



MEETING MINUTES
ECONOMIC DEVELOPMENT AUTHORITY

JULY 18, 2022

DATE APPROVED: AUGUST 15, 2022

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

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

Members Absent: Josh Gehlen

Others Present: Clay Wilfahrt, Elizabeth Karels, Andi Gayner, Heather Lemieux
(Remote): Lindsey Meyer

Economic Development Authority (EDA) President Darek Vetsch called the meeting to order at 8:30 a.m.

I. Approve Previous Meeting Minutes

A. June 20, 2022 / June 29, 2022

EDA Member Christine Husom moved to approve the EDA minutes from Monday, June 20. The motion was seconded by EDA Member Mark Daleiden. The motion carried 6-0, EDA Member Josh Gehlen being absent.

EDA Member Michael Kaczmarek moved to approve the EDA minutes from the Wednesday, June 29. The motion was seconded by Daleiden. The motion carried 6-0.

Vetsch asked if there were any modifications to the Agenda. Project Administrator Elizabeth Karels requested Agenda Item 9 be removed as there were no updates to share at that time.

Daleiden moved to approve the Agenda with the removal of Item 9. The motion was seconded by Husom. The motion carried 6-0.

II. Approve Claims

Kaczmarek asked that the miscellaneous revenue be explained. Assistant Finance Director Heather Lemieux said the \$1,834 was money that came into the EDA checking account, but that she and her staff did not know where the funds had come from. She explained that although they did not know where the money had come from it was addressed to the EDA, and it was not common practice to turn away money. Lemieux said if the funds were able to be claimed she would reassign the funds accordingly. Vetsch asked if it was a refund check. Lemieux confirmed that it was not.

Kaczmarek asked if more investigation needed to be done into the origination of the check. Lemieux said she had done her due diligence but that there was no indication of where it had come from. She said it came via Automated Clearing House (ACH) into the EDA account and had a description of "EDA Checking".

Daleiden moved to approve the claims. The motion was seconded by Husom. The motion carried 6-0.

III. Reschedule September 19 Meeting

Vetsch said that there were a number of conflicts for the September meeting from the EDA board members. He asked the board members if they had a preference of whether the meeting was cancelled or rescheduled for another date in September. Karels said the Request for Proposal (RFP) responses were due Monday, August 22 and ideally wanted the responses to be discussed at the September EDA meeting if the Steering Committee was able to meet beforehand. Vetsch

agreed that this was something to be mindful of as cancelling a meeting could push that conversation off until late October.

Vetsch suggested the Steering Committee meet sometime between Monday, August 22 and Friday, September 9. Kaczmarek and Daleiden were available on Monday, September 12 for the EDA meeting. EDA Board Member Phil Kern said he was unavailable on Monday, September 12 and Vetsch said he was unavailable as well. Kaczmarek asked if the board could extend the deadline for the RFP application. Assistant County Administrator Clay Wilfahrt said if there were not enough applicants the deadline could be extended, or a special meeting of the EDA could be scheduled. Vetsch recommended cancelling the Monday, September 19 EDA meeting and prepare to schedule a special EDA meeting as necessary.

Daleiden moved to cancel the Monday, September 19 EDA meeting. The motion was seconded by Kaczmarek. The motion carried 6-0.

IV. Approve Letter of Support for the City of South Haven's Border-to-Border Broadband Grant Application

Daleiden asked who the company doing the project would be. Karels said it was Hometown Fiber doing the design work and assisting in the facilitation of the construction. Karels requested that the letter be updated and have Charter Spectrum removed as the Internet Service Provider (ISP).

Husom moved to approve the Letter of Support for the City of South Haven's Border-to-Border Broadband Grant application with the elimination of references to Charter Spectrum. The motion was seconded by Kern. The motion carried 6-0.

V. Government Center RFP Updates

Karels wanted the opportunity to discuss processes and see if the board wanted to make any amendments to the RFP. Ehlers Inc. Vice President Bruce Kimmel had also received feedback from a developer, and Karels was waiting to discuss this with him. Karels said the biggest frustration the community had was with the rendering. It was intended to be a concept not an exact replica of what the space would be. She said individuals who saw the RFP were getting stuck on the front-page rendering and not reading the rest of the proposal due to the confusion over the rendering. Karels suggested posting a Frequently Asked Questions (FAQ) document on the Wright County EDA webpage to address concerns and clarify the intention of the rendering.

Kaczmarek recommended sending a picture of what the space currently looked like in order to allow individuals to create their own ideas for what it could be. Vetsch pointed out that there were no issues with the language of the proposal, only issues with the rendering. Daleiden suggested putting the word "Concept" across the artwork similar to the watermark across draft documents. Karels pointed out that there was a note on the RFP that indicated it was a conceptual drawing. Husom thought development companies could recognize the idea behind the rendering, but that it was more difficult for the general public to recognize at first look. Kern agreed with Daleiden that having verbiage that indicated it was a conceptual drawing would help clarify.

Vetsch thought that would be helpful for contractors because then they can hear the public opinions before the start of a project. Kern reminded the board members that the board was the seller, and the City of Buffalo was the zoning administrator and should be steering the ideas for how it would be used. If a concept did not meet Buffalo's land use, the board would lose its buyer. Karels said she would have Communications Specialist John Holler repost the RFP and address any questions or concerns, clarifying that the drawing was a concept. There was agreement among the board members for this plan of action.

RECOMMENDATION: To have Communications Specialist John Holler repost the RFP with a "Concept" watermark across the rendering and publish an FAQ to address any questions or concerns that had arisen from the publication of the RFP.

VI. 2023 Budget

Karels talked about the Board Action Request that had been sent out with the agenda as she thought it outlined well the notes and assumptions from the prior year. She said that this would be the first time there was an official budget done for the EDA and that the document she sent out was not a draft but rather a starting point for discussion on how to structure the 2023 budget for the EDA.

Vetsch did not know if there would be any funding requests for 2023 as construction was set to begin in 2024. Lemieux said that the \$25,000 from the General Fund was to fund expenses. Karels said that even if the EDA did not spend the \$2.5 million, the board would still want to earmark this amount. She added that if the board needed to bring in consultants or vendors, \$25,000 may not be enough to cover the work. Karels said she did not know if the \$1.25 million from the sale of the Health and Human Services (HHS) Center would stay in the EDA account. Kaczmarek asked what would be left in the account after professional services were be paid from the \$25,000. Karels said that the estimate for 2023 was \$119,500, which exceeded the designated \$100,000. She said if the board moved the \$25,000, it would leave it around \$6,000. Vetsch asked if there would ever need to be legal services that would need to be paid associated with the RFPs or the Government Center. Karels expected to work with Rupp, Anderson, Squires, Waldspurger & Mace, P.A. to create the purchase agreement. Lemieux clarified that this was just a ballpark amount for the EDA.

Vetsch recommended transferring \$35,000 to be sure there was enough to cover these expenses. Daleiden recommended transferring \$50,000 as he thought that amount would cover the EDA comfortably and added any unused funds could be transferred back into the General Fund. Kaczmarek asked if the \$50,000 would come out of the \$2.5 million designated for loans. Lemieux thought the \$50,000 would come out of the General Fund but added that this was a discussion the board needed to have amongst itself. Vetsch thought a number of the expenses would be one-time expenses and there would be a return on investments seen.

Kaczmarek said he had thought the applicants applying for the RLF would use the funds closer to 2023 than 2024. Vetsch clarified that the applicants would be applying in 2022, but the projects would be starting the bulk of the work and fiscal draw in 2024. Lemieux clarified that none of the \$2.5 million had been transferred, that transfer needed to be recommended by the EDA and then subsequently go before the County Board for approval. Vetsch wanted to amend the proposed draft to increase the 2023 request to \$50,000.

Daleiden moved to approve the 2023 Draft EDA Budget with the 2023 requests to be increased to \$50,000. The motion was seconded by Husom.

Kaczmarek said he would rather see the \$50,000 come out of the \$2.5 million designated in the 2021-2022 Remaining Forecast rather than the General Fund. Husom said she appreciated the separation from the \$2.5 million because that had been earmarked already for other considerations. Kaczmarek thought the additional \$50,000 would just add to the county's debt and have nothing to show for it. Vetsch noted that there was a cost to selling and the return would take some time to see. Lemieux said the funds would not transfer until 2023 and by then the General Fund would in theory increase. Vetsch noted that with the sale of the HHS building, there would be an increase in funds coming into the county. Vetsch said he was okay with the \$50,000 coming out of the \$2.5 million. Daleiden pointed out that there was no guarantee the \$50,000 would be spent, however it would be nice for the EDA to have available if it was needed in the future.

Daleiden changed his motion to indicate that the \$50,000 would be taken out of the \$2.5 million designated in the 2021-2022 Remaining Forecast coming out of the General Fund. Husom seconded the motion. The motion carried 6-0.

RECOMMENDATION: To have staff update the 2023 Draft EDA Budget to increase the 2023 Requests allocation to \$50,000 and indicate that this amount will come out of the \$2.5 million in the 2021-2022 Remaining Forecast allocation.

VII. Tax Abatement Policy

Wilfahrt said he had reviewed a number of tax abatement policies from other communities and had taken what the board has said it would like to see. The majority of the information in the policy was what was statutorily required but added in language about scoring criteria. He explained that the idea behind the scoring criteria would allow tax abatement to have a larger impact on items that would create jobs and help create a larger ratio of public to private investment. The goal

was to create an economic benefit to the whole community and not just beneficial to the investor and property owner. He wanted to have an open discussion regarding this policy and be available to answer any questions.

Vetsch wanted to make sure any municipality would be the primary abatement and not the county. He wanted it to be a requirement of applicants to be a primary abatement. Kern suggested making it a mandatory requirement that the other taxing jurisdictions participate in order to be considered. Wilfahrt said that there was language in the new policy to allude to requirement but said he would change the language to Kern's recommendation of making the participation mandatory.

Husom noted that a county could abate a proposal that a city or school district did not abate. Kern asked how Wilfahrt saw the points system working and weighing into a rolling application system. Wilfahrt thought it would be helpful to bring in an application and scoring sheet so the EDA board members could see how it worked. Wilfahrt said the points system would be a distinguishing matter of whether an applicant would move on to the next portion of the application process rather than specifically distinguishing between other applicants. Vetsch said the points system was a definitive way to score rather than leaving it up for subjective opinion. Husom thought the scoring was an objective way to look at applicants. Kern warned that this points system made sense in theory but had tendencies to favor bigger industries. He noted that the EDA was trying to assist smaller businesses that would not have been typically considered. Vetsch suggested a percentage of growth rather than hard numbers as a scoring system for applicants. Kern pointed out that the objective measures were good, but there needed to be a way to subjectively measure applicants too.

Vetsch said a lot of applicants for the abatement would not typically qualify for Tax Increment Financing (TIF). He said the county would not typically abate a grocery store, but if it was in an area considered a food desert the county would consider this for an abatement. Wilfahrt clarified that the board was looking for an application, a scoring system, thresholds of scoring, and how projects will be evaluated. Vetsch confirmed this and was looking for the train of thought behind the considerations. Kern gave a few examples of businesses that would not qualify for TIFs but could potentially be considered for abatements. Wilfahrt said he would include specific examples in the information he brought back to the EDA board to show how specific situations could be scored. Kern recommended sending this document out to cities and townships to receive and consider their feedback. Vetsch agreed that getting feedback would be helpful.

RECOMMENDATION: To have staff produce an application, scoring system, and thresholds of scoring for how abatement projects will be evaluated. To have staff bring specific examples of situations that would qualify for abatement and how those circumstances would be scored. To have staff send these documents out to the cities and townships for feedback.

VIII. Human Services Center Update

Karels said the due diligence period was at that point still ongoing and there were no updates. The start of the 60-day closing period would be Sunday, September 4. Karels said if she learned more before the next meeting, she would bring it back before the board.

*** IX. Closed Session to Develop and Consider Offers and Counteroffers for the Sale of Real Property, Minn. Stat. 13D.05 Subd. 3. PIDs: 103026002011, 103026001061, 103026002010, 103026001050, 103026001040, and 103026001010.**

X. Action items / agenda for next meeting – August 15, 2022

A. City/Township updates

Vetsch noted that if there was no comment from cities or townships in regard to the Tax Abatement Policy by the August meeting, it could be held off until the October Meeting.

Meeting adjourned Wednesday, July 18 at 9:18 a.m.

Economic Development Authority Minutes submitted by Laine Stephan, Office Manager.