

**MINUTES
CITY OF LONSDALE
ECONOMIC DEVELOPMENT AUTHORITY MEETING
JUNE 16, 2016**

1. CALL TO ORDER

Ruppert called the meeting to order at 7:03 am in the City Council Chambers, 415 Central St. W.

MEMBERS PRESENT:

Prigge, Duban, Zellner, Ruppert, Furrer, Rivers and Daleiden

MEMBERS ABSENT:

None

STAFF PRESENT:

City Administrator Joel Erickson

OTHERS PRESENT:

Wendy Whitney – The Pet Shop

2. AGENDA

Ruppert said the agenda went through 7B and asked if there were any additions, deletions or corrections to the agenda. A motion was made by Furrer and seconded by Duban to approve the agenda as presented. Vote for: Duban, Zellner, Ruppert, Furrer, Rivers and Daleiden. Against: None Vote 6-0. Motion carried.

3. APPROVAL OF THE MINUTES FROM THE MAY 19, 2016 REGULAR MEETING

Ruppert asked if there were any additions, deletions or corrections to the minutes. A motion was made by Duban and seconded by Daleiden to approve the minutes of the May 19, 2016 regular meeting. Vote for: Duban, Zellner, Ruppert, Furrer, Rivers and Daleiden. Against: None Vote 6-0. Motion carried.

4. CONSIDER APPROVAL OF THE MAY 2016 TREASURER'S REPORT AND MONTHLY BILL(S)

Erickson said May had a beginning balance of \$205,459.85, revenues of \$0 and expenses of \$1,476.90 for an ending balance of \$203,982.95. He said there were no bills to be paid in June. Ruppert asked if anyone had any questions. There were no questions. A motion was made by Daleiden and seconded by Zellner to approve the May 2016 Treasurer's Report and monthly bill(s). Vote for: Prigge, Duban, Zellner, Ruppert, Furrer, Rivers and Daleiden. Against: None Vote 7-0. Motion carried.

5. OLD BUSINESS

a. Discuss the Proposed EDA Equipment Grant Program

Erickson reviewed the proposed program and said the amount proposed for a grant amount per project needs to be determined. Daleiden asked if it should be a percentage of the project or a specific dollar amount. Rivers said the 1:1 matching funds needs to be included, similar to the rehab grant program. Ruppert said the per project amount should be \$50,000, similar to the EDA's Revolving Loan Fund but also based on funds available to the EDA. Erickson said the required 1:1 match is included in the policy and asked if the purpose of the program should be equipment/machinery and training/marketing, all of which are currently included in the proposed policy. Rivers said equipment and machinery only. Prigge said that training and marketing should also be included. Zellner suggested that Board members keep an open mind because if a business is marketing themselves, they are also marketing Lonsdale, is be a good thing. Duban said the program should be intended for equipment and machinery. Furrer agreed with only equipment and machinery because training is typically include with the purchase of equipment and machinery. Ruppert provided a summary of discussion and said the program should only fund equipment and machinery and said a sunset date of December 31, 2016 should also be included. A motion was made by Prigge and seconded by Duban to approve the proposed EDA Equipment Grant Program with the discussed changes. Vote for: Prigge, Duban, Zellner, Ruppert, Furrer, Rivers and Daleiden. Against: None Vote 7-0. Motion carried.

6. NEW BUSINESS

a. Review and Consider Approval of a Revolving Loan Fund Application Submitted by Pet Shop

Erickson summarized the submitted application and project. Daleiden said with the EDA loan fund having an interest rate of 2%, what is the interest rate obtained through bank financing? Whitney replied 5.25%. Ruppert questioned what equity will be used to achieve the required 30%. Whitney said she has purchased the land contract for deed and has/is financing the equipment. Whitney said she plans to keep her current location in Elko New Market open but Lonsdale will be the primary location. Ruppert asked if Whitney has applied for an SBA loan. Whitney said she is in the application process and she is very close to completion. She said she needs to provide three years of projections and SBA cannot approve the loan application until after July 1, 2016 because she purchased additional shares in the company from her business partner. Daleiden asked where the projections are going. Whitney replied that the projections are on the uptick based on current revenues, good reviews from clients and information obtained from SCORE/RCSBDC. Ruppert asked if Whitney intends to relocate in Elko New Market. Whitney said no because it is too expensive considering the City's development requirements. Ruppert asked what the debt service will be with two locations. Whitney said with a \$300,000 loan and a cushion of 10%, it would be between \$1,600 and \$1,800 per month, plus the street assessment, taxes, etc. Ruppert asked if Whitney had any revenue/expense projections. Whitney said she is working on them, as SBA is requiring them as well. Rivers asked what the project timeline is. Whitney said she is down to the wire but realistically, she

needs to begin construction in August. Rivers asked the loan amount Whitney is requesting. Whitney replied \$60,000.

- b. Consider Approval to Schedule a Special Meeting on Thursday, July 7th at 7:00 am to Review Applications Received for the Rehabilitation Grant Program
Erickson said he is recommending a special meeting be held before the regular July meeting to begin review of the EDA Rehabilitation Program application and to consider the RLF application submitted by Pet Shop. A motion was made by Furrer and seconded by Zellner to add this item to the July 12, 2016 Special EDA meeting. Vote for: Prigge, Duban, Zellner, Ruppert, Furrer, Rivers and Daleiden. Against: None Vote 7-0. Motion carried.
- c. Consider Approval to Schedule the July Business Retention & Expansion Visit
Erickson said the BRE visit scheduled for after the EDA meeting is with Minnesota Barnwood. He asked the Board if they still wanted to conduct a BRE visit with CarQuest in August. The Board agreed to conduct the August BRE visit with CarQuest. Daleiden left the meeting at 8:00 am.
- d. Technical Methods Inc. (TMI) Groundbreaking Ceremony – June 23rd at 3 pm
Erickson said the groundbreaking for TMI, Inc. is scheduled for June 23, 2016 at 3:00 pm and each Board member should have received an invitation via email.

7. OTHER BUSINESS

- a. Additional Items to be Discussed
Ruppert asked if there were any additional items to discuss. There were none.
- b. Items for the July 2016 Agenda
No items were requested to be on the July agenda.

8. ADJOURNMENT

A motion was made by Furrer and seconded by Duban to adjourn the meeting at 8:08 am. Vote for: Prigge, Duban, Zellner, Furrer, Ruppert, Rivers. Against: None Vote 6-0. Motion carried.

Respectfully Submitted:

Joel A. Erickson, City Administrator