



2007 Annual Report

Hutchinson Economic Development Authority

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EXECUTIVE SUMMARY

The Hutchinson Economic Development Authority had another busy and successful year in 2007. Highlights include:

- The EDA successfully recruited Customer Elation, an inbound customer service center, to build its new facility in Hutchinson's industrial park. The company will build a 22,200 square foot office facility and will ultimately employ more than 200.
- As part of this project, the EDA secured a \$500,000 grant from the Minnesota Investment Fund to help the company purchase equipment. These dollars will be loaned to the company and, upon repayment, become a permanent addition to the EDA's economic development revolving loan fund.
- The EDA reached an agreement with the local Cenex CO-OP for the purchase of their fertilizer plant located on 3rd Avenue NW. As part of this transaction, the EDA also obtained needed road right-of-way to access its new industrial park.
- Development of the EDA's new industrial park began when SEH was hired to complete a feasibility study on the 77-acre Stritesky parcel owned by the EDA.
- Warrior Mfg. completed its 92,000 square foot facility in the industrial park. By the end of 2007 employment had reached 24.

This report provides additional detail on the projects noted above and summarizes the activity of the Hutchinson EDA over the course of 2007. In addition, this report also summarizes results obtained over the last 5 years.

GOVERNANCE

The Hutchinson Economic Development Authority is governed by a 7 member board of directors, each serving a 6-year term. The EDA Board members at the close of 2007 are shown in Table 1, below.

Table 1 – EDA Board of Directors, 2007

<u>Member</u>	<u>Position</u>	<u>Affiliation</u>
Tim Ulrich	EDA President	Citizens Bank
Mike McGraw	Vice-president	State Farm Insurance
Steve Jansick	Treasurer	Wells Fargo Bank
Jim Haugen	Member	City Council / Architect
Casey Stotts	Member	City Council
Diane Gordon	Member	Attorney
Duane Hoversten	Member	Ridgewater College

Table 2 – Board Member Terms of Service

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	Years Served
Tim Ulrich	1-2										10
Mike McGraw						12-23					3
Jim Haugen	1-2										10
Casey Stotts						1-23					4
Diane Gordon										1-26	1
Duane Hoversten			3-3								8
Steve Jansick						12-23					3

Notes:

- (1) EDA established on January 2nd, 1998
- (2) First EDA Board meeting held on January 16, 1998
- (3) The date of each board members appointment is noted in the year they were appointed; e.g. 1-2 is January 2nd.
- (4) Green boxes indicate their first term on the Board; Gold boxes indicate their second term.

ECONOMIC DEVELOPMENT STRATEGY

A common misconception when it comes to economic development is that EDA's can simply go out and "recruit" a particular business, or a particular business type, to the community. The reality is that businesses look at a great many variables when it comes to making a site selection decision. Local communities can control some of these variables, but there are many that are simply beyond the control of the locality.

Many communities make the mistake of launching expensive, broad-based campaigns to market their community and (hopefully) recruit new businesses to come in – a sort of "scatter gun" approach if you will. However, if the community does not have what the company is looking for, the effort will ultimately be wasted.

The key to successful business recruitment is to identify the strengths of the local economy, what types of companies make the best fit, and then have readily available the resources that those particular companies are looking for.

Here in Hutchinson our strength is high-technology, precision manufacturing. Therefore this is the type of company that we target in our economic development efforts. In economic terms, we have what is called an "industry cluster" of high-tech precision manufactures. Not only do we have a sizable number of companies (of all sizes) engaged in high-tech manufacturing, but we also have the support structures in place to support that type of company. As an economic development strategy then, the smart thing to do is to play to our strengths. "Reinforce success" is the maxim we want to follow.

To that end, our goal as an economic development agency is to have readily available those things that high-technology precision manufacturers are looking for. If we can meet the needs of these companies when other communities can't, then the company prospect will typically choose Hutchinson as its new location

In general, companies are looking for the following: land, building space, financing, workers, training and quality of life. Our strategy then is to provide, and have readily

available, those particular items. To the extent that we do that, we will be successful in recruiting new companies to Hutchinson.

ACTIVITY REPORT

Business Retention & Expansion Program

A central element of our economic development strategy in Hutchinson is the retention and expansion of existing businesses. It has been shown empirically that a community's best source of job and tax base growth is the pool of businesses it already has. Being mindful of this, the Hutchinson EDA has in place an on-going Business Retention & Expansion (BR&E) program. EDA staff visits each local company on a regular basis to see how things are going and render assistance if needed. In 2007 staff visited 17 local companies, as shown in Table 3, below.

Table 3 – Business Retention & Expansion (BR&E) Visits for 2007

	<u>Company</u>	<u>Contact</u>	<u>Phone</u>	<u>Date of Visit</u>	<u>Emp.</u>
1	American Energy Systems	Mike & Christine Haefner	234-0746	1/18/2007	
2	Econo Foods	Mike Kirchoff	587-8233	2/7/2007	
3	Impressions	Paul Nordin	587-0235	2/16/2007	
4	Wal-Mart	Scott Hilgemann	587-1020	2/16/2007	325
5	Target	Karen	587-7113	2/16/2007	100
6	Goebel Fixture Company	Dick Goebel	587-2112	2/28/2007	140
7	Rath Racing	Jennifer & Darrel Rath	234-7223	4/5/2007	24
8	Hutch Iron & Metal	Jay Friedland	587-2666	4/26/2007	13
9	Ashwill Industries	Tony Ashwill	234-8331	9/24/2007	
10	GR Daniels Trucking	Sharon Daniels	587-4002	9/26/2007	
11	SHOPKO	Jon Parrish	587-4994	10/11/2007	70
12	Hilliard Floor Care	Scott Haag	587-3236	10/31/07	
13	HTI	Jack Yates	587-1849	10/31/2007	
14	Stearnswood	Kory Stearns	587-2137	10/31/07	24
15	G R Kreations / Innovative Foam	Glen & Shephanie Kadelbach	234-6200	11/9/07	3
16	JN Machining	Jim Nowak	320-583-8264	12/4/07	1
17	Warrior Manufacturing	Paul Soukup	507-276-6038	12/12/07	22

Since 2002 a total of 46 Hutchinson area manufacturers have been visited. These visits are summarized in Table 4, on the following page (with a couple of exceptions, visits to retail establishments are not included). Please note following color codes:

Green = 3 visits

Blue = 2 visits

Table 4 – BR & E Visits, 2002 – 2007

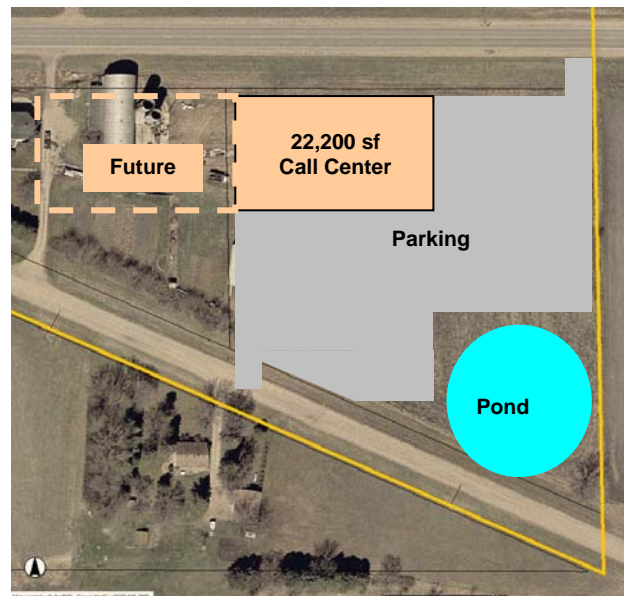
	<u>Company</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
1	3-D CNC		X		X		
2	3M			X	X	X	
3	Ag Systems, Inc.					X	
4	Allied Mechanical Systems		X				
5	American Energy Systems		X			X	X
6	Applied Kinetics		X				
7	Ashwill Industries				X	X	X
8	Baklund Tool & Design					X	
9	Buffalo Creek Spices					X	
10	Burns Philip Food & Fermentation (Provesta)		X		X		
11	C & C Machine					X	
12	Cenex / Hutch Co-Op			X	X	X	
13	Creekside Soils			X			
14	Crow River Printing					X	
15	Econo Foods		X				X
16	Goebel Fixture Company		X		X		X
17	GR Daniels Trucking						X
18	GR Kreations / Innovative Foam						X
19	Hands, Inc.			X			
20	Haugen Furniture Co., Inc.			X			
21	Hilliard Floor-Care Supply Company		X				X
22	Hutch Iron & Metal			X			X
23	Hutchinson Manufacturing		X		X		
24	Hutchinson Shopping Mall		X				
25	Hutchinson Technology Inc. (HTI)		X				X
26							
27	Impressions Incorporated	X			X		X
28	JN Machining						X
29	Lynn Card Company				X	X	
30	Marshall Concrete Products			X			
31	New Dimension Plating			X	X		
32	Nordic Components					X	
33	Plastic Specialties / Pride Solutions		X				
34	Pro Maintenance, Inc.		X				
35	Rath Racing						X
36	RD Machine					X	
37	SHOPKO			X			X
38	Standard Printing					X	
39	Stearnswood		X		X		X
40	TARGET						X
41	TC Tool Engineering				X		
42	TEK Mechanical Services				X		
43	Unique Tool, Inc.					X	
44	US Post Office		X		X		
45	WAL-MART						X
46	Warrior Mfg.						X
	ANNUAL TOTAL	1	15	9	14	14	17

Business Recruitment

The big story for 2007 was the recruitment of Customer Elation to the community. Customer Elation is an in-bound customer service center that contracts with companies to provide their customer support services. Clients include such major companies as COSTCO, United Health Networks, Medtronic, Healthpartners, Toro, Minnesota Public Radio, Walker Art Center, and MGI Pharma Inc., among others.

Customer Elation started in downtown Minneapolis in March of 1993 as a data base & list management firm for non-profit organizations. In 1996 the company expanded into out-bound telemarketing operations and moved its offices to Bloomington, Minnesota. During its first three years in Bloomington the company struggled with challenges in recruiting new employees and with staff turnover, and this led in 1999 to the establishment of the company's first call center in greater Minnesota, located in Foley.

The September 11th terrorist attacks severely impacted Customer Elation, as a number of customer accounts disappeared virtually overnight. The company survived by changing its business model to become an in-bound call center, focusing on providing customer service functions for other companies. Since that shift, Customer Elation has enjoyed very strong sales growth, averaging more than 30% per year for each of the last four years. The company is on track to have \$5 million in sales for 2007 and could easily surpass \$6 or \$7 million in sales by the end of 2008. To accommodate this growth the company needed to add at least 100 new call representatives over the next 5 or 6 quarters.



Customer Elation's new call center facility occupies 3.8 acres of the former Wetherell farm.

In a world where many call center operations are located overseas, Customer Elation is based exclusively in the American Midwest. The main reason: QUALITY. Customer Elation is acutely aware that it cannot compete in terms of price with call centers located in India, east Asia, or other overseas locations. When approaching prospective clients Customer Elation makes it clear from the outset that it cannot and will not compete with other call centers on a price basis.

What Customer Elation offers its clients is quality. The typical Customer Elation client is a company that puts a high premium on providing first-class customer service. These companies are not willing to risk the possibility of exposing their customers to a poor customer service experience with an internationally based call representative who has limited English-speaking skills.

Customer Elation emphasizes the fact that all of its call representatives are native English speakers. In addition, being from the upper mid-west, Customer Elation call

representatives are largely free of regional accents. The result is a quality of professionalism and customer service that internationally based call center operations cannot hope to match.

Initially, the company was considering two location options for its new call center: Racine, Wisconsin and Hutchinson, Minnesota. In conducting its market analysis, the company had identified roughly 6,000 companies that make use of call center / telemarketing services in the Minneapolis and Chicago markets. Customer Elation is focusing on the Minneapolis – Chicago corridor as its target market and wanted to locate its second call center within this geographical area so clients can visit the facility easily.

While the city of Racine and the Racine County combined to put together a strong package of incentives that included forgivable loans, the Hutchinson EDA was able to keep the company in Minnesota with the help of JOBZ and a \$500,000 grant from the Minnesota Investment Fund. In addition, Hutchinson was helped by the fact that it had land that was available and ready to go. Infrastructure and soil corrections had been completed on the EDA's industrial lot previously, so the site was ready when the company wanted it.

At present, the company is building a 22,200 square foot call center facility on the eastern-most 3.89 acres of the former Wetherell farm. Construction began in the fall of the year and should be completed by April of 2008. Within two years the company has pledged to create at least 100 new jobs and the new call center is designed to accommodate at least twice that many employees. The primary demographic that will be served by this job creation will most likely be the 2nd wage earner within a family. The result should be a significant increase in household incomes for two hundred or more Hutchinson area families. It is anticipated that within 3-5 years the company will have employment of 200 to 250, adding more than \$4 million in new payroll to the community.

Grant Writing

Over the past couple of years, the Hutchinson EDA has made it a priority to pull in grant dollars wherever feasible. In 2007 EDA staff was able to secure a \$500,000 grant from the Minnesota Investment Fund to provide equipment funding for Customer Elation's new call center facility in the industrial park.

Minnesota's Department of Employment and Economic Development will make a grant to the City of Hutchinson, which in turn will loan it to Customer Elation for the purchase of new equipment. As the loan is repaid, the funds will become a permanent addition to the city's Economic Development Revolving Loan Fund (RLF), as shown in Figure 1, at right.

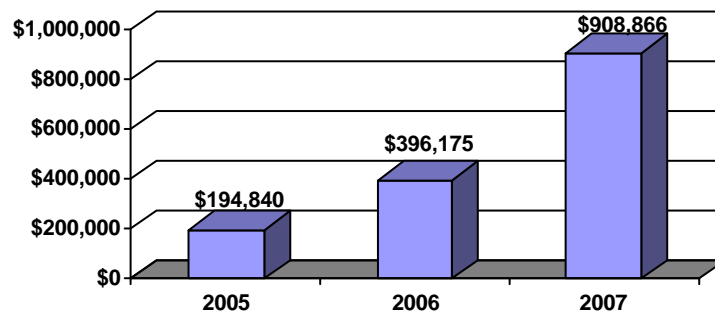


Figure 1 – Growth of Economic Development Revolving Loan Fund

Over the past three years the Hutchinson EDA has been able to pull in a total of \$847,000 in grants to facilitate redevelopment and economic development in the community. Table 5, below, summarizes those efforts.

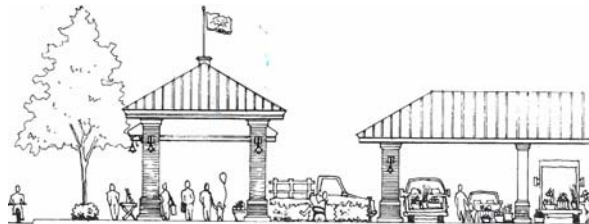
Table 5 – Grant Writing 2006 - 2007

<u>Year</u>	<u>Grant Source</u>	<u>Use</u>	<u>Amount</u>
2006	Redevelopment Grant Program	Acquire & demo for pet clinic downtown	\$145,000
2006	Minnesota Investment Fund	Equipment loan to Warrior Mfg.	\$200,000
2007	Minnesota Investment Fund	Equipment loan to Customer Elation	\$500,000
TOTAL GRANTS			<u>\$845,000</u>

Downtown Activities

Farmer's Market Pavilion

Early in 2007 serious consideration was given by the EDA to build a pavilion for the Farmer's Market on the corner of Hassan Street and 1st Avenue South. This would provide a permanent home for the farmer's market, open up 1st Ave. and, in the process, implement another aspect of the Downtown Revitalization Master Plan.



Farmer's Market Pavilion Concept

With the Hutchison Downtown Association contributing \$2,000 towards the effort, the Hutchinson EDA hired WOLD Architects to design the pavilion and prepare construction documents. Initial estimates by the architect indicated a total project cost of between \$150,000 and \$175,000. It was the intention of the EDA to advance these funds from the Downtown Revolving Loan Fund and look at ways of potentially repaying the fund at a later time through the sale of naming rights and profits realized from other projects.

Bidding on the project was quite competitive, with a total of 8 builders submitting bids. Unfortunately, the lowest bid received was \$279,000 - which was well beyond the EDA's budget for the project. Upon investigation by the architect, it was found that significantly higher than anticipated materials costs were responsible for the unusually high bids. With no cost effective alternatives available, the EDA decided to cancel the project.

The EDA still holds the completed plans and specifications for the pavilion, and if a suitable funding source can be identified, and if costs can be brought down to a reasonable level, the possibility exists that the project could be resurrected at some point in the future.

Cenex Project

Another major project the EDA initiated in 2007, this one located on the periphery of downtown, was the redevelopment of the Cenex fertilizer plant located on 3rd Avenue NW.

For several decades the site has been used by Cenex as a plant for the shipping, receiving and mixing of agricultural fertilizer products. In addition, portions of the site were at one time or another used as gas stations. As a result, significant contamination of site exists, with both agricultural chemical and petroleum contamination being present.



EDA obtains four Cenex lots. Cenex will demolish all structures and cover the 20% match requirement for the AG-VIC program.

Fortunately, programs exist to help offset the cleanup costs of the site. For the agricultural chemicals, the Minnesota Department of Agriculture has the “Agricultural Voluntary Investigation & Clean-up” (AG-VIC) program which provides an 80% reimbursement to cooperatives that voluntarily clean up their contaminated sites. In addition, the Minnesota Pollution Control Agency has their “Petrofund” program, which provides a 90% reimbursement for the investigation and clean up of petroleum contaminated lots. Cenex is enrolled in both programs, with EDA staff providing the administrative support to coordinate the site investigation, clean-up and reimbursement for each of the programs.

The agreement reached between Cenex and the EDA is comprised of a number of elements:

- The Hutchinson EDA pays \$300,000 to Cenex in exchange for the four lots which comprise the fertilizer plant site.
- In addition the EDA obtains a 70' right-of-way to the east of the Cenex grain elevator in the industrial park. This right-of-way will allow for the construction of a street to connect 5th Avenue to the new 77-acre industrial park the EDA is developing just south of the grain elevator.
- As part of the transaction, Cenex obtains a strip of land approximately 130' wide on the west side of their grain elevator. This 1.84 acre parcel will allow Cenex to move its Huron Street bulk grain storage bins out to its industrial park location.



The EDA will obtain a 70' right-of-way for access to Hutchinson Energy Park as well as the 1.14 acre “triangle.”

Throughout 2008 the EDA will be working with both the AG-VIC and the Petrofund programs to complete the clean-up of the fertilizer plant site. Existing buildings on the site should be removed sometime in the spring of the year.

The project is a true “win-win” for both Cenex and the City. Cenex gets assistance in consolidating and modernizing its operations. Their new fertilizer plant on Adams Street (adjacent to Creekside Compost) will be a very efficient, state-of-the-art fertilizer plant that is centrally located and more accessible to its customers. In addition Cenex will gain needed space adjacent to its grain elevator, allowing it to store a variety of grains on-site.

The project likewise provides significant gains for the city and EDA: an important site near downtown will be redeveloped, and the EDA gains the right-of-way it needs on the east side of the Cenex grain elevator so that it can access its new industrial park.

Industrial Park Development

Wetherell Property

Final soil corrections on an EDA-owned 3.89 acre lot known as the “Wetherell Property” were completed in the spring of 2007 – just in time for the site to be purchased by the Customer Elation call center. As part of its acquisition cost, Customer Elation reimbursed the EDA a total of \$38,131 for the cost of the soil corrections. In addition, the company paid off the outstanding special assessments on the lot. These had been put in place when the city installed water & sewer lines in the area in 2004.

By installing infrastructure and making needed soil corrections ahead of time, the EDA was able to have a lot available that was ready to go for development. This played a big role in helping to bring Customer Elation to town, and helped the company get into its building project much quicker than otherwise would have been the case.

Stritesky Property – “Hutchinson Energy Park”

As part of an ongoing effort to develop its 77-acre industrial park (the former Stritesky property) the Hutchinson EDA hired the engineering firm of SEH to complete a feasibility study of the parcel.

The purpose of the feasibility study is to evaluate the site from several perspectives: soils & wetlands, infrastructure design, lot layout, sustainability, building standards, site access, phasing and projected cost of development.

Several potential configurations were identified for the layout of the industrial park. The plan that provided for the greatest number of lots and minimized infrastructure costs was one that included a curvilinear street and includes a linear pond / wetland structure along the entire east side of the street. This feature eliminates the need for individual storm water retention ponds on each lot and also eliminates the need to install storm water lines to handle rainwater runoff. Instead, storm water will be managed through a system of swales, which will duct the water into a wetland. The wetland itself will then drain gradually into the county ditch system on the east side of the industrial park.

The design provides for up to 16 industrial lots; 12 that are from 1 to 4 acres in size and 6 that are 4 to 8 acres in size. Lots can be combined to provide larger parcels should they be needed.

Development of Hutchinson Energy Park is proposed to be done in three phases.

Phase I will easily be the largest, as it involves looping city water lines from 5th Avenue SE through Energy Park to connect with existing water lines on Adams street, near the city's wastewater treatment plant. Similarly, sanitary sewer lines will have to be brought up from their present location on Adams Street all the way through Energy Park, tying into existing lines on 5th Avenue. For Phase I approximately 2,500 feet of city street would be constructed, along with storm water / sustainability improvements, so as to open the northern 40 acres of Energy Park for development. The need to loop water and sanitary sewer lines makes Phase I far bigger than the other phases; it is estimated that roughly \$2.4 million will be needed to complete the projected improvements.

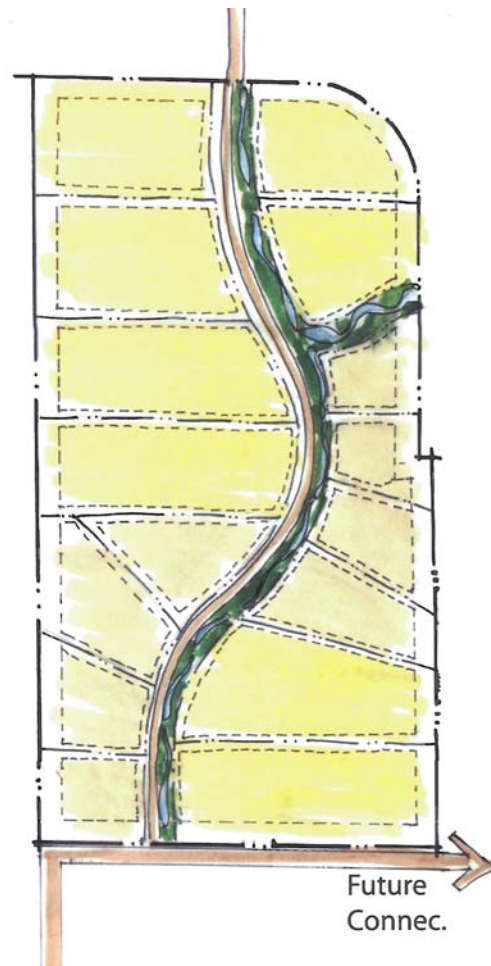
In Phase II the street ("Energy Park Drive") along with the storm water / sustainability improvements will be extended to the south edge of the industrial park. The cost estimate for this part of the project is approximately \$921,000.

Finally, Phase III will include completion of Energy Park Drive, tying it into Adams Street in the vicinity of the wastewater treatment plant. The projected cost is about \$656,000.

Tentatively, Phase I of the project is scheduled for 2009 and is included on the city's Capital Improvement Plan. Given the size of the project, and the comparatively high infrastructure cost, it is hoped that outside sources of funding can be accessed to help the city defray some of the project costs. One source that EDA staff will be exploring is the Minnesota Department of Employment & Economic Development's (DEED) "Business Development Public Infrastructure Grant Program." The program could potentially provide up to \$1 million to help the city defray infrastructure costs in the new industrial park.

Property Acquisition / Leasing

The Hutchinson EDA entered into a contract for deed for the Stritesky Property on July 12, 2003; the agreed upon price was \$405,000 for 77.76 acres, which comes to \$5,208



Hutchinson Energy Park Concept Plan

per acre. By the end of 2007, the EDA had only one payment remaining on the contract, in the amount of \$42,000 which is due on September 1st, 2008.

During 2007 the 73.84 acres of the Stritesky Property were leased out for \$110 per acre; providing the EDA with revenue of \$8,122 for the year.

Nordic Components / EDA Spec Building

Over the course of 2007, the EDA did extensive research and development on the concept of establishing an EDA-owned industrial “spec” building. The basic idea is to give the EDA another tool with which to recruit new business to Hutchinson (and / or assist growing local businesses). At present, one of the biggest challenges the EDA faces is the shortage of available building space for manufacturing uses. Hutchinson is fortunate in that we have a number of business prospects available to us at any given time, but we run into difficulties by not having sufficient manufacturing space available to accommodate them.

Early in 2007 the EDA seriously explored the possibility of partnering with a growing local company, Nordic Components, on constructing a 30,000 square foot industrial building in the industrial park. Nordic Components would obtain separate financing and purchase a 12,000 sf condominium in the EDA’s spec building – leaving the EDA with 18,000 square feet to rent out. Extensive preliminary work was completed and an architect hired to draw up plans and specifications. Unfortunately, initial cost estimates for the project were more than the company was willing to commit to at the time, and they ultimately elected to pursue other options.

Although the project was not completed at this time, it was still very beneficial in that the EDA gained considerable information as to the overall feasibility of the spec building concept. It was established that the demand for manufacturing space is significant and that the facility can be financed and built for a reasonable amount. Additionally, the debt service on the project results in a per square foot rental rate that is well within the established market for manufacturing rental space.

To move the project forward, it will be necessary for the EDA to provide an equity contribution of about 20% of the project costs. At the moment these resources are not available.

Hutchinson Downtown Association

The Hutchinson EDA continued to provide staff support for the Hutchinson Downtown Association (HDA) during 2007.

The HDA is an association of businesses and individuals working together to support and promote Hutchinson’s downtown. Key activities for the HDA include sponsoring the Farmer’s Market and Popcorn Wagon, as well as organizing downtown events such as the annual “Picnic in the Park” and “Main Street Christmas”. The HDA also supplies spring flower planters and treetop decorations in the winter.

The HDA is governed by an 11 member board of directors. These 11 directors consist of 7 at-large members and 4 appointed liaisons. These liaisons represent the Farmer's Market, Historic Hutch, the City Council, and the Chamber of Commerce. Board members for 2007 are listed in Table 6, below.

Table 6 – Downtown Association Board of Directors, 2007

<u>Director</u>	<u>Position</u>	<u>Affiliation</u>	<u>Term</u>
Mark Cormier	President	Hagar's Jewelry	2008
Mike Cannon	Vice President	Citizens Bank & Trust	2009
Joanne Willmert	Treasurer	Village Shop	2009
Gus Wurdell	Director	First Minnesota Bank	2008
Dan Robertson	Director	Wells Fargo Bank	2008
Matt McMillan	Director	Hutchinson Leader	2007
Tina McMillan	Director	Hutchinson Leader	2007
Bill Corby	Liaison	Chamber of Commerce	open
George Quast	Liaison	Historic Hutchinson	open
Hugo Rusch	Liaison	Farmer's Market	open
Jim Haugen	Liaison	City Council	open

Farmer's Market & Popcorn Wagon

The Farmer's Market experienced another successful year in 2007. Mr. Hugo Rusch once again served as the Market Manager, providing day-to-day oversight of market operations. The Market was open Saturday mornings from 8:00 a.m. to noon and Wednesday afternoons from 3:00 p.m. to 6:00 p.m. from June 2nd through October 31st. The Market generated \$2,151.59 for the 2007 season, mostly from membership dues. There was \$376.19 in expenses for the year, providing a net profit of \$1,775.40 for the HDA.

The Popcorn Wagon was operated by the Hutchinson Showstoppers Dance Team during the summer of 2007. The wagon was open for most key downtown events, including Music in the Park and the annual Water Carnival Parade.

Downtown Events

The HDA approved purchasing banners this year to help promote the association at sponsored events. It was decided to purchase two banners for advertising for the Farmer's Market and two banners with the HDA logo and name on them.

The annual Picnic in the Park and Crazy Days sale were a success again this year, drawing over 400 people downtown. The Crazy Days promotion went from July 11th – July 13th, with the picnic being on Friday the 13th. Mascots for this year's event were Honey Bees. After advertising costs, the HDA netted a profit of \$6.80.

"Main Street Christmas" enjoyed another good year despite the cold temperatures. There was a great turnout for the sleigh rides and Santa.

Internship Program

The EDA's internship program has been very successful over the years, with a total of 11 different interns participating since 2003. The EDA has built a very good relationship with the Community Development Department at St. Cloud State University, and as a result, Hutchinson often gets the very best and brightest students available.

Having these interns available has been a huge benefit to both the EDA and the Hutchinson Downtown Association. Interns take care of the downtown revolving loan fund as well as the downtown grant programs, work on special projects (such as obtaining JOBZ designation for the city), assist the EDA Director, and serve as the primary staff person for the HDA. For their part, interns gain valuable experience as they work on "real world" economic development projects. Table 7, below, lists the EDA interns we've had since 2002.

Table 7 – EDA Interns, 2002 – Present

Lisa McClure	2002	Erin Ebert	2005 - 2006
Amanda Alfson	2003	Dan Sexton	2006
Jake Wegner	2003	Brain Warzecha	2007
Susan Rolander	2004	Shankar Ghimere	2007
Jackie Pillatzki	2004	Lee Miller	2008
Crystal Foust	2005		

EDA Loan & Grant Programs

The Hutchinson EDA continued its highly successful downtown grant and loan programs in 2007. Over the last decade, these programs have played a major role in keeping downtown Hutchinson looking its best, and no doubt have played a role in keeping the downtown as strong as it is.

Sign & Awning Grant Program

2007 was a very busy year for the downtown Sign & Awning grant program. For the year 20 grants were awarded totaling \$32,117.88. Table 8, on the following page, summarizes the grants awarded.

Table 8 – Sign & Awning Grants, 2007

<u>Approved</u>	<u>Recipient</u>	<u>Grant Amt.</u>	<u>Purpose</u>
1/26/2007	Dunn Bros. Coffee	\$2,000	Signage
2/23/2007	Hutch Sport Shop	\$2,000	Awning
2/23/2007	Curves	\$2,000	Signage
4/6/2007	Herbal Pumpkin Patch	\$2,000	Signage
4/27/2007	Dana's Dog Spa	\$1,100	Signage
6/29/2007	American Pastime BBQ	\$2,000	Signage
6/29/2007	Salon Montage	\$1,600	Awning
9/7/2007	Hot Paks	\$600	Signage
9/7/2007	Dog Training Center	\$1,400	Signage
9/28/2007	George Quast	\$2,000	Awning
9/28/2007	Hutch Sport Shop	\$1,360.94	Signage
9/28/2007	The Shoe Inn	\$1,360.94	Signage
9/28/2007	Lighthouse Counseling	\$1,290	Signage
11/2/2007	Dog Training Center	\$600	Signage
11/2/2007	McLeod Alliance for VDV	\$1,010	Signage
11/2/2007	Corson's Store	\$2,000	Signage
11/30/2007	White Properties	\$2,000	Awning
11/30/2007	Purse-a-nalities	\$2,000	Signage
11/30/2007	Kock's Jewelry	\$2,000	Signage
11/30/2007	Gus Wurdell	<u>\$1,796</u>	Awning
TOTAL		<u>\$32,117.88</u>	

Storefront Revitalization Matching Grant Program

For 2007 a total of 6 Storefront Matching grants were awarded, totaling \$31,998.97. Details are shown below, in Table 9.

Table 9 – Storefront Revitalization Matching Grants, 2007

<u>Approved</u>	<u>Recipient</u>	<u>Grant Amt.</u>	<u>Purpose</u>
2/23/2007	Lighthouse Bookstore	\$5,000	Doors & Windows
5/25/2007	246 Main Building	\$3,298.97	Storefront revitalization
5/25/2007	Main Street Salon	\$5,000	Storefront Revitalization
6/29/2007	Hagar Jewelry	\$2,100	Doors & Windows
6/29/2007	Dry Cleaner Building	\$5,000	Painting & Windows
11/30/2007	Brett Oman	<u>\$5,000</u>	Storefront Revitalization
TOTAL		<u>\$25,398.97</u>	

Downtown Revolving Loan Program

Two loans were disbursed over the course of the year. The \$130,000 loan to Cornerstone Commons, originally approved by the EDA in late 2005, was finally disbursed in March. In June the EDA provided a small loan to the Bavarian Haus restaurant for some repairs to their roof.

By the end of 2007, the EDA's Downtown Revolving Loan Fund had \$463,826 in cash available and a total of 41 loans outstanding with a loan balance of \$671,586. With one exception* all loans were performing as required.

*The one delinquent loan was brought up to date in late January, 2008.

Economic Development Loan Fund

The EDA's Economic Development Loan Fund had two loans outstanding in 2007. Ashwill Industries and Warrior Mfg. obtained loans for the purchase of equipment. Both loans performed as required throughout the year.

MIF Loan Fund

The EDA established a new revolving loan fund in 2007, made possible by obtaining a grant from DEED's "Minnesota Investment Fund." As part of the Warrior Mfg. project, the EDA obtained a \$200,000 grant from the federal pool of funds of the Minnesota Investment Fund. DEED made a grant to the city, which in turn made a low-interest loan to Warrior for the purchase of equipment. Funds from the Federal pool of MIF dollars need not be paid back to the state, so when the company repays its loan to the city, the EDA will be able to keep those dollars for future economic development projects.

EDA Finances

For the year EDA finances remained very strong overall, with overall EDA equity increasing from \$2.437 million at the end of 2006 to \$2.959 million by the end of 2007 – an increase of just more than 21% for the year.

On the revenue side the EDA's tax levy generated \$138,009 for the year, compared to a budgeted amount of \$140,000. Rental income came in exactly as budgeted at \$14,122 and interest earnings came in slightly higher than budgeted with \$1,184 compared to a budget amount of \$1,000. Overall revenues came in almost exactly as budgeted.

Overall expenditures came in slightly higher than budgeted for the year. Salaries and benefits totaled \$113,172 for the year, compared to a budgeted amount of \$96,591. The difference was primarily due to an increase in the EDA Director's salary and increased compensation for the EDA intern.

Office and operating supplies came in under the \$2,800 budgeted, with an actual expenditure for the year of \$1,502.

Professional services and other contractual came in significantly over budget, but most of these expenses were reimbursed over the course of the year.

Other operating expenses, budgeted at \$11,050 for the year, came in somewhat under budget, with \$8,252 actually being expended.

The annual contribution to the Southwest Initiative Foundation was at budget, with \$4,000 being provided.

Dues – which includes the EDA's membership in the "Community Venture Network" (our marketing) – subscriptions and "miscellaneous" all came in under budget. Taxes, which includes special assessments on EDA-owned properties, came in at \$17,069 for the year. This last item had not been previously budgeted for.

Overall, from an operations standpoint, the EDA ended the year with a small surplus of approximately \$5,700.

SUMMARY

By any measure, the Hutchinson EDA had a very successful year in 2007, and, in fact, a very busy and successful last 5 years. The key to that success is having an EDA Board and a City Council that has a good understanding of economic development and the willingness to take action. As you'll see on the following page, the results speak for themselves:

2003

- 15 Business Retention visits to manufacturers conducted
- Downtown Revitalization Master Plan completed
- Implemented new EDA web-site
- Purchased 77-acre Stritesky property for industrial park expansion

2004

- 9 Business Retention visits to manufacturers conducted
- State Theatre purchased by McMonagle's and renovation begins
- Jorgensen Hotel renovations begin
- EDA staff assigned to coordinate Liquor Hutch renovation & expansion
- 5 Sign & Awning Grants awarded totaling \$9,545
- 4 Storefront Revitalization Matching Grants awarded totaling \$19,055
- 5 Downtown Loans provided totaling \$466,055
- Water & Sewer services extended to Wetherell Property along 5th Ave.
- Stritesky parcel (77-acres) annexed to the city

2005

- 14 Business Retention visits to manufacturers conducted
- Jorgensen Hotel building renovated & reopened
- State Theatre reopens
- Liquor Hutch expansion completed
- Downtown Streetscape initiated
- Cornerstone Commons redevelopment begins
- Warrior Mfg. recruited to community
- Ashwill Industries starts up
- JOBZ obtained (51.9 acres)
- Started soil corrections on EDA-owned Wetherell lot
- 9 Sign & Awning Grants awarded totaling \$16,751
- 5 Storefront Revitalization Matching Grants awarded totaling \$25,103
- 1 Economic Development loan provided of \$32,000
- Total EDA equity at \$2,212,603

2006

- 14 Business Retention visits to manufacturers conducted
- Obtained \$145,000 redevelopment grant
- Purchase & demolished old pet clinic downtown
- Hosted "Retail Roundtable" discussion
- Hosted "Retail Trade Advantage" seminar
- Hosted "Small Store Success Strategies" seminar
- EDA Levy implemented
- Streetscape completed
- Cornerstone Commons opens w/ Quiznos, Snap Fitness & Dunn Bros. Coffee
- Obtained \$200,000 Minnesota Investment Fund Grant
- Purchased 5.7 acres from Virgil Goebel for added industrial park space
- 12 Sign & Awning Grants awarded totaling \$17,616
- 5 Storefront Revitalization Matching Grants awarded totaling \$18,632
- Total EDA equity at \$2,374,424

2007

- 17 Business Retention visits to manufacturers conducted
- Warrior Mfg begins operations
- Completed soil corrections of EDA-owned Wetherell lot
- 1 Economic Development Loan provided of \$50,000 (Warrior)
- 1 Downtown Loan provided of \$130,000 (Cornerstone Commons)
- Customer Elation call center recruited to community
- Obtained \$500,000 Minnesota Investment Fund Grant
- Completed industrial park feasibility study
- Cenex redevelopment project initiated
- Obtained road right-of-way to access Stritesky industrial park
- 20 Sign & Awning Grants awarded totaling \$32,117.88
- 6 Storefront Revitalization Matching Grants awarded totaling \$25,398.97
- Total EDA equity at \$2,959,735

Summary of Results: EDA 2007 Work Plan & Goals

BUSINESS RETENTION / EXPANSION

- 1) Visit 20 local companies

VISITED 17

DOWNTOWN

- 1) Continue Cenex Site Redevelopment
- 2) NAPA / Depot site redevelopment (Downtown Housing)
- 3) Recruit a nice sit-down type restaurant
- 4) Build the Farmer's Market Pavilion

IN PROGRESS

YET TO DO

YET TO DO

NOT FEASIBLE

INDUSTRIAL PARK

- 1) Make Bio-Science & renewable energy projects a development priority
 - a. Research & evaluate existing projects in Minnesota
 - b. Research Little Falls micro-ethanol plant
- 2) Complete Warrior Mfg. expansion project
- 3) Recruit at least 1 new company for the industrial park
 - a. Establish TIF district
 - b. Utilize proceeds to put in industrial park access road
- 4) Complete preliminary site-layout for Stritesky Industrial Park
- 5) Research & develop a Business Incubator
- 6) Build a 30,000 industrial "spec" building

IN PROGRESS

YET TO DO

DONE

DONE

DONE

IN PROGRESS

NOT FEASIBLE

GENERAL

- 1) Support Hwy 7 businesses through construction project
- 2) Obtain \$100,000 in grants (various uses)
- 3) Pursue development of a McLeod County EDA

DONE

DONE (\$500K)

IN PROGRESS

2008 Work Plan & Goals

BUSINESS RETENTION / EXPANSION

- 1) Conduct 15 BR & E visits, as many as possible in conjunction with the Chamber of Commerce

DOWNTOWN

- 1) Continue Cenex Site Redevelopment
 - Demo buildings
 - Vacate roadway
 - Soil corrections
- 2) Start preliminary work on NAPA / site redevelopment project (Downtown Housing)

INDUSTRIAL PARK

- 1) Make Bio-Science & renewable energy projects a development priority
 - Research & evaluate existing projects in Minnesota
- 2) Complete Customer Elation expansion project
- 3) Recruit at least 1 new company for the industrial park
- 4) Complete preliminary development work for "Hutchinson Energy Park"
 - Write proposal for infrastructure grant
 - Obtain needed easement
- 5) Develop a Business Incubator
- 6) Research & implement fence project at Hutch Iron & Metal

MARKETING & PUBLIC RELATIONS

- 1) Put together a new marketing brochure
- 2) Update & revamp EDA web-site
- 3) Host a recognition / celebrate success event

GENERAL

- 1) Obtain \$100,000 in grants (various uses)
- 2) Pursue development of a McLeod County EDA
- 3) Do everything feasible to fill vacant "big box" buildings

APPENDIX A

Downtown Revolving Loan Fund 2007 Status Report

Downtown Revolving Loan Fund

2007 Status Report

Loan	Borrower	Originated	Loan Amount	Term	Rate	Monthly Pymt.	Outstanding Balance as of 12/31/07	Maturity
1	A	2/1/1990	\$6,670.99	20	0.00%	\$16.81	\$604.57	2/1/2011
2	B	3/10/1990	\$4,626.55	20	0.00%	\$19.28	\$230.71	3/10/2009
3	C	6/1/1991	\$4,965.91	20	0.00%	\$20.69	\$0.00	5/1/2007
4	D	6/10/1991	\$30,101.37	20	0.00%	\$125.42	\$3,136.07	5/10/2010
5	E	12/1/1991	\$3,395.75	20	0.00%	\$14.15	\$352.96	4/1/2010
6	F	5/1/1992	\$7,310.00	20	0.00%	\$30.46	\$1,858.53	5/1/2013
7	G	2/10/1993	\$25,637.10	20	0.00%	\$106.82	\$7,370.88	11/10/2013
8	H	3/10/1993	\$1,772.95	20	0.00%	\$7.39	\$369.38	5/10/2012
9	I	6/1/1993	\$3,749.00	20	0.00%	\$15.62	\$961.97	6/1/2013
10	J	1/1/1994	\$1,610.75	20	0.00%	\$6.71	\$463.34	1/1/2014
11	K	5/10/1994	\$2,016.50	17	0.00%	\$59.28	\$69.06	10/10/2008
12	L	1/1/1996	\$3,536.43	20	0.00%	\$14.74	\$1,369.65	12/1/2015
13	M	5/1/1998	\$17,625.26	12.7	0.00%	\$117.90	\$3,595.16	10/1/2010
14	N	8/1/1998	\$59,000.00	10	2.00%	\$542.88	\$0.00	7/1/2008
15	O	4/1/2000	\$5,088.90	10	2.00%	\$48.44	\$998.54	2/1/2010
16	P	4/1/2000	\$3,000.57	10	2.00%	\$30.00	\$457.05	10/1/2009
17	Q	3/1/2001	\$4,411.00	10	2.00%	\$40.59	\$1,281.31	12/1/2010
18	R	4/10/2001	\$13,033.31	10	2.00%	\$119.92	\$0.00	3/10/2011
19	S	5/1/2001	\$1,612.34	10	2.00%	\$14.84	\$541.73	3/1/2011
20	T	5/5/2001	\$53,855.00	10	2.00%	\$49.54	\$18,329.09	6/1/2011
21	U	9/1/2001	\$4,110.00	10	2.00%	\$37.72	\$1,409.38	5/11/2011
22	V	9/1/2001	\$33,580.50	10	2.00%	\$308.99	\$13,719.14	1/1/2011
23	W	9/1/2001	\$8,105.00	10	2.00%	\$100.00	\$864.31	9/1/2009
24	X	11/1/2001	\$2,960.00	10	2.00%	\$27.24	\$1,150.42	11/1/2011
25	Y	12/1/2001	\$4,650.00	10	2.00%	\$45.00	\$1,673.40	9/1/2011
26	Z	12/1/2001	\$59,820.00	10	2.00%	\$550.42	\$23,786.83	12/1/2011
27	AA	3/1/2002	\$15,970.23	10	2.00%	\$146.95	\$6,468.20	2/1/2012
28	BB	4/1/2002	\$27,494.00	10	2.00%	\$252.98	\$13,250.27	9/1/2012
29	CC	12/1/2002	\$17,060.00	10	2.00%	\$156.97	\$6,489.68	10/1/2011
30	DD	1/1/2003	\$18,975.00	10	2.00%	\$250.00	\$6,342.88	1/1/2012
31	EE	1/1/2003	\$3,000.00	10	2.00%	\$27.60	\$1,581.01	1/1/2013
32	FF	5/8/2003	\$65,000.00	10	2.00%	\$598.09	\$35,871.49	7/1/2013
33	GG	7/1/2003	\$15,000.00	10	2.00%	\$138.02	\$0.00	10/1/2013
34	HH	1/1/2004	\$130,000.00	10	2.00%	227.51**	\$120,432.08	5/1/2014
35	II	4/1/2004	\$11,055.52	10	2.00%	\$101.73	\$6,992.93	5/1/2014
36	JJ	9/10/2004	\$130,000.00	10	2.00%	\$1,196.17	\$87,390.61	9/1/2014
37	KK	12/1/2004	\$65,000.00	15	4.50%	\$497.25	\$54,390.46	1/1/2020
38	LL	2/1/2005	\$130,000.00	10	2.75%	\$1,240.34	\$92,168.92	2/1/2015
39	MM	6/1/2006	\$3,950.00	10	5.75%	\$45.00	\$3,317.02	4/1/2016
40	NN	3/23/2007	\$130,000.00	15	6.25%	\$1,114.65	\$124,614.89	3/23/2022
41	OO	6/15/2007	<u>\$6,400.00</u>	10	6.25%	<u>\$71.86</u>	<u>\$6,092.49</u>	6/15/2017
Totals			<u>\$1,135,149.93</u>			<u>\$8,308.46</u>	<u>\$649,996.41</u>	

****Payment is interest only**

APPENDIX B

Economic Development Loan Fund 2007 Status Report

**Economic Development Loan Fund
2007 Status Report**

Loan	Borrower	Originated	Original Loan Amount	Term	Rate	Monthly Pymt.	Outstanding Balance as of 12/31/07	Maturity
1	A	10/5/2005	\$32,000.00	6	8.25%	\$564.98	\$22,216	10/4/2011
2	B	8/28/2007	\$50,000.00	7	4.00%	\$680.00	\$48,477	8/27/2014
TOTALS			<u>\$82,000.00</u>			<u>\$1,244.98</u>	<u>\$70,693</u>	

APPENDIX C

**Economic Development Authority
2007 Year End Financial Statements**

Hutchinson Community Development Corp - EDA
AS OF December 31, 2007
BALANCE SHEET OPERATIONS

	PRELIMINARY
Assets	TOTAL
Cash	157,841
Accounts Receivable	
- Cennex TIF receivable	4,000
Mortgages	
- ██████████ (Year 9 of 10 yr. forgiveness)	2,712
- ██████████ (DAV)(Year 7 of 10 yr. forgiveness)	4,427
- ██████████ (Year 6 of 10 yr. forgiveness)	55,839
- ██████████ (Year 1 of 10 yr. forgiveness)	44,000
TOTAL MORTGAGES RECEIVABLE	106,977
TOTAL ASSETS	<u>268,818</u>
Liabilities	
Accounts Payable	680
Accrued Payroll & Vacation	0
Deferred Accounts Receivable	4,000
Deferred Land Write Down -	106,977
TOTAL LIABILITIES	<u>111,657</u>
Equity	
Fund Balance	
Reserved - land	56,736
Unreserved	100,425
TOTAL FUND BALANCE	157,161
TOTAL LIABILITIES & FUND BALANCE	<u>268,818</u>

Hutchinson Community Development Corp - EDA
AS OF December 31, 2007

Statement of Revenues & Expenditures

PRELIMINARY

Object Code	Description	Budget	DEC	YTD	Available Balance
REVENUES					
4011	TAXES	140,000	62,828	127,774	12,226
4141	HOMESTEAD CREDIT	0	5,226	10,235	-10,235
4316	RENTS	14,122	500	14,122	0
4340	SALES OF PROPERTY	0	0	38,519	-38,519
4625	INTEREST EARNED	1,000	0	1,184	-184
4720	REFUNDS & REIMBURSEMENTS	1,000	-1	107,374	-106,374
	TOTAL INCOME	156,122	68,553	299,209	-143,087
EXPENDITURES					
6110	WAGES REG.EMPLOYEES	63,650	4,612	68,555	-4,905
6122	WAGES TEMPORARY EMPLOYEES	16,100	1,526	19,610	-3,510
6131	VACATION PAY		1,431	2,155	-2,155
6132	HOLIDAY PAY		377	3,129	-3,129
6133	SICK PAY		0	2,106	-2,106
6141	PERA-COORDINATED	4,320	401	4,740	-420
6145	FICA-CITY PORTION	6,121	424	5,151	970
6150	MEDICARE		99	1,208	-1,208
6160	EMPL.HEALTH & INS. BENEFIT	6,400	788	5,935	465
6170	WORKERS COMP INSURANCE		48	583	-583
	TOTAL SALARIES & FRINGE BENEFITS	96,591	9,706	113,172	-16,581
6205	OFFICE SUPPLIES	800	0	47	753
6210	OPERATING SUPPLIES	2,000	43	1,455	545
	TOTAL SUPPLIES, REPAIRS, & MAINT.	2,800	43	1,502	1,298
6301	PROFESSIONAL SERVICES	5,000	910	126,661	-121,661
6305	OTHER CONTRACTUAL	3,000	0	0	3,000
	TOTAL CONSULTING	8,000	910	126,661	-118,661
6310	COMMUNICATIONS	2,500	194	3,352	-852
6311	POSTAGE	1,800	16	206	1,594
6320	TRAVEL SCHOOL CONFERENCE		0	2,493	-2,493
6321	CAR ALLOWANCE - TRAVEL	2,200	120	564	1,636
6340	PRINTING & PUBLISHING	1,100	154	1,188	-88
6370	CONTRACT REPAIR & MAINTENANC	2,500	0	0	2,500
6385	DATA PROC EQUIPMENT RENTAL	950	0	450	500
	TOTAL OTHER SERVICE & CHARGES	11,050	484	8,252	2,798

Hutchinson Community Development Corp - EDA
AS OF December 31, 2007
Statement of Revenues & Expenditures

Object Code	Description	Budget		PRELIMINARY Available YTD Balance	
6735	SOUTHWEST MN FOUNDATION	4,000	0	4,000	0
	TOTAL TRANSFERS	4,000	0	4,000	0
6901	DUES & SUBSCRIPTIONS	5,000	0	4,207	793
6902	TAXES	0	0	17,069	-17,069
6909	MISCELLANEOUS	500	34	371	129
	TOTAL MISCELLANEOUS	5,500	34	21,647	-16,147
7010	LAND	0	0	0	0
7015	IMPROVEMENTS TO LAND	0	0	8,890	-8,890
7030	MACHINERY & EQUIPMENT	500	0	0	500
	TOTAL CAPITAL OUTLAYS	500	0	8,890	-8,390
	TOTAL EXPENSES	128,441	11,177	284,124	-155,683
	Revenues over (under) expenditures	27,681	57,376	15,084	12,597

Hutchinson Community Development Corp - EDA
AS OF December 31, 2007
ECONOMIC DEVELOPMENT LOAN FUND

		PRELIMINARY
		TOTAL
Assets		
Cash		90,338
Notes Receivable		
[REDACTED]	48,477	
[REDACTED]	22,216	
[REDACTED] - (Year 10 of 10 yr. forgiveness)	7,906	
[REDACTED]	21,560	100,158
Deposits (MCCF)		25,000
Accrued Interest		0
TOTAL ASSETS		<u><u>215,496</u></u>
Liabilities		
Accounts Payable		0
Deferred Revenues (note receivable)		100,158
Equity		
Fund Balance		
Reserved	0	
Unreserved	115,338	
TOTAL FUND BALANCE		<u><u>115,338</u></u>
TOTAL LIABILITIES & FUND BALANCE		<u><u>215,496</u></u>

ECONOMIC DEVELOPMENT LOAN FUND
Statement of Revenues & Expenditures

REVENUES		
TIF/IDR Application Fee		0
Note Repayment - Interest		2,564
Note Repayments		0
Reimbursement		0
Interest earned		2,955
TOTAL REVENUES		<u>5,519</u>
EXPENSES		
Loan		50,000
Transfers		0
TOTAL EXPENSES		50,000
Revenues over (under) expenditures		<u><u>-44,481</u></u>

Hutchinson Community Development Corp - EDA
AS OF December 31, 2007
ENERGY LOAN FUND - DOWNTOWN LOAN FUND


	PRELIMINARY
	TOTAL
Assets	
Cash	463,826
Mortgage Receivable	
Mortgages	674,256
Interest Receivable	0
Due From Other Funds	0
TOTAL ASSETS	<u><u>1,138,082</u></u>
Liabilities	
Accounts Payable	0
Deferred Revenues (mortgage receivable)	674,256
Equity	
Fund Balance	
Unreserved	463,826
TOTAL FUND BALANCE	<u><u>463,826</u></u>
TOTAL LIABILITIES & FUND BALANCE	<u><u>1,138,082</u></u>

ENERGY LOAN - DOWNTOWN LOAN FUND
Statement of Revenues & Expenditures

REVENUES	
Loan Repayments	118,246
Other Revenue	0
Interest earned	9,654
TOTAL REVENUES	<u>127,900</u>
EXPENSES	
Loan	136,400
Downtown Grant Program	51,118
Misc.	590
Transfers	0
Land	100,000
TOTAL EXPENSES	<u>288,108</u>
Revenues over (under) expenditures	<u><u>(160,208)</u></u>

Hutchinson Community Development Corp - EDA
AS OF December 31, 2007
MIF LOAN FUND - (2007 Warrior Manuf.)

PRELIMINARY

Assets	TOTAL
Cash	10,400
Notes Receivable	
Note 	190,875
Interest Receivable	0
Due From Other Funds	0
TOTAL ASSETS	<u>201,275</u>
 Liabilities	
Accounts Payable	0
Deferred Revenues (note receivable)	190,875
Equity	
Fund Balance	
Unreserved	10,400
TOTAL FUND BALANCE	<u>10,400</u>
TOTAL LIABILITIES & FUND BALANCE	<u>201,275</u>

MIF LOAN FUND - (2007 Warrior Manuf.)
Statement of Revenues & Expenditures

REVENUES	
Loan Repayments Interest	1,275
Other Revenue	200,000
Interest earned	0
TOTAL REVENUES	<u>201,275</u>
 EXPENSES	
Loan	200,000
Misc.	0
Transfers	0
TOTAL EXPENSES	<u>200,000</u>
 Revenues over (under) expenditures	<u>1,275</u>

APPENDIX D

Adopted EDA Budget, 2008

Object Code / Description

		2006	2007	2008	
		<u>Budget</u>	<u>Adopted</u>	<u>Proposed</u>	<u>Notes</u>
REVENUES					
4316	Rents	14,122	14,122	14,122	Stritesky = 73.84 acres @ \$110 = \$8,122.40
4625	Interest Earned	1,000	1,000	1,000	Wetherell = 12 mo @ \$500 / mo = \$6,000
4720	Refunds & Reimbursements	1,000	1,000	1,000	
4825	General Fund Transfer	100,000	0	0	
	Downtown Loan Fund Transfer	10,000	0	0	
4830	EDA Levy		<u>140,000</u>	<u>146,000</u>	4.27% increase
TOTAL REVENUES		<u>126,122</u>	<u>156,122</u>	<u>162,122</u>	

		2006	2007	2007	
		<u>Budget</u>	<u>Adopted</u>	<u>Proposed</u>	

EXPENDITURES

6110	Wages Reg. Employees	70,385	75,242	79,089	Merit & Market adjust
6121	Wages, Intern	16,100	21,560	21,560	
6141	PERA - Coordinated	4,777	5,107	5,368	
6145	FICA - City Portion	6,768	7,235	7,605	
6160	Empl. Health & Ins. Benefit	6,400	6,400	6,400	
Total Salaries & Fringe Benefits		104,430	115,544	120,022	

6205	Office Supplies	800	800	800	
6210	Operating Supplies	2,000	2,000	2,000	
Total Supplies, Repairs & Maint.		2,800	2,800	2,800	

6301	Professional Services	5,000	5,000	6,000	reflecting additional activity
6302	Legal	0	0	0	
6305	Other Contractual	3,000	3,000	3,000	
Total Consulting		8,000	8,000	9,000	

6310	Communications	2,500	2,500	3,200	reflects actual expenditures
6311	Postage	1,800	2,000	800	reduced - few mailings
6320	Travel School Conference	2,200	2,200	2,500	reflects actual expenditures
6321	Car Allowance - Travel	1,050	1,500	1,500	
6340	Printing & Publishing	2,500	2,500	2,500	
6370	Contract Repair & Maintenance	0	0	0	
6385	Data Proc Equipment Rental	950	950	950	
Total Other Services & Charges		11,000	11,650	11,450	

6735	Southwest Foundation	4,000	4,000	5,000	increase per Board
6901	Dues & Subscriptions	5,000	5,000	5,000	
	Taxes			9,707	NEW - Taxes & Assessments
6909	Miscellaneous	500	500	500	
Total Miscellaneous		9,500	9,500	20,207	

7030	Machinery & Equipment	500	500	600	
Total Capital Outlays		<u>500</u>	<u>500</u>	<u>600</u>	

TOTAL EXPENDITURES		<u>136,230</u>	<u>147,994</u>	<u>164,079</u>	
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BALANCE	(\$10,108)	\$8,128	(\$1,957)	
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Budgeting a small deficit.

Stritesky Actual	
73.84	acres
\$203.80	/ acre
\$15,048.59	total

Total Rents = \$21,048.59

APPENDIX E

Economic Development Authority

Statements of Financial Position, 2005 – 2007

Hutchinson Economic Development Authority
Statement of Financial Position, 2005

As of December 31, 2005

ASSETS

Cash

Operations	\$315,517	
Downtown Revolving Loan Fund	\$529,646	
Industrial Revolving Loan Fund	<u>\$116,444</u>	
Total Cash		\$961,607

Deposits

Minnesota Community Capital Fund	<u>\$25,000</u>	
Total Deposits		\$25,000

Loans

Downtown Loans	\$706,776	
Industrial Park Loans	\$31,308	
Land Write-Down Loans (forgivable)	<u>\$90,238</u>	
Total Loans		\$828,322

Real Estate

Wetherell Property (5.667 acres @ \$22K / acre)	\$124,674	
Stritesky Property (77.76 acres @ \$5,208 / acre)	<u>\$405,000</u>	
Total Real Estate		\$529,674

TOTAL ASSETS

\$2,344,603

LIABILITIES

Real Estate

Stritesky Property Contract for Deed	(\$132,000)	
Total Payable		(\$132,000)

TOTAL LIABILITIES

(\$132,000)

EDA EQUITY

\$2,212,603

Hutchinson Economic Development Authority

Statement of Financial Position, 2006

As of December 31, 2006

ASSETS

Cash

Operations	\$132,947	
Downtown Revolving Loan Fund	\$596,215	
Industrial Revolving Loan Fund	<u>\$122,664</u>	
Total Cash		\$851,826

Receivables

Redevelopment Grant Reimbursement	<u>\$145,000</u>	
Total Receivables		\$145,000

Deposits

Minnesota Community Capital Fund	<u>\$25,000</u>	
Total Deposits		\$25,000

Loans

Downtown Loans	\$633,633	
Industrial Park Loans	\$26,951	
Land Write-Down Loans (forgivable)	<u>\$64,323</u>	
Total Loans		\$724,907

Real Estate

Wetherell Property (3.87 acres @ \$27,741 / acre)	\$107,358	
Wetherell Property (1.797 acres @ \$22,000 / acre)	\$39,534	
Stritesky Property (77.76 acres @ \$5,208 / acre)	\$405,000	
Goebel Property (5.698 acres @ \$26,585.32 / acre)	<u>\$151,483</u>	
Total Real Estate		\$703,375

TOTAL ASSETS

\$2,450,108

LIABILITIES

Real Estate

Stritesky Property Contract for Deed	(\$86,000)	
Total Payable		<u>(\$86,000)</u>

TOTAL LIABILITIES

(\$86,000)

EDA EQUITY

\$2,374,424

Hutchinson Economic Development Authority

Statement of Financial Position, 2007

As of December 31, 2007 (preliminary)

ASSETS

Cash

Operations	\$157,841	
Downtown Revolving Loan Fund	\$463,826	
Economic Development Revolving Loan Fund	\$90,338	
Minnesota Investment Fund (MIF) Loan Fund	<u>\$10,400</u>	
Total Cash		\$722,405

Receivables

Minnesota Investment Fund Grant	<u>\$500,000</u>	
Total Receivables		\$500,000

Deposits

Minnesota Community Capital Fund	<u>\$25,000</u>	
Total Deposits		\$25,000

Loans

Downtown Loans	\$674,256	
Economic Development Loans	\$70,692	
Minnesota Investment Fund (MIF) Loan	\$190,875	
Land Write-Down Loans (forgivable)	<u>\$106,978</u>	
Total Loans		\$1,042,801

Real Estate

Wetherell Property (1.797 acres @ \$30,000 / acre)	\$53,910	
Stritesky Property (77.76 acres @ \$5,208 / acre)	\$405,000	
Goebel Property (3.86 acres @ \$26,585.32 / acre)	\$102,619	
Cenex Property (3.2 acres total)	<u>\$300,000</u>	
Total Real Estate		\$861,529

TOTAL ASSETS

\$3,151,735

LIABILITIES

Real Estate

Stritesky Property Contract for Deed	(\$42,000)	
Cenex Property (repay City Development Fund)	(\$150,000)	
Total Payable		<u>(\$192,000)</u>

TOTAL LIABILITIES

(\$192,000)

EDA EQUITY

\$2,959,735

APPENDIX F

**Hutchinson Downtown Association
2007 Year End Budget Report**

<u>REVENUE</u>	<u>Annual Budget</u>	<u>2007 Actual</u>	<u>% of Budgeted</u>
Membership Dues	\$7,000.00	\$7,190.00	102.7%
Interest Income	\$0.00	\$76.92	0.0%
Farmer's Market	\$3,300.00	\$2,151.59	65.2%
Donations	\$0.00	\$0.00	0.0%
Promotions:			
Crazy Days / Picnic in the Park	\$1,300.00	\$1,456.49	112.0%
Shopping Bags	\$0.00	\$13.80	0.0%
Misc. Income	\$25.00	\$25.00	0.0%
TOTAL REVENUE	<u>\$11,625.00</u>	<u>\$10,913.80</u>	<u>93.9%</u>

<u>EXPENSES</u>	<u>Annual Budget</u>	<u>2007 Actual</u>	<u>% of Budgeted</u>
Administration	\$100.00	\$0.00	0.0%
Farmers Market	\$1,000.00	\$376.19	37.6%
Popcorn Wagon (Maint. exp.)	\$100.00	\$77.00	77.0%
Popcorn Wagon (Operations)	\$100.00	\$40.00	40.0%
Insurance	\$615.00	\$565.00	91.9%
Legal Expenses	\$25.00	\$0.00	0.0%
Meeting Expenses	\$500.00	\$0.00	0.0%
Advertising:			
Hutchinson Leader	\$3,500.00	\$3,252.36	92.9%
Other Marketing Expenses	\$150.00	\$601.05	400.7%
Office Supplies:			
Letterhead	\$200.00	\$132.12	66.1%
Envelopes	\$200.00	\$50.00	25.0%
Postage	\$200.00	\$82.00	41.0%
Promotions:			
Christmas	\$950.00	\$910.34	95.8%
Crazy Days / Picnic in the Park	\$1,500.00	\$1,449.69	96.6%
Shopping Bags	\$150.00	\$0.00	0.0%
Flowers & Treetops	\$1,500.00	\$1,087.37	72.5%
Banners	\$600.00	\$878.64	146.4%
Other Promotional Expenses	\$0.00	\$113.22	11322.0%
Dues & Subscriptions:			
Memberships (Chamber)	\$85.00	\$95.00	0.0%
Newsletters	\$25.00	\$256.50	1026.0%
Donations:			
Misc.	\$400.00	\$3,183.58	795.9%
TOTAL EXPENSES	<u>\$11,900.00</u>	<u>\$13,150.06</u>	<u>110.5%</u>

BALANCE

-\$275.00

-\$2,236.26

Checking Balance	\$1,146.43
Savings Balance	\$6,746.12
Cash Available	\$7,892.55

