

**MINUTES
CITY OF LONSDALE
ECONOMIC DEVELOPMENT AUTHORITY
JANUARY 21, 2009**

1. CALL TO ORDER

President Kuchinka called the meeting to order at 7:03 a.m. in the Council Chambers at 415 Central St. W.

MEMBERS PRESENT:

Dietz, Furrer, Duban, Kuchinka, Pierskalla and Lieske

MEMBERS ABSENT:

Smith

STAFF PRESENT:

City Administrator Joel Erickson

OTHERS PRESENT:

Mayor Tim Rud, Ted Kowalski, Garry Tupy and Perspective Marketing

2. AGENDA

Kuchinka asked if anyone had any additions or deletions to the agenda. Erickson requested the proposed Neighborhood Stabilization Program grant application be added to the agenda. Furrer requested Dwayne Moe of Heritage Heating and Air be added to the agenda. A motion was made by Duban and seconded by Furrer to approve the agenda and the requested additions. Vote for: Dietz, Furrer, Duban, Kuchinka, Lieske and Pierskalla Against: None Vote 6-0. Motion carried.

3. APPROVAL OF THE MINUTES FROM THE DECEMBER 18, 2008 REGULAR MEETING

Kuchinka asked if anyone had any addition or deletions to the minutes. A motion was made by Duban and seconded by Furrer to approve the minutes of the December 18, 2008 meeting. Vote for: Dietz, Furrer, Duban, Kuchinka, Lieske and Pierskalla Against: None Vote 6-0. Motion carried.

4. APPROVAL OF THE TREASURER'S REPORT

Erickson reviewed the December 2008 Treasurer's report. Duban questioned if the EDA was supposed to get \$50,000.00 in revenue for 2008. Erickson said the EDA was approved for \$100,000.00 of revenue in 2008 but with some property owners not paying their property taxes, the City and EDA only receive what is paid. A motion was made by Dietz and seconded by Pierskalla to approve the December 2008 Treasurer's Report. Vote for: Dietz, Furrer, Duban, Kuchinka, Lieske and Pierskalla Against: None Vote 6-0. Motion carried.

5. OLD BUSINESS

a. Consider Approval of the Photometric Design for Main Street Business District Street Lighting Completed by Barr Engineering

Erickson said the photometric design was included in the packet and he reviewed the two options of fixtures. Duban said the cost of the project was expensive and questioned how the EDA could finance the project, marketing, an incubator building and revolving loans. Furrer and Kuchinka agreed. Erickson reviewed the EDA revenues for 2008 and 2009. A motion was made by Duban and seconded by Furrer to table the Main Street lighting project. Vote for: Dietz, Furrer, Duban, Kuchinka, Lieske and Pierskalla Against: None Vote 6-0. Motion carried.

b. Consider Approval of the EDA 2009 Goals

Erickson reviewed the EDA's 2008 goals and said most of them had been met. He reviewed the proposed 2009 goals discussed at the December EDA meeting. A motion was made by Lieske and seconded by Pierskalla to approve the following as the EDA's 2009 goals: (1) Marketing of the business park /

advertising on I-35; (2) Construction of an incubator building; (3) Increased communication with the Chamber; (4) Have a booth at the Chambers Showcase; and (5) Downtown streetscape. Vote for: Dietz, Furrer, Duban, Kuchinka, Lieske and Pierskalla Against: None Vote 6-0. Motion carried.

c. Discuss Options for Construction of an Incubator Building

Erickson reviewed the information included in the packet pertaining to the Owatonna incubator building. Mayor Rud said the City has been working with R & L Woodcraft to get Cinch Systems, Inc. to locate in Lonsdale. Rud asked if the long-range goal of the EDA was to construct an incubator building and if so, what options are available. Rud said he was looking for direction and support to get Cinch Systems located in Lonsdale. He asked what should be done. Furrer asked if R & L Woodcraft was committed to leasing their old building to Cinch. Rud said not yet. Lieske asked if Cinch needed all the space in the building. Rud said Cinch needs about 10,000 square feet. Kuchinka said he would prefer to use the existing building versus constructing a new building. Furrer agreed with Kuchinka. Pierskalla asked if Cinch is the reason for an incubator building. Rud said Cinch is not looking for anything fancy and would be the impetus for an incubator building. There was general discussion on how to financing the lease payment if an agreement could not be reached between the parties. The Board discussed a “gap” financing of the lease payment. Pierskalla suggested that when an incubator building is built, it be built as a multipurpose facility. Erickson reviewed the financing proposal submitted by Lonsdale and Rice County. Erickson said another community has offered \$350,000.00 in financing to Cinch Systems, Inc. and to stay competitive, the EDA would commit \$150,000.00 and the Southern MN Initiative Foundation (SMIF) would commit up to \$200,000.00, matching the other communities offer. A motion was made by Pierskalla and seconded by Lieske for the EDA to continue to negotiate with Cinch Systems, Inc. Vote for: Dietz, Furrer, Duban, Kuchinka, Lieske and Pierskalla Against: None Vote 6-0. Motion carried. Mayor Rud left the meeting at 7:40 am.

d. Heritage Heating and Air – Dwayne Moe

Moe was present to asked the EDA questions regarding applying for an EDA revolving loan. He said he needed direction on how to proceed. Erickson said he is the contact for all questions. Moe asked what the loan funds can be used for and that he needed a loan to purchase HVAC equipment. Kuchinka asked Moe how many years he has been in business. Moe replied three years. Kuchinka asked Moe if he was aware of the number of contractors failing given the current state of the economy. Moe said yes. Duban asked if Moe’s businesses focused on plumbing and HVAC. Moe said the only focus is HVAC.

e. Discuss Options for EDA Marketing

Perspective Marketing was present to introduce themselves and to review their marketing proposal submitted to the EDA. They reviewed their proposal and said the main components are: (1) communication; (2) brand expansion/promotion; and (3) community support. Kuchinka asked what the cost of Phase 1 was. Furrer asked if Phase 1 would be reusable. Dietz said that others have tried to market and create more community spirit in Lonsdale. Pierskalla asked if there was a particular reason for the order of the phases. There was discussion on holding some type of job fair at the Chambers Annual Showcase. It was decided that several EDA members would meet with Perspective Marketing on January 23, 2008 at 8:00 pm to clearly define the scope of the marketing plan.

6. NEW BUSINESS

a. Election of Officers

Erickson said the EDA’s By-Laws require elections to be held at the EDA’s first meeting of the year. The following nominations were made: (1) Bruce Lieske – President; (2) Chris Pierskalla – Vice-President; (3) Evelyn Duban – Vice President (Pierksalla then declined the nomination); (4) Joel Erickson – Secretary and (5) Joyce Skluzacek – Treasurer. A motion was made by Furrer and seconded by Pierskalla to close nominations. A motion was made by Furrer and seconded by Pierskalla to approve the accepted nominations. Vote for:

Dietz, Furrer, Duban, Kuchinka, Lieske and Pierskalla Against: None Vote 6-0.
Motion carried.

b. Review of EDA By-Laws

A motion was made by Duban and seconded by Pierskalla to table review of the EDA By-Laws until the February meeting. Vote for: Dietz, Furrer, Duban, Kuchinka, Lieske and Pierskalla Against: None Vote 6-0. Motion carried.

c. Consider Approval of the Lonsdale Financing Proposal for Cinch Systems, Inc.

This item was discussed during agenda item 5(c).

d. Review of Proposed Neighborhood Stabilization Program Grant

Erickson said that communities in Rice County are proposing to submit a grant application for the Neighborhood Stabilization Program (NSP) to assist in reducing the number of foreclosed properties in the County. He said Lonsdale's portion of the application would be for \$250,000.00 and focus on gap financing for the purchase of homes in the Legacy Meadows subdivision. He said the grant only applies to properties actually foreclosed and does not include a prevention component. He said he recently received several comments from property owners that the City should not apply for the grant because it put current property owners trying to sell their property at a disadvantage. The EDA said the foreclosed properties need get occupied. A motion was made by Pierskalla and seconded by Duban to support the NSP grant application being submitted on behalf of the City. Vote for: Dietz, Furrer, Duban, Kuchinka, Lieske and Pierskalla Against: None Vote 6-0. Motion carried.

7. OTHER BUSINESS

a. None

8. ADJOURNMENT

A motion was made by Duban and seconded by Furrer to adjourn the meeting. Vote for: Dietz, Furrer, Duban, Kuchinka and Pierskalla Against: None Vote 5-0. Motion carried. The meeting ended at 9:25 a.m.

Respectfully Submitted:

Joel A. Erickson, City Administrator