



WRIGHT COUNTY
Economic
Development
Authority

ECONOMIC DEVELOPMENT AUTHORITY (EDA) AGENDA

DATE: March 21, 2022

TIME: 8:30 AM

MEETING LOCATION: County Board Room & Teams

Darek Vetsch, President
Christine Husom, Vice-President
Mark Daleiden
Mary Wetter
Michael Kaczmarek
Phil Kern
Josh Gehlen

AGENDA ITEMS

- I. Approve previous meeting minutes**
 - a. February 14, 2022
 - b. March 8, 2022
- II. Approve claims**
- III. City/Township Updates**
 - a. Howard Lake
 - b. Monticello
- IV. Approve Revolving Loan Program**
- V. Update from Government Center Task Force / Steering Committee**
- VI. Discussion on commercial real estate services – Jeff Vanderlinde**
- VII. Action items / agenda for next meeting**
 - a. City/Township updates

cc: County Board
Lee Kelly
Elizabeth Karels
Greg Kryzer
Heather Lemieux
Jolene Foss
David Kelly
Laureen Bodin
Stephen Gritman
Phil Kern
Josh Gehlen
Frank Petitta

Minutes: John Holler
POST



MEETING MINUTES

ECONOMIC DEVELOPMENT AUTHORITY

FEBRUARY 14, 2022

Darek Vetsch, President
Christine Husom, Vice-President
Mark Daleiden
Mary Wetter
Michael Kaczmarek
Phil Kern
Josh Gehlen

DATE APPROVED: [DATE]

- Members Present:** Darek Vetsch, Christine Husom, Mark Daleiden, Mary Wetter, Mike Kaczmarek, Phil Kern, and Josh Gehlen
- Members Absent:** None
- Others Present:** Elizabeth Karels, Lee Kelly, Neil Linscheid (University of Minnesota Extension), Jolene Foss (Wright County Economic Development Partnership), Delano Area Chamber of Commerce (DACC), Wayne Elam (Commercial Realty Solutions), Brenda Smith (Buffalo), Ryan O'Conner, Adam Flaherty, Jessica Bonniwell, Jennifer Nash (Hanover), Bryce Borland, Patrick Baumgard, Steve Bot (St. Michael), Bruce Kimmel (Ehlers), Nick Haggemiller (Howard Lake), Jim Gromberg (WSB), Jim Thares (Monticello), Sheila Zachman, Greg Kryzer, Eric Beckman, (Vanderlinde Group, Remax), and Erin Walsh

THESE MINUTES ARE IN DRAFT FORMAT AND REQUIRE APPROVAL BY THE EDA BOARD

I. Introduce Josh Gehlen

Economic Development Authority (EDA) President Darek Vetsch introduced new EDA member Josh Gehlen.

II. Approve Previous Meeting Minutes

EDA Vice-President Christine Husom moved to approve the minutes from Monday, January 24. The motion was seconded by Commissioner Mark Daleiden and carried 7-0.

III. Approve Claims

Daleiden moved to approve the claims. The motion was seconded by Commissioner Mary Wetter and carried 7-0.

IV. Present MAP Study Data – Neil Linscheid, University of Minnesota Extension

University of Minnesota Extension Educator Neil Linscheid has been working on a market study to better understand the retail setting in Wright County. A small group of municipal staff members across the county was formed to help define some of the smaller trade areas. The information was used to gather data from large economic databases. Each participating city did an inventory of businesses in each retail category and verified a business list. Once the information was gathered, Linscheid was able to put together gap calculators to find areas where there is potential for another business activity to capitalize on demand.

Both population and employment have been growing in Wright County over the past five years. Currently, the population is 141,961 and 50,992 are employed in the county. The median household income is above national and state averages. Many people that live in Wright County commute, with many of them living in the eastern part of the county. Hennepin County is the number one place that people are moving from when moving to Wright County, and the number one place people are moving to when leaving Wright County. Job growth is expected to continue to outpace national averages. A tool called a location quotient can be used to compare the concentration of employment in Wright County versus the national average by industry. The top industries in the county include Utilities, Agriculture, Construction, Manufacturing, and Retail Trade.

Sales in the county have followed the population growth. A pull factor is a metric used to measure sales compared to the state average. Wright County's pull factor is below one, meaning there is some leakage of sales. Vetsch questioned if many counties see pull factors at one or above one. Linscheid responded yes, there are counties with a pull factor above one and there are cities with a pull factor close to two. With counties, there is a mix of regional centers, small towns, and rural areas which can distort the pull factor. Linscheid presented a comparison of taxable sales from 2016 to 2019, showing taxable sales continue to grow.

Another part of the project was to find gaps in retail sales and quantify them. Cities can share the information with potential developers or encourage entrepreneurs. Knowing the average amount of money each person spends per category compared to state and national averages can help estimate the potential sales the county could have in a category. At the county level, there could be room for various types of stores.

Linscheid presented a map of the local trade area which shows where the community pulls most of its local customers. Mobile location data was used to determine how far people are going to a specific location. The Monticello Target and Walmart were used as a comparison. More people from the Plymouth area are traveling to Target than Walmart, but Walmart is pulling more people from the north and south. Vetsch stated transportation pipelines dictate help where people are coming from. Linscheid stated large retailers are using traffic volumes to determine store locations.

Linscheid stated there are different ways to provide the final product for each community. Phil Kern stated the data is very helpful. Kern stated he was surprised to see where people are coming from to shop in Delano. As economic development strategies are crafted locally, the information will be very beneficial.

Wetter questioned if Covid-19 and recent social issues skewed the data. Linscheid stated the mobile location data can be reviewed back another year. The Minnesota Department of Revenue will be releasing data from 2020 in the spring. That data will provide a measure of the impacts from the pandemic and social issues. Online sales and telecommuting also increased in 2020. It will be nearly impossible to determine which of the factors led to changes in behavior.

Wright County Economic Development Partnership (WCEDP) Executive Director Jolene Foss will post the information from the presentation on the WCEPD website.

V. Set Public Hearing Date and Special EDA Meeting for the Sale of the Human Services Center

Project Administrator Elizabeth Karels recommended picking a date between March 1 and March 11, 2022. After discussion, the afternoon of Tuesday, March 8 was suggested.

Husom moved to schedule a public hearing at 3:00 p.m. Tuesday, March 8. The motion was seconded by Kaczmarek and carried 7-0.

VI. Update from Government Center Task Force / Steering Committee

Vetsch stated the group held the first meeting on Thursday, February 10. The group discussed high-level conceptual ideas and initial thoughts on the area. Kaczmarek stated he thought it was beneficial and people were comfortable voicing thoughts and opinions. Vetsch asked if the EDA would give the steering committee the ability to further study the surrounding areas for potential development and bring proposals to the EDA for discussion.

Kaczmarek questioned if potential proposals would require any additional outside staff or services. Vetsch responded that proposals would be reviewed by the County Attorney's Office, WSB, and Karels.

Daleiden moved to authorize the steering committee to research potential development and bring proposals to the EDA for approval. The motion was seconded by Kaczmarek and carried 7-0.

VII. Discussion on Commercial Real Estate Services – Wayne Elam

Wayne Elam of Commercial Realty Solutions stated his agency focuses on commercial real estate and does not handle any residential real estate sales. Elam started the company 14 years ago and currently has eight members on his team. Elam stated the Government Center is an extremely challenging property. Normally, Elam would bring six comparable listings with prices per square foot. The Government Center is approximately 184,000 square feet with two land areas totaling six acres.

Elam questioned what the county's goal is in selling the property. Vetsch responded the county is weighing options to determine what brings the best quality of life, yield of funds, and enhances the current infrastructure. Elam stated the highest and best use for the building is for the buyer to use the building as close to the existing structure as possible. Remodeling costs can range from \$50 - \$100 per square foot. For every \$10 of square foot of building, there is a \$1.8 million remodeling cost. Elam stated he does not see anyone using the building for a single use because it is too big. There has been a reduction in office space requirements from companies due to covid. Ideally, the property would be marketed to a company for a headquarters but due to the recent shortage of employees, companies are not relocating further than 15 minutes away from current office spaces. Additionally, retail has changed due to the Amazon factor. Many of the junior box stores such as Kohls, Best Buy, and Office Depot are not expanding in new locations due to the increase in online sales. New construction costs have increased, driving up rental rates. Buildings lease on a price per square foot annually.

There has been discussion of demolishing the current Government Center. Land pricing is determined by price per square foot of land. There are 43,560 square feet in an acre. Commercial Realty Solutions brokered the land sale for the Allina Clinic. The property sold for \$4.50 per square foot. Recently, land was sold in Monticello for approximately \$8.00 per square foot, equating to approximately \$350,000 per acre. If the Government Center property sold at \$8.00 per square foot, the total would be approximately \$2 million. Elam added demolition costs would need to be considered. It is unusual for anything in Wright County to get to \$10.00 per square foot.

Elam also stated there has been discussion of building apartments on the site. The lease rate is often determined by the cost of construction and what the market is willing to pay in rent. Two-bedroom apartments in Delano are costing \$185,00 per unit to construct. Monthly rental charges are approximately 1 percent of the cost of construction, in this case \$1,850 per month. Looking at the market in Buffalo, the peak rent is \$1,650 per month. The higher the rental price is, the lower the consumption rate and the longer the building will take to fill.

The Herberger's building in downtown St. Paul was on the market for two years and then was sold at a national liquidation auction to a company based in New York. The building was 169,000 square feet and sold for \$1.25 million which equates to \$7.50 per square foot. The goal was to buy the property cheap and get tenants to pay rent. The office space is leased by Capital One which was enough money to cover the cost.

Vetsch asked if there is industrial demand for real estate. Elam stated industrial, including manufacturing and warehousing, demand is extremely high and there are few properties in supply. The construction costs are up astronomically as well. Recent pricing on a 60,000 square foot building was \$143 per square foot.

Elam believes the land value and the cost to demolish the current Government Center are about the same. Kaczmarek stated the best effort is to find the use on the tax side to make money. Vetsch stated it depends on available grants. Jim Gromberg stated the EDA could apply to state programs to help assist in funding for the demolition to help offset costs. However, there may be environmental issues that come into play.

Kern stated the seven EDA members are representing the best interests of the county. Kern encouraged members to be careful when talking about pricing scenarios as they will likely be discussed later in a closed session. Kern stated he would like to continue with the Steering Committee.

Kaczmarek asked how much money could be anticipated from grants. Kern stated Delano was awarded \$750,000 and currently has an application for a grant for \$502,000. The Minnesota Department of Employment and Economic Development (DEED) has two rounds of grants each for \$2 million, one in February and one in August. Wetter questioned if matching funds were required. Kern responded matching funds will be required however, the county likely would not have to provide the funds. The grant application requires a master plan, increased in market value, and a developer onboard to execute the plan. In Delano's case, the developer was able to provide the matching funds.

VIII. Set Date for Annual Workshop

Daleiden moved to schedule the Annual Workshop at 6:00 p.m. on Wednesday, June 8 at the new Government Center. The motion was seconded by Husom and carried 7-0.

IX. Follow-up on ARP Grant Programs

Vetsch stated there was previous discussion of transferring grant programs to the EDA but due to requirements, it was too costly to do so. Vetsch still views the grants as economic development projects.

X. Action Items / Agenda for Next Meeting

a. City/Township Updates

- i. Howard Lake**
- ii. Monticello**

b. Discussion on Commercial Real Estate Services – Jeff Vanderlinde

Additional Agenda Item for discussion:

- Steering Committee Update

The meeting adjourned at 9:52 a.m.

Economic Development Authority Minutes submitted by Elizabeth Clow, Office Manager.



COMMITTEE MEETING MINUTES
ECONOMIC DEVELOPMENT AUTHORITY

MARCH 8, 2022

Christine Husom District 1
Darek Vetsch District 2
Mark Daleiden District 3
Mary Wetter District 4
Michael Kaczmarek District 5

DATE APPROVED: [DATE]

Members Present: Darek Vetsch, Christine Husom, Mark Daleiden, Mary Wetter, Mike Kaczmarek, Phil Kern, Josh Gehlin

Members Absent: None

Others Present: Lee Kelly, Elizabeth Karels, Greg Kryzer, Rob Barse (Mint Development Company), Tom Lundeen (Riverside Church)

THESE MINUTES ARE IN DRAFT FORMAT AND REQUIRE APPROVAL BY THE COUNTY BOARD

I. Public Hearing for the Sale of Property at 1004 Commercial Drive, Buffalo, MN

II. Review and adopt resolution confirming the sale of property at 1004 Commercial Drive, Buffalo, MN

Economic Development Authority (EDA) President Darek Vetsch introduced Project Administrator Elizabeth Karels to make a PowerPoint presentation about the property in question (the current Health & Human Services Center) at 1004 Commercial Drive in Buffalo. Karels identified the buyer as Mint Development Company LLC and a purchase price of \$1,625,000. The intended use was identified as “Multi-user property anchored by a necessity-based retailer.” Included in the PowerPoint was the time frame language of the agreement, which stated, “Within one year of the Closing Date, Buyer shall devote the Property to its intended use or begin work on improvements to the Property to devote it to that use. Buyer agrees that if it fails to do so, Seller may cancel this sale and title to the Property shall return to it and the Purchase Price shall be refunded to the Buyer by Seller less an amount equal to \$81,250. Buyer further agrees that Seller may extend the time to comply with this condition if Buyer has good cause.” Karels said state statutes require that a public hearing be held to allow people to comment on the proposed purchase agreement. The next steps would be for the Economic Development Authority to make its findings and decision on whether the sale is advisable and enter it decision on its records within 30 days of the hearing. The closing date will occur after the due diligence period.

Vetsch asked if anyone chose to speak on the issue. Rob Barse of Mint Development Company introduced himself. He said he appreciated the opportunity to work with Wright County because he was born and raised in Buffalo and is looking forward to bringing new life into the city by converting the building back into a retail setting and bringing value to the community. Commissioner Mark Daleiden asked Barse that, after the 30-day period for findings and a decision on the purchase agreement, how quickly would Mint Development start its work. Barse said, if the board moves forward with the purchase agreement, that Mint would be ready to close the purchase agreement by the end of 2022.

Vetsch asked three times if anyone else from the public chose to speak. Hearing none, he closed the public hearing. Vetsch said the next step would be to adopt a resolution confirming the sale of the property to Mint Development. Daleiden asked if there were any written comments. County Administrator Lee Kelly said there were no written comments received. Vetsch said the resolution would be to draft an agreement that would be signed by Vetsch and Commissioner Christine Husom on behalf of the EDA and the county. Commissioner Mary Wetter made the motion to approve Resolution 22-1 for the sale to Mint Development Company of the property at 1004 Commercial Drive in Buffalo. The motion was seconded by Daleiden and approved unanimously on a roll call vote.

RECOMMENDATION: Information only.

The meeting adjourned at 3:07 p.m.

Economic Development Authority Minutes submitted by John Holler, Communications Specialist

DRAFT



Board Meeting Date:	03/21/2022
Requester's Name	Heather Lemieux
Board Action Requested: Authorization to ratify the attached claims in the amount of \$652.29 that was paid according to the County's Financial Policy Manual.	
Background/Justification:	

*** WRIGHT COUNTY ***



ACCOUNT ACTIVITY REPORT

Page Break Option: 1 1 - Page Break by FUND
2 - Page Break by DEPT Print Service Dates: No

Sort: 1st: 2nd: 3rd 4th 5th 6th F - G/L OBJECT WITHIN FUND NUMBER
G D T N M W G - G/L ACCOUNT NUMBER
P - G/L OBJECT WITHIN DEPT NUMBER
D - TRANSACTION DATE
M - G/L MONTH & YEAR
N - VENDOR/PAYER NAME
T - TYPE OF TRANSACTION
W - RECEIPT/WARRANT NUMBER

Range Subtotals: 1 1 - No Subtotals
2 - Detail and Subtotals by OBJECT Range
3 - Subtotals only by OBJECT Range
4 - Account Totals and Subtotals by OBJECT Range
5 - Account Totals and Subtotals by PROGRAM
Range

Report Basis: 1 CASH Only This Basis?: No

Print YTD Totals: No Type of Report: 1 1 - DETAIL
2 - ABBREVIATED

Specific Dates: From: 02/07/2022 Thru: 03/14/2022

Comment:

FUND Range From 1 Thru 1

DEPT Range From 724 Thru 724

*** WRIGHT COUNTY ***



Fund 01 - GENERAL REVENUE FUND

ACCOUNT ACTIVITY REPORT

From: 02/07/2022 Thru: 03/14/2022

Report Basis: 1

Tran	Vendor	G/L	Receipt/Warrant					Invoice	Accr	
SC	Type	Month	Number	Date	Seq	Amount	Description / Service Dates	Number	Cd	Basis R1R2
DEPT 724 - ECONOMIC DEVELOPMENT										
PROGRAM 000										
01-724-000-0000-6261 - PROFESSIONAL SERVICES										
DI	DI	03/2022	3817-RUPP,ANDERSON,SQUIRES,	272834	03/08/2022	333	652.29	ECONOMIC DEVELOPMENT AUTHORITY	14434	1
01-724-000-0000-6261 - PROFESSIONAL SERVICES										
						Total	652.29			
						PROGRAM 000 Total	652.29			
						DEPT 724 - ECONOMIC DEVELOPMENT Total	652.29			
						Fund 1 - GENERAL REVENUE FUND Total	652.29			
1 Transactions		1 Accounts				Final Total	652.29			



Board Meeting Date:	03/21/2022
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Requester's Name	Elizabeth Karels
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Board Action Requested:
Approve Revolving Loan Fund Program document.

Background/Justification:

BACKGROUND

The revolving loan fund (RLF) is intended to assist local jurisdictions within Wright County in supporting the development of local business projects and other financial assistance. As the RLF receives the principal and interest from outstanding loans, the money is made available to another borrower.

RLFs are typically combined with other public or private dollars and are used to initiate, facilitate and promote the county's legitimate economic development interests. Economic development activities assisted with funds made available through the RLF Program are intended to encourage the creation and retention of permanent jobs, increase property tax base, and promote travel, tourism and the arts.

This program is intended to complement, not replace, existing local development incentives.

This RLF will be managed by the Wright County Economic Development Authority (EDA)

PUBLIC PURPOSE OBJECTIVES

The EDA will consider the use of the program which demonstrates the achievement of one or more of the following public purpose objectives:

1. To retain quality local employment opportunities and/or increase the number and diversity of jobs that offer stable employment and/or attractive wages and benefits.
2. To enhance and/or diversify Wright County's economic base.
3. To encourage additional unsubsidized private (re)development.
4. To remove blight and/or encourage (re)development of commercial and industrial areas.

ELIGIBLE RECIPIENTS

The RLF is intended to provide funding assistance options to cities and townships within Wright County to assist in economic development projects. Businesses may also be eligible to receive funding. Under state law, county EDAs may operate only in cities and townships that have adopted resolutions electing to participate in the EDA. Please see: Current participants [Cities and Townships Participating in Wright County EDA](#).

Some examples of projects include existing businesses with planned expansions and job creation or job retention within Wright County and new businesses that would relocate and bring new employment opportunities to Wright County.

ELIGIBLE USES OF THE LOAN FUND

1. Land and Building Acquisition
2. Land Improvements, including ditch and stormwater improvements
3. Building Renovation and Modernization
4. Machinery, Equipment & Fixtures – the remaining effective life must be equal to or exceed the life of the loan.
5. Improvements to infrastructure to support development projects.
6. Environmental studies

INELIGIBLE USES OF THE LOAN FUND

1. Debt Refinancing
2. Working Capital
3. Payment of Taxes
4. Professional Fees
5. Gambling, Religious, Political or Adult Oriented Businesses

AMOUNT AVAILABLE

Applications will be accepted for loan amounts of range from \$10,000 to \$2,000,000, based on available fund balances. Amounts available to applicants under this Program are determined based on an evaluation of positive economic impact and the number of full time (or full time equivalent) non-seasonal jobs that the organization will maintain or create within Wright County.

ADMINISTRATION

Application forms can be received from Wright County Administration office. Completed loan applications must be submitted to the County Administration Office.

The applicant should allow a minimum of four to six weeks for processing once the completed application and all required documentation are submitted. The EDA will assist the applicant jurisdiction through all stages of the application process. The EDA will gather the following information prior to submitting to the EDA Board for approval

- Local government entity within Wright County supports the project and has sponsored the application for loan funds
- Applicant can demonstrate commitment of additional private and/or public project funds
- Applicant is willing to sign loan agreement with Wright County
- Applicant can demonstrate feasibility of the project (demonstrated cash flow projections, business plan, etc.)



Nothing in this Policy shall require the EDA to make a loan to for a project that meets the requirements of the Program. The EDA is not required to make a loan or provide any financial assistance to a project that meets the requirements of this Program. Each application will be reviewed on a case-by-case basis.

LOAN TERMS AND GUIDELINES

1. Minimum amount of loans - \$10,000
2. Maximum amount of loans - \$2,000,000
3. The loan term shall be no less than 3 years and may be negotiated up to 10 years OR 75% developed, whichever is longer, based upon the productive life of the assets.
4. Recipients will be charged a \$1,500 or 1.5% of the loan amount, whichever is greater, upfront application cost. No interest will be charged to government agencies with a bond rating of A or greater or at the direction of the EDA Executive Director.
5. Recipients will be charged a 1% loan origination fee plus all costs associated with the loan, including but not limited to legal and consulting costs that may be incurred by the County in processing the loan application. These costs maybe waived at the discretion of the EDA Executive Director.
6. RLF Loan generally shall not exceed 25% of total project costs.
7. Payments more than 30 days delinquent will be assessed a five (5) percent penalty. Payments first go towards any accrued penalties, then towards accrued interest, and lastly to reduce the balance of the principal. Prepayment of loan amount is allowed without penalty.
8. The applicant will authorize the EDA to obtain verification of any applicable records, including assets, employment records, and consumer credit reports.
9. Upon request from the EDA, applicant is required to submit any/all applicable job reporting requirements and financial statements as required.

LOAN PROCEDURES

Prior to releasing funds, the following documentation, and any other documentation required by the County must be in place or provided at the appropriate time during the term of the loan process:

1. Notice of Award - The EDA must have reviewed and approved a complete application for an eligible Applicant.
2. Loan Agreement - A loan agreement shall be executed by the EDA and the local government unit. The agreement must be dated; must state the agreement between the EDA and local government unit and must specify the project name or business name to be supported with the loan funds. The amount and terms of the loan funds delivered shall be noted.



POST-APPROVAL OF LOAN RECIPIENT

In addition to the terms and conditions of the loan, all Recipients must agree to comply with the following:

- To use loan money only to pay the cost of services and materials necessary to complete the project or activity for which the loan funds were awarded.
- To permit inspections by persons authorized by the County of all projects and properties assisted with loan funds. Related project materials shall also be open to inspections which include but may not be limited to, materials, equipment and condition of employment. Requests for inspection shall be complied with by the Recipient.
- To maintain records on the projects as may be requested by the County. These files shall be maintained as long as the loan is active or for at least three (3) years after completion of the work for which the loan has been obtained, whichever is longer.
- The business/government agency must maintain an actual physical presence within Wright County.

POST AGREEMENT AND MONITORING

General Procedures

1. When the loan agreement is completed and the funds are disbursed, the EDA will establish and maintain a file of supporting documentation and ongoing correspondence.
2. The calculation of principal and interest, and payment reports will be executed at the time of loan agreement by the EDA. The EDA has the right to waive the interest fee, as outlined above.

MONITORING

The EDA will be responsible for collecting and maintaining evidence of ongoing compliance with any requirements of the loan agreement, including job creation and retention, financial reporting, and any special conditions of the original agreement.

USE OF LOAN REPAYMENTS AND REPORTING

Repaid loans shall be re-deposited in the EDA's Loan Fund Account and used in a manner consistent with these policies and procedures. A separate accounting record for each loan shall be kept to account for all funds loaned.