

Hutchinson Economic Development Authority



2011

Annual Report

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TABLE OF CONTENTS

Executive Summary	1
Governance	2
Table 1 - EDA Board of Directors	2
Table 2 - EDA Finance Team	2
Internship Program	3
Activity Report	3
Business Retention & Expansion Program	3
Table 3 - Business Retention & Expansion Visits, 2011	3
Table 4 - Cumulative BR & E Visits, 2011	4
Job Creation	4
Table 5 - Job Creation 2005 - 2011	5
Industrial Park Development	5
Industrial Boulevard	5
Infrastructure added to 3-acre lot	5
Downtown Redevelopment Project: DEPOT MARKETPLACE	6
Property Management	7
Small Business Development Center	7
Grant Writing	7
Table 6 - Grant Writing, 2006 - 2011	8
Professional Development	8
Table 7 - Progress Towards CEcD Certification	8
Economic Development Marketing & Attraction Class	9
Minnesota Angel Network	9
EDA Marketing Initiative	9
Strategic Planning	10
Economic Development Loan Programs	10
Economic Development Loan Fund	10
MIF Loan Fund	10
Downtown Grant & Loan Programs	10
Sign & Awning Grant Program	11
Table 8 - Sign & Awning Grant Program, 2011	11
Storefront Revitalization Matching Grant Program	11
Table 9 - Revitalization Matching Grant Program, 2011	11
Commerical Rehabilitation Loan Program	11
Table 10 - Commercial Rehabilitation Loan Program, 2011	12
Hutchinson Downtown Association	12
Table 11 - HDA Board of Directors, 2011	12
EDA Finances	13
Summary	13
Summary of Results: 2011 Work Plan & Goals	15
2012 Work Plan & Goals	16
Appendix A - Downtown Revolving Loan Fund Status Report, 2011	
Appendix B - Economic Development Loan Fund Status Report, 2011	
Appendix C - MIF Loan Fund Status Report, 2011	
Appendix D - EDA Year-end Financial Statements, 2011	
Appendix E - Adopted EDA Budget, 2012	
Appendix F - EDA Statements of Financial Position, 2009-2011	
Appendix G - Hutchinson EDA Land Holdings, 2011	

EXECUTIVE SUMMARY

In 2011 the national economy continued its slow rebound from the Great Recession. Here in Hutchinson economic development activity continued at a moderate pace, with emphasis being placed on maximizing the community's readiness for future economic development projects. Companies brought to Hutchinson by the EDA over the past several years continued to perform strongly, with Customer Elation in particular showing very strong employment growth. By the end of 2011 the company had in excess of 275 people on staff with an annual payroll of more than of \$4.2 million. Other highlights for the year include the following:

- Small Business Development Center (SBDC) reestablished in Hutchinson
- Completed 15 Business Retention & Expansion (BR&E) visits
- Obtained "shovel-ready" site certification for new industrial park
- Obtained \$1,000 grant for intern salary from Minnesota Economic Development Foundation
- Obtained \$250,000 grant from Business Development Public Infrastructure (BDPI) grant program for reconstruction of Industrial Blvd. & improvements to new industrial park
- Industrial Blvd. reconstructed
- Infrastructure added to 3.3 acre industrial park lot & industrial park construction completed with 2nd lift of bituminous paving
- Joined Minnesota Angel Network
- Launched EDA marketing initiative
- Initiated a strategic planning process for economic development in the city
- Continued support for downtown Hutchinson by providing:
 - 9 Sign & Awning grants totaling \$13,379.94
 - 3 Storefront Revitalization Matching grants totaling \$7,730
 - 4 Downtown Commercial Rehabilitation loans totaling \$291,279
- Closed out \$250,000 BDPI grant for Industrial Blvd. / Industrial park

GOVERNANCE

A seven-member board of directors governs the Hutchinson Economic Development Authority. Long-time City Council member Jim Haugen retired at the end of 2010 with the completion of his City Council term. He served a total of 13 years on the EDA Board. Replacing him as city council liaison was Mary Christensen. EDA Board membership is detailed in Table 1, below:

Table 1 – EDA Board of Directors

<u>Member</u>	<u>Position</u>	<u>Years of Service</u>	<u>Affiliation</u>
Tim Ulrich	President	14	Citizens Bank
Mike McGraw	Vice-president	7	State Farm Insurance
Steve Jansick	Treasurer	7	Wells Fargo Bank
Mary Christensen	City Council liaison	1	City Council
Chad Czmowski	City Council liaison	4	City Council
Mike Retterath	Member	2	3M
Daron Vanderheiden	Member	2	ISD 423

All financial matters of the EDA are handled by the EDA Finance Team. The EDA's annual budget, all grant awards, downtown loans and business assistance loans are all reviewed by the Finance Team prior to consideration by the EDA Board. At the close of 2011 Don Walser, long time member of the EDA Board and Finance Team, retired after serving a combined 14 years on those bodies. His wisdom and experience, not to mention his historical knowledge of the community, will be sorely missed. Nathan Matti, a business banker from MidCountry Bank was appointed to the Finance Team in October. Two members of the Finance Team are members of the EDA Board of Directors, and serve as a liaison between the two groups. Table 2, below, details EDA Finance Team membership.

Table 2 – EDA Finance Team

<u>Member</u>	<u>Position</u>	<u>Affiliation</u>
Jim Young	Chair	James Young & Associates
Don Walser	Member	Kraft, Walser, Hettig & Honsey
Mike Cannon	Member	Citizens Bank
Anthony Hanson	Member	Citizens Bank
Keith Fischer	Member	Wells Fargo Bank
Josh Gehlen	Member	Home State Bank
Gus Wurdell	Member	Hutchinson Mall
Nathan Matti	Member	MidCountry Bank
Tim Ulrich	EDA Board Liaison	Citizens Bank
Steve Jansick	EDA Board Liaison	Wells Fargo Bank

INTERNSHIP PROGRAM

Two SCSU students interned for the EDA over the course of 2011. Colin Heintzman served from January to May and Seth Kaufman interned from late May until the end of the year.

EDA interns enjoy a great deal of responsibility – being in charge of the EDA’s downtown revolving loan fund, two downtown grant programs, the Farmer’s Market, the popcorn wagon, the EDA website, providing staff assistance to the Hutchinson Downtown Association, and assisting the EDA Director with Business Retention visits, business recruitment, research, development of a business incubation program, and many other tasks. Due to the wide range of practical experience provided, the internship is highly prized by students and very well regarded by the Community Development Program at St. Cloud State University.



Seth Kaufman

ACTIVITY REPORT

Business Retention & Expansion Program (BR&E)

The EDA continues to put great emphasis on taking care of existing Hutchinson companies, as they are the primary source of new job creation in the community. Table 3 (below) summarizes the EDA’s Business Retention & Expansion visits for 2011 while Table 4 (following page) shows cumulative BR&E visits since 2002.

Table 3 – Business Retention & Expansion Visits, 2011

	<u>Company</u>	<u>Contact</u>	<u>Date of Visit</u>	<u>FT / PT Emp.</u>	<u>Comments</u>
1	Impressions, Inc.	Paul Nordin	1/13/2011	66	Steady.
2	Ashwill Industries	Tony Ashwill	3/26/2011	1	
3	Hutch Iron & Metal	Jay Freedland	4/5/2011	12	
4	Hutchinson Leader	Matt McMillan	7/27/2011	30	Going to Crow River Press
5	American Energy Systems	Mike Haefner	8/18/2011	15	
6	Customer Elation	Rick Frederickson	10/21/2011	275	Hiring another 30
7	Hutchinson COOP	Mike Conner	10/21/2011	25 / 25	Crop yields off.
8	Haugen Furniture Company		11/1/2011		Change in ownership
9	NuCrane Mfg	Tom Daggett	12/7/2011	18	
10	Hutchinson Mfg.	Tom Daggett	12/7/2011	100	
11	Pride Solutions	Justin Eggert	12/8/2011	20	busy
12	Stearnswood	Corey Stearns	12/8/2011	21	Busy, would like to expand
13	3M	Mike Retterath	12/16/2011	1500	Going strong.
14	Done Rite (Powder Coating)	Joe Bucholz	12/27/2011	1	May add 1 or 2 emp in '12
15	G R Kreations	Glen Kadelbach	12/28/2011	1	Potentially looking to sell

Table 4 – Cumulative BR&E Visits, 2002 – 2011

	<u>Company</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
1	3-D CNC		X		X			X	X	X	
2	3M			X	X	X			X		X
3	Ag Systems, Inc.					X				X	
4	American Energy Systems		X			X	X				X
5	Applied Kinetics		X						X		
6	Ashwill Industries				X	X	X	X	X	X	X
7	Baklund Tool & Design					X					
8	C & C Machine					X			X		
9	Crow River Printing					X			X	X	
10	Customer Elation								X	X	X
11	Dock-Rite							X			
12	Done Rite Powdercoat								X		X
13	Econo Foods		X				X				
14	Goebel Fixture Company		X		X		X	X		X	
15	GR Daniels Trucking						X				
16	GR Kreations / Innovative Foam						X		X		X
17	Haugen Furniture Co., Inc.			X				X			X
18	Hilliard Floor-Care		X				X	X		X	
19	Hutch COOP / Cenex			X	X	X				X	X
20	Hutch Iron & Metal			X			X	X	X	X	X
21	Hutchinson Leader Newspaper										X
22	Hutchinson Manufacturing		X		X			X	X		X
23	Hutchinson Shopping Mall		X					X			
24	Hutchinson Technology Inc. (HTI)		X				X	X		X	
25	Impressions Incorporated	X			X		X		X		X
26	JN Machining						X				
27	Lynn Card Company				X	X			X	X	
28	Marshall Concrete Products			X							
29	MITGI										
30	Nordic Components					X		X		X	
31	NuCrane Manufacturing										X
32	OHL Y		X		X			X		X	
33	Phoenix Solutions							X			
34	Popp Brothers Lumber								X		
35	Pride Solutions / Plastic Spec.		X							X	X
36	Pro Maintenance, Inc.		X								
37	Rath Racing						X				
38	RD Machine					X		X	X	X	
39	SHOPKO			X			X			X	
40	Standard Printing					X					
41	Stearnswood		X		X		X		X		X
42	TARGET						X	X			
43	TC Tool Engineering				X						
44	Unique Tool, Inc.					X			X		
45	WAL-MART						X				
46	Warrior Mfg.						X	X		X	
	TOTAL VISITS	1	15	9	14	14	17	17	19	17	15

Job Creation

By the end of 2011, four business development projects in which the EDA had significant involvement had resulted in 334 jobs being created with a total annual payroll in excess of \$6.3 million. Details for each of these projects are summarized in Table 5, below.

Table 5 – Job Creation, 2005 – 2011

<u>Project Year</u>	<u>Company</u>	<u>Job Creation</u>	<u>Average Wage</u>	<u>Avg. Weekly Hours</u>	<u>Annual Payroll</u>
2005	Ashwill Industries	1	\$16.83 / hr	40	\$35,000
2007	Warrior Mfg.	40	\$16.80 / hr	40	\$1,397,760
2008	Customer Elation, Inc.	275	\$10.00 / hr	30	\$4,290,000
2009	NuCrane Mfg.	18	\$17.05 / hr	40	\$638,352
TOTAL		334			\$6,361,112

Industrial Park Development

Industrial Blvd.

Serving as the western gateway of the City's new industrial park, Industrial Boulevard had essentially disintegrated by 2010. Working with the City, the Hutchinson EDA was able to secure a \$250,000 grant from the State of Minnesota to aid in the reconstruction of this vital arterial serving the industrial park.

Starting just after the 4th of July holiday and wrapping up in early September, 1,500 feet of Industrial Boulevard was partially reconstructed. Work included sub-grade correction, aggregate base, installation of new city water and sanitary sewer lines, drain tile installation and bituminous paving.

The completed project benefits two companies located along Industrial Boulevard (Pride Solutions & Impressions, Inc.) and significantly enhances the western gateway to the new industrial park.

Infrastructure added to 3 acre lot

When Energy Park was initially constructed in 2009-2010, utility services to a 3.09 acre lot in the southwest corner of the new industrial park were omitted because the city was in negotiations to sell the lot to an adjoining property owner. City utilities therefore were deemed unnecessary.

Unfortunately the deal fell through, leaving the city with a lot un-served by city utilities in the new industrial park. The development potential of the lot was severely diminished as a result.

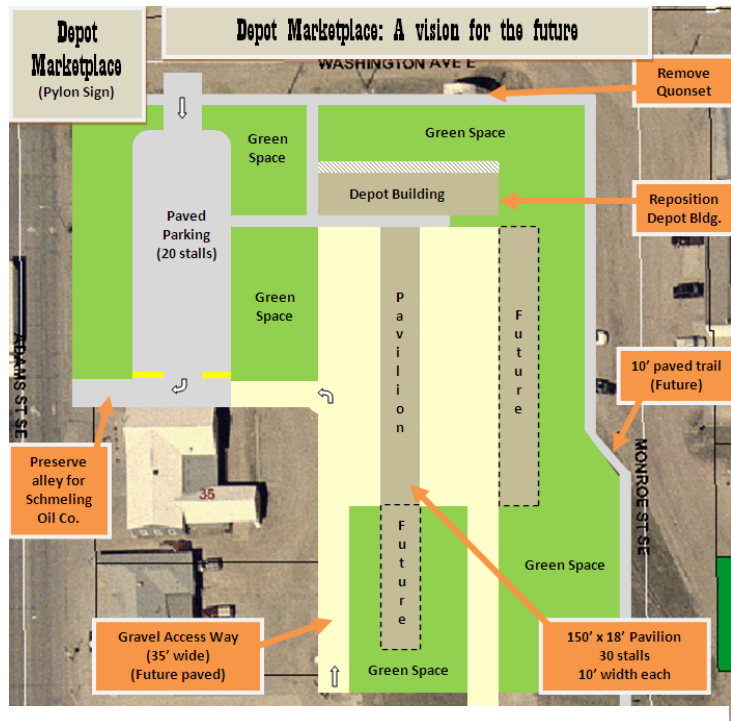
To remedy the situation, 6" water and 8" sanitary sewer lines were extended to the lot as part of the Industrial Boulevard reconstruction project (see above). Funding for the project came from the grant the EDA obtained for the Industrial Blvd project.

Downtown Redevelopment Project: DEPOT MARKETPLACE

Partnering with the City of Hutchinson and the McLeod County Rail Authority, the Hutchinson EDA in 2011 began laying the groundwork for a project to redevelop the city block currently occupied by the old Great Northern Railroad Depot.

Goals of the project are three-fold: preserve the Depot building, provide a permanent home to the downtown Farmer's Market, and (in the future) establish a trail head for the Luce Line and Dakota bicycle trails.

The project has three main elements: stabilizing & relocating the existing Depot building, adding public parking and constructing a Farmer's Market pavilion.



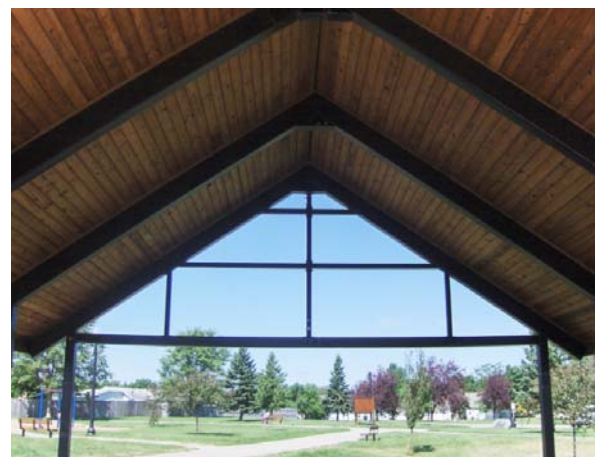
Site plan for the Depot Marketplace.

The 1887 Depot Building is in relatively poor shape. The structure was built without footings or foundations, resulting in significant settling and frost heaving. As a result, the building droops on both ends and is becoming increasingly unstable. To stabilize and preserve the building a foundation is needed. In addition, the structure needs to be moved and realigned to an east-west orientation (parallel to Washington Avenue) so that efficient use can be made of the site. Consequently, the first portion of the project will be to pivot the building and put it on a new foundation. If funding is available, a portion of the interior may be renovated to provide public restrooms.

The second part of the project will be the construction of a 20-stall parking lot, with curb & gutter, on the west side of the Depot block next to Adams Street. A sizable green space will separate the parking lot from the street and will feature a small rain garden on the north end.

The third project element will be construction of a Farmer's Market Pavilion. This structure will be a 150' long, 18' wide open air facility. A 20' wide sidewalk will be added beneath the structure to provide a good surface for vendors and customers.

Landscaping of the site will be fairly simple to begin with: ordinary grass will cover most of the site with possibly some prairie grasses in certain areas.



The pavilion will feature a "truss-less" design, giving it a very roomy feel inside.

The project is contingent upon completing Phase I and Phase II environmental reviews of the site and the development of a “response action plan.” If those studies show that the project can be completed with a minimum of environmental remediation, construction could begin by mid-May 2012 and be completed by mid-summer.

Property Management

The EDA continued to lease out the 77.37-acre Stritesky Property as crop land in 2011. A competitive bidding process resulted in a high bid of \$330 per acre, providing rental revenue of \$25,532.10 for the year. Property taxes for the year totaled \$4,804 and a small amount of tiling work was done to improve drainage on the property. Cost for the tiling work totaled \$1,716.

The EDA also purchased back a 10.5 acre lot that had been previously sold to Warrior Mfg. The company decided that expanding their facility eastwards would work better in the long run, and so decided to purchase a 3.18 acre lot on the east side of their existing lot. The EDA purchased the 10.5 acre lot north of Warrior Mfg. for \$19,712 per acre and sold the 3.18 acre lot to Warrior for \$40,000 per acre. The transaction gave the EDA 53.64 acres of land that is available for immediate development.

Small Business Development Center

In 2010 the Hutchinson EDA obtained a grant from the Minnesota Department of Employment and Economic Development (DEED) to establish a sub-center of the Small Business Development Center in Hutchinson.

The City contracted with the Marshall Small Business Development Center (SBDC) to provide microenterprise assistance – and they maintained office hours from 10 AM to 3 PM on the 2nd & 4th Wednesdays of each month, with additional time available by appointment.

Over the course of 2011, a total of 130.5 hours of SBDC assistance was provided to 24 clients. These figures were considerably below what was initially projected.

Grant Writing

For 2011 the Hutchinson EDA was able to win two grants totaling \$251,000. In the spring of the year the EDA applied for and won a \$250,000 grant from the Minnesota Department of Employment & Economic Development to help with the reconstruction of Industrial Blvd. and the addition of water and sanitary sewer services to a 3.09 acre lot in the new industrial park.

In addition, the EDA was able to obtain a \$1,000 grant from the Minnesota Economic Development Foundation to help defray a portion of the EDA intern’s salary. EDA grant writing activity from 2006 to 2011 is summarized in Table 6, on the following page.

Table 6 – Grant Writing, 2006 – 2011

<u>Year</u>	<u>Awards</u>	<u>Amount</u>	<u>Uses</u>
2006	2	\$345,000	Pet clinic demo, Warrior MIF
2007	1	\$500,000	Customer Elation MIF
2008	0	\$0	
2009	4	\$1,701,000	Industrial park (2), NuCrane MIF, Intern
2010	1	\$37,500	SBDC
2011	2	\$251,000	Industrial park, Intern
	10	\$2,834,500	

Professional Development

As part of the overall effort to be continuously improving all aspects of the city’s economic development program, EDA staff is working towards completing a professional development program that will result in being designated as a Certified Economic Developer (CEcD) by the International Economic Development Council (IEDC).

Individuals designated by the IEDC as Certified Economic Developers are acknowledged as having achieved the pinnacle of excellence in the economic development field. The CEcD is the highest professional designation in the economic development profession.

Having CEcD designated staff will provide Hutchinson with yet another competitive advantage for its economic development program. Table 7, below, depicts the progress of EDA staff towards becoming IEDC certified.

Table 7 – Staff Progress towards CEcD Certification

<u>Requirement</u>	<u>Course</u>	<u>Status</u>	<u>Completed</u>
Experience	Four years experience in profession	Done	13 years
Core course	Introduction to Economic Development	Done	1997
Core course	Economic Development Credit Analysis	Done	2000
Core course	Business Retention & Expansion	Done	2010
Core course	Real Estate Development & Reuse	June, 2012	
Elective	Economic Development Marketing & Attraction	Done	2011
Elective	Entrepreneurial & Small Business Development Strategies	July, 2012	
CEcD Exam		TBD 2013	

Economic Development Marketing & Attraction Class

Staff completed the IEDC's "Economic Development Marketing and Attraction" class during 2011 to assist the EDA in developing and implementing a high-impact marketing and attraction plan. Topics included site selection fundamentals, developing a community marketing plan & brand, engaging social media and website design to target new markets and benchmarking, evaluating and monitoring the marketing plan. The knowledge gained will help the Hutchinson EDA implement a state-of-the-art marketing campaign that will raise the community's visibility among businesses looking to expand.

Minnesota Angel Network

In August the EDA joined the Minnesota Angel Network (MNAN) as a new strategy to bring businesses to Hutchinson. Funding for this initiative was provided through a partnership between the EDA and the City of Hutchinson.

MNAN is a non-profit organization that helps beginning and early stage companies become certified as "investment ready" by providing extensive coaching and training for entrepreneurs. Once a company has been certified by MNAN, the organization serves as a connection point for the company and accredited investors.

Hutchinson, along with MNAN member cities Willmar, Fergus Falls and Owatonna have been designated as "regional intake centers" – serving as a point of entry for companies into the MNAN system. As an intake center for MNAN, Hutchinson will serve as a first point of contact for new companies, guide companies through the MNAN process, host advisory sessions for the companies with local service providers (legal, financial, marketing, etc.); potentially host investor meetings, and identify / communicate key advantages and attractions for companies to locate in the city.

Once MNAN is fully operational, it is expected that 50-60 companies per year will go through the process, with six to eight coming through the Hutchinson intake center. Approximately half of all MNAN companies will be "location neutral," meaning that they will be open to relocating to Hutchinson.

It is hoped that participation in MNAN will result in a steady stream of new company prospects for the city, and ultimately new job creation for the community.

EDA Marketing Initiative

In September the EDA approved the development of a comprehensive marketing program to promote economic development in Hutchinson. The goal of the marketing campaign is to significantly increase Hutchinson's visibility to Minnesota companies that are looking to expand.

Elements of the campaign include development of a new economic development logo and brand for the city, development of a new economic development website designed to complement the existing EDA site, utilizing "social media" such as Facebook LinkedIn, Twitter, etc. to increase Hutchinson's visibility on the internet, and developing a new brochure and other marketing materials.

The target of the campaign is existing Minnesota' businesses that are looking to expand by adding a new location.

Development of the plan was underway in earnest by year end and will continue into the first part of 2012. The new marketing initiative should be ready for launch by the second quarter of the year.

Strategic Planning

In an effort to establish an economic development "roadmap" for the community, the Hutchinson EDA embarked on a detailed strategic planning exercise at the close of the year.

In addition to identifying strengths and weaknesses of the local economy and evaluating our economic development efforts, the plan seeks to establish a set of specific, quantifiable and time-bound goals and objectives for economic development. These goals, and the strategies identified to achieve them, will become the EDA's standing work-plan for the next decade.

When completed, results of the EDA's strategic planning exercise will be folded into the City's Comprehensive Plan update.

Economic Development Loan Programs

Economic Development Loan Fund

In the EDA's Economic Development Loan Fund, assets declined to \$918,016 from the previous year's \$929,046. This was due to the EDA joining the Minnesota Angel Network (MNAN), which cost \$12,500 for 2011 and was paid for through this fund. The cash balance of the fund climbed by just more than 25% to \$505,736 as loans were repaid. All four loans in the fund were performing as required.

MIF Loan Fund

The EDA's Minnesota Investment Loan Fund saw its total assets grow to \$518,904 – up from a 2010 figure of \$508,877 – a gain of 1.97%. Cash on hand at the close of the year totaled \$106,669 and the one loan in the fund's portfolio was performing as required. At some point in the future, possibly during 2012, this loan will be "de-federalized" and all assets will be transferred to the EDA's Economic Development Loan Fund.

Downtown Grant & Loan Programs

The Hutchinson EDA continued its strong support of downtown by providing a total of 12 grants and 4 low interest loans to businesses and building owners in the downtown district. A total of \$21,099 of grants and \$291,279 of low interest loans were provided over the course of the year.

Sign & Awning Grant Program

Nine Sign & Awning Grants were awarded in 2011 totaling \$13,379.94. The program provides up to \$2,000 to applicants wishing to replace or upgrade their signage or awnings. Table 8, below, provides details.

Table 8 – Sign & Awning Grant Program, 2011

<u>Approved</u>	<u>Recipient</u>	<u>Amount</u>
1/26/2011	Stacey Lux	\$2,000
4/27/2011	Mandi Roiger	\$1,946.59
4/27/2011	Marcus Max	\$2,000
5/25/2011	Barbara Loncoich	\$225
9/28/2011	Alsara Properties LLC	\$2,000
10/26/2011	Mark Dawson	\$1,350
11/23/2011	Robert McCarthy	\$1,559.19
12/28/2011	Leah Watcke	\$425
12/28/2011	George Quast	\$1,874.16
TOTAL		\$13,379.94

Storefront Revitalization Matching Grant Program

The EDA's Storefront Revitalization Matching Grant Program made three awards over the course of the year, totaling \$7,730. The economic impact of the program is doubled to \$15,460 because it requires a dollar-for-dollar match from the grant applicant. Up to \$5,000 is available for building owners wishing to upgrade the "curb appeal" of their downtown properties. Table 9, below, details program activity.

Table 9 – Storefront Revitalization Matching Grant Program, 2011

<u>Approved</u>	<u>Recipient</u>	<u>Amount</u>
9/28/2011	Alsara Properties LLC	\$2,570
10/26/2011	Mark Dawson	\$3,155
10/26/2011	Robert Schlueter	\$2,005
TOTAL		\$7,730

Commercial Rehabilitation Loan Program

Total assets in the EDA's Downtown Loan Fund grew by about 1.3% to a level of \$1,249,752. Available cash in the fund grew from \$388,052 to \$525,678 over the course of the year as downtown loans were repaid. All downtown loans performed as required.

For 2011 the EDA’s Commercial Rehabilitation Loan program provided four low interest loans totaling \$291,279 for downtown property owners making upgrades to their buildings.

The program provides very low interest loans to property owners who desire to make more substantial improvements to their downtown buildings. Loan terms can be for 10 years at 2% less than the Prime interest rate or for 15 years at Prime. For 2011 that translated into loans at either 1.25% or 3.25% respectively. Loan activity for the year is listed in Table 10, below.

Table 10 – Commercial Rehabilitation Loan Program, 2011

<u>Approved</u>	<u>Recipient</u>	<u>Amount</u>
8/24/2011	Skip Quade	\$13,792
8/24/2011	Brett Omann	\$17,487
11/23/2011	Dr. David Mach	\$130,000
12/28/2011	Joseph Mayland	\$130,000
TOTAL		\$291,279

Hutchinson Downtown Association

The Hutchinson EDA continued to provide staff support for the Hutchinson Downtown Association in 2011.

Comprised of 33 members, the Hutchinson Downtown Association (HDA) seeks to maintain and enhance the vitality of downtown Hutchinson. To that end, the HDA sponsors the downtown Farmer’s Market each summer as well as “Picnic in the Park,” the Library Square Popcorn Wagon and “Main Street Christmas.”

The 2011 Board of Directors for the HDA is shown in Table 11, below.

Table 11 – Hutchinson Downtown Association Board of Directors, 2011

<u>Director</u>	<u>Position</u>	<u>Affiliation</u>	<u>Term</u>
Mike Cannon	President	Citizen’s Bank & Trust	2012
Joanne Willmert	Treasurer	The Village Shop	2012
Tina McMillan	Director	Hutchinson Leader	2010
Gus Wurdell	Director	McKraut Holdings	2011
Matt Pulkerbek	Director	Hometown Realty	2011
Kyle Wendling	Director	Wendling Insurance	2012
George Quast	Liaison	Historic Hutchinson	open
Bill Corby	Liaison	Chamber of Commerce	open
Chad Czmowski	Liaison	City Council / Outdoor Motion	open

EDA FINANCES

2011 was a good year for the Hutchinson EDA financially. The EDA's operations budget ended the year with \$152,917 cash on hand – nearly equal to a full year's operating budget. This was up from the 2010 year-end amount of \$136,462; an increase of \$16,456 (12%).

For the year the EDA had total revenues of \$183,902, significantly over (13.9%) the budgeted amount of \$161,435. This is attributable to rental income of \$24,212 from the Stritesky property that was not included in the 2011 budget. At the time the budget was adopted, there was a possibility that the Stritesky Property might be sold, so it was deemed prudent to not include any potential revenue it might generate.

Total expenditures for the year were \$164,843, 4.8% below the budgeted amount of \$173,141.

SUMMARY

Compared to years past, 2011 was a more modest year for economic development activity in Hutchinson as the effects of the Great Recession continued to be felt locally.

The Hutchinson EDA took the opportunity complete several projects that will set the stage for local economic growth as the national economy rebounds. Obtaining "shovel-ready" site certification for the new industrial park will put Hutchinson in a very competitive position vis-à-vis other cities when it comes to attracting business expansion projects. In addition, the reconstruction of Industrial Blvd. and addition of infrastructure to a small lot in the industrial park puts Hutchinson at peak readiness for business attraction. Significant progress was also made in the area of new business development with the addition of a Small Business Development Center to the community, along with Hutchinson joining the Minnesota Angel Network (MNAN) and being designated as an "intake center" for that organization.

Operationally, the Hutchinson EDA continues to be very efficiently run, with revenues exceeding the budgeted amount and expenditures being lower than budgeted for the year. At year end, the EDA had nearly a year's worth of operating funds in reserve.

With its membership in the MNAN, completion of the new industrial park, redevelopment of the Depot site and the launching of a new marketing campaign, 2012 promises to be an exciting year for economic development in Hutchinson!

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2011 Work Plan & Goals

PROJECT / GOAL	STATUS
1 BUSINESS RETENTION & EXPANSION	
A Conduct 15 BR & E visits, as many as possible in conjunction with the Chamber of Commerce.	DONE
2 DOWNTOWN	
A Promote new development on former Cenex site. Advocate paving of Les Kouba Parkway / Lind Street	IN PROGRESS CONTINUING
B Continue development of Downtown Gateway	IN PROGRESS
C Continue support of Hutchinson Downtown Association	DONE
3 INDUSTRIAL PARK & BUSINESS RECRUITMENT	
A Make Bio-science and renewable energy projects a development priority	IN PROGRESS
B Finalize "shovel ready" site certification for industrial park	DONE
C Recruit at least 1 new company for industrial park.	FAILED
D Complete contracted McLeod County economic development project	ON HOLD
4 MARKETING & PUBLIC RELATIONS	
A Evaluate the need for new marketing materials.	DONE
B Develop community marketing materials for Cornerstone Commons.	DONE
C Continue public relations activities. Regular appearances on KDUZ "Community Affairs" program Monthly column in "Crow River Business" Magazine Speaking engagements to services clubs, etc. - as invited Regular updates to EDA website	DONE DONE DONE DONE
5 GENERAL	
A Obtain \$100,000 in grants (various uses)	\$251,000
B Pursue development of McLeod County EDA.	ON HOLD
C Do everything feasible to fill vacant "big box" buildings.	CONTINUING

2012 Work Plan & Goals

PROJECT / GOAL

1 BUSINESS RETENTION & EXPANSION

- A** Conduct 15 BR & E visits, as many as possible in conjunction with the Chamber of Commerce.

2 DOWNTOWN

- A** Promote new development on former Cenex site.
- B** Advocate paving of Les Kouba Parkway / Lind Street
- C** Continue development of Downtown Gateway
- D** Continue support of Hutchinson Downtown Association

3 INDUSTRIAL PARK & BUSINESS RECRUITMENT

- A** Make Bio-science & renewable energy projects a development priority
- B** Recruit at least 1 new company for industrial park.

4 MARKETING & PUBLIC RELATIONS

- A** Complete Marketing Plan & Implement
- B** Continue public relations activities.
 - Regular appearances on KDUZ "Community Affairs" program
 - Monthly column in "Crow River Business" Magazine
 - Speaking engagements to services clubs, etc. - as invited
 - Regular updates to EDA website

5 GENERAL

- A** Obtain \$100,000 in grants (various uses)
- B** Pursue development of McLeod County EDA.
- C** Do everything feasible to fill vacant "big box" buildings.
- D** Complete EDA Strategic Plan

APPENDIX A

**Downtown Revolving Loan Fund
2011 Status Report**

Loan	Borrower	Originated	Loan Amount	Term	Rate	Monthly Pymt.	Outstanding Balance as of 12/31/11	Maturity
1	A	5/1/1992	\$7,310.00	20	0.00%	\$30.46	\$487.83	5/1/2013
2	B	2/10/1993	\$25,637.10	20	0.00%	\$106.82	\$2,457.16	11/10/2013
3	C	6/1/1993	\$3,749.00	20	0.00%	\$15.62	\$274.69	6/1/2013
4	D	1/1/1994	\$1,610.75	20	0.00%	\$6.71	\$146.45	1/1/2014
5	E	4/1/2002	\$27,494.00	10	2.00%	\$252.98	\$2,194.17	9/1/2012
6	F	1/1/2003	\$3,000.00	10	2.00%	\$27.60	\$354.35	1/1/2013
7	G	5/8/2003	\$65,000.00	10	2.00%	\$598.09	\$10,559.99	7/1/2013
8	H	1/1/2004	\$130,000.00	10	2.00%	\$1,196.17	\$96,849.31	5/1/2014
9	I	4/1/2004	\$11,055.52	10	2.00%	\$157.56	\$1,613.06	5/1/2014
10	J	9/10/2004	\$130,000.00	10	2.00%	\$1,196.17	\$38,384.11	9/1/2014
11	K	12/1/2004	\$65,000.00	15	4.50%	\$497.25	\$40,067.74	1/1/2020
12	L	8/1/2008	\$130,000.00	10	3.25%	\$1,270.35	\$90,034.87	6/1/2018
13	M	8/1/2008	\$46,703.00	10	3.00%	\$450.97	\$32,724.50	8/1/2018
14	N	3/27/2009	\$8,300.00	15	3.25%	\$58.32	\$7,176.10	3/1/2024
15	O	5/23/2009	\$118,581.69	15	3.25%	\$933.62	\$105,721.57	3/23/2022
16	P	10/1/2009	\$9,226.09	10	1.25%	\$81.83	\$7,329.34	1/1/2020
17	Q	4/1/2010	\$14,857.00	10	1.25%	\$135.00	\$12,308.15	3/1/2020
18	R	6/1/2010	\$35,000.00	10	1.25%	\$310.43	\$29,634.10	6/1/2020
19	S	12/1/2010	\$17,370.00	10	1.25%	\$154.06	\$15,543.26	12/1/2020
20	T	12/1/2011	\$17,487.00	10	1.25%	\$155.10	\$17,487.00	12/1/2021
21	U	12/1/2011	\$10,964.00	10	1.25%	\$97.24	\$10,964.00	12/1/2021
Totals			\$878,345.15			\$7,732.35	\$522,311.75	

APPENDIX B

**Economic Development Loan Fund
2011 Status Report**

Loan	Borrower	Originated	Original Loan Amount	Term	Rate	Monthly Pymt.	Outstanding Balance as of 12/31/11	Maturity
1	A	8/28/2007	\$50,000	7	4.00%	\$680	\$21,541	8/27/2014
2	B	1/15/2009	\$30,000	6	8.00%	\$526	\$16,580	1/14/2015
3	A2	8/28/2007	\$200,000	7	2.50%	\$2,600	\$79,818	8/27/2014
4	C	8/1/2008	\$500,000	7	0.00%	\$5,952	\$261,880	7/31/2015
TOTALS			<u>\$780,000</u>			<u>\$9,758.38</u>	<u>\$379,819</u>	

APPENDIX C

**MIF Loan Fund
2011 Status Report**

Loan	Borrower	Originated	Original Loan Amount	Term	Rate	Monthly Pymt.	Outstanding Balance as of 12/31/11	Maturity
1	A	7/2/2010	\$500,000	8	2.00%	\$5,640	\$412,235	7/1/2018
		TOTALS	<u>\$500,000</u>			<u>\$5,640</u>	<u>\$412,235</u>	

APPENDIX D

**Economic Development Authority
2011 Year End Financial Statements**

Hutchinson Community Development Corp - EDA (9109)

As of December 31, 2011

AUDITED BALANCE SHEET OPERATIONS

FULL ACCRUAL

INTERNAL USE ONLY

	DECEMBER 2010	DECEMBER 2011	2011 CHANGE
ASSETS			
Cash	\$ 135,709	\$ 156,415	\$ 20,706
Accounts Receivable	753	5,702	4,949
TOTAL ASSETS	136,462	162,116	25,655
LIABILITIES			
Accounts Payable	1,101	4,153	3,053
Accrued Payroll & Vacation	5,180	5,780	599
TOTAL LIABILITIES	6,281	9,933	3,652
EQUITY			
Reserved - Land (Warrior Sale)	56,736	56,736	-
Unreserved	73,445	95,447	22,002
TOTAL FUND BALANCE	130,181	152,183	22,002
TOTAL LIABILITIES & FUND BALANCE	\$ 136,462	\$ 162,116	\$ 25,655

Hutchinson Community Development Corp - EDA (9109)

As of December 31, 2011

AUDITED Statement of Revenues & Expenditures

FULL ACCRUAL

INTERNAL USE ONLY

Object Code	Description	Budget	December	YTD	Available Balance
REVENUES					
4011	TAXES	\$ 159,985	\$ 72,972	\$ 147,888	\$ 12,097
4012	DELINQUENT TAXES	-	543	1,371	(1,371)
4013	PENALTIES & INTEREST	-	-	-	-
4141	HOMESTEAD CREDIT	-	5,586	11,007	(11,007)
4316	RENTS	-	-	24,212	(24,212)
4340	SALES OF PROPERTY	-	-	-	-
4625	INTEREST INCOME	450	1,189	1,914	(1,464)
4720	REFUNDS & REIMBURSEMENTS	1,000	200	200	800
4840	CONTRIBUTIONS & DONATIONS	-	-	-	-
	TOTAL REVENUES	161,435	80,491	186,592	(25,157)
EXPENDITURES					
6110	WAGES REG.EMPLOYEES	80,375	8,737	77,691	2,684
6122	WAGES TEMPORARY EMPLOYEES	20,000	2,244	18,992	1,009
6131	VACATION PAY	2,100	417	5,018	(2,918)
6132	HOLIDAY PAY	3,640	345	3,189	451
6133	SICK PAY	900	65	1,979	(1,079)
6141	PERA-COORDINATED	5,690	763	6,441	(751)
6145	FICA-CITY PORTION	6,500	781	6,592	(92)
6150	MEDICARE	1,500	183	1,542	(42)
6160	EMPL.HEALTH & INS. BENEFIT	6,000	512	6,143	(143)
6161	LIFE INSURANCE	-	630	630	(630)
6167	HSA ADMINISTRATION FEE	36	-	50	(14)
6168	HRA DEDUCTIBLE	-	88	894	(894)
6169	FLEX ADMINISTRATION FEE	50	-	28	22
6170	WORKERS COMP INSURANCE	650	101	853	(203)
	TOTAL SALARIES & FRINGE BENEFITS	127,441	14,865	130,041	(2,600)
6205	OFFICE SUPPLIES	700	-	134	566
6210	OPERATING SUPPLIES	3,500	158	2,157	1,344
	TOTAL SUPPLIES, REPAIRS, & MAINT.	4,200	158	2,290	1,910
6301	PROFESSIONAL SERVICES	10,000	-	7,453	2,547
6305	OTHER CONTRACTUAL	3,000	-	-	3,000
	TOTAL CONSULTING	13,000	-	7,453	5,547
6310	COMMUNICATIONS	1,500	69	703	797
6311	POSTAGE	600	12	157	443
6320	TRAVEL SCHOOL CONFERENCE	2,500	100	3,068	(568)
6321	CAR ALLOWANCE - TRAVEL	1,750	124	1,364	386
6330	ADVERTISING	250	-	-	250
6340	PRINTING & PUBLISHING	1,400	-	46	1,354
6370	CONTRACT REPAIR & MAINTENANCE	850	106	1,430	(580)
6379	VEHICLE RENT	-	-	500	(500)
6385	DATA PROC EQUIPMENT RENTAL	950	-	452	498
	TOTAL OTHER SERVICE & CHARGES	9,800	412	7,720	2,080
6735	SOUTHWEST MN FOUNDATION	5,000	-	5,000	-
	TOTAL TRANSFERS	5,000	-	5,000	-
6901	DUES & SUBSCRIPTIONS	1,000	-	525	475
6902	TAXES	11,500	-	11,428	72
6909	MISCELLANEOUS	500	-	132	368
	TOTAL MISCELLANEOUS	13,000	-	12,086	914
7010	LAND	-	-	-	-
7015	IMPROVEMENTS TO LAND	-	-	-	-
7030	MACHINERY & EQUIPMENT	700	-	-	700
	TOTAL CAPITAL OUTLAYS	700	-	-	700
	TOTAL EXPENDITURES	173,141	15,434	164,590	8,551
	Revenues over (under) expenditures - Operations	\$ (11,706)	65,056	\$ 22,002	\$ (33,708)
Special Projects:					
	SBDC Grant Receipts	-	3,763	6,525	(6,525)
	SBDC Grant Expenses	-	(3,763)	(6,525)	6,525
	TOTAL SPECIAL PROJECTS	-	-	-	-
	Revenues over (under) expenditures - Total	\$ (11,706)	\$ 65,056	\$ 22,002	\$ (33,708)

Hutchinson Community Development Corp - EDA
As of December 31, 2011
ECONOMIC DEVELOPMENT LOAN FUND (9114)
FULL ACCRUAL
INTERNAL USE ONLY

	DECEMBER 2010	DECEMBER 2011	2011 CHANGE
ASSETS			
Cash	\$ 404,277	\$ 508,946	\$ 104,669
Accounts Receivable Stritesky Property	32,461	32,461	-
Notes Receivable			
Warrior Manufacturing	28,683	21,541	(7,143)
Ashwill Industries	21,678	16,502	(5,176)
Total Notes Receivable	<u>50,361</u>	<u>38,043</u>	<u>(12,318)</u>
Loans Receivable			
Warrior Manufacturing	108,631	79,818	(28,813)
Customer Elation	333,316	261,880	(71,436)
Total Loans Receivable	<u>441,947</u>	<u>341,698</u>	<u>(100,249)</u>
Accrued Receivable	-	1,816	1,816
TOTAL ASSETS	<u>929,046</u>	<u>922,964</u>	<u>(6,083)</u>
LIABILITIES			
Deferred Revenues	524,769	412,202	(112,567)
TOTAL LIABILITIES	<u>524,769</u>	<u>412,202</u>	<u>(112,567)</u>
EQUITY			
Fund Balance			
Reserved	-	-	-
Unreserved	404,277	510,762	106,484
TOTAL FUND BALANCE	<u>404,277</u>	<u>510,762</u>	<u>106,484</u>
TOTAL LIABILITIES & FUND BALANCE	<u>\$ 929,046</u>	<u>\$ 922,964</u>	<u>\$ (6,083)</u>

ECONOMIC DEVELOPMENT LOAN FUND (9114)
Statement of Revenues & Expenditures
FULL ACCRUAL
INTERNAL USE ONLY

Object Code	Description	Budget	December	YTD	Available Balance
REVENUES					
4625	INTEREST EARNED	-	5,025	7,829	(7,829)
4705	LOAN REPAYMENTS	-	9,759	111,155	(111,155)
4720	REFUNDS & REIMBURSEMENTS	-	-	-	-
4825	TRANSFER IN	-	-	-	-
	TOTAL REVENUES	-	<u>14,784</u>	<u>118,984</u>	<u>(118,984)</u>
EXPENDITURES					
6301	PROFESSIONAL SERVICES	-	-	12,500	(12,500)
6650	LOAN	-	-	-	-
	TOTAL EXPENDITURES	-	-	<u>12,500</u>	<u>(12,500)</u>
Revenues over (under) expenditures		<u>\$ -</u>	<u>\$ 14,784</u>	<u>\$ 106,484</u>	<u>\$ 106,484</u>

Hutchinson Community Development Corp - EDA
As of December 31, 2011
ENERGY LOAN FUND - DOWNTOWN LOAN FUND (9115)
FULL ACCRUAL
INTERNAL USE ONLY

	DECEMBER 2010	DECEMBER 2011	2011 CHANGE
ASSETS			
Cash	\$ 388,052	\$ 528,862	\$ 140,809
Loans Receivable	644,662	782,248	137,586
Accrued Receivable	-	1,793	1,793
Cenex Property - Capital Asset	157,195	157,195	-
Wright Property - Capital Asset	44,134	44,134	-
TOTAL ASSETS	<u>1,234,043</u>	<u>1,514,232</u>	<u>280,189</u>
LIABILITIES			
Accounts Payable	2,535	11,056	8,521
Accrued Loan Payable	-	260,000	260,000
Deferred Revenues (loans receivable)	644,662	782,248	137,586
TOTAL LIABILITIES	<u>647,197</u>	<u>1,053,304</u>	<u>406,107</u>
EQUITY			
Invested In Capital Assets	201,329	201,329	-
Unreserved	385,517	259,599	(125,918)
TOTAL FUND BALANCE	<u>586,846</u>	<u>460,928</u>	<u>(125,918)</u>
TOTAL LIABILITIES & FUND BALANCE	<u>\$ 1,234,043</u>	<u>\$ 1,514,232</u>	<u>\$ 280,189</u>

ENERGY LOAN FUND - DOWNTOWN LOAN FUND (9115)
Statement of Revenues & Expenditures
FULL ACCRUAL
INTERNAL USE ONLY

Object Code	Description	Budget	December	YTD	Available Balance
REVENUES					
4625	INTEREST EARNED	-	4,977	7,684	(7,684)
4706	COMMERCIAL LOAN REPAYMENTS	-	52,266	166,901	(166,901)
4720	REFUNDS & REIMB.	-	100	700	(700)
	TOTAL REVENUES	-	<u>57,344</u>	<u>175,285</u>	<u>(175,285)</u>
EXPENDITURES					
6370	CONTRACT REPAIR & MAINT.	-	-	-	-
6650	LOANS	-	288,451	300,403	(300,403)
6909	MISCELLANEOUS	-	178	408	(408)
7010	LAND	-	392	392	(392)
	TOTAL EXPENDITURES	-	<u>289,021</u>	<u>301,203</u>	<u>(301,203)</u>
	Revenues over (under) expenditures	-	<u>(231,678)</u>	<u>(125,918)</u>	<u>125,918</u>

Hutchinson Community Development Corp - EDA
As of December 31, 2011
MINN. INVEST. LOAN FUND (9120) - (NuCrane)
FULL ACCRUAL
INTERNAL USE ONLY

	DECEMBER 2010	DECEMBER 2011	2011 CHANGE
ASSETS			
Cash	\$ 32,993	\$ 107,267	\$ 74,273
Accrued Receivable	-	334	334
Loans Receivable			
Loan (NuCrane)	475,884	412,235	(63,649)
TOTAL ASSETS	508,877	519,836	10,959
LIABILITIES			
Accounts Payable	-	-	-
Deferred Revenues (loan receivable)	475,884	412,235	(63,649)
TOTAL LIABILITIES	475,884	412,235	(63,649)
EQUITY			
Unreserved	32,993	107,601	74,608
Reserved	-	-	-
TOTAL FUND BALANCE	32,993	107,601	74,608
TOTAL LIABILITIES & FUND BALANCE	\$ 508,877	\$ 519,836	\$ 10,959

MINN. INVEST. LOAN FUND (9120) - (NuCrane)
Statement of Revenues & Expenditures
FULL ACCRUAL
INTERNAL USE ONLY

Object Code	Description	Budget	December	YTD	Available Balance
REVENUES					
4625	INTEREST INCOME	-	932	1,282	(1,282)
4705	LOAN REPAYMENTS	-	5,640	73,326	(73,326)
4100	INTERGOVERNMENTAL REVENUE	-	-	-	-
4720	REFUNDS & REIMB.	-	-	-	-
	TOTAL REVENUES	-	6,573	74,608	(74,608)
EXPENDITURES					
6650	LOANS	-	-	-	-
6750	TRANSFER OUT	-	-	-	-
6909	MISCELLANEOUS	-	-	-	-
7010	LAND	-	-	-	-
	TOTAL EXPENDITURES	-	-	-	-
Revenues over (under) expenditures		-	6,573	74,608	(74,608)

APPENDIX E

Adopted EDA Budget, 2012

	2007	2008	2009	2010	2011	2012
REVENUES	Actual	Actual	Actual	Actual	Actual	Adopted
4011 Taxes	127,774	134,496	142,380	153,176	146,491	154,174
4012 Delinquent Taxes	0	1,189	1,238	0	1,267	0
4141 Homestead Credit	10,235	10,478	10,459	11,123	11,007	0
4316 Rents	14,122	21,049	23,414	19,670	24,212	25,540
4625 Interest Income	1,184	2,123	450	524	725	450
4720 Refunds & Reimbursements	1,000	1,500	8,197	300	0	300
4840 Contributions / Donations / Grants	0	0	1,000	0	200	0
TOTAL REVENUES	154,315	170,835	187,138	184,793	183,902	180,464
EXPENDITURES	Actual	Actual	Actual	Actual	Actual	Adopted
6110 Wages Reg. Employees	75,945	81,429	82,743	83,834	88,840	88,755
6121 Wages, Temporary Emp.	19,610	17,309	18,563	20,012	18,992	20,000
6141 PERA - Coordinated	4,740	5,286	5,580	6,037	6,441	6,200
6145 FICA - City Portion	5,151	5,955	6,153	6,447	6,592	6,500
6150 Medicare	1,208	1,393	1,439	1,506	1,542	1,600
6160 Empl. Health & Ins. Benefit	5,935	6,354	5,075	5,720	6,143	6,000
6167 HSA Administration Fee			36	54	50	36
HSA Deductable					894	
6169 Flex Administration Fee			50	42	28	50
6170 Workers Comp Insurance, etc.	583	602	629	775	853	650
Total Salaries & Fringe Benefits	113,172	118,328	120,268	124,427	130,375	129,791
6205 Office Supplies	47	449	25	295	134	500
6210 Operating Supplies	1,455	3,804	2,762	2,725	2,055	2,900
Total Supplies, Repairs & Maint.	1,502	4,253	2,787	3,020	2,189	3,400
6301 Professional Services	1,000	29,682	12,023	3,256	7,453	10,000
6305 Other Contractural	0	450	450	450	0	500
Total Consulting	1,000	30,132	12,473	3,706	7,453	10,500
6310 Communications	3,352	2,260	2,240	2,568	687	750
6311 Postage	206	269	679	547	145	600
6320 Travel/School/Conference	2,493	4,494	1,120	1,148	3,068	2,500
6321 Car Allowance - Travel	564	1,138	1,135	1,625	1,364	1,800
6330 Advertising	0	0	370	443	0	250
6340 Printing / Publishing / Web hosting	1,188	650	1,067	721	46	1,200
6370 Contract Repair & Maintenance	0	0	766	1,437	1,430	850
6379 Vehicle Rent (I-T van)	0	0	0	0	500	500
6385 Data Proc Equipment Rental	450	0	215	0	452	950
Total Other Services & Charges	8,253	8,811	7,592	8,489	7,692	9,400
6735 Southwest Foundation	4,000	5,000	5,000	5,000	5,000	5,000
Total Transfers	4,000	5,000	5,000	5,000	5,000	5,000
6901 Dues & Subscriptions	4,207	563	702	872	525	1,000
6902 Taxes & Assessments	17,069	9,538	11,165	14,819	11,428	11,700
6909 Miscellaneous	371	893	2,813	8,602	183	500
Total Miscellaneous	29,647	20,994	14,680	24,293	12,136	13,200
7010 Land	0	0	0	0	0	0
7015 Improvements to Land	8,890	6,493	0	600	0	0
7030 Machinery & Equipment	600	0	0	581	0	700
Total Capital Outlays	9,490	6,493	0	1,181	0	700
TOTAL EXPENDITURES	163,064	189,011	162,800	170,116	164,845	171,991
BALANCE	-\$8,749	-\$18,176	\$24,338	\$14,677	\$19,057	\$8,473

EDA Operations Budget 2012

APPENDIX F

**Economic Development Authority
Statements of Financial Position**

2011, 2010 & 2009

Hutchinson Economic Development Authority

Statement of Financial Position, 2011

As of December 31, 2011 (UNAUDITED)

Cash		
Operations	\$152,902	
Downtown Revolving Loan Fund	\$525,678	
Economic Development Revolving Loan Fund	\$505,736	
Minnesota Investment Fund (MIF) Loan Fund	<u>\$106,669</u>	
Total Cash		\$1,290,985
Loans		
Downtown Loans	\$522,745	
Economic Development Loans	\$379,818	
Minnesota Investment Fund (MIF) Loans	\$412,235	
Land Write-Down Loans (forgivable)	<u>\$68,471</u>	
Total Loans		\$1,383,269
Real Estate (Book Value)		
Wetherell Property (1.797 acres @ \$51,694 / acre)	\$92,894	Note 1, Note 1A
Stritesky Property (77.76 acres @ \$5,208 / acre)	\$405,000	
Goebel Property (5.7 acres @ \$26,585.32 / acre)	\$151,536	
Cenex / Wright Property (3.03 acres, 3rd Ave. NW)	\$351,329	
Hackbarth Property (41.24 acres @ \$30,000 / acre)	\$1,237,200	Note 2, Note 2A, Note 2B
Hackbarth Property (5.65 acres, @ \$35K / ac; 5th Ave. s/s)	<u>\$197,750</u>	
Total Real Estate		\$2,435,709
TOTAL ASSETS		<u>\$5,109,963</u>
LIABILITIES		
Real Estate		
Cenex Property on 3rd Ave. NW (repay CIF)	(\$150,000)	
Cenex Property (1.75 ac. @ \$32,967 / ac.; former RR right-of-way)	(\$57,692)	Note 3
Hackbarth Property (Land Acquisition - to CIF) Note 5	(\$1,012,997)	Note 4
Hackbarth Property (Infrastructure - to CIF)	<u>(\$346,773)</u>	
Total Payable		(\$1,567,462)
TOTAL LIABILITIES		<u>(\$1,567,462)</u>
EDA EQUITY		<u>\$3,542,501</u>

Note 1: Property initially priced at \$35K / acre; adjusted to \$51,694 / acre to reflect building demolition costs

Note 1A: Property subject to 2/3 land write-down program for Customer Elation (\$30,965 actual)

Note 2: Reduced by \$58,579.89 for sale of 1.95266 acres to CHIPS

Note 2A: 10.5 acre lot purchased back from Warrior Mfg.

Note 2B: All Hackbarth lots north of 5th Avenue re-plated to be "dry" acres only (no ponds) and reflected in acre total noted.

Note 3: City has contract-for-deed in place; can be acquired sooner by paying McLeod County Rail Authority

Note 4: Increased by \$79,776 by purchase of 10.5 acres from Warrior Mfg.

Note 5: CIF is the city's Community Investment Fund

Hutchinson Economic Development Authority

Statement of Financial Position, 2010

As of December 31, 2010 (UNAUDITED)

Cash		
Operations	\$127,544	
Downtown Revolving Loan Fund	\$386,902	
Economic Development Revolving Loan Fund	\$403,080	
Minnesota Investment Fund (MIF) Loan Fund	<u>\$32,895</u>	
Total Cash		\$950,421
Loans		
Downtown Loans	\$629,902	
Economic Development Loans	\$441,947	
Minnesota Investment Fund (MIF) Loans	\$480,723	
Land Write-Down Loans (forgivable)	<u>\$91,784</u>	
Total Loans		\$1,644,356
Real Estate (Book Value)		
Wetherell Property (1.797 acres @ \$51,694 / acre)	\$92,894	Note 1, Note 1A
Stritesky Property (77.76 acres @ \$5,208 / acre)	\$405,000	
Goebel Property (5.7 acres @ \$26,585.32 / acre)	\$151,536	
Cenex / Wright Property (3.03 acres, 3rd Ave. NW)	\$351,329	
Hackbarth Property (30.74 acres @ \$30,000 / acre)	\$922,200	Note 2
Hackbarth Property (3.18 acres \$ 40K / ac; 5th Ave. n/s)	\$127,200	Note 3
Hackbarth Property (5.65 acres, @ \$35K / ac; 5th Ave. s/s)	<u>\$197,750</u>	
Total Real Estate		\$2,247,909
TOTAL ASSETS		<u>\$4,842,686</u>
LIABILITIES		
Real Estate		
Cenex Property (repay CIF)	(\$150,000)	
Cenex Property (1.75 ac. @ \$32,967 / ac.; former RR right-of-way)	(\$57,692)	Note 4
Hackbarth Property (Land Acquisition - to CIF) Note 7	(\$933,221)	Note 5
Hackbarth Property (Infrastructure - to CIF)	<u>(\$346,773)</u>	Note 6
Total Payable		(\$1,487,686)
TOTAL LIABILITIES		<u>(\$1,487,686)</u>
EDA EQUITY		<u>\$3,355,000</u>

Note 1: Property initially priced at \$35K / acre; adjusted to \$51,694 / acre to reflect building demolition costs

Note 1A: Property subject to 2/3 land write-down program for Customer Elation (\$30,965 actual)

Note 2: Reduced by \$58,579.89 for sale of 1.95266 acres to CHIPS

Note 3: All Hackbarth lots north of 5th Avenue replated to be "dry" acres only and reflected in acre total noted.

Note 4: City has contract-for-deed in place; can be acquired sooner by paying McLeod County Rail Authority

Note 5: Reduced by \$40,692.78 from 2009, proceeds from land sale to CHIPS

Note 6: Reduced by \$17,426.80 from 2009, proceeds from infrastructure "sold" to CHIPS

Note 7: CIF is the city's Community Investment Fund

Hutchinson Economic Development Authority

Statement of Financial Position, 2009

As of December 31, 2009 (UNAUDITED)

Cash		
Operations	\$160,742	
Downtown Revolving Loan Fund	\$361,672	
Economic Development Revolving Loan Fund	\$86,544	
Minnesota Investment Fund (MIF) Loan Fund	<u>\$171,939</u>	
Total Cash		\$780,897
Deposits		
Minnesota Community Capital Fund	<u>\$25,000</u>	
Total Deposits		\$25,000
Grant Receivable		
Minnesota Investment Fund	<u>\$500,000</u>	
		\$500,000
Loans		
Downtown Loans	\$690,573	
Economic Development Loans	\$62,187	
Minnesota Investment Fund (MIF) Loans	\$541,485	
Land Write-Down Loans (forgivable)	<u>\$116,204</u>	
Total Loans		\$1,410,449
Real Estate (Book Value)		
Wetherell Property (1.797 acres @ \$30,000 / acre)	\$53,910	
Stritesky Property (77.76 acres @ \$5,208 / acre)	\$405,000	
Goebel Property (5.7 acres @ \$26,585.32 / acre)	\$151,536	
Cenex / Wright Property (3.03 acres, 3rd Ave. NW)	\$351,329	
Hackbarth Property (44.79 acres)	\$940,800	
Hackbarth Property (6.99 acres, 5th Avenue, n/s)	\$127,200	
Hackbarth Property (5.65 acres, 5th Avenue, s/s)	<u>\$197,750</u>	
Total Real Estate		\$2,227,525
TOTAL ASSETS		<u>\$4,943,871</u>
LIABILITIES		
Real Estate		
Cenex Property (repay CIF)	(\$150,000)	
Cenex Property (1.75 ac. @ \$32,967 / ac.; former RR right-of-way)	(\$57,692)	
Hackbarth Property (Land Acquisition - to CIF)	(\$973,914)	
Hackbarth Property (Infrastructure - to CIF)	<u>(\$364,200)</u>	
Total Payable		(\$1,545,806)
TOTAL LIABILITIES		<u>(\$1,545,806)</u>
EDA EQUITY		<u>\$3,398,065</u>

Note: CIF = Community Investment Fund

Note 7: CIF is the city's Community Investment Fund

APPENDIX G

Hutchinson EDA Land Holdings, 2011

Hutchinson EDA Land Holdings

INDUSTRIAL PARK

<u>Name</u>	<u>Location</u>	<u>Acres</u>	<u>Price</u>		<u>Notes</u>
			<u>Per Acre</u>	<u>Total</u>	
Energy Park North	Lot 1, Blk 3	10.5	\$30,000	\$315,000	Purchased back from Warrior Mfg.
Energy Park North 2nd Add.	Lot 1, Blk 1	3.09	\$30,000	\$92,700	
Energy Park North 2nd Add.	Lot 1, Blk 2	7.5	\$30,000	\$225,000	
Energy Park North 2nd Add.	Lot 2, Blk 2	8.57	\$30,000	\$257,100	
Energy Park North 2nd Add.	Lot 3, Blk 2	7.23	\$30,000	\$216,900	
Energy Park North 2nd Add.	Lot 1, Blk 3	4.35	\$30,000	\$130,500	
Energy Park / Hackbarth	5th Ave. (south side)	5.65	\$35,000	\$197,750	Will need retention pond.
Wetherell Property	1140 5th Avenue SE	1.79	\$51,694	\$92,532	Customer Elation has option
Goebel Property	1020 5th Avenue SE	3.86	\$26,585	\$102,619	
Goebel Property	1030 5th Avenue SE	1.84	\$26,585	\$48,917	
Stritesky Property	765 Railroad Street SE	<u>77.76</u>	\$5,208	<u>\$405,000</u>	Ponding requirements
TOTALS		<u>132.14</u>		<u>\$2,084,018</u>	
Cenex Redevelopment	220 3rd Avenue NW	<u>3.03</u>	Developable 0.7575 acre (32,997 sf)	\$3.06 psf	25% shore land district limitation 131,545 sq. feet total area