

Hutchinson Economic Development Authority



2012

Annual Report

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EXECUTIVE SUMMARY

After a relatively slow start, 2012 proved to be a very busy year for economic development in Hutchinson. The EDA began the year by going through a strategic planning process which helped identify strengths and weaknesses of the local economy and opportunities for new economic development initiatives. The strategic planning process provided key data for the development of an award-winning economic development marketing initiative and led to Hutchinson's branding as "Minnesota's Manufacturing City." Other 2012 highlights included the following:

- Completed strategic planning exercise to guide future economic development
- Completed 12 Business Retention & Expansion (BR&E) visits
- Established new economic development website: www.minnesotasmanufacturingcity.com
- Updated existing EDA website
- Created new marketing brochure and mailed over 1,100 to Minnesota companies
- Won the 2013 Marketing Award from the Economic Development Association of Minnesota
- Completed environmental review of railroad depot site
- Provided \$45,500 to help fund development of the "Imagine Hutchinson" downtown plan
- Joined the "Positively Minnesota" marketing initiative sponsored by the Minnesota Department of Employment and Economic Development (DEED)
- Designed "JUMP START DOWNTOWN" Business Plan contest
- Continued support for Downtown Hutchinson by providing:
 - 9 Sign & Awning grants totaling \$15,151
 - 6 Storefront Revitalization Matching Grants totaling \$22,351
 - 4 Downtown Commercial Rehabilitation loans totaling \$112,800
- Appropriated \$100,000 for the paving of the Luce Line Trail
- Obtained a \$763,750 grant from the State of Minnesota for the development of a small business incubator.
- Obtained \$292,764 Contamination Clean-up grant for soil remediation at the Depot site.

GOVERNANCE

A seven-member board of directors governs the Hutchinson Economic Development Authority. Two members of the EDA are City Council members and serve as a liaison to that body while five members are appointed from the community at large. Members serve 6-year terms on the EDA Board. Mike Retterath, site manager for 3M here in Hutchinson, resigned from the Board in July after serving three years. At the close of the year a successor had yet to be named. 2012 EDA Board membership is detailed in Table 1, below:

Table 1 – EDA Board of Directors, 2012

<u>Member</u>	<u>Position</u>	<u>Years of Service</u>	<u>Affiliation</u>
Tim Ulrich	President	15	Citizens Bank
Mike McGraw	Vice-president	8	State Farm Insurance
Steve Jansick	Treasurer	8	Wells Fargo Bank
Mary Christensen	City Council liaison	2	City Council
Chad Czmowski	City Council liaison	5	City Council
Mike Retterath	Member	3	3M
Daron Vanderheiden	Member	3	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 reviewed by the Finance Team prior to consideration by the EDA Board. In mid-2012 Colin Clark was appointed to the Finance Team, resigning later in the year. In addition, Nathan Matti resigned mid-year. The Finance Team has no fixed number of members, so no one had been named to fill those positions as of year-end. Two members of the Finance Team are members of the EDA Board of Directors, and serve as a liaison between the two bodies. Table 2, below, details EDA Finance Team membership.

Table 2 – EDA Finance Team, 2012

<u>Member</u>	<u>Position</u>	<u>Affiliation</u>
Jim Young	Chair	James Young & Associates
Mike Cannon	Member	Citizens Bank
Colin Clark	Member	Hometown Investments
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

The Hutchinson EDA continued its successful relationship with the St. Cloud State University School of Public Affairs by employing two interns during 2012. Joe Lang served from January to May and Aaron Othoudt served from June to the close 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 and the EDA website. In addition, interns provide staff assistance to the Hutchinson Downtown Association, assist the EDA Director with business retention visits, business recruitment, research, 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.

ACTIVITY REPORT

Business Retention & Expansion Program (BR&E)

The Hutchinson EDA’s core economic development strategy continues to be the retention and expansion of existing Hutchinson businesses, as they are the number one source of new job creation within the community. For 2012 EDA staff made a total of 12 BR&E (Business Retention & Expansion) visits to local companies. The goal of such visits is three-fold: communicate the community’s appreciation for the company, identify any potential challenges that the EDA could help resolve, and assess any potential for future expansion that the EDA could potentially assist with. Business Retention visits for 2012 are summarized in Table 3, below.

Table 3, Business Retention & Expansion Visits, 2012

	<u>Company</u>	<u>Contact</u>	<u>Date of Visit</u>	<u>FT / PT Emp.</u>	<u>Comments</u>
1	Goebel Fixture Company	Dick Goebel	1/17/2012	180	Now 3 sites.
2	Hutchinson Technology, Inc.	Dwight Bordson	1/26/2012	624	Consolidating
3	Ashwill Industries	Tony Ashwill	2/6/2012	1	Sales up 30% over 2010.
4	Warrior Mfg.	Paul Soukup	2/9/2012	50	Adding 8-10 emp. Sales + 30%
5	BMH Enterprises	Brian Hauer	3/23/2012	2/9	Very busy. Needs space.
6	Nordic Components	Jarmo Kumpula	4/25/2012	40	Needs building space. 20K sf
7	American Energy Systems	Mike Haefner	7/17/2012	15	Mostly warehouse activity.
8	Hutch Iron & Metal	Jay Freedland	8/7/2012	12	
9	MITGI	Eric Lipke	8/22/2012	33	20,000 sf building.
10	Dock-Rite	Jim Gillman	9/4/2012	6	Wants to add laser or water jet
11	Impressions	Paul Nordin	11/14/2012	62	Steady.
12	Stamp-N-Storage	Brett Haugen	12/19/2012	1	Won business plan contest

Strategic Planning

Towards the end of 2011 and during the first months of 2012 the Hutchinson EDA engaged in a comprehensive strategic planning exercise to assess its performance and chart the course of future economic development efforts.

The EDA Board and Finance Team conducted a thorough evaluation of the EDA's activities over the last ten years, did a SWOT (Strengths / Weaknesses / Opportunities / Threats) analysis of the community & local economy and completed research to see how Hutchinson compared to similarly sized Minnesota cities in the area of economic development.

The SWOT Analysis helped the EDA identify 12 key attributes that Hutchinson ultimately built its award-winning marketing campaign around. In addition, comparison research with other cities indicated that Hutchinson had a very high proportion of its population employed in the manufacturing sector – a fact which led directly to Hutchinson branding itself as “Minnesota’s Manufacturing City.”

Finally, the strategic planning process helped the EDA identify strategies for the future economic development of the community. A summary of Hutchinson’s economic development strategic plan can be found in Appendix “A”.

EDA Marketing Initiative

The Hutchinson EDA won the 2012 Marketing Award from the Economic Development Association of Minnesota (EDAM) for its “Minnesota’s Manufacturing City” marketing initiative.



Media reports about the City of Hutchinson had been generally negative over the past 2-3 years due to the downsizing of one of the community's largest employers. Words like “downsizing,” “layoffs” and “decline” were becoming associated with Hutchinson and it became clear that the community had to tell its own story.

While conducting background research for the EDA's new strategic plan, it was discovered that a huge percentage (41.9%) of Hutchinson's workforce was employed in the manufacturing sector. As it turns out, Hutchinson has one of the highest, if not the highest, percentages of its workforce employed in manufacturing of any city in Minnesota. For comparison, a typical Minnesota city has about 20% of its workforce employed in manufacturing. With nearly 42% of its workforce employed in manufacturing, Hutchinson really is Minnesota's Manufacturing City!

Taken together, these two factors led to the development of Hutchinson's 2012 marketing initiative. Working with two private marketing firms – Vivid Image and Moxie Media – a comprehensive marketing strategy was developed with the goals of establishing a Hutchinson “brand,” creating a contemporary look for the Hutchinson EDA, developing a comprehensive set of marketing materials for the community and developing a multi-channel marketing campaign.

Capitalizing on the fact that Hutchinson is home to an industry cluster of precision, high-tech manufacturers and, as mentioned, the fact that a huge percentage of the local workforce is employed in manufacturing, the brand and logo developed was “Minnesota’s Manufacturing City.” The font chosen for the new logo implicitly communicates “technology,” while the horizon and three pointed spires suggest looking to the future, imply precision, and provide a visual echo of the three Hutchinson brothers, the original founders of the city.

The marketing campaign included the development of a new 8-page brochure, establishment of a new economic development web-page (www.minnesotasmanufacturingcity.com), updating the existing Hutchinson EDA webpage, creating new business cards and letterhead, and the establishment of a Hutchinson EDA Facebook page and Twitter account. Expanding the Hutchinson EDA’s presence on the internet is critical because Facebook and Twitter activity tends to push up the EDA’s visibility on Google whenever a search is made on that platform.

Approximately 1,100 postcards and brochures were mailed to mid-size manufacturing companies in the Twin Cities metro area, with the goals of raising Hutchinson’s profile as a potential location for business expansion and establishing Hutchinson’s reputation as Minnesota’s Manufacturing City.

The EDA’s marketing efforts began to bear fruit when a recent issue of the “Fedgazette” – the regional business and economics newspaper of the Ninth Federal Reserve District – made note of Hutchinson as Minnesota’s Manufacturing City.

Going forward, the marketing initiative will feature additional business stories on the www.minnesotasmanufacturingcity.com website, regular Facebook postings and “tweets” on Twitter. Establishing a presence on LinkedIn and YouTube, an updated brochure and second phase of the mailing campaign are also possibilities.

Other marketing initiatives by the Hutchinson EDA included joining “Positively Minnesota,” a program organized by the Minnesota Department of Employment & Economic Development, and erecting signage in Hutchinson’s new industrial park.

Job Creation

By the end of 2012, four business development projects in which the EDA had significant involvement had resulted in 373 jobs being created with a total annual payroll in excess of \$4.8 million. Details for each of these projects are summarized in Table 4, below.

Table 4 – Job Creation, 2005 – 2012

Project Year	Company	Job Creation	Average Wage	Avg. Weekly Hours	Annual Payroll
2005	Ashwill Industries	1	\$16.83 / hr	40	\$35,000
2007	Warrior Mfg.	50	\$16.80 / hr	40	\$1,307,755
2008	Customer Elation, Inc.	301	\$10.00 / hr	30	\$2,967,574
2009	NuCrane Mfg.	21	\$17.05 / hr	40	\$572,728
TOTAL		373			\$4,883,057

Grant Writing

During 2012 the Hutchinson EDA was able to obtain two grants totaling \$1,056,514.

In September the City was awarded a grant of \$763,750 from the Minnesota Business Development Capital Projects Grant Program for the establishment of a hybrid industrial spec building / small business incubator. Funding will aid in the construction of a 30,000+ square foot facility which will be the cornerstone of the Hutchinson's new business incubation program.

In late December the City was awarded \$292,764 from the State of Minnesota's Contamination Cleanup Grant Program to aid in the environmental cleanup of the former Great Northern Depot site on the east end of Washington Avenue. Funds will cover 75% of the environmental remediation costs of the site, thereby helping to remove a significant public health hazard and making possible redevelopment of the site as a permanent location for Hutchinson's downtown Farmer's Market.

Table 5, below, summarizes the EDA's grant writing efforts over the years.

Table 5 – Grant Writing, 2006 – 2012

<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
2012	2	\$1,056,514	Depot site, Incubator
	12	\$3,891,014	

Minnesota Angel Network

The Hutchinson EDA was very active in the Minnesota Angel Network (MNAN) in 2013.

MNAN is a non-profit organization that assists start-up and early stage companies become "investment ready." To do this, they provide coaching and education to company owners and managers, helping them to refine their business concept and develop their business plan to a point that it can attract the interest of would be investors.

Once the education process is completed and they are certified as being "investment ready," companies are introduced to a pool of potential investors who can potentially provide the capital needed for the company to move to the next stage of its development.

EDA staff actively participated in MNAN's evaluation of companies applying to enter the MNAN program and assisted in several coaching sessions for companies accepted into the program. In addition, EDA staff served on MNAN's advisory board, helping to position the organization for future success.

Going forward, Hutchinson's membership in MNAN will provide a critical boost to the EDA's business incubation program – providing a steady stream of start-up and early stage companies along with a source of capital for those companies. With Hutchinson being a regional intake center, EDA staff will be well positioned to cultivate relationships with promising companies and invite them to continue that relationship by taking up residence in Hutchinson's small business incubator.

Spec Building / Business Incubator Project

The Hutchinson EDA took several decisive steps in 2012 towards establishing a program of business incubation in the community. Layoffs by one of Hutchinson's largest employers, combined with the fact that two major employers account for the bulk of manufacturing jobs in the community, highlighted the need to diversify the local economy. The strategy identified to accomplish that goal was business incubation.

The plan is to capitalize on incubator industry best practices and leverage partnerships with multiple economic development agencies to establish a *regional* entrepreneurship and business incubation program that will potentially become a model for the entire state.

Two features are key to the proposal: first, it would be regional in nature, with the incubator building being just one aspect of the overall effort. Secondly, the program would emphasize collaboration with existing economic development agencies, striving to align already existing business assistance programs.

While the program would be regional in scope, casting a wide net to attract early stage and start-up businesses within a 30-40 mile radius of Hutchinson, the centerpiece would be the incubator facility located in the municipal industrial park.

The projected facility will be an approximately 37,500 square foot building that would provide 15,000 square feet of industrial space for an "anchor" tenant; 15,000 square feet for incubating companies and up to 7,500 square feet of office space for staff, companies, supporting agencies and guests.

Given that business incubators typically don't cash flow, it was deemed essential that the facility be completely paid for from the outset. In addition, provision will be made to have an anchor tenant whose sole function is to pay rent – providing a resource to help fund the incubator side of the operation.

The project was made feasible when the Hutchinson EDA obtained \$763,750 from the Minnesota Business Development Capital Projects Grant Program in September. Other parts of the funding package include \$850,000 cash from the Hutchinson EDA (proceeds from the sale of the Stritesky Property and de-federalized MIF grant dollars), \$100,000 from a local-effort TIF district, \$15,000 from donations and a \$250,000 cash contribution from the City of Hutchinson. Total project costs are estimated to be \$1,978,750.

The architectural firm of Zenk Read Trygstad (ZRT) out of Albert Lea provided the best quote for architectural services for the incubator project, with a not-to-exceed fee of \$54,000. ZRT Architects have considerable experience with similar projects, having worked on literally dozens of industrial spec building and business incubator projects over the years. In addition, the Hutchinson EDA has experience working with ZRT, as they designed the Customer Elation building in the industrial park.

With funding in place and an experienced architectural firm identified, design work on the incubator can take place in 2013 with a projected groundbreaking in the spring of 2014.

Jump-Start Downtown

In 2012 Main Street Hutchinson was experiencing some of the lingering effects of the Great Recession with a number of vacant storefronts. To address the situation, the Hutchinson EDA launched the “Jump-Start Downtown” business plan contest.



Modeled after similar programs in Duluth and Eau Claire, Wisconsin, Jump-Start Downtown is designed to leverage a variety of business assistance resources in order to provide virtually everything a Main Street business start-up could need to be successful:

Leading the way, the Hutchinson EDA committed \$10,000 (structured as a forgivable loan) in start-up capital for the new business along with a \$2,000 Sign & Awning Grant. In addition, the EDA will provide full tuition (\$6,000) for the winning entrepreneur to attend Small Business Management classes. The Hutchinson Leader will be providing \$2,400 in advertising, while KDUZ/KARP Radio will also be providing a \$1,010 advertising package. Vivid Image, a local marketing and web-development firm, will be providing a web-site and marketing assistance valued at \$2,500 while Moxie Media, a design and marketing firm, will be providing a logo, letterhead and business cards for the new business valued at \$1,000. Finally, the Hutchinson Area Chamber of Commerce will be providing a one-year membership valued at \$880. All told, the prize package the winning entrepreneur will receive is valued at more than \$25,000. Partnering with the EDA is the Southwest Initiative Foundation, which will aid with business plan development, training and technical assistance for the new business.

Jump-Start Downtown represents Hutchinson’s first foray into the realm of small business incubation. All the ingredients are present: start-up capital, education and various forms of tangible business assistance.

Scheduled for launch at the Chamber Banquet in January 2013, the program will lead directly to the establishment of one or more new businesses on Hutchinson’s main street before the end of 2013.

Depot Marketplace Redevelopment

Redevelopment continued on the former railroad Depot site located on the east end of Hutchinson’s downtown. Preliminary site cleanup was initiated with the removal of a Quonset building owned by Hutch Iron & Metal and the environmental analysis of the site was completed.

Environmental review of the site, completed in August, revealed that significant petroleum and arsenic contamination was present. A Response Action Plan (RAP) was developed detailing the specific actions needed to correct the environmental conditions on the site, along with the associated costs. To summarize, all soils on the site to a depth of four feet would have to be removed and replaced, at a cost of approximately \$390,000. Without significant outside assistance, the project would not be feasible.

Fortunately, the EDA was able to obtain a grant from the State of Minnesota's Contamination Cleanup Grant program in the amount of \$292,764 – covering 75% of the remediation costs.

If all goes according to plan, cleanup of the Depot site should take place in the early summer of 2013. Once the site is cleaned up, the McLeod County Rail Authority will reposition the Historic Depot building on the site, placing it on a new foundation. The City will continue the redevelopment of the site with the addition of a municipal parking lot, site work and landscaping, and the EDA will provide a new 20' x 164' pavilion which will become the permanent home of the Downtown Farmer's Market.

By the fall of 2013 the last remaining area of blight in Hutchinson's downtown should be transformed into a significant community asset.

"Imagine Downtown"

During the year the Hutchinson EDA contributed \$45,500 to help fund the development of the "Imagine Hutchinson Downtown Vision & Action Plan." The purpose of the plan is to formulate a common vision for the future of Hutchinson's downtown and the Crow River area that abuts it.

When completed in 2013, the new downtown plan will provide the City and EDA with a set of project proposals to be implemented over the next 10-20 years.

ECONOMIC DEVELOPMENT LOAN PROGRAMS

In 2013 the Hutchinson EDA maintained two loan programs for industrial type businesses.

Economic Development Loan Fund

In the EDA's Economic Development Loan Fund, assets declined slightly to \$914,871 from the previous year's \$918,016. This was due to the EDA helping to fund the "Imagine Downtown" initiative, which aims to set the vision for the development of Hutchinson's downtown area for the next decade. The cash balance of the fund climbed by 23.7% to \$626,018 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 \$527,827 – up from a 2011 figure of \$518,904 – a gain of 1.71%. Cash on hand at the close of the year totaled \$175,580 and the one loan in the fund's portfolio was performing as required. At some point in the future, hopefully

2013, this loan will be “de-federalized” and all assets will be transferred to the EDA’s Economic Development Loan Fund.

DOWNTOWN GRANT AND LOAN PROGRAMS

Main Street Hutchinson continues to be a strong area of emphasis for the Hutchinson EDA. In 2012 the EDA showed its support by providing 15 grants and 4 low interest loans to downtown businesses and building owners. During the year a total of \$37,501 of grants and \$112,800 of low interest loans were provided.

Sign & Awning Grant Program

For 2012, nine Sign & Awning Grants were awarded totaling \$15,150.99. The program provides up to \$2,000 to applicants wishing to replace or upgrade their signage or awnings. Table 6, below, provides details.

Table 6 – Sign & Awning Grant Program, 2012

<u>Approved</u>	<u>Recipient</u>	<u>Amount</u>
1/25/2012	Mark Dawson	\$165.49
2/22/2012	Delores Brunner	\$400.00
2/22/2012	Tina Erikson	\$2,000
2/22/2012	Robert McCarthy	\$1,559.19
3/28/2012	Craig Hagen	\$2,000
4/25/2012	David Mach	\$1,998.14
4/25/2012	Joe Mayland	\$1,987.59
7/25/2012	Joe Ludwig	\$1,300
8/22/2012	Malchert Hubert Sjodin Law Office	\$2,000
10/24/2012	Lottie’s Antiques & Collectibles	\$1,970
TOTAL		\$15,380.41

Storefront Revitalization Matching Grant Program

The EDA’s Storefront Revitalization Matching Grant Program made six awards over the course of the year, totaling \$22,350.50. Because the program requires a dollar-for-dollar match from the grant recipient the economic impact of the program is doubled to \$44,701 for the year. The grant program provides up to \$5,000 for building owners wishing to upgrade the “curb appeal” of their downtown properties. Table 7, on the following page, details program activity.

Table 7 – Storefront Revitalization Matching Grant Program, 2012

<u>Approved</u>	<u>Recipient</u>	<u>Amount</u>
1/25/2012	Hantge Brothers, LLC	\$862.50
3/28/2012	Wendling Insurance	\$1,488
4/25/2012	Joe Mayland	\$5,000
4/25/2012	Joe Mayland (separate building)	\$5,000
7/25/2012	Jeff Haag	\$5,000
10/24/2012	Hassan Valley Lodge	\$5,000
TOTAL		\$22,350.50

Commercial Rehabilitation Loan Program

In 2012 the EDA's Commercial Rehabilitation Loan program provided four low interest loans totaling \$112,800 for downtown property owners making upgrades to their buildings.

For the year, the Downtown Revolving Loan Fund finished with \$178,196 in cash available, \$301,329 in capital assets (comprised of the former Cenex and Wright properties located on 3rd Avenue NW), \$806,126 in loans receivable and total assets of \$1,185,651. With one exception, all downtown loans performed as required.

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 2012 that translated into loans at either 1.25% or 3.25% respectively. Loan activity for the year is listed in Table 8, below.

Table 8 – Commercial Rehabilitation Loan Program, 2012

<u>Approved</u>	<u>Recipient</u>	<u>Amount</u>
5/23/2012	Joseph Ludwig	\$25,000
7/25/2012	Jeff Haag	\$65,000
10/24/2012	Hassan Valley Lodge	\$12,800
11/28/2012	Hutch Café	\$10,000
TOTAL		\$112,800

HUTCHINSON DOWNTOWN ASSOCIATION

The Hutchinson EDA continued to provide staff support for the Hutchinson Downtown Association in 2012.

Comprised of 36 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 2012 Board of Directors for the HDA is shown in Table 9, below.

Table 9 – Hutchinson Downtown Association Board of Directors, 2012

<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

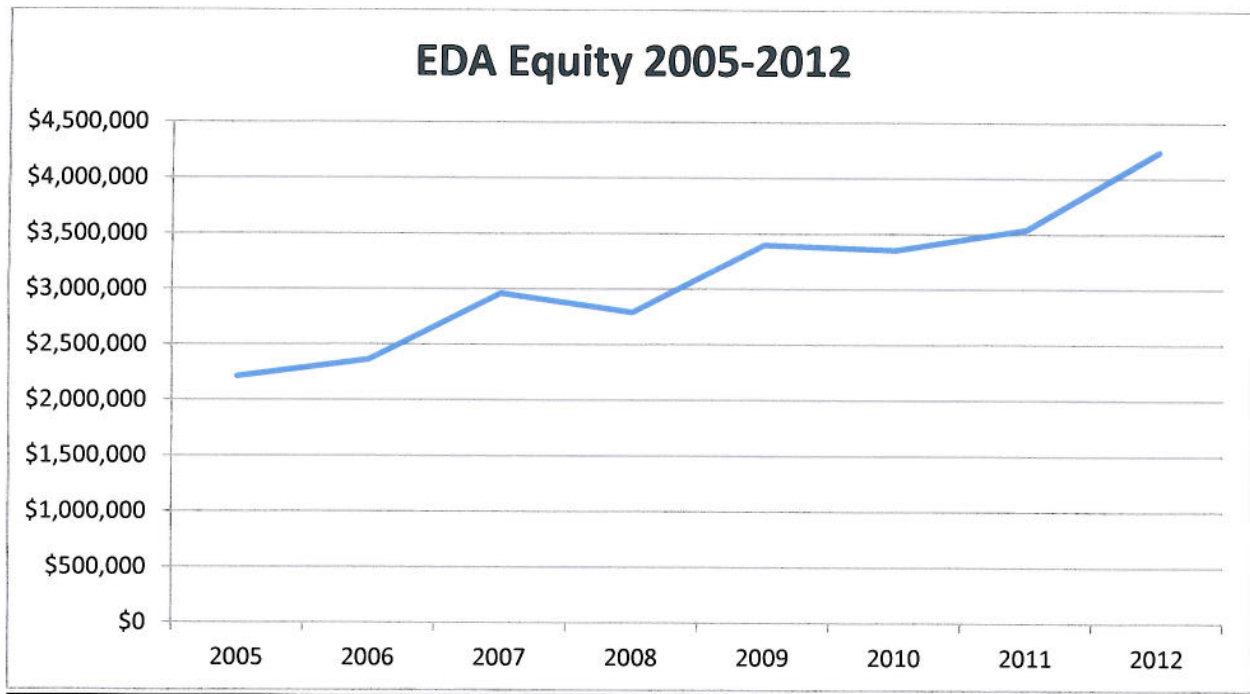
The Hutchison EDA finished 2012 in the black, with total revenues of \$180,174 and total expenditures of \$179,026 – leaving an operating surplus of \$1,148.

The EDA's operations budget ended the year with \$156,794 cash on hand – nearly equal to a full year's operating budget. This was up from the 2011 year-end amount of \$152,917; an increase of \$3,877 or 2.5%.

For the year EDA revenues were 1.1% over budget and EDA expenditures were 1.9% over budget, primarily due to the "professional services" live item, with was \$5,200 over budget.

As shown in Figure 1, on the following page, from 2005 to 2012 the Hutchinson EDA was able to significantly increase its capacity to do economic development projects. EDA equity grew from \$2,212,603 in 2005 to a total of \$4,239,675 by the end of 2012.

Figure 1 – EDA Equity Growth, 2005 – 2012



Source: Hutchinson EDA, 2013

SUMMARY

With the winning of a second EDAM award in the space of three years and more than \$1 million in grants obtained to advance key projects, 2012 was an excellent year for economic development in Hutchinson.

During the year the EDA completed the environmental investigation of the Depot site, setting the stage to complete that redevelopment project in the coming year. In addition, full funding for the business incubator project was obtained, making that project ready to move forward. Downtown Hutchinson continued to receive strong support from the EDA, with more than \$150,000 provided through its grant and loan programs and strong support for the “Imagine Hutchinson” initiative. By helping to fund an update to the highly successful 2002 Downtown Revitalization Master Plan, the EDA helped set the stage for the next decade of development in Hutchinson’s downtown.

The Hutchinson community has much to look forward to in 2013: implementation of the Jump-Start Downtown business plan contest, redevelopment of the Depot site, the “Imagine Downtown” initiative and development of the Hutchinson small business incubator.

With a new shovel-ready industrial park, soon-to-be-available building space, sizable funds to lend, proximity to the Twin Cities and a terrific local workforce, Hutchinson’s long-term economic development prospects can only be described as “excellent.”

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.

12 COMPLETED

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

IN PROGRESS

DONE

IN PROGRESS

DONE

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.

IN PROGRESS

FAILED

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

DONE

DONE

DONE

DONE

DONE

DONE

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

\$1,056,514

ON HOLD

CONTINUING

DONE

Appendix A

Summary of Economic Development Strategic Plan

Economic Development Strategic Plan Summary

Strategies

- I. Business Retention & Expansion**
 - a. Annual visitation program to:
 - i. Communicate appreciation
 - ii. Identify any challenges the EDA can assist with
 - iii. Identify any potential for expansion
 - b. Provide assistance to expanding companies
- II. Business Incubation**
 - a. Small Business Development Center (SBDC)
 - b. Minnesota Angel Network (MNAN)
 - c. Business Incubation Program
- III. Business Attraction (targeting expanding Minnesota companies)**
 - a. Build capacity
 - i. Industrial park space
 - ii. Industrial revolving loan fund
 - iii. Industrial building space
 - iv. Workforce availability
 - v. Workforce training & education (Ridgewater)
 - vi. Utility services (power / water / sanitary sewer)
 - b. Build awareness & Increase visibility
 - i. EDA website
 - ii. Shovel-ready site certification
 - iii. Minnesota Angel Network
 - iv. Marketing initiative
 - 1. Conventional media
 - 2. Electronic media (website)
 - 3. Social media
 - a. LinkedIn
 - b. Twitter
 - c. Facebook
 - d. YouTube
- IV. Downtown Redevelopment**
 - a. Remove blight
 - b. Promote & facilitate redevelopment projects
 - c. Provide financial assistance to business & building owners
 - i. Sign & Awning Grant Program
 - ii. Storefront Revitalization Matching Grant Program
 - iii. Commercial Rehabilitation Loan Program

Appendix B

EDA Accomplishments 2003 – 2012

Hutchinson EDA

Key Accomplishments 2003-2012

- 2003** Downtown Revitalization Master Plan completed
77-acre Stritesky property purchased for new industrial park
Established new EDA website
\$24,000+ in grants provided for downtown
- 2004** State Theatre renovations begin
Jorgensen Hotel renovations begin
\$28,600 in grants & \$466,055 in loans provided for downtown
- 2005** State Theatre reopens
Jorgensen Hotel renovations completed
Downtown Streetscape project
Liquor Hutch remodeled & expanded
Ashwill Industries starts up
JOBZ obtained
\$41,000 in grants & \$130,000 in loans provided for downtown
- 2006** Cornerstone Commons completed
Old Pet Clinic building demolished (Main Street)
Warrior Mfg. recruited
5.7 acres purchased from Virgil Goebel
\$345,000 in grants obtained (Pet clinic demo & Warrior MIF)
\$36,248 in grants provided for downtown
- 2007** EDA levy implemented
Customer Elation recruited
\$500,000 grant obtained (Customer Elation MIF)
\$57,517 in grants & \$134,000 in loans provided for downtown
- 2008** Cenex redevelopment project (3rd Avenue NW)
68-acre Hackbarth property purchased for new industrial park
\$28,776 in grants & \$32,246 in loans provided for downtown
- 2009** NuCrane Mfg. project
\$1,701,000 in grants obtained (NuCrane MIF, Industrial Park State & Federal, intern)
Revamped EDA website
Additional 5.65 acres purchased from Hackbarth family for industrial park
Wright property acquired & cleaned up (3rd Avenue NW)
\$13,111 in grants & \$32,246 in loans provided for downtown

- 2010** Won EDAM 2010 "Business Recruitment Award" for NuCrane project
New industrial park completed
Wetherell site cleanup
\$37,500 grants obtained (SBDC)
\$39,971 in grants & \$52,370 in loans provided for downtown
- 2011** Small Business Development Center (SBDC) reestablished
"Shovel –ready" site certification for new industrial park
Joined Minnesota Angel Network
\$251,000 in grants obtained (industrial park & intern)
Launched EDA marketing initiative
\$21,110 in grants & \$291,279 in loans provided for downtown
- 2012** Won EDAM 2012 Marketing Award for *Minnesota's Manufacturing City* initiative
Updated existing EDA website & established www.minnesotasmanufacturingcity.com
Completed environmental review of railroad depot site
\$45,500 provided to help fund development of "Imagine Hutchinson" downtown plan
"JUMP START DOWNTOWN" Business Plan contest designed
\$100,000 appropriated for the paving of the Luce Line Trail
\$1,056,514 in grants obtained (Depot site cleanup & incubator building)
\$37,502 in grants & \$112,800 in loans provided for downtown

Appendix C

Downtown Revolving Loan Fund Status Report, 2012

Loan	Borrower	Originated	Loan Amount	Term	Rate	Monthly Pymt.	Outstanding Balance as of 12/31/12	Maturity
1	A	5/1/1992	\$7,310.00	20	0.00%	\$30.46	\$122.31	5/1/2012
2	B	2/10/1993	\$25,637.10	20	0.00%	\$106.82	\$1,495.78	11/10/2013
3	C	6/1/1993	\$3,749.00	20	0.00%	\$15.62	\$87.25	6/1/2013
4	D	1/1/1994	\$1,610.75	20	0.00%	\$6.71	\$65.93	1/1/2014
5	E	1/1/2003	\$3,000.00	10	2.00%	\$27.60	\$110.74	1/1/2013
6	F	5/8/2003	\$65,000.00	10	2.00%	\$598.09	\$3,531.16	5/8/2013
7	G	1/1/2004	\$130,000.00	10	2.00%	\$1,196.17	\$84,372.63	1/1/2014
8	H	9/10/2004	\$130,000.00	10	2.00%	\$1,196.17	\$24,667.12	9/1/2014
9	I	12/1/2004	\$65,000.00	15	4.50%	\$497.25	\$35,869.88	12/1/2019
10	J	8/1/2008	\$130,000.00	10	3.25%	\$1,270.35	\$77,517.58	8/1/2018
11	K	8/1/2008	\$46,703.00	10	3.00%	\$450.97	\$28,228.47	8/1/2018
12	L	3/27/2009	\$8,300.00	15	3.25%	\$58.32	\$6,848.43	3/27/2024
13	M	10/1/2009	\$9,226.09	10	1.25%	\$81.83	\$6,431.97	10/1/2019
14	N	4/1/2010	\$14,857.00	10	1.25%	\$135.00	\$10,463.12	4/1/2020
15	O	6/1/2010	\$35,000.00	10	1.25%	\$310.43	\$26,252.58	6/1/2020
16	P	12/1/2010	\$17,370.00	10	1.25%	\$154.06	\$13,879.06	12/1/2020
17	Q	1/1/2012	\$10,964.00	10	1.25%	\$97.24	\$10,010.89	1/1/2022
18	R	1/1/2012	\$17,487.00	10	1.25%	\$155.10	\$15,389.89	1/1/2022
19	S	7/1/2012	\$130,000.00	10	1.25%	\$1,153.02	\$124,945.39	7/1/2022
20	T	8/1/2012	\$130,000.00	15	3.25%	\$913.47	\$126,930.43	8/1/2027
21	U	8/2/2012	\$102,054.28	15	2.25%	\$679.44	\$98,799.38	6/2/2027
22	V	9/1/2012	\$25,000.00	10	1.25%	\$221.73	\$24,203.15	9/1/2022
23	W	9/1/2012	\$65,000.00	10	1.25%	\$576.51	\$63,507.09	9/1/2022
Totals			\$1,108,268.22			\$9,932.36	\$783,730.74	

Appendix D

Economic Development Loan Fund Status Report, 2012

Loan	Borrower	Originated	Original Loan Amount	Term	Rate	Monthly Pymt.	Outstanding balance as of 12/31/12	Maturity
1	A	1/15/2009	\$30,000	6	8.00%	\$526.00	\$11,323	1/14/2015
2	B	8/1/2008	\$500,000	7	0.00%	\$5,953	\$190,444	7/31/2015
3	C	8/28/2007	\$200,000	7	2.50%	\$3,280	\$50,276	8/27/2014
4	C2	8/28/2007	\$50,000	7	4.00%	\$680	\$14,107	8/27/2014
<u>TOTALS</u>			<u>\$700,000</u>			<u>\$9,759</u>	<u>\$241,170</u>	

Appendix E

MIF Loan Fund Status Report, 2012

Loan	Borrower	Originated	Original Loan Amount	Term	Rate	Monthly Pymt.	Outstanding balance as of 12/31/12	Maturity
1	A	7/2/2010	\$500,000	8	2.00%	\$5,640	\$352,247.00	7/1/2018
<u>Totals</u>			<u>\$500,000</u>			<u>\$5,640</u>	<u>\$352,247.00</u>	

Appendix F

EDA Year-end Financial Statements, 2012

Hutchinson Community Development Corp - EDA (9109)
As of December 31, 2012
AUDITED Balance Sheet
FULL ACCRUAL
INTERNAL USE ONLY

	<u>December 2011</u>	<u>December 2012</u>	<u>2012 Change</u>
ASSETS			
Cash	\$ 156,415	\$ 159,753	\$ 3,339
Accounts Receivable	5,278	1,098	(4,181)
Accrued Receivable	423	271	(152)
TOTAL ASSETS	<u>162,116</u>	<u>161,122</u>	<u>(994)</u>
LIABILITIES			
Accounts Payable	4,153	1,399	(2,754)
Accrued Payroll & Vacation	5,780	6,558	778
TOTAL LIABILITIES	<u>9,933</u>	<u>7,957</u>	<u>(1,976)</u>
EQUITY			
Reserved - Land (Warrior Sale)	56,736	56,736	-
Unreserved	95,447	96,429	982
TOTAL FUND BALANCE	<u>152,183</u>	<u>153,165</u>	<u>982</u>
TOTAL LIABILITIES & FUND BALANCE	<u>\$ 162,116</u>	<u>\$ 161,122</u>	<u>\$ (994)</u>

Hutchinson Community Development Corp - EDA (9109)

As of December 31, 2012

AUDITED Statement of Revenues & Expenditures

**FULL ACCRUAL
INTERNAL USE ONLY**

Object Code	Description	Budget	December	YTD	Available Balance
REVENUES					
4011	TAXES	\$ 154,174	\$ 75,874	\$ 153,117	\$ 1,057
4012	DELINQUENT TAXES	-	332	1,451	(1,451)
4013	PENALTIES & INTEREST	-	-	-	-
4316	RENTS	23,211	-	24,586	(1,375)
4625	INTEREST INCOME	450	751	918	(468)
4720	REFUNDS & REIMBURSEMENTS	300	-	1,950	(1,650)
4840	CONTRIBUTIONS & DONATIONS	-	-	-	-
	TOTAL REVENUES	178,135	76,958	182,023	(3,888)
EXPENDITURES					
6110	WAGES REG.EMPLOYEES	93,230	7,279	81,289	11,941
6122	WAGES TEMPORARY EMPLOYEES	20,000	-	16,988	3,012
6131	VACATION PAY	-	1,639	5,345	(5,345)
6132	HOLIDAY PAY	-	533	3,869	(3,869)
6133	SICK PAY	-	355	2,275	(2,275)
6141	PERA-COORDINATED	6,500	669	6,685	(185)
6145	FICA-CITY PORTION	5,560	562	6,667	(1,107)
6150	MEDICARE	1,300	131	1,559	(259)
6160	EMPL.HEALTH & INS. BENEFIT	6,210	908	5,702	508
6167	HSA ADMINISTRATION FEE	36	-	49	(13)
6168	HSA DEDUCTIBLE	-	16	629	(629)
6169	FLEX ADMINISTRATION FEE	50	-	3	47
6170	WORKERS COMP INSURANCE	610	80	950	(340)
	TOTAL SALARIES & FRINGE BENEFITS	133,496	12,172	132,010	1,486
6205	OFFICE SUPPLIES	500	(56)	781	(281)
6210	OPERATING SUPPLIES	2,900	283	2,471	429
6211	MOTOR FUELS & LUBRICANTS	-	-	60	(60)
	TOTAL SUPPLIES, REPAIRS, & MAINT.	3,400	227	3,313	87
6301	PROFESSIONAL SERVICES	10,000	-	15,200	(5,200)
6305	OTHER CONTRACTUAL	500	698	1,173	(673)
	TOTAL CONSULTING	10,500	698	16,373	(5,873)
6310	COMMUNICATIONS	750	66	611	139
6311	POSTAGE	600	14	987	(387)
6320	TRAVEL SCHOOL CONFERENCE	2,500	-	1,712	788
6321	CAR ALLOWANCE - TRAVEL	1,800	470	3,777	(1,977)
6330	ADVERTISING	250	-	401	(151)
6340	PRINTING & PUBLISHING	1,200	22	791	409
6370	CONTRACT REPAIR & MAINTENANCE	850	135	1,553	(703)
6379	VEHICLE RENT	500	-	500	-
6385	DATA PROC EQUIPMENT RENTAL	950	64	820	130
	TOTAL OTHER SERVICE & CHARGES	9,400	771	11,150	(1,750)
6735	SOUTHWEST MN FOUNDATION	5,000	-	5,000	-
	TOTAL TRANSFERS	5,000	-	5,000	-
6901	DUES & SUBSCRIPTIONS	1,000	-	1,195	(195)
6902	TAXES	11,700	-	11,262	438
6909	MISCELLANEOUS	500	7	737	(237)
	TOTAL MISCELLANEOUS	13,200	7	13,194	6
7030	MACHINERY & EQUIPMENT	700	-	-	700
	TOTAL CAPITAL OUTLAYS	700	-	-	700
	TOTAL EXPENDITURES	\$ 175,696	\$ 13,874	\$ 181,040	\$ (5,344)
Revenues over (under) expenditures - Operations		\$ 2,439	\$ 63,084	\$ 982	\$ 1,457

Hutchinson Community Development Corp - EDA
As of December 31, 2012
ECONOMIC DEVELOPMENT LOAN FUND (9114)
FULL ACCRUAL
INTERNAL USE ONLY

	December 2011	December 2012	2012 Change
ASSETS			
Cash	\$ 508,946	\$ 618,611	\$ 109,665
Notes Receivable			
Warrior Manufacturing	21,541	14,107	(7,434)
Ashwill Industries	16,502	11,323	(5,179)
Total Notes Receivable	38,043	25,430	(12,613)
Loans Receivable			
Warrior Manufacturing	79,818	50,276	(29,542)
Customer Elation	261,880	190,444	(71,436)
Total Loans Receivable	341,698	240,720	(100,978)
Accounts Receivable (Stritesky Property)	32,461	32,461	-
Accrued Receivable	1,816	1,321	(495)
TOTAL ASSETS	922,964	918,544	(4,420)
LIABILITIES			
Accounts Payable	-	-	-
Deferred Revenues	412,202	298,612	(113,590)
TOTAL LIABILITIES	412,202	298,612	(113,590)
EQUITY			
Unreserved	510,762	519,932	9,170
Reserved (Luce Line Trail Contribution)	-	100,000	100,000
TOTAL FUND BALANCE	510,762	619,932	109,170
TOTAL LIABILITIES & FUND BALANCE	\$ 922,964	\$ 918,544	\$ (4,420)

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	-	3,672	4,562	(4,562)
4705	LOAN REPAYMENTS	-	10,285	117,108	(117,108)
4720	REFUNDS & REIMBURSEMENTS	-	-	-	-
4825	TRANSFER IN	-	-	-	-
	TOTAL REVENUES	-	13,957	121,670	(121,670)
EXPENDITURES					
6301	PROFESSIONAL SERVICES	-	-	12,500	(12,500)
6650	LOAN	-	-	-	-
	TOTAL EXPENDITURES	-	-	12,500	(12,500)
Revenues over (under) expenditures		\$ -	\$ 13,957	\$ 109,170	\$ 109,170

Hutchinson Community Development Corp - EDA
As of December 31, 2012
ENERGY LOAN FUND - DOWNTOWN LOAN FUND (9115)
FULL ACCRUAL
INTERNAL USE ONLY

	<u>December 2011</u>	<u>December 2012</u>	<u>2012 Change</u>
ASSETS			
Cash	\$ 528,862	\$ 178,994	\$ (349,867)
Loans Receivable	782,248	806,280	24,031
Accrued Receivable	1,793	447	(1,347)
Cenex Property - Capital Asset	157,195	157,195	-
Wright Property - Capital Asset	44,134	44,134	-
TOTAL ASSETS	<u>1,514,232</u>	<u>1,187,050</u>	<u>(327,182)</u>
LIABILITIES			
Accounts Payable	11,056	13,374	2,318
Accrued Loan Payable	260,000	-	(260,000)
Deferred Revenues (loans receivable)	782,248	806,280	24,031
TOTAL LIABILITIES	<u>1,053,304</u>	<u>819,654</u>	<u>(233,650)</u>
EQUITY			
Invested In Capital Assets	201,329	201,329	-
Unreserved	259,599	166,067	(93,532)
TOTAL FUND BALANCE	<u>460,928</u>	<u>367,396</u>	<u>(93,532)</u>
TOTAL LIABILITIES & FUND BALANCE	<u>\$ 1,514,232</u>	<u>\$ 1,187,050</u>	<u>\$ (327,182)</u>

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

<u>Object Code</u>	<u>Description</u>	<u>Budget</u>	<u>December</u>	<u>YTD</u>	<u>Available Balance</u>
REVENUES					
4625	INTEREST EARNED	-	1,245	1,807	(1,807)
4706	COMMERCIAL LOAN REPAYMENTS	-	9,352	102,788	(102,788)
4720	REFUNDS & REIMB.	-	-	-	-
	TOTAL REVENUES	<u>-</u>	<u>10,597</u>	<u>104,595</u>	<u>(104,595)</u>
EXPENDITURES					
6301	PROFESSIONAL SERVICES	-	23,473	34,098	(34,098)
6340	PRINTING & PUBLISHING	-	-	122	(122)
6650	LOANS	-	10,000	162,514	(162,514)
6909	MISCELLANEOUS	-	-	1,392	(1,392)
	TOTAL EXPENDITURES	<u>-</u>	<u>33,473</u>	<u>198,127</u>	<u>(198,127)</u>
Revenues over (under) expenditures		<u>\$ -</u>	<u>\$ (22,876)</u>	<u>\$ (93,532)</u>	<u>\$ 93,532</u>

Hutchinson Community Development Corp - EDA
As of December 31, 2012
MINN. INVEST. LOAN FUND (9120) - (NuCrane)
FULL ACCRUAL
INTERNAL USE ONLY

	December 2011	December 2012	2012 Change
ASSETS			
Cash	\$ 107,267	\$ 176,217	\$ 68,950
Accrued Receivable	334	357	22
Loans Receivable NuCrane	412,235	352,247	(59,988)
TOTAL ASSETS	519,836	528,820	8,984
LIABILITIES			
Accounts Payable	-	-	-
Deferred Revenues (loan receivable)	412,235	352,247	(59,988)
TOTAL LIABILITIES	412,235	352,247	(59,988)
EQUITY			
Unreserved	107,601	176,574	68,973
Reserved	-	-	-
TOTAL FUND BALANCE	107,601	176,574	68,973
TOTAL LIABILITIES & FUND BALANCE	\$ 519,836	\$ 528,820	\$ 8,984

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	-	993	1,287	(1,287)
4705	LOAN REPAYMENTS	-	5,640	67,685	(67,685)
4720	REFUNDS & REIMB.	-	-	-	-
	TOTAL REVENUES	-	6,634	68,973	(68,973)
EXPENDITURES					
6650	LOANS	-	-	-	-
6750	TRANSFER OUT	-	-	-	-
6909	MISCELLANEOUS	-	-	-	-
	TOTAL EXPENDITURES	-	-	-	-
Revenues over (under) expenditures		\$ -	\$ 6,634	\$ 68,973	\$ (68,973)

Appendix G

Adopted EDA Budget, 2013

	2007	2008	2009	2010	2011	2012	2013
	Actual	Actual	Actual	Actual	Actual	Actual	Adopted
REVENUES							
4011 Taxes	127,774	134,496	142,380	153,176	146,491	152,106	150,218
4012 Delinquent Taxes	0	1,189	1,238	0	1,267	1,365	0
4141 Homestead Credit	10,235	10,478	10,459	11,123	11,007	0	0
4316 Rents	14,122	21,049	23,414	19,670	24,212	24,586	25,540
4625 Interest Income	1,184	2,123	450	524	725	166	450
4720 Refunds & Reimbursements	1,000	1,500	8,197	300	0	1,950	300
4840 Contributions / Donations / Grants	0	0	1,000	0	200	0	0
TOTAL REVENUES	154,315	170,835	187,138	184,793	183,902	180,173	176,508
	2007	2008	2009	2010	2011	2012	2013
	Actual	Actual	Actual	Actual	Actual	Adopted	Proposed
EXPENDITURES							
6110 Wages Reg. Employees	75,945	81,429	82,743	83,834	88,840	92,204	94,161
6121 Wages, Temporary Emp.	19,610	17,309	18,563	20,012	18,992	16,988	20,000
6141 PERA - Coordinated	4,740	5,286	5,580	6,037	6,441	6,685	6,200
6145 FICA - City Portion	5,151	5,955	6,153	6,447	6,592	6,667	6,500
6150 Medicare	1,208	1,393	1,439	1,506	1,542	1,559	1,600
6160 Empl. Health & Ins. Benefit	5,935	6,354	5,075	5,720	6,143	5,230	6,000
6167 HSA Administration Fee			36	54	50	49	36
HSA Deductable					894	629	
6169 Flex Administration Fee			50	42	28	3	50
6170 Workers Comp Insurance, etc.	583	602	629	775	853	950	650
Total Salaries & Fringe Benefits	113,172	118,328	120,268	124,427	130,375	130,964	135,197
6205 Office Supplies	47	449	25	295	134	781	400
6210 Operating Supplies	1,455	3,804	2,762	2,725	2,055	2,504	3,000
Total Supplies, Repairs & Maint.	1,502	4,253	2,787	3,020	2,189	3,285	3,400
6301 Professional Services	1,000	29,682	12,023	3,256	7,453	15,200	9,000
6305 Other Contractual	0	450	450	450	0	475	500
Total Consulting	1,000	30,132	12,473	3,706	7,453	15,675	9,500
6310 Communications	3,352	2,260	2,240	2,568	687	611	750
6311 Postage	206	269	679	547	145	987	500
6320 Travel/School/Conference	2,493	4,494	1,120	1,148	3,068	1,712	1,500
6321 Car Allowance - Travel	564	1,138	1,135	1,625	1,364	3,569	2,200
6330 Advertising	0	0	370	443	0	401	750
6340 Printing / Publishing / Web hosting	1,188	650	1,067	721	46	791	1,750
6370 Contract Repair & Maintenance	0	0	766	1,437	1,430	1,553	850
6379 Vehicle Rent (I-T van)	0	0	0	0	500	500	500
6385 Data Proc Equipment Rental	450	0	215	0	452	783	950
Total Other Services & Charges	8,253	8,811	7,592	8,489	7,692	10,907	9,750
6735 Southwest Foundation	4,000	5,000	5,000	5,000	5,000	5,000	5,000
Total Transfers	4,000	5,000	5,000	5,000	5,000	5,000	5,000
6901 Dues & Subscriptions	4,207	563	702	872	525	1,195	700
6902 Taxes & Assessments	17,069	9,538	11,165	14,819	11,428	11,262	11,700
6909 Miscellaneous	371	893	2,813	8,602	183	737	500
Total Miscellaneous	29,647	20,994	14,680	24,293	12,136	13,194	12,900
7010 Land	0	0	0	0	0	0	0
7015 Improvements to Land	8,890	6,493	0	600	0	0	0
7030 Machinery & Equipment	600	0	0	581	0	0	500
Total Capital Outlays	9,490	6,493	0	1,181	0	0	500
TOTAL EXPENDITURES	163,064	189,011	162,800	170,116	164,845	179,025	176,247
BALANCE	-\$8,749	-\$18,176	\$24,338	\$14,677	\$19,057	\$1,148	\$261

Appendix H

EDA Statements of Financial Position, 2010 – 2012

Hutchinson Economic Development Authority

Statement of Financial Position, 2012

As of December 31, 2012 (UNAUDITED)

Cash		
Operations	\$156,794	
Downtown Revolving Loan Fund	\$178,196	
Economic Development Revolving Loan Fund	\$616,259	
Minnesota Investment Fund (MIF) Loan Fund	<u>\$175,580</u>	
Total Cash		\$1,126,829
Loans		
Downtown Loans	\$806,126	
Economic Development Loans	\$266,150	
Minnesota Investment Fund (MIF) Loans	\$352,247	
Land Write-Down Loans (forgivable)	<u>\$56,326</u>	
Total Loans		\$1,480,849
Receivables		
Minnesota Business Development Capital Projects Grant	\$763,750	
		\$763,750
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>\$5,807,137</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>\$4,239,675</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, 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>
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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	(\$1,567,462)
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EDA EQUITY	<u>\$3,542,501</u>
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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 replatted 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

Appendix I

Hutchinson EDA Land Holdings, 2012

Hutchinson EDA Land Holdings

INDUSTRIAL PARK

<u>Name</u>	<u>Location</u>	<u>Acres</u>	<u>Price</u> <u>Per Acre</u>	<u>Total</u>	<u>Notes</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