

**MINUTES  
CITY OF LONSDALE  
ECONOMIC DEVELOPMENT AUTHORITY  
OCTOBER 21, 2010**

**1. CALL TO ORDER**

President Lieske called the meeting to order at 7:02 am in the City Council Chambers at 415 Central St. W.

**MEMBERS PRESENT:**

Furrer, Duban, Lieske, Kuchinka and Daleiden

**MEMBERS ABSENT:**

Dietz and Pierskalla

**STAFF PRESENT:**

Joel Erickson, City Administrator

**OTHERS PRESENT:**

Lonsdale Area Chamber of Commerce President Andrea Nelson

**2. AGENDA**

Lieske asked if there were any additions or deletions to the agenda. A motion was made by Duban and seconded by Kuchinka to approve the agenda as presented. Vote for: Furrer, Duban, Lieske, Kuchinka and Daleiden. Against: None Vote 5-0. Motion carried.

**3. APPROVAL OF THE MINUTES FROM THE SEPTEMBER 16, 2010  
REGULAR MEETING**

Lieske asked if there were any additions or deletions to the minutes. Kuchinka asked if "Shand" was correct. Erickson replied yes. A motion was made by Kuchinka and seconded by Duban to approve the minutes of the September 16, 2010 regular meeting. Vote for: Furrer, Duban, Lieske, Kuchinka and Daleiden. Against: None Vote 5-0. Motion carried.

**4. TREASURER'S REPORT**

Erickson said the Board had a beginning balance of \$280,983.91, receipts of \$0.00 and expenses of \$1,049.91 for an ending balance of \$279,934.00. Erickson said that Heritage Heating & Air made a \$1,000.00 payment on October 18, 2010 and Marlys Benolken made a payment on October 1, 2010. A motion was made by Furrer and seconded by Daleiden to approve the Treasurer's Report and monthly bills. Vote for: Furrer, Duban, Lieske, Kuchinka and Daleiden. Against: None Vote 5-0. Motion carried.

## **5. OLD BUSINESS**

- a. Update on Heritage Heating & Air Building Completion and Loan Payments  
The Board held general discussion on the siding completion and late Revolving Loan Fund payments. Erickson told the Board that Heritage Heating & Air has judgments against the company due to false paperwork completed by the contractor he has been working for. Erickson said due to the incomplete project and late payments, staff is getting questioned as to why these things are happening. Erickson said a letter has been sent to Heritage Heating & Air and Ann Pint stating that if the project is not complete by November 10, 2010, the City would be revoking the temporary certificate of occupancy issued. Kuchinka said by the City revoking the temporary certificate of occupancy, it will make it difficult for Heritage Heating & Air to make money to side the building and make payments to the EDA. The consensus of the Board was to take a hard stance to get the building sided and payments made on a regular basis
  
- b. Consider Approval of a Quote for Lonsdale 1<sup>st</sup> Participant Cards and Prizes  
Furrer stated she obtained quotes on 5,000, 6,000, 7,000 and 10,000 cards. Daleiden said the Board should go with 10,000 cards given the program will run during the holiday season. The Board held general discussion on the number of cards used during past rounds. The Board discussed the prizes to be provided to the winners of the drawing after the program has ended. A motion was made by Daleiden and seconded by Kuchinka to approve the purchase 10,000 cards for the program and the prizes to consist of (1) overnight stay package at Treasure Island valued at no more than \$250.00, (1) \$50.00 gift certificate and (3) \$25.00 gift certificates with the gift certificates to be purchase from participating businesses. Vote for: Furrer, Duban, Lieske, Kuchinka and Daleiden. Against: None Vote 5-0. Motion carried.
  
- c. Select Date(s) of New Business Welcome Visits  
The Board stated the best days for businesses visits were Tuesday or Friday right before or after lunch. Erickson said he would contact businesses and scheduled the visits.

## **6. NEW BUSINESS**

- a. Consider Approval to Apply for the Minnesota Main Street Program  
Erickson said he received information from Deanna Kuennen that the Minnesota Main Street program was accepting applications to the 2011 program. He said Faribault has been accepted into the program. The Board discussed the program and the fact it was meant to preserve historic building and also a Street Scape design was done in 2007 and the EDA was told by the property owners at that time, that the improvements cost too much. Kuchinka said the Board should not apply at this time and see how the program works in Faribault.
  
- b. Consider Approval of a Proposal for Nature's Prime Organic Foods  
Erickson said he sent the businesses that presented at the last CVN seminar the EDA's marketing materials and NPO foods is interested in locating in Lonsdale.

He said NPO has submitted proposal information they are looking for from interested cities. Erickson said NPO's proposal requirements are as follow: (1) land and development become payable in the seventh year; (2) WAC/SAC fees along with other developments costs payable in the seventh year; (3) First least payment to be payable in month 12 of the overall lease; (4) Kitchen equipment to be part of the overall building construction; (5) all design to be completed by NPO's architect due to building and food preparation systems knowledge. Erickson recommended the EDA respond the following proposal:

- a. Construct 20,000 sq. ft. building
- b. \$250,000 MIF funding:
  - i. 10 year amortization with 7 year balloon payment to EDA
  - ii. 2-3% interest – the higher the wage, the lower the interest rate
  - iii. Defer payments for one year
  - iv. \$250,000.00 principle
  - v. \$2,414.02/month
  - vi. \$28,968.24/year
  - vii. \$115,872.96 balloon payment in year seven
- c. EDA Revolving Loan Fund:
  - i. 10 year amortization
  - ii. 4% interest
  - iii. Interest only for first year – monthly payment of \$166.67
  - iv. Principle and Interest for years 2 – 10 – monthly payment of \$574.95
- d. Rice County / Lonsdale Tax Abatement:
  - i. Abate County taxes of approx. \$3,500.00 for ten years (# of years to be determined) = \$35,000.00
  - ii. Abate City taxes of approx. \$5,200.00 for five years = \$26,000.00
- e. City WAC/SAC Fee Reduction of \$9,250.00 or 50%
- f. Lease Rate:
  - i. To be determined
  - ii. No lease on land just building for first 3 years after that lease rate includes building and land
  - iii. Escalate lease rate to 100% beginning in year 5
- g. Requirements:
  - i. Financing terms based on job creation of 20 jobs within 12 months of startup.

Erickson said given the type of financing being proposed in the proposal, the City should not approve tax abatement of City taxes and the WAC/SAC fees not be

reduced by 50% as proposed but rather become payable in year five. The Board agreed that the City should not abate any city taxes and that the WAC/SAC fees be payable in the fifth year. A motion was made by Daleiden and seconded by Furrer to approve the proposal to NPO submitted by staff. Vote for: Furrer, Duban, Lieske, Kuchinka and Daleiden. Against: None Vote 5-0. Motion carried.

c. Consider Approval of the Proposed Land Lease Agreement Between the City of Lonsdale and Judy Pumper

Erickson updated the Board on the fact that Rice County is requiring the proposed EDA sign to be located in the right of way and not on private property. He said when he spoke to MnDoT, MnDoT said any sign being proposed must be located on private property or they will not review the application. Because of this, Erickson said the only option available to the EDA is to apply for a variance for the sign to be located on private property. He said because the sign must be located on private property, the EDA will have to approve a land lease with Judy Pumper for the sign. The Board reviewed the proposed agreement and said the annual lease shall not be any higher than \$1,800.00 and language pertaining to a rent increase shall be deleted. A motion was made by Kuchinka and seconded by Daleiden to approve the proposed Land Lease Agreement between the EDA and Judy Pumper with an annual lease of no more than \$1,800.00 and deleting rent increase language. Vote for: Furrer, Duban, Lieske, Kuchinka and Daleiden. Against: None Vote 5-0. Motion carried.

d. Update on the 15<sup>th</sup> Annual MN DEED Conference

Erickson said Daleiden and himself attended the MN DEED conference. He said the conference was informative and worthwhile attending. Daleiden commented on several booths visited and the fact that information from one of the booths was provided to NPO.

**7. OTHER BUSINESS:**

a. Update on the Sale of Lonsdale Hardware Rental Appliance

Erickson said he spoke to Russ Sirek about the sale of the Hardware Store and the closing has been scheduled November 1, 2010.

b. Thursday Chat with the Chamber – 9:00 am After EDA Meeting

Lieske reminded the Board that the Third Thursday Chat will be at 9:00 AM at the Chamber Office.

**8. ADJOURNMENT:**

A motion was made by Duban and seconded by Furrer to adjourn the meeting at 9:17 am. Vote for: Furrer, Duban, Lieske, Kuchinka and Daleiden. Against: None Vote 5-0. Motion carried.

Respectfully Submitted:

\_\_\_\_\_, Joel A. Erickson, City Administrator