BY Roger Imdieke, SECONDED BY Harlan Madsen, to ratify accepting the current credit ratings and current loan values for the outstanding loans under the Willmar Housing and Redevelopment Authority's United States Department of Agriculture Intermediary Relending Program, subject to annual review and accepting transfer of the assets and liabilities under the program from the Willmar Housing and Redevelopment Authority. MOTION CARRIED.

Executive Director. Madsen read a retirement letter received from Renquist effective August 1, 2015 (see attached). The board will hold a special meeting from 12 noon to 1:30 p.m., Thursday, May 21, 2015, to set a time frame and the steps to take in proceeding with hiring a new director. Nancy Birkeland will inform Marv Calvin.

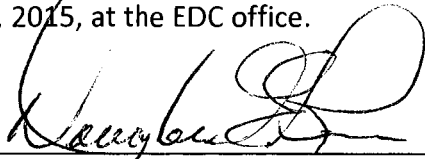
Budget Planning meeting and strategic planning meeting. The board agreed to hold its annual budget planning meeting and strategic planning meeting in late August to involve a potential new director.

ADJOURNMENT—There being no further business,

IT WAS MOVED BY Ron Christianson, SECONDED BY Roger Imdieke, to adjourn the meeting.

The meeting was adjourned at approximately 12:50 p.m.

NEXT MEETINGS—Special board meeting from 12 noon to 1:30 p.m., Thursday May 21, 2015 and regular board meeting 11:30 a.m., Thursday, July 23, 2015, at the EDC office.



Doug Reese, Secretary

APPROVED 7/23/2015:



Harlan Madsen, Chairperson

2015 Strategic Plan

Approved by board on 1/8/2015

The Mission of the Kandiyohi County and City of Willmar Economic Development Commission (EDC) is
to be a catalyst for economic growth of the greater Kandiyohi area.

2015 Goal

To advance our mission, the EDC has one comprehensive and overarching goal for 2015:
Increase business retention, expansion, creation and recruitment in Kandiyohi County.

Objective 1.

Develop, invest in, and support programs and activities that increase business development

Strategy 1.1. Target activities that leverage our assets in agriculture, with a special emphasis on
ag-business manufacturing, bioscience, technology, energy, and research

| Objectives/Actions | Responsibility | Target Date | Status/Update |
|--|--|---------------------------|---|
| Identify 2-3 opportunities in cluster development | Jean, SWIF, Deloitte Consulting | Second half of year | |
| Conduct assessment of emerging agriculture related industries through continued participation on The West Central Ag Sales Committee and the Chamber of Commerce Agri-Business Committee as well as inviting presentations by ag-related statewide advocacy groups such as Corn Growers, Soybean Growers, Minnesota Milk Producers, Minnesota Pork Producers, and others to keep abreast of the industry needs that could be met in Kandiyohi County | Connie EDC Agriculture and Renewable Energy (Ag/RE) Committee | Through-out the year | Participate: WCASA – Ag Show presenters, Chamber Ag B-C, Ag RE, Clean Milk, Clean Energy |
| Seek positive ROI renewable energy projects through participation at Community Venture Network meetings and promotions with businesses in Kandiyohi County | EDC staff Ag/RE Committee | Through-out the year | Invited one company from CVN to visit with Ag RE Committee. |
| Determine cooperative or separate angel/venture capital fund for agriculture based projects <ul style="list-style-type: none"> secure at least three angel investors to join the planning committee implement an Ag/Ag Bio Science Investment Group for Kandiyohi County | Connie Steve Ag Investment Group Subcommittee Of the Ag/RE Committee | First half of the year | Recommended 4/8/15 |

Strategy 1.2. Develop resources for entrepreneurship

| Objectives/Actions | Responsibility | Target Date | Status/Update |
|---|----------------------------|-------------------|--|
| Coordinate a meeting with Ridgewater College, WorkUp, WAM-BC, MWTC and any other organizations that provide entrepreneurship programs or services <ul style="list-style-type: none"> document each entity's roles/services identify opportunities to work together. | Jean | First quarter | Founding member of WorkUp and an entrepreneur training program - StartUp |
| Develop "Why Willmar is for Entrepreneurs" for marketing <ul style="list-style-type: none"> include on website cross marketing with partner organizations | Jean and Marketing Team | Second quarter | |

Strategy 1.3. Increase the availability of debt and equity capital for business projects

| Objectives/Actions | Responsibility | Target Date | Status/Update |
|---|----------------------------|--------------------|--|
| Work with the HRA and USDA to transfer the USDA Intermediary Relending Program (IRP) to the EDC for the Finance Committee to administer. | Jean and Finance Committee | First quarter | Approved by OB – Finance Committee working on Program guidelines |
| Research business finance programs in other communities for a list of potential sources of capitalization to expand the EDC's loan program. | Jean and Finance Committee | July EDCOB Meeting | |
| Leverage resources from regional, state and national financing programs by educating businesses on available programs. <ul style="list-style-type: none">Create a quarterly newsletter (April 1, 2015) with a section marketing business development (DEED) program funds.Initiate contacts with targeted businesses with 3 DEED program applications in 2015. | Staff and Marketing Team | On-going | DEED is hosting Regional meetings to market their programs 4-28-15 |

Strategy 1.4. Assess the feasibility of a countywide angel investor fund or network; support development efforts as warranted

| Objectives/Actions | Responsibility | Target Date | Status/Update |
|--|----------------|-------------|---|
| Coordinate follow-up meetings between local investors and Gopher Angels <ul style="list-style-type: none">Determine process to proceed | Jean | | Local company will be presenting at next quarterly Gopher Angel meeting |
| Participate in active angel investor networks within the state | Staff | | On-going |

Strategy 1.5. Increase the awareness and utilization of innovative business financing mechanisms

| Objectives/Actions | Responsibility | Target Date | Status/Update |
|---|---|----------------|------------------------|
| Develop a marketing template that will assist and guide companies in "crowdfunding" activities. | Jean, Marketing Team, Finance Committee | Second quarter | Working on with WorkUp |

Strategy 1.6. Attracting talent and enhancing our available workforce

| Objectives/Actions | Responsibility | Target Date | Status/Update |
|---|-------------------------|-------------|---|
| Coordinate a meeting with HR professionals to assist recruitment & promote the "Coming Home" Campaign | Jean and Marketing Team | | Scheduled 5-14-14 |
| Coordinate meetings with both Willmar and NLS Education Foundations to develop alumni outreach programs via newsletter and social media marketing outreach. | Jean and Marketing Team | | Met with NLS and scheduled to meet with Willmar |

Strategy 1.7. Continued growth of the MinnWest Technology Campus (MWTC)

| Objectives/Actions | Responsibility | Target Date | Status/Update |
|---|-------------------------|-------------|---|
| Collaborate with MWTC for targeted business recruitment events and activities including membership with Community Venture Network | Jean and Joanna Schrupp | | Attended quarterly meeting of CVN – in process of follow-up with presenting companies |

| | | | |
|---|--------------------|--|-----------------------------------|
| Develop materials for outreach and method for effective lead follow-up through Synchronist | Jean and Joanna | | |
| Support the Animal Science Venture Conference as Conference Sponsor | Jean and Joanna | | Committed \$2000 for 2015 sponsor |
| Support efforts to develop, engage, expand and promote the Mid-Central Research and Outreach Center (MCROC) | Staff, MWTC, MCROC | | |

Strategy 1.8. Market/attract major consumer goods retailer and hospitality industry companies to Willmar/Kandiyohi County

| Objectives/Actions | Responsibility | Target Date | Status/Update |
|---|----------------|---------------------------|---------------|
| Meet with corporate leaders of Kohls or other department store and Buffalo Wild Wings to assess feasibility of business in Willmar. | Steve | First quarter of the year | |

Objective 2.**Increase Business Retention and Expansion (BRE)**

Strategy 2.1. The BRE Committee of the EDC in cooperation with the Willmar Lakes Area Chamber of Commerce Grow Mn Team will complete the Kandiyohi County Business Retention and Expansion Program as planned and started in 2014

| Objectives/Actions | Responsibility | Target Date | Status/Update |
|--|---|---------------------------|---------------|
| Enter survey information into the Synchronist database | Connie, EDC admin staff | First quarter of the year | Completed |
| Complete follow-up for all issues & concerns for individual businesses | Connie & BRE Committee, & Chamber | First quarter of the year | Completed |
| Generate reports, and present information to the leadership team and participants of the program for review and prioritizing | Connie & BRE Committee, & Chamber | First quarter of the year | Completed |
| Select projects in response to the survey analysis | Connie, BRE, Chamber, Community Leaders | First quarter of year | Completed |
| Secure leadership and initiate work on the projects | Connie, BRE, Chamber, & Community leaders | Throughout the year | In Process |
| Evaluate program processes and results and make a determination about continuation of the BRE program. | Connie, BRE Committee & Chamber | Second quarter of year | In Process |

Strategy 2.2. Plan and implement BRE programs in the Kandiyohi County cities that were not included in the 2014 program

| Objectives/Actions | Responsibility | Target Date | Status/Update |
|--|--|--------------------------|---|
| Meet with mayor, city council and/or clerk of the cities that were not previously involved in the Kandiyohi County BRE program: Lake Lillian, Blomkest, and Sunburg, and the cities that were minimally involved; Atwater, Kandiyohi, Prinsburg, Pennock, and Raymond, to initiate formation of a business survey group in the cities that show interest | Connie BRE Committee | First half of year | Met with Kandiyohi Council. Scheduled at Spicer, Lake Lillian, Atwater, Raymond and Prinsburg |
| Conduct a BRE business survey in at least three cities where interest was shown during discussions. Conduct a minimum of four business visits per city | Connie BRE Committee | Third quarter | |
| Follow-up with individual business concerns as identified in BRE program for three cities | Connie BRE Committee | Third and fourth quarter | |
| Analyze data from individual city BRE programs and select projects in response | Connie BRE Committee Community Leaders | Fourth quarter | |
| Secure leadership form the individual communities to initiate work on the projects | Connie BRE | Fourth Quarter | |

Strategy 2.3. Completion of the hotel feasibility process for New London/Spicer

| Objectives/Actions | Responsibility | Target Date | Status/Update |
|---|-----------------------------------|--------------------------------|---|
| Facilitate completion of the second stage of the feasibility study and performance statements for hotel | Connie & Hotel Planning Committee | First quarter of year | Second stage completed. Performa now near completed |
| Assist communities of New London, Spicer and New London Township, as asked, in creating incentive packages for hotel developers | Connie | First & second quarter of year | Completed |

Strategy 2.4. Continue Veterans Home recruitment using new definition

| Objectives/Actions | Responsibility | Target Date | Status/Update |
|---|----------------|----------------------------|---------------|
| Develop and present concept of local affiliated Veteran's Home to state legislature | Steve | First quarter of the year. | |

Strategy 2.5. Address available workforce issue

| Objectives/Actions | Responsibility | Target Date | Status/Update |
|--|----------------|---------------------------|--|
| <p>Coordinate meeting with manufacturing businesses, workforce representatives and education to identify critical needs.</p> <ul style="list-style-type: none"> Determine areas of underemployment where training programs could assist Determine recruitment needs to attract workforce to Kandiyohi County Determine un-employed and training needed to prepare for workforce | Steve, Jean | First quarter of the year | Met with Willmar school to discuss ideas for engagement. |

| Objective 3. Provide leadership for industrial park development | | | |
|---|---------------------------|---------------------------|--|
| Strategy 3.1. Completion of the Shovel Ready Certification process for the Willmar Industrial Park | | | |
| Objectives/Actions | Responsibility | Target Date | Status/Update |
| Coordinate a meeting with the Mayor and City Staff to determine program benefits and develop a process to proceed | Jean, Bruce and City | First quarter of the year | Met with Bruce re: shovel ready program |
| Develop a plan with DEED's site selector consultant to market the Industrial Park to site selectors in targeted industry sectors | Staff and City of Willmar | Second half of the year | |
| Strategy 3.2. Assist other cities within the county in efforts to map their industrial properties and/or complete the Shovel Ready process | | | |
| Objectives/Actions | Responsibility | Target Date | Status/Update |
| Survey cities in Kandiyohi County for Industrial Property listings <ul style="list-style-type: none"> Train staff on Searchable data base in EDC website Present at City Council the opportunities/benefits of Shovel Ready Program for Industrial Park sites | Jean and Connie | On-going | Received training in LOIS |
| Strategy 3.3. Implement railroad bypass program | | | |
| Objectives/Actions | Responsibility | Target Date | Status/Update |
| Determine TIGER II or non-grant dependent option funding | Steve | First quarter of the year | Local delegation met with Federal Transportation agencies to lobby for the TIGER Grant. Meetings went very well. |
| Strategy 3.4. Implement railroad siding into new industrial park | | | |
| Objectives/Actions | Responsibility | Target Date | Status/Update |
| Set in motion plan to add rail to new Industrial Park | Steve and Jean | First half of the year | BNSF has agreed to assist with site design – once TIGER status is known |
| Strategy 3.5. Market availability of railroad served industrial park to railroad dependent industry | | | |
| Objectives/Actions | Responsibility | Target Date | Status/Update |
| Determine logical candidates working with BNSF Economic Development | Steve and Jean | First half of the year | Dependent on TIGER funding |

Objective 4. Enhance marketing to prospective businesses and residents, investors, site selectors and existing residents.

Strategy 4.1. Complete redesign of the EDC website

| Objectives/Actions | Responsibility | Target Date | Status/Update |
|--|-------------------------|----------------------------------|------------------------|
| Host Stakeholder meetings in January to define the content framework for the new EDC Website that meets needs of our audience | Jean and Marketing Team | 1/20/15 | Completed |
| Develop written copy and attractive content to populate the new website | Staff and Committees | Feb/March/April 2015 | In process |
| Integrate technology for real time reporting of key information meeting site selectors criteria <ul style="list-style-type: none"> Staff training | Staff | After website launch | In process |
| Searchable building/land database <ul style="list-style-type: none"> promoted to all commercial realtors community training | Staff | First half of 2015 | Staff training in LOIS |
| A recruitment section in website to meet the needs of companies recruiting workforce from outside the region to Kandiyohi County <ul style="list-style-type: none"> Meet with County HR professionals-workforce | Jean and Marketing Team | During website development phase | In process |

Strategy 4.2. Development of a comprehensive written marketing plan for the EDC

| Objectives/Actions | Responsibility | Target Date | Status/Update |
|--|--------------------------------------|--|--|
| Research best practices for marketing the new website for a successful launch | Jean and Marketing Team | First quarter | In process meeting for 4-27-15 |
| Market the EDC through local channels. <ul style="list-style-type: none"> Newletter Blog B2B articles Chamber AdVantage | Jean and Marketing Team | On-going | In process |
| Market outside of the area to targeted industries and trade publications. <ul style="list-style-type: none"> Community Venture Network Technology Sectors Manufacturing Sectors Ag-Business Sectors – Prairie Business Renewable Energy Sectors Research publications within these sectors in which to submit story content for editor consideration. | Staff, Committees and Marketing Team | On-going | In process |
| Produce written materials that promote the area for ag-business and ag-manufacturing opportunities to include in EDC marketing materials | The Ag/Renewable Energy Committee | First & second quarter of the year and then on-going | Secured persons to assist from Ag RE Committee. attended session on blogging to market |

Objective 5. Work with service providers to enhance broadband infrastructure, access and utilization in the county

Strategy 5.1. Assess needs for broadband and develop a plan to improve access in targeted locations in the county

| Objectives/Actions | Responsibility | Target Date | Status/Update |
|--|-----------------------|--------------------|--|
| Survey the target area identified by the Broadband Infrastructure Committee to determine an effective strategy for documenting speeds, business needs and pricing thresholds | Jean and Broadband | January 2015 | Survey developed; at printers but cancelled due to cost and broadband provider input |
| Evaluate survey results and expand target area based upon findings | Committee | February 2015 | On hold |
| Survey companies that have demonstrated up-load speed requirements to document improved infrastructure requirements to meet the technology needs in business | Committee | February 2015 | On hold |
| Hold public forum meetings throughout Kandiyohi County to identify the "wants" and "needs" for broadband access | Committee | April/May | On hold |
| Work with Kandiyohi County to map the infrastructure through the permitting process | GIS/County | On-going | On hold |
| Continue to meet with companies providing broadband services to examine needs and develop strategies to upgrade infrastructure | Committee | On-going | Met with Federated Cooperative in Chokio about expanding into Kandiyohi County |

Strategy 5.2. Execute the "Hackathon" event in collaboration with Ridgewater College, WorkUp and the Blandin Foundation's MIRC Program

| Objectives/Actions | Responsibility | Target Date | Status/Update |
|---|------------------------------|--------------------|---|
| Market the Willmar Hackathon to communities in the Blandin network to attract talented computer coders/programmers to attend | Jean, Committee, Ridgewater, | April - Sept | Submitted grant to Blandin for Hackathon – approved 4-22-15 |
| Market the Hackathon event to local stakeholder groups and the community to attract interest and local buzz for the project and programs at Ridgewater College, WorkUp and MWTC | Jean, Committee, Ridgewater | April - Sept | In process |
| Develop brand messaging from the Hackathon that can be used in the EDC website for recruitment of talent workforce and attracting technology businesses | Jean, Marketing, Broadband | April - Sept | In process |

MEMORANDUM OF UNDERSTANDING

WILLMAR, MINNESOTA – WYE AND INDUSTRIAL SPUR

This Memorandum of Understanding ("**Memorandum**") is entered into this ____ day of _____, 2015 by and between BNSF Railway Company, a Delaware corporation ("**BNSF**"), the City of Willmar, Minnesota, ("**City**"), Kandiyohi County, Minnesota, ("**County**"), Kandiyohi County, the Kandiyohi County and the City of Willmar Economic Development Commission ("**EDC**"), and the State of Minnesota by and through its Department of Transportation ("**State**"). BNSF, City, County, EDC and State are collectively referred to as the "**Parties**".

This Memorandum identifies the general terms of a proposed agreement under which the Parties would be willing to pursue a definitive agreement regarding: (i) the creation of a Wye Connection track ("**Wye Track**") (ii) a rail spur extension into the City of Willmar Industrial Park ("**Rail Spur**"), and (iii) establishment of a public-private arrangement for shared funding of said Wye Track construction (matters (i), (ii) and (iii) collectively, ("**Proposed Project**").

It is expressly understood by the Parties that unless expressly provided herein: (i) this Memorandum is not intended to represent a binding agreement between the Parties and (ii) the Parties have no obligation to incur costs relating to the Proposed Project, to perform planning, engineering or construction herein proposed, or to agree to any other portion of the Proposed Project. Within the context of that understanding, all statements applying present, transitive verbs (e.g. "will", "shall", etc.) should be construed as proposed terms to be included in a Definitive Agreement, which would incorporate the concept expressed in such statement.

By its execution hereof, each of the Parties represents that it has been duly authorized to sign this Memorandum. BNSF, City, County, EDC and State agree to discuss and negotiate in good faith using commercially reasonable efforts to further express the details, allocation of costs and other obligations relating to the Proposed Project as may be included in a Definitive Agreement. The proposed terms and conditions of this Memorandum are as follows:

Article I. Background and Proposed Project Outline

1. The Proposed Project consists of the construction of the Wye Track connection running north-south between the BNSF Railway Morris and Marshall subdivisions through the Project Area, as further illustrated in **Exhibit "A"** attached hereto. The Wye Track would enable through trains to bypass the existing yard, thus reducing the amount of in-town train traffic and at-grade crossing blockages in the central part of Willmar. In addition to the community and environmental benefits, the Wye Track would increase BNSF's operational flexibility and improve its environmental footprint. The Proposed Project would also result in expanded rail service opportunities to businesses and other users in the Park and greater Project Area.

2. As further detailed in this Memorandum, the Proposed Project would be funded by a public-private partnership of BNSF, City, County, EDC and State. The Proposed Project is of regional and national significance and, as such, could be a candidate for state and/or federal funding, including but not limited to funding under the Transportation Investment Generating Economic Recovery ("**TIGER**") grant program administered by U.S. Department of Transportation ("**USDOT**").

Article II. Public-Private Partnership: City, County, EDC, BNSF and State

1. The Parties acknowledge and agree that the Proposed Project is made viable only through a public-private partnership arrangement whereby BNSF, City, County, EDC and State would co-fund the Proposed Project, in addition to potential funding contributions from possible third party sources, including without limitation USDOT. It is also agreed that for purposes of the TIGER grant application, the State will be the lead applicant to the USDOT and the other Parties will be co-applicants for the Proposed Project.

2. Preliminary Engineering. BNSF would organize and fund preliminary engineering and environmental work ("**Preliminary Engineering**") at an estimated cost of \$300,000. The Preliminary Engineering would be conducted for the purpose of achieving the following goals:

- (i) To determine a final configuration of permanent physical structures comprising the proposed Wye Track, including the location of new track, the alteration of existing track, and the orientation of supporting structures;
- (ii) To develop a scope of work for the Proposed Project and cost estimates to a reasonably confident degree; and
- (iii) To identify and assess the Proposed Project from the standpoint of environmental risks and impact, right-of-way acquisition needs, and overall public and private benefits to the community.

BNSF reserves exclusive control of Preliminary Engineering and reserves the right to terminate in the event that findings produced in the course thereof reveal matters which, in BNSF's sole discretion, would materially impede BNSF's financial, legal or operational ability to continue pursuing the Proposed Project.

3. Supplemental Development Expenses. After reviewing the Preliminary Engineering, if the Parties determine that there is a mutual desire to continue developing the Proposed Project and pursue the Definitive Agreement, then it is anticipated that the Parties will assume shared financial responsibility in excess of the Preliminary Engineering, which may consist of actual funds or in-kind services provided by City, County, EDC, or third party partner(s).

4. TIGER Application. BNSF, City, County, EDC and State acknowledge that the Proposed Project and the Parties' ability to enter into a Definitive Agreement would be materially advanced by a commitment of TIGER funds from USDOT. The parties agree to coordinate efforts to timely submit application for TIGER funds as soon as reasonably possible after USDOT issues a 2015 notice of availability therefor. The Parties will cooperate and assist each other in good faith to procure any materials prerequisite to the TIGER application, as determined by USDOT. BNSF and City further agree to coordinate efforts to timely submit application for funding from other sources including State or other public agencies as soon as reasonably possible after notice of availability is issued by the applicable granting entity.

5. Permits and Other Government Approvals. BNSF, City, County, EDC and State, agree to cooperate in good faith in order to obtain any governmental permit, license or other approval reasonably necessary for the performance of obligations relating to the Proposed Project.

6. Timeline Goals. The Parties agree to advance discussions in contemplation of the following benchmark achievement dates:

- Memorandum executed December 15, 2014,
- Final Engineering completion April 1, 2015, and
- Public funding applications (including TIGER) April 2015.

7. Future Funding. It is anticipated that through the Public-Private Partnership, each party will contribute through financial means, in-kind services or products or other means. The Parties intend that the amounts of such future support for the Proposed Project will be addressed in the Definitive Agreement.

Article IV. BNSF Alternative Loop Track

1. Notwithstanding the foregoing, the Parties acknowledge that the Proposed Project is contingent on the ability of the Parties to provide and/or obtain outside funding and on uncertain social, governmental and economic circumstances and projections affecting business and operations, among other considerations.

2. Without limitation to BNSF's commitment to pursue the Proposed Project in cooperation with City and State as stated in this Memorandum, BNSF reserves the right to plan and conduct preliminary development of a loop track or other alternative track configurations intended to address BNSF's local and regional operational capacity needs. While the Parties agree to further explore the possibility of moving forward with the Proposed Project and entering into a Definitive Agreement regarding same, the Parties expressly acknowledge and agree that BNSF has the right, in its sole discretion, to pursue any final capacity-expanding project, whether the Proposed Project or an alternative, that best comports with BNSF's regional economic and business goals. City, County, EDC and State expressly acknowledge and agree that BNSF has no obligation to pursue further discussions with City and State regarding the Proposed Project if at any time during the BNSF Early Development BNSF determines, in its sole discretion, that the Proposed Project will not adequately meet BNSF's needs, that findings in BNSF Early Development in regards to costs, mitigation, operational flexibility, or other unforeseen conditions that will adversely impact BNSF.

Article V. Miscellaneous Provisions

1. Term. The term of this Memorandum ("**Term**") will begin on the date first written above or when all appropriate signatures of the Parties have been obtained, whichever is later. This Memorandum will remain in effect until the earliest of the following to occur:

- (i) the Parties agree in writing to terminate this Memorandum;
- (ii) the Parties fully execute the Definitive Agreement; or
- (iii) _____, 2017, unless mutually extended in writing by the Parties.

Upon expiration of the Term, the provisions of this Memorandum will become void and of no further force or effect.

2. Ancillary Costs Assumed by Individual Party. Separate from and in addition to the BNSF Development Expenses, any costs incurred by BNSF prior to the executed Definitive Agreement will be borne exclusively by BNSF. In addition any costs incurred by the other Parties prior to the executed Definitive Agreement will be borne exclusively by the Parties. Neither party will reimburse the other for such costs incurred.

3. Continuing Commitment to Negotiations. Subject to the provisions herein, the Parties agree to discuss and negotiate in good faith using commercially reasonable efforts to reach agreement with respect to the Proposed Project and a Definitive Agreement, including the application for and securing of TIGER funds or other publicly available funds and the allocation of responsibility for any future expenses.

4. Government Data. The parties acknowledge that this Memorandum, as well as any data created, collected, stored, or received under the terms of this Memorandum, are "Government Data" within the meaning of the Minnesota Government Data Practices Act (Minnesota Statutes chapter 13), and that they must comply with the provisions of the Act as it relates to such data.

Article VI. Non-Binding

The Parties understand and expressly acknowledge that this Memorandum outlines only certain general terms that might be included in a Definitive Agreement concerning the Proposed Arrangement, and that essential elements of a Definitive Agreement still remain to be negotiated and agreed upon by the Parties. It is the express mutual intention of the parties that, except as expressly stated to the contrary, this Memorandum shall not give rise to any legally binding contractual obligations between the Parties. Rather, this Memorandum only expresses the intention of the parties to conduct negotiations relative to the Proposed Project which may or may not result in the formation and consummation of a formal, binding Definitive Agreement. It is the express mutual intention of the Parties that, notwithstanding anything to the contrary contained herein, the execution of a formal, written Definitive Agreement by duly authorized representatives of the Parties is a condition precedent to the creation of a binding contractual relationship between the Parties and that no party hereto will be under any legal obligation of any kind whatsoever with respect to the Proposed Project by virtue of this or any other written or oral expression by it or by any of its representatives. Any party may, upon written notice, amend, or discontinue its role outlined in this Memorandum. Because of the mutual desire to proceed, each party fully intends to make a good faith effort to achieve the goals described above including working together to find mutually beneficial solutions when problems arise.

[Signature page follows]

This Memorandum is made effective and entered into by and between the Parties as of the date first set forth above.

BNSF:

BNSF Railway Company, a Delaware corporation

By: Dean H. Wise
Name: Dean H. Wise
Title: VP Network Strategy

CITY:

City of Willmar, Minnesota, a Minnesota municipal corporation

By: Denis Anderson
Name: Denis ANDERSON
Title: Mayor Pro Tempore

COUNTY:

Kandiyohi County, Minnesota

By: Kim Butterfield
Name: Kim Butterfield
Title: Chair

EDC:

Kandiyohi County and City of Willmar
Economic Development Commission, a
political subdivision of the State of Minnesota

By: _____
Name: _____
Title: _____

STATE:

Minnesota Department of Transportation

By: _____
Name: _____
Title: _____
Date: _____

MnDOT Contract Management
(as to form)

By: _____
Date: _____

April 23, 2015

Mr. Harlan Madsen
Chairperson, Joint Powers Board
Kandiyohi County and City of Willmar Economic Development Commission
P.O. Box 1783
Willmar, MN 56201

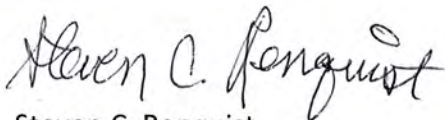
RE: **Retirement Plan**

It is my intention to retire effective August 1, 2015.

I would like to express my appreciation for the opportunity to work for the Kandiyohi County and City of Willmar Economic Development Commission and for the citizens of this fine county. I have been warmly received and fairly heard by all public bodies and private citizens and companies I have approached in my 11+ years in this position (hired in December 2003).

I have always admitted to being 'old fashioned' in my mannerisms and actions. To me, the precepts of honor, loyalty and trust not only make for a good marriage, but are the two-way concepts of a good employee working for and with a good employer. Thank you for providing that kind of a working environment and I have endeavored to be that kind of employee.

Sincerely,



Steven C. Renquist
Executive Director