

**MINUTES  
CITY OF LONSDALE  
ECONOMIC DEVELOPMENT AUTHORITY  
AUGUST 19, 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, Daleiden and Pierskalla

**MEMBERS ABSENT:**

Dietz

**STAFF PRESENT:**

Joel Erickson, City Administrator

**OTHERS PRESENT:**

Lonsdale Area Chamber of Commerce President Andrea Nelson, Chamber Board Member Kelly Lueck and Russell Sirek

**2. AGENDA**

Lieske asked if there were any additions or deletions to the agenda. Erickson requested that review of a proposed Payment Agreement be added to the agenda. A motion was made by Daleiden and seconded by Duban to approve the agenda as presented with the proposed addition. Vote for: Furrer, Duban, Lieske, Kuchinka, Daleiden and Pierskalla. Against: None Vote 6-0. Motion carried.

**3. APPROVAL OF THE MINUTES FROM THE JULY 15, 2010 REGULAR MEETING**

Lieske asked if there were any additions or deletions to the minutes. A motion was made by Daleiden and seconded by Duban to approve the minutes of the July 15, 2010 regular meeting. Vote for: Furrer, Duban, Lieske, Kuchinka, Daleiden and Pierskalla. Against: None Vote 6-0. Motion carried.

**4. TREASURER'S REPORT**

Erickson said the Board had a beginning balance of \$278,180.73, receipts of \$120.00, and expenses of \$12.63 for an ending balance of \$278,408.10. Erickson said that Children's Learning and Adventure Center made three payments in August and is current on their loan payments. He said Heritage Heating & Air made a \$1,000.00 payment in August and is now two months delinquent. A motion was made by Furrer and seconded by Kuchinka to approve the Treasurer's Report. Vote for: Furrer, Duban, Lieske, Kuchinka, Daleiden and Pierskalla. Against: None Vote 6-0. Motion carried.

**5. OLD BUSINESS**

a. Consider Approval of the Proposed I-35 Signage

Erickson reviewed the sign, pole and footing quotes. Kuchinka said it was a better deal to go with the quote from M & M Sign because they are proposing two poles instead of one. Duban said she agreed. Furrer asked if a picture of the sign being proposed by M & M was provided to the City. Erickson said no. He said he sent option "D" and a copy of the specifications of the Fredrickson quote to M & M so the quotes would be comparable. The Board held general discussion on the number of poles needed. Kuchinka said he would like to see a drawing of the M & M proposed sign. Daleiden said he wanted a quote from M & M on one pole and two poles. The Board directed staff to get information from M & M on the diameter of the pole(s), depth of the footing, drawing of the sign and a timeframe for completion with approval at the next meeting.

- b. Discuss Construction of an Incubator Building on City Owned Industrial Property  
Erickson reviewed the history of this project. He said he invited Marv Deutsch of Deutsch Construction to the meeting to review several of his past projects and to answer the Boards questions regarding this proposed project. Deutsch reviewed several of his past projects in Savage and New Prague. He said the buildings are for mixed uses and vary in facades. Furrer asked if the buildings were tip up panels or block. Deutsch said it is typically cheaper for his company to build block buildings. He said the facades of the building can be whatever the customer wants but typically are either one or two ply brick. Deutsch said for a one ply block façade, the building square foot cost is \$50.00. He said for a two-ply block facade, the building cost per square foot is about \$70.00. Daleiden asked at \$70.00 per square foot, what the height of the ceiling is. Deutsch said he rarely builds taller than twenty foot clear ceilings. He said for every foot the ceiling height is increased, it adds \$2.50 per square foot to the building. Deutsch said positive aspects of buildings are that they need to be built with a tenant in mind and should have a sprinkler system installed so any business can occupy it. He said that a public / private partnership always makes a project get approved quicker than without a partnership. Furrer said she would like to see a building built in phases. Duban agreed. Deutsch said the EDA should have a company ready to occupy the building so the building can be designed around the needs of the company.
- c. Discuss the EDA's 2011 Proposed Budget  
Erickson reviewed the proposed 2011 EDA budget. A motion was made by Furrer and seconded by Kuchinka to approve the proposed 2011 EDA budget. Vote for: Furrer, Duban, Lieske, Kuchinka, Daleiden and Pierskalla. Against: None Vote 6-0. Motion carried.

## **6. NEW BUSINESS**

- a. Consider Approval of a Revolving Loan Fund Request in the Amount of \$51,000.00 to Russell and Deborah Sirek to Assist in Purchasing Lonsdale Hardware Appliance and Rental  
Erickson reviewed the application and listed the supporting documentation. Daleiden asked Sirek if United Hardware helped establish the performa for the business. Sirek said they did the initial work but the final numbers came from him and his wife. Daleiden read through the month cash flows. Sirk said he could answer questions of the Board. Daleiden asked if Sirek had done his due diligence and discussed the business with his family because he is putting a lot of his own cash into the business. Sirek said it would be easier not to run the business but likes the potential. He said they will have a different product mix than the current hardware store. He said he ran his own business for 10 years prior to working at Lampert's. Furrer asked Sirek what he does at Lampert's. Sirek said he sells supplies to builders and does their project take off's. Daleiden asked Sirek if SBA was involved in the financing. Sirek said yes and he has a proposal from Frandsen Bank in Lonsdale for financing. He said they are meeting on Friday with the bank and realtor to discuss the closing and postponing it until October to provide time to renegotiate based on the Hardware stores 2009 tax returns. Duban asked if the sale was renegotiated if the request would be less than \$51,000.00. Sirek said no. Kuchinka said the loan request is a good deal to the seller, buyer and will keeping a business open on Main Street and employees employed. The Board held general discussion on the equity component of the loan request. Furrer asked if Sirek and his wife would be working at the store. Sirek replied yes. Duban asked if Sirek would continue to sell appliances. Sirek said no but is keeping the equipment rental. Kuchinka asked if there was a reason not to approve the request. Duban said a motion should have a stipulation that funds not be released until the closing. A motion was made Kuchinka and seconded by Daleiden to approve a Revolving Loan Fund request to Russell and Deborah Sirek in the amount of \$51,000.00 for a term of 10 years at 4% interest and the funds not be released until the closing. Vote for: Furrer, Duban, Lieske, Kuchinka, Daleiden and Pierskalla. Against: None Vote 6-0. Motion carried.

- b. Consider Approval to Attend the 15<sup>th</sup> Annual Minnesota Development Conference – September 29<sup>th</sup>-30<sup>th</sup> 2010  
Erickson said he would like to attend the 15<sup>th</sup> annual DEED conference. The Board reviewed the sessions of the conference. Daleiden said he would attend the conference as well. A motion was made by Duban and seconded by Pierskalla to have Erickson and Daleiden to attend the 15<sup>th</sup> Annual MN Development Conference. Vote for: Furrer, Duban, Lieske, Kuchinka, Daleiden and Pierskalla. Against: None Vote 6-0. Motion carried.
- c. Community Venture Network (CVN) – Friday, August 20, 2010  
The Board reviewed the businesses presenting at the August 20, 2010 CVN session.
- d. Review of Proposed Payment Agreement  
Erickson said with the two current debtors making payments late on a regular basis, he and the City Attorney drafted a new payment agreement for current debtors to sign once they become delinquent with their payments. The Board reviewed the proposed agreement. Erickson said the proposed agreement adds a late fee to payments made past the due date. The Board requested staff amend the language in No. 5 to not include principle and interest.

**7. OTHER BUSINESS:**

The Third Thursday Chat will be at 9:00 AM at the Chamber Office.

Erickson asked if the Board wanted to discuss the possibility of building an incubator building. The Board held general discussion on the components of the building such as a white roof, cost, having a customer ready to occupy the building, a partnership and lease versus purchase. Daleiden said the Board should provide staff direction on how to proceed. Kuchinka said if the project is not going to be built, it should not be tabled until the next meeting but rather dropped because there is no business ready to occupy the building.

**8. ADJOURNMENT:**

A motion was made by Duban and seconded by Daleiden to adjourn the meeting at 8:35 AM. Vote for: Furrer, Duban, Lieske, Kuchinka, Daleiden and Dietz. Against: None Vote 6-0. Motion carried.

Respectfully Submitted:

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Joel A. Erickson, City Administrator