

Hutchinson Economic Development Authority



2011

Annual Report

Prepared by

Miles R. Seppelt, EDA Director
Joe Lang, EDA Assistant

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.

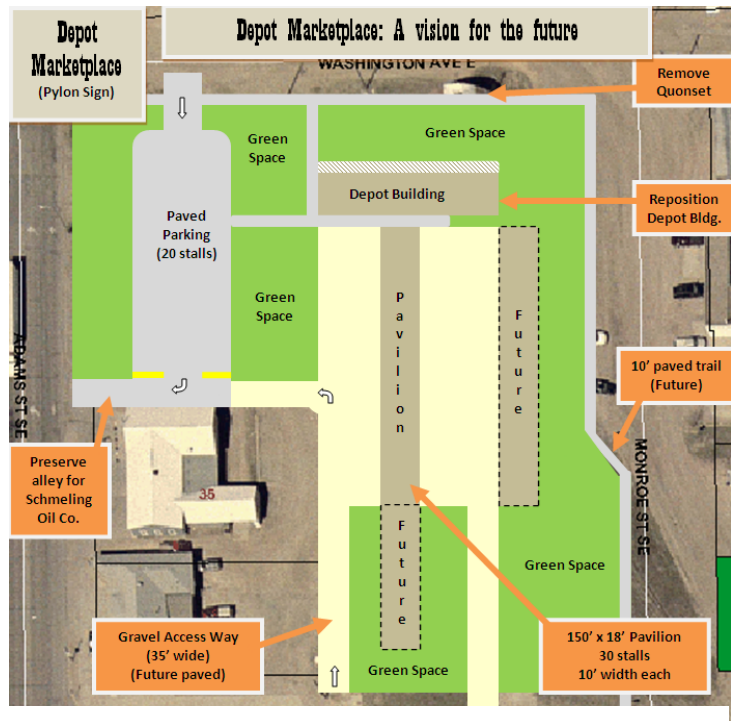
To remedy the situation, 6" water and 8" sanitary sewer lines were extended to the lot as part of the Industrial Boulevard reconstruction project (see above). Funding for the project came from the grant the EDA obtained for the Industrial Blvd project.

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.



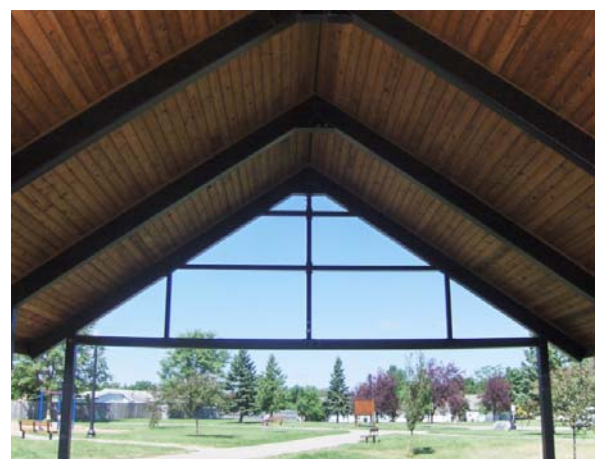
Site plan for the Depot Marketplace.

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!

[this page intentionally left blank]

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 | 1,234,043 | 1,514,232 | 280,189 |
| 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 | 647,197 | 1,053,304 | 406,107 |
| EQUITY | | | |
| Invested In Capital Assets | 201,329 | 201,329 | - |
| Unreserved | 385,517 | 259,599 | (125,918) |
| TOTAL FUND BALANCE | 586,846 | 460,928 | (125,918) |
| TOTAL LIABILITIES & FUND BALANCE | \$ 1,234,043 | \$ 1,514,232 | \$ 280,189 |

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 | - | 57,344 | 175,285 | (175,285) |
| 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 | - | 289,021 | 301,203 | (301,203) |
| | Revenues over (under) expenditures | - | (231,678) | (125,918) | 125,918 |

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 |

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) | (\$346,773) | 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 |