



GOODHUE COUNTY
ECONOMIC DEVELOPMENT AUTHORITY
Tuesday, September 5, 2006
County Boardroom
Government Center, Red Wing, MN
4:00 p.m.

Present: Commissioners: Jim Bryant, Dan Rechtzigel, Richard Samuelson, Ron Allen and Ted Seifert,
Gary Schmidgall, Ron Zeigler

Commissioner Rechtzigel called the meeting to order at 4:00 p.m.

Moved by C/Allen, seconded by C/Seifert and carried to approve the September 5, 2006, EDA Board Agenda.

Moved by C/Seifert, seconded by C/Bryant and carried to approve the June 6th, 2006 Board Meeting minutes as written.

The Falls.

Heather Sharp was present; she explained that she is the managing director of the Falls, Healthy Living by Nature, which is a possible 136 acre master plan development outside of Cannon Falls. Ms. Sharp indicated that in the past she was a supervisor for Stanton Township and served on the Planning Commission for Goodhue County, she stated that she resigned from both of those positions to avoid any conflict of interest. She felt that she could better serve Goodhue County by bringing jobs and economic development.

Ms. Sharp reviewed her Power Point presentation. Stated that she has two requests, one is a letter of support to the Department of Economic Security grant for public infrastructure, the City of Cannon Falls would be the applicant and the beneficiary, because it is related to bioscience, she also stated that there is a bio-zone opportunity, an assessment was completed to determine opportunities for rural communities, like those in Goodhue County. Ms. Sharp indicated that the project site is located off of County Road 24 2,000 ft. from the City limits of Cannon Falls, and very close to the potential overpass for Hwy 52, the Cannon River goes through the property. Ms. Sharp indicated that the vision for the Falls is to be living laboratory, with clinical services, research and education provided by Mayo Clinic, University of Minnesota and Northwestern Health Sciences, an integrated health care facility. Ms. Sharp indicated that this would be 249 new jobs and \$54 million dollars worth of buildings and infrastructure.

Ms. Sharp stated that where she would like Goodhue County EDA's support is for the \$2 million dollar Department of Economic Bio-Science and Public Infrastructure grant, the \$2 million dollars is available for City's outside of the 7 metro county area for public infrastructure. The City of Cannon Falls is the application and the Falls is qualified for that.

Ms. Sharp stated that there is a bio-zone opportunity for Goodhue County and Dakota County, there are bio-zones in Rochester, St. Paul and Minneapolis, they would like to expand those areas and need a resolution for the Counties that would like to be considered for that, to be considered to have a bio-zone in your County is very much like JOBZ, you would submit the application and then have the opportunity to say thank you, we do not want it.

C/Allen asked who owned the land. Ms. Sharp stated that she and her husband own the 136 acres without options, without partners, they control the land.

Ms. Hanni asked if she would be within the County or would she be applying for annexation. Ms. Sharp indicated that they would be applying for annexation. Ms. Hanni asked for a timeframe. Ms. Sharp stated that she would anticipate in the fall sometime. Ms. Hanni questioned if Cannon Falls had plans to connect to Cannon Falls. Ms. Sharp stated that it would definitely be connected and the first step would be an orderly annexation agreement with Stanton Township, and there is one already with Cannon Falls township.

Ms. Hanni questioned the resolution from the City of Cannon Falls; they stated that they have local matched funds. Ms. Sharp did not know for sure, they are not matching the \$2 million.

C/Bryant questioned what Ms. Sharp is asking the EDA Board for. Ms. Sharp stated that she is asking for a letter of support, an example was distributed. It basically states that the County is aware of the project and if it proceeds it would be good economic development for Goodhue County, giving the Department of Economic the comfort that Goodhue County is aware of this project. C/Bryant asked if there was any financial support. Ms. Sharp stated no, but would be happy to take some if it is offered. C/Bryant noted that it would have been helpful to have the information ahead of time; it is hard to make a decision on something that is thrown in front of you.

C/Bryant stated that his concerns are that it is not zoned for it, has the Stanton board agreed to annexation? He felt the board should not consider this decision until the township has talked about it. Ms. Sharp apologized for the late distribution, on August 28th the State called for the applications. She also stated that a project of this scale needs to be annexed, but the county should benefit from the tax benefit and the economic development. She did make presentations to Stanton Township as well as several work sessions with the City of Cannon Falls, making them aware of the process.

C/Bryant questioned what the current timeframe was to open the facility? Ms. Sharp stated that it would be in phases, first phase being 20,000 sq feet for a bioscience company that makes natural skin care products and also a 60 unit assisted living facility, which the hope is to get that done by next spring.

C/Allen questioned if they have investors that are interested in coming here and doing that and if they are bio companies? Ms. Sharp stated that there is and they are bio companies. Ms. Sharp stated that with each phase there would be more jobs, and reviewed the dollars offered for wages as well as the number of jobs for each infrastructure.

C/Samuelson stated that he has seen this plan several times and there are two things of concern, the Cannon Falls Township has a moratorium on retreats and there are strong mixed feelings in Stanton Township. He commented that he would be very uncomfortable moving forward right now. Ms. Sharp stated that she is aware of the moratorium, but this project probably would not come before the township or the County because it would be annexed to the City. Ms. Sharp stated that she also felt that this was a hot commodity and could happen in a number of communities.

Mr. Schmidgall questioned if she had a resolution from Stanton Township. Ms. Sharp stated that she has not asked for one. Ms. Schmidgall stated that he felt that Stanton Township will not give them one and that will probably be the biggest hurdle, the City is on board.

C/Allen was confused about it being in two townships, Mr. Schmidgall stated that between Hwy 52 and Cannon Falls, there is a strip that is Cannon Falls township, and stated that he was totally in favor of this project, these are the type of high tech jobs that the County needs. Ms. Sharp stated that the hurdles are going to be her and the adjoining owners applying for annexation to the City of Cannon Falls and having an orderly annexation agreement between Stanton Township and the City, there is already an agreement between Cannon Falls Township and the city.

C/Rechtzigel asked how far along she and the adjoining landowners are in the process of annexing? Ms. Sharp said that there have only been discussions.

C/Bryant asked how many people she expected to be driving on the County Road; it would be an increase from current traffic. Ms. Sharp stated that a transportation study will be done, and would be working with MnDot with the overpass. C/Bryant stated that his concern was for County Road 24, and any improvement would be born by the County, we would need to look at the dollars from the developer to improve that.

C/Rechtzigel asked if Ms. Sharp was available by phone, email. Ms. Sharp agreed that she available by either.

Ms. Hanni questioned the infrastructure grant, is that for connecting the infrastructure from Cannon Falls to her site. Ms. Sharp stated it was her intent but would actually be up to the City of Cannon Falls since they are the grant applicant.

C/Seifert stated that it would bring a number of high paying jobs and being annexed by the City and there is the possibility that the County Road could become a City Street, C/Bryant stated that there are County Roads running through different cities. C/Seifert stated that it could be talked about with the City.

C/Allen stated that Ms. Sharp is looking for a resolution from the EDA today supporting the project, pending annexation from the City.

C/Seifert pointed out that this was a two step process that would be approved by the EDA board and then it would still come to the County Board, which would be ample time to debt out some of the questions.

C/Bryant pointed out that she was asking for a letter from the EDA Board and not the County Board. Ms. Sharp indicated that she could accept the letter from either Board, from the State's perspective is that the County is aware of the project and supports those types of jobs.

C/Samuelson stated that there are unanswered questions, also pointed out that a policy was set quite some time ago that no developer comes in and say this needs to be approved today and that tomorrow will be to late. He did not want to put the board in a bad position of voting on something that did not have complete answers for. Ms. Sharp questioned if shortly before October 1st be acceptable?

C/Allen stated that economic development is going to come to the County and these types of jobs are what he would like to see and felt that this would benefit the County; the County is not taking a financial risk.

C/Bryant stated that he liked the idea, but he felt Ms. Sharp was ahead of herself being before the EDA Board, he felt that they should be annexed first. He supported the idea, but it was important to have the township on board. Once she was through the process, then he invited her back.

C/Allen pointed out that this was still a concept. There was a lot of work down the road and that all she was asking was for a letter of support. They would be working with the townships and the city. All of the issues would need to be worked out.

C/Samuelson asked her to go back to the township and get support from them and then the County can move forward. C/Rechtzigel stated that he likes the concept of the project, have not had a chance to go through the materials that were distributed today, his vote in no way reflects the project, some need more time to go through things and make sure that everything is clear cut.

C/Allen move, second by C/Seifert for a resolution from the EDA today supporting the project, pending annexation from the City. Motion failed 2:4.

C/Rechtzigel encouraged Ms. Sharp to return at a later date.

Red Wing Port Authority

Shari Kuhlman was present for the Port Authority, requesting a resolution for a JOBZ modification. Would like to move on the acre from the new DBI facility over to the former building, that they are going to be leasing space from the Greater Red Wing Development Corporation, with the 1 acre they are required to add an additional 10 full time jobs at an average of \$13.50 per hour plus benefits, it is a modification of the existing acreage that is currently used.

C/Bryant asked if DBI would benefit from this. Ms. Kuhlmann agreed that they would. C/Bryant stated that he would be abstaining from any vote since a family member works there.

C/Allen stated that it is great that we have economic development going on in Red Wing.

C/Allen move, C/Seifert second, motion carried, C/Bryant abstaining to approve the attached resolution to move 1 acre in the JOBZ.

South Eastern Minnesota Multi County Housing and Redevelopment Authority

Joe Wheeler indicated that his purpose today is to discuss a proposal. The Department of Energy and Economic Development is changing their small cities development program, it is in a high speed mode, have been waiting for the state to come up with new guidelines. One of the things that they are leaning towards is to give preferences to applications that consolidate. This would allow two or three communities apply together. They are proposing a rehabilitation project for Goodhue County. Some of the dollars would be made available to lower income individuals to fix-up their single family dwelling. They would also look at low interest loans and grant dollars to small businesses. A draft copy of the policy and procedure was included in the board packet.

They have done downtown revitalization in the past and they feel that they are beneficial. There would be a formal request going to the Goodhue County board to actually submit to the state, the contract would be with the County and the State. Typically on a commercial rehab, the most common things are front, they like to fix up the outside of the building, provide for handicap accessibility, energy improvements.

C/Allen asked if this was available for Red Wing residents. Mr. Wheeler stated that they have not asked, but will certainly approach, stated that they are just starting a conversation with City Housing and Redevelopment Authority to look at a voluntary consortium. Red Wing could be included.

C/Bryant questioned the contract between the county and the state. He asked if the county would be involved in financial support. Mr. Wheeler stated that it would be based upon the response; it would be based on the applicant. This would be for housing rehabilitation and commercial rehabilitation as well.

C/Bryant asked Mr. Ziegler if his agency does this as well. Mr. Ziegler agreed that his agency does this as well.

C/Samuels asked if the county would have to put money in it. Mr. Wheeler stated that it is all federal grant dollars that would come into the county; they would funnel all of the dollars. SEMMCHRA enters into an agreement with the county to administer the program and comply with all of the regulations, etc. C/Samuels questioned who would handle it on a County level? Mr. Wheeler stated that they would enter into an agreement with the County Board to administer the program. C/Seifert questioned how much they are talking about, Mr. Wheeler stated that they could apply for a maximum of \$1.4 million in federal dollars; C/Seifert questioned if this would tie into his levy request for later on? Mr. Wheeler stated that he does have levy dollars that he would like to tie into it that would be low interest loans that would become revolving funds, \$150,000 over a 2 year time frame, \$75,000 in 2007 and \$75,000 in 2008.

C/Bryant stated that it would be \$75,000 a year to fund this? Mr. Wheeler indicated that the request for the County Board is for \$150,000 over 2 year period, to provide low interest loans to downtown businesses, to commercial, it will add more points to the application and will give it more leverage because we are using some

local dollars and the money will be borrowed out to local businesses and will be paid back. C/Bryant questioned Mr. Zeigler how their's works. Mr. Zeigler stated that the first goal is to get the application approved; they have not done a program where they have gone out and asked for levy to go into commercial.

C/Allen questioned what percent of the levy was he requesting? Mr. Wheeler stated that they levy about a half a million dollars each year so \$150,000 would be about 25%, but they are asking for only half of that in 2007 and half in 2008.

C/Rechtzigel asked if this was time sensitive and if it was only something that was coming up for 2007 and 2008? Mr. Wheeler felt that it was a good time to start and that they do plan on applying on behalf of Goodhue County for the next round of grants, he stated that his personal belief is that if they get the money this go around and based on where the State is at, next year there may be more competition for it. The State's biggest concern is that once you get the money, is to make sure that you spend it, they like to see about 30 months, or a 2 year timeframe which works out to be two construction seasons.

C/Samuelsen recalled that the HRA and the county is taxed outside of the city and the county levy and questioned if this would be any different. Mr. Wheeler agreed and stated that right now this project does not include the City of Red Wing. Mr. Wheeler stated that if the County decides not to go forward with it, the cities can still tag team, for example the City of Zumbrota, Pine Island, Kenyon could apply together.

C/Rechtzigel stated that he felt that this issue came up too fast. The county begins budgeting in January or February and this issue was just brought forward. He was interested in seeing what other options the county had available before sticking \$75,000 into it right away.

2007 Budget

Ms. Benck indicated that EDA was moved to its own funds this year, the abatements were moved from the general to the EDA fund, also increased the levy amount. Ms. Benck stated that in the past \$5,000 has been levied for the EDA, the abatements were levied out of the general, and this year everything was lumped together into the EDA fund.

C/Rechtzigel stated that we have had some contracting agencies come in, Soil and Water, Cannon Valley Trail, and since they have a use for some of these funds, we should make sure that they are taken care of first, and then look at what is left as long as it does not go below what was used in 2006. C/Rechtzigel stated that this is doubling of the EDA levy in one year and was not sure that they needed all of that.

C/Allen questioned where the money is coming from and why is it doubling? Ms. Benck stated that part of it is from the abatements, which was previously in the general fund, C/Allen questioned if we were getting money from the 1916 building? Ms. Benck stated that someone from the Assessors office would need to confirm that, but did not think so.

Motion by C/Seifert, second by C/Samuelsen, motion carried to adjourn the County EDA meeting.

Respectfully Submitted,
Lisa Hanni
Acting Executive Secretary