

Hutchinson Economic Development Authority



2018

Annual Report

Prepared by

Miles R. Seppelt, EDA Director
Madison Newcomb, EDA Program Manager

EXECUTIVE SUMMARY

2018 was a busy and successful year for economic development in the City of Hutchinson with a number of large, multi-year projects brought to or very near completion. Among the year's highlights:

- Obtained a \$150,000 grant from 3M to establish an applied engineering classroom at HHS
- The Hutchinson Enterprise Center opened for business
- EDA offices were moved to the Hutchinson Enterprise Center
- Successful Manufacturer's Summit was held at HHS in February
- www.HutchTigerPath.com website was launched
- Obtained \$95,000 grant for the TigerPath Coordinator position at HHS
- Japanese Consul-General Naoki Ito visited Hutchinson
- Obtained a \$450,000 Minnesota Investment Fund Grant for UPONOR
- UPONOR began operations in the 237,000 sf building it acquired from HTI
- Andrea Moore was hired as the TigerPath Coordinator at HHS
- EDA Director was named as Minnesota's 2018 economic developer of the year by EDAM and 2017 Business Person of the Year by the Hutchinson Chamber of Commerce
- The Center for Technical Excellence opened at Hutchinson High School
- The EDA, Chamber of Commerce and the Southwest Initiative Foundation partnered to host a very successful skilled workforce conference
- The Hutchinson EDA won the 2018 Economic Development award in the workforce development category from the Mid-America Economic Development Council
- Fire Lake Manufacturing moved to Hutchinson

EDA GOVERNANCE

The Hutchinson Economic Development Authority is governed by a seven member board of directors appointed by the City Council. Two are city council members (serving as a liaison to the Council) and five are community members. Table 1, below, lists the 2018 EDA Board.

Table 1 – Economic Development Authority Board of Directors, 2018

Member	Position	Years of Service	Affiliation
Mike McGraw	President	14	State Farm Insurance
Jonny Block	Vice-president	6	TDK-HTI
Chad Czmowski	City Council liaison	10	City Council/Downtown
Daron Vanderheiden	Member	9	ISD 423
Mary Christensen	City Council liaison	8	City Council
Corey Stearns	Member	4	Stearnswood
Mike Cannon	Member	3	Citizens Bank

Overseeing the financial aspects of the Economic Development Authority is the EDA Finance Team. Comprised of two EDA Board members and six other members of the community, the Finance Team provides recommendations to the EDA Board on everything from budgets to proposed financial incentives. Jennifer Ortloff resigned from the Finance Team in September, having taken a job outside the community. Finance Team membership for 2018 is detailed in Table 2, below.

Table 2 – EDA Finance Team, 2018

Member	Position	Affiliation
Mike Cannon	Chair / EDA Board Liaison	Citizens Bank
Anthony Hanson	Member	Citizens Bank
Josh Gehlen	Member	Home State Bank
Jennifer Ortloff	Member	Peterson Juergensen Hemerick
Jack Daggett	Member	Pride Solutions
Corey Stearns	EDA Board liaison	Stearnswood
Josh Karg	Member	Wells Fargo bank
Scott Ziegler	Member	Piehl, Hanson, Beckman

EDA OPERATIONS

Unhappily, the EDA's operations budget finished the year with a significant deficit of \$22,379. This was covered by operating reserves. The deficit was attributable to a number of unforeseen factors: increased insurance costs, payment of unemployment benefits to a former employee, Enterprise Center set up costs

and lower than anticipated rental revenue among them. Some of the deficit was due to opportunities deemed too good for the EDA to pass up: e.g. the Mid-America Economic Development conference in Chicago, where EDA staff had the opportunity to connect with corporate site selectors.

A detailed breakdown of the EDA's operating deficit can be found in Table 3, below:

Table 3 – Factors Contributing to EDA Budget Deficit

Line Item	Variance from Budget	% of Deficit
Rental Revenue	- \$1,920	8.6 %
Health Insurance	+ \$7,117	31.8 %
Unemployment Benefits	+ \$4,056	18.1 %
Small Tools / Misc. (incubator)	+ \$2,732	12.2 %
Printing & Publishing	+ \$1,800	8 %
Intern	+ \$1,567	7 %
Operating supplies	+ \$982	4.4 %
Other line items	+ \$2,205	9.9 %
NET TOTAL	- \$22,379	100 %

For the year the EDA had revenue of \$172,030 (primarily from property taxes) and expenses of \$194,682 – which resulted in an operating loss of \$22,379.

Despite this, the EDA maintains a budget reserve of approximately 77% which is considered very healthy. Steps will be taken in the upcoming years to build this reserve to a level of at least 100%.

ACTIVITY REPORT

Business Retention & Expansion Program (BR&E)

EDA staff began their latest round of Business Retention visits in the third quarter of the year. Business Retention & Expansion (BR & E) is Hutchinson's primary economic development strategy, simply because it is the most effective tool for local economic development and the least expensive. EDA staff make visits to local manufacturing companies on a 12 – 18 month rotation to (A) convey appreciation, (B) identify any challenges the company is facing and, (C) to evaluate any potential for expansion. For the year seven companies were visited as listed in Table 4, on the following page. Remaining Hutchinson manufacturers will be visited during the first quarter of 2019.

Table 4 – Business Retention & Expansion Visits, 2018

	Company	Contact	Date of Visit	FT/PT Emp.	Comments
1	Innovative Foam	Dean Bertram	9/24/2018	4/1	Busy / happy / growing
2	Stearnswood	Corey Stearns	9/25/2018	19/2	Very busy
3	MITGI	Eric Lipke	9/26/2018	60/9	Business good
4	Stamp-N-Storage	Brett Haugen	9/26/2018	23/4	Just moved to 30K building
5	Pride Solutions	Jack Daggett	9/28/18	29	Busy
6	UPONOR	Paul Jossart	10/22/2018	40	Very busy
7	Customer Elation	Pete Hainey	11/16/2018	100	Moving toward answering service

Skilled Workforce Development

Because of its importance to the manufacturing community, skilled workforce development was the number one priority for the Hutchinson EDA in 2018. Over the course of the year the EDA advanced the TigerPath Skilled Workforce Initiative in a number of ways:

Manufacturer's Summit

In February the EDA, with valuable assistance from the Chamber of Commerce, sponsored a Manufacturer's Summit at Hutchinson High School for the various partners that help make TigerPath possible. The event included an update on the workforce situation from Luke Greiner, DEED Regional Labor Market Analyst, an update on the various aspects of the TigerPath Initiative from EDA and School district staff and a tour of the career & technical education area of the high school.

Project fundraising

To continue advancing the TigerPath Initiative the EDA wrote three grant applications for the year (the \$150K 3M grant was written in 2017). All were approved, resulting in an additional \$170,000 for program implementation. \$95,000 will be used to help fund the new TigerPath Coordinator position at Hutchinson High School with the other \$75,000 potentially being used to provide equipment for the proposed automated screen printing division of Tiger Manufacturing, although no formal decision has been made at the time of this writing.

EDA staff continued to coordinate the invoicing and receipt of donations for TigerPath, with a total of 23 donations from 15 partners being receipted for the year, totaling \$442,100.

By the close of 2018, 28 partners have pledged a combined total of \$1,562,024 for TigerPath. Of that amount 90.6% had already been collected.

TigerPath website

Working closely with school district staff, the EDA took the lead in developing the TigerPath website, which was finally launched in June. The purpose of the website is to educate parents, students and employers on the “why” and “how” of TigerPath.



Key features include:

- ✓ The “Success in the New Economy” video – which explains the motivation for TigerPath
- ✓ A video explaining the academy concept
- ✓ A section for parents featuring (A) a video about rethinking the college decision-making process, (B) information on how to save money for college via college credit articulation and (C) information on the cost to obtain a college degree from various types of post-secondary school.
- ✓ A brief students section encouraging them to think in terms of (1) “What career do I want to pursue?” (2) “What education is needed to obtain that career?” And, (3) “What school best provides that education?”
- ✓ Information about the four TigerPath Academies themselves, along with up-to-date information on potential career opportunities corresponding to each academy.
- ✓ Information on how employers can become engaged in TigerPath, along with an on-line form to post internship opportunities for students.
- ✓ A page recognizing the many financial partners that make TigerPath possible.
- ✓ Frequently Asked Questions
- ✓ Resources – not only for parents & students but also for other communities desiring to implement TigerPath concepts.

As part of the project, official TigerPath branding and academy logos were developed by Vivid Image.

The website can be seen at www.HutchTigerPath.com.

Youth Skills Training Grant

To help provide funding for the proposed TigerPath Coordinator position, EDA staff spearheaded writing an application to the Minnesota Department of Labor & Industry for their Youth Skills Training (YST) grant.

Hutchinson was one of five schools chosen from across Minnesota (out of 25 applicants) to receive funding through the program. \$95,000 was obtained to help fund the TigerPath Coordinator position, the primary function of which is to establish internships with local employers for high school students.



The four TigerPath academies

TigerPath Coordinator

In close collaboration with the school district, EDA staff helped research and develop the job description of the proposed TigerPath Coordinator – with Andrea Moore being hired for the position in late summer of 2018. Job responsibilities of the TigerPath Coordinator are many and varied:

1. Implement the YST Grant (employer internships)
2. Serve as liaison between area employers and the high school – arranging for internships & job shadowing opportunities, setting up classroom visits, implementing an “adopt-a-classroom” program, etc.
3. Coordinating between the high school and Ridgewater College
4. Marketing & promoting the TigerPath initiative in general
5. Assisting with implementation of the TigerPath Academies in general



Andrea Moore, TigerPath Coordinator

TigerPath Skilled Workforce Conference

Partnering with the Hutchinson Chamber of Commerce and the Southwest Initiative Foundation (SWIF), the EDA hosted the TigerPath Skilled Workforce Conference at the new high school in November. The goal of the conference was to share best practices and lessons learned with other communities in southern and western Minnesota.

The conference included an update on demographic changes affecting the availability of skilled workers, a presentation from Craig Cegielski of Cardinal Manufacturing on how to establish a student run, school-based manufacturing business, and a workshop facilitated by Cheryl Glaser so participants could leave with an outline of steps they can take for their own communities. Over 140 people representing more than 30 communities from across Minnesota attended the conference.

The Southwest Initiative Foundation very generously covered all conference expenses.

VIP visits

Hutchinson's skilled workforce development initiative continued to gain prominence in 2018. Highlights were visits by Senator Amy Klobuchar, Congressman Colin Peterson and new MNSCU Chancellor Devinder Malhotra to tour the Center for Technical Excellence at Hutchinson High School and visit with the team implementing the TigerPath Skilled Workforce Initiative. In addition, dozens of school officials, business leaders and political candidates visited Hutchinson over the course of the year.

An Education and Economics Skilled Workforce Conference

The **TIGER** PATH Story

Innovative Approaches to Career Readiness

Thursday, November 15, 2018

The Forum • Hutchinson High School
1200 Roberts Rd SW • Hutchinson

WHO SHOULD ATTEND:
School Administrators & Staff
Educators
Economic Development Professionals
Chamber Professionals
Business Leaders
Elected Officials

HOW TO REGISTER
Register online
[HERE](#)
Cost: **FREE**
Pre-Registration is required to attend

Sponsored By:
SOUTHWEST INITIATIVE
FOUNDATION
TIGER PATH
ACADEMIES
Learning Later. Building Skills. Building Tomorrow.
One community, one shared vision, one student at a time—building a brighter future.

WHY YOU SHOULD ATTEND:
Get information to persuade
Be inspired
Learn about successful programs
Discover funding options
Talk with experts
Get questions answered
Make contacts
Start your action plan

CONFERENCE SCHEDULE
8am Registration
8:30 Welcome
The Demographic Realities
How to build a student-run manufacturing business in your school
12pm Lunch is Provided
Secrets of the TigerPath Initiative
Workshop: Determining YOUR next steps
Tour Center for Technical Excellence
3:15 Adjourn

Applied Engineering Lab

A \$150,000 grant from 3M, authored by EDA staff the previous year, was awarded in January. Funds were used by Hutchinson High School to establish an applied engineering lab in the fall of 2018. Over \$153,000 of new equipment was ordered for the new classroom, with classes starting in December, 2018. The new lab makes possible an applied engineering class called “Physical Science: Engineering” featuring classroom trainers made a Festo Didactic, a world-renowned manufacturer of mechatronics and automation training equipment. Initial enrollment in the new class was 120 (with 40 being female) necessitating five sections of the class.



Gina Plotz, Applied Engineering teacher at HHS

Presentations

A growing number of communities and organizations are showing an interest in TigerPath. Presentations about the TigerPath Initiative were provided by EDA staff at conferences in Wright County, the cities of Red Wing and North Branch, the Minnesota Chamber of Commerce Manufacturer's Summit and the Minnesota Association of Professional County Economic Developers. Several additional presentations are scheduled for the first quarter of 2019.

Awards

For its skilled workforce development initiative Hutchinson won the 2018 Economic Development Award in the “Workforce” category from the Mid-America Economic Development Council. EDA Staff visited Chicago in December to collect the award and attend the Mid-America EDC Competitiveness Conference. The Mid-America EDC is an association of economic development professionals covering 12 states from Colorado to Ohio.

Hutchinson Enterprise Center

The 20,000 square foot Hutchinson Enterprise Center opened for business in January with two tenants: Innovative Foam leased 6,000 square feet and Laser Dynamics leased 8,000 sf. Also in January the offices of the Hutchinson EDA were moved from City Center to the new facility.

In September the City Council approved a three-year lease with RD Machine for 2,000 square feet at the Enterprise Center. The company is launching a pilot project by adding water jet cutting to its range of capabilities. If the company finds there is a sufficient market for this expanded service, the pilot project could potentially trigger an expansion of RD Machine sometime in the future.

In addition, the Southwest Small Business Development Center (SBDC) established a Hutchinson satellite location with office space in the Enterprise Center provided pro bono by the EDA.

Two facility improvement projects were implemented during the year: additional key card access for the office area at a cost of \$6,878 and construction of a monument sign, which cost \$4,809. The sign was completed by Innovative Foam but installation will have to wait until the spring of 2019.

By the close of the year, 89% of all available manufacturing space at the Enterprise Center was leased out with the remaining 2,000 sf being earmarked for one of the existing tenant companies.

Enterprise Center Budget

The Enterprise Center enjoyed a positive cash flow in its first full year of operations. Revenue from all sources (primarily rent) totaled \$55,184 for the year. Expenses totaled \$45,815 with most of these being one-time expenses attributed to the Buildings & Structures and Machinery & Equipment line items. Primarily this was furniture for the EDA offices and an expanded key card entry system to provide security between the various offices and manufacturing bays in the building. Year-end net revenue was \$9,730.

To aid in the construction of the building it was necessary for the EDA to borrow a total of \$310,000 from the Economic Development Loan Fund. This long-term liability will be repaid over the next 15 years through a combination of Enterprise Center rental revenue and tax increment proceeds. For 2018 it was decided the loan would be "interest only" for the first six months with full principle + interest payments coming into effect as of the second half of the year. A payment from the Enterprise Center Fund to the Economic Development Loan Fund in the amount of \$14,987 was made at the close of the year. Going forward, semi-annual payments of \$11,969.56 will be made until the Economic Development Loan Fund is fully repaid.

The 2018 Balance Sheet and Statement of Revenues & Expenditures for the Enterprise Center are included in the EDA year-end financials, found in Appendix A. The 2019 operating budget for the Hutchinson Enterprise Center, along with an amortization schedule for its long-term liabilities can be found in Appendix B.

Cobblestone Inn Hotel

After a long period of project development, the Cobblestone Inn Hotel opened on September 17th.

Located on the northeast corner of State Hwy's 7 & 15, the new hotel is the culmination of a three-year effort to redevelop the city-owned site.

Development time on the project was longer than usual due to the challenging nature of the site, specifically: (1) residual petroleum contamination from two gas stations formerly located on the site, (2) no access to the site from either state



The new Cobblestone Inn hotel dramatically changes the complexion of the Hwy 7 & 15 intersection.

highway and, (3) a very sloped topography.

Upon completion of the Hwy 7 rebuild through Hutchinson in 2009 the city acquired various remnant parcels from the Minnesota Department of Transportation for potential redevelopment – this included an approximately 2.8 acre parcel on the northeast corner of State Highways 7 & 15.

To make development of the lot economically feasible, the City constructed approximately 550' of frontage road from Prospect Street to the development site on the corner. In addition, the city established a "Soils Condition" TIF District to offset the costs of needed soil remediation and the placement of a vapor barrier under the building.

The new 54-room hotel features a swimming pool, fitness center and conference room and is considered one of Cobblestone Inn's flagship facilities.

Medical Clinic Site Redevelopment

In 2016 the EDA acquired a 1-acre parcel adjacent to the Crow River and Franklin Street for redevelopment purposes. After establishing a Redevelopment TIF District on the site and removing a blighted building, the EDA developed a Request for Proposal to market the site to potential developers. By the close of 2018 two separate real estate developers were preparing proposals for redevelopment of the site. It is the plan of the EDA to sell the site for \$1 to the developer submitting the winning proposal, as determined by the EDA and City Council.

State Statute has established a 5-year "activity rule" for TIF Districts, meaning that some form of construction activity must commence within five years of the District being established. For the Clinic site, some activity must be underway by February 22, 2021.

Uponor

In July 2017 Uponor purchased a 237,000 square foot manufacturing building from Hutchinson Technology, Inc.

In the months since the company has been busy remodeling and refurbishing the facility for the production of its PEX plastic piping. Major work was done to establish manufacturing operations in a 100,000 sf high-ceiling bay inside the building and seven new loading docks were added on the north side of the facility. Further renovations will take place throughout 2019 and beyond.

In late 2017 Uponor and HTI approached the City with a proposal to convert the existing HTI driveway off of State Hwy 7 into a public street. To accomplish this, the needed right-of-way had to be annexed and conveyed by the companies to the city. This was in progress at the time of this writing and should be completed by the first quarter of 2019. Funding for the proposed project will come from special assessments on Uponor and, if approved, a Business Development Public Infrastructure grant from DEED. Construction of the new city street is tentatively scheduled for late summer / early fall of 2019.

Uponor employment in Hutchinson was 40 at the close of the year.

New Business Recruitment

In late November EDA staff was contacted by a small manufacturing company located in Dassel. Because their building had been sold they were searching for a new location.

EDA staff put the company in contact with several local owners of manufacturing buildings and the company eventually was able to sign a lease for 8,000 sf located at 25 Michigan Ave. SE (the Heikes Building, formerly occupied by Stamp-N-Storage).



FireLake Manufacturing produces incinerators and crematoriums used by the agricultural, medical and veterinary sectors to dispose of waste at farms, destroy contraband materials and eliminate pathological wastes. The company had nationwide sales of more than \$1 million in 2018.

The company employed three full-time and seven part-time employees as of the end of the year.

Warrior Manufacturing Expansion

In May Warrior Manufacturing announced that it was exploring the potential for a significant expansion of its Hutchinson facility. As proposed, the company would add approximately 25,000 square feet onto its existing building for material receiving and warehousing. As part of the expansion the company would also add office space and more parking.

To make the site economically competitive with other potential locations and help offset the costs of quite extensive soil corrections, the City authorized the establishment of an Economic Development Tax Increment Financing District for the project. In addition, the company will be applying to DEED's Job Creation Fund for assistance.

Construction is slated to begin in the spring of 2019.

Japanese Consul-General Visit

Hutchinson received a huge honor with the visit of Consul-General Naoki Ito of Japan on August 20th. Only one step below ambassador, Consul-General Ito is the highest ranking foreign dignitary to ever visit our community.

Organized in conjunction with the Minnesota Trade Office, Consul-General Ito along with Ralph Inforzato, Director of the Chicago office of the Japan External Trade Organization (JETRO) and Rio Saito, President of the Japan America Society of Minnesota spent the entire day in Hutchinson.



Japanese Consul-General Naoki Ito

Activities began with a tour of 3M followed by a roundtable discussion at the Southwest Initiative Foundation during which Consul-General Ito discussed the importance of maintaining free trade. Following lunch at Zella's Restaurant, there were tours of the Center for Technical Excellence at Hutchinson High School and a visit to Ridgewater College. The day's events were wrapped up with a reception in the Consul-General's honor at the Crow River Winery.

Consul-General Ito's remarks at the reception summed up the day:

"Hutchinson is the hidden gem in Minnesota. I was so impressed by the way your local authorities are collaborating with industry, by the way your manufacturing companies are collaborating with local education institutions."

"My hope is that our visit will be leading the way, paving the way ... and then there will be some tangible progress in terms of economic partnership, business partnership between Japan and Hutchinson," Ito said in a brief speech. *"This is just the beginning, hopefully."*

Through their planning and organization of the day, the Chamber of Commerce played an invaluable role in making Consul-General Ito's visit to Hutchinson a success.

Marketing Efforts

The EDA employs multiple channels to communicate Hutchinson's advantages to developers and corporate site selectors. First among these is the EDA website, which has a special section specifically for site selectors and pages that list available manufacturing sites and buildings. The website also contains a wide variety of information (workforce, financial resources, and demographic data) pertinent to project developers. A significant update of the website was underway at the close of the year and will be completed in the first quarter of 2019.

To complement the website, the EDA maintains a significant social media presence on Facebook and Twitter. Internet search engines will rank a community higher in Google search results if it is mentioned frequently on social media platforms.

For the fourth year running the EDA placed a full-page advertisement in the DEED marketing magazine, which it uses as its primary outreach piece when attending trade shows and corporate site selector events.

Building on the success of Japanese Consul-General Ito's visit to Hutchinson, the EDA will cultivate its relationship with the Minnesota Trade Office, the Japan External Trade Organization (JETRO) and the Consul-General's office to highlight Hutchinson as an attractive option for Foreign Direct Investment by Japanese companies.

Finally, the EDA is seeking to raise Hutchinson's profile by attending site selector conferences and cultivating personal relationships with professionals in that industry.

Grants Obtained

For the year, EDA staff obtained \$695,000 in grant dollars to facilitate local economic development efforts as detailed in Table 5, below:

Table 5 – Grant Writing, 2018

Source	Amount	Use
3M	\$150,000	Applied Engineering classroom at HHS
MN Dept. of Labor & Industry	\$95,000	TigerPath Coordinator / Youth Internships
DEED	\$450,000	Equipment for UPONOR
TOTAL	\$695,000	

Support for Downtown Association

Recognizing the importance of downtown, the EDA provides on-going staffing support for the Hutchinson Downtown Association (HDA). The HDA promotes downtown through a combination of activities and events designed to bring more people into the downtown area. These include planters on Main Street and Christmas Tree tops to beautify the downtown along with events such as Picnic in the Park, Main Street Christmas and the Farmer's Market.

The 2018 Board of Directors for the HDA is shown in Table 6, below.

Table 6 – Hutchinson Downtown Association Board of Directors, 2018

Director	Position	Affiliation
Mike Cannon	President	Citizen's Bank & Trust
Dr. David Mach	Vice-president	Hutchinson Family Dentistry
Joanne Willmert	Treasurer	The Village Shop
Matt Pulkrabek	Director	Hometown Realty
Kevin True	Director	Hutchinson Leader
Kris Haag	Director	
Jamie Maas	Director	Southwest Eye Care
George Quast	Liaison	Historic Hutchinson
Mary Hodson	Liaison	Chamber of Commerce
Gary Forcier	Liaison	City Council
Tim Rohde	Liaison	Farmer's Market

Farmer's Market Spin-off

Since its move to the Depot the Hutchinson Farmer's Market has grown considerably, becoming the premier market of west-central Minnesota. Recognizing that the market has become too big to be managed effectively as part of the Downtown Association, the decision was made to spin-off the Farmer's

Market into its own non-profit entity. With its own board of directors, dedicated exclusively to the growth and success of the market, the Hutchinson Farmer's Market will be better positioned to build upon its already considerable success. EDA staff facilitated this process by drafting by-laws and articles of incorporation for the organization, recruiting a board of directors and completing paperwork to secure non-profit status for the new entity. The new organization should be up and running in the first quarter of 2019.

The inaugural board of directors for the Hutchinson Farmer's Market is listed in Table 7, below.

Table 7 – Farmer's Market Board of Directors

Director	Position	Initial Term
Tim Rohde	President	3 years
Aimee Haag	Vice-president	3 years
Zach Boor	Secretary	1 year
Kris Haag	Treasurer	3 years
Chris Schleuter	Director	2 years
Kathrine Ostrowski	Director	2 years
Geri Johnson	Director	1 year
Rachel Gemuenden	Director	1 year
Sarah Skoog	Director	1 year

Miscellaneous Items

- Fortiori Design, which had won the EDA's 2015 "JumpStart Manufacturing" contest, did not meet its job creation requirement. As a result, the EDA's \$20,000 forgivable loan to the company was placed into repayment status.
- The price for Industrial Park space was updated to \$1 per square foot. After researching land pricing in comparable communities the EDA revised its land price upward so as to maintain a market-level rate and provide resources for future land acquisition.
- The city's Business Subsidy Policy was updated. Language pertaining to DEED's now expired JOBZ program was eliminated and wage goals were tied to the U.S. Department of Health and Human Services Poverty Level for a family of four so they update automatically.
- To better protect the city from potential financial exposure, an application fee of \$15,000 was adopted for the establishment of TIF districts. Developers can be reimbursed from TIF proceeds generated by the project.
- The EDA embarked on a revision and update the city's economic development strategic plan which should be completed in early 2019.

EDA GRANT & LOAN PROGRAMS

Downtown Programs

The EDA operates three programs in support of Hutchinson's downtown. These are the Sign & Awning grant program, the Façade Improvement matching grant program and the Commercial Rehabilitation Loan Program. The intent is to promote the aesthetic quality of the Main Street area and preserve the historic building stock of downtown.

Program Modifications

With the 2020 reconstruction of Main Street rapidly approaching the EDA made some adjustments to its downtown grant and loan programs to encourage area property and business owners to make needed improvements prior to the start of construction. Modifications for each program include:

Sign & Awning Grant Program

- ✓ Waive 8-year restriction on applying for a new grant for rear entrances

Façade Improvement Program

- ✓ Waive 5-year restriction on applying for a new grant for rear entrances
- ✓ Increase maximum grant amount to \$5,000
- ✓ Make handicap accessibility & cement work (for private steps, sidewalks) eligible until 1/1/2021

Commercial Rehabilitation Loan Program

- ✓ New downtown loans will defer payments & interest until 1/1/2021.
- ✓ Upon request, payments & interest on existing loans can be deferred for those months the MainStreet 2020 project is physically underway, up to 1/1/2021.

Program Usage

The Hutchinson EDA continued its support for downtown by providing \$4,000 in grants to Main Street businesses in 2018.

Sign & Awning Grant Program

The Sign & Awning grant program provides up to \$1,000 to applicants wanting to upgrade, repair, or replace their signage or awnings. In 2018, four grants were awarded totaling \$4,000. Table 8, below, provides details.

Table 8 – Sign & Awning Grants Authorized, 2018

Approved	Recipient	Amount
2/28/2018	Happy Sprout Brew & Grow	\$1,000
7/25/2018	Kraft Walser Law Office	\$1,000
10/24/2018	Main Clips	\$1,000
11/28/2018	Veiled by Sisters Bridal	\$1,000
TOTAL		\$4,000

Facade Improvement Program

This program requires a dollar-for-dollar match from applicants and provides up to \$5,000 for owners wishing to upgrade their “curb appeal” of their downtown properties. In 2018, there were no Façade Improvement grants awarded.

Commercial Rehabilitation Loan Program

The Commercial Rehabilitation Loan Program provides low interest loans of up to \$30,000 to property owners who desire to make more substantial improvements to their downtown buildings. Loan terms can be for up to 10 years at the Prime Interest Rate.

In 2018 no Commercial Rehabilitation loans were awarded.

Downtown Loan Fund

At the close of 2018 the Downtown Loan Fund had assets totaling \$1,125,908 of which \$498,263 was cash on hand, \$201,329 invested in the Cenex property and \$426,316 as 23 Commercial Rehabilitation Loans. The State Theatre paid off its loan in December and two poorly performing loans were brought up to date; by the end of the year all loans were performing satisfactorily.

MIF Loan Fund

Over the past four years most of the Minnesota Investment Fund (MIF) grant dollars Hutchinson had accumulated (\$1.2 million) were reinvested into two strategic economic development initiatives: the Hutchinson Enterprise Center (for new business incubation) and the Center for Technical Excellence at Hutchinson High School (for skilled workforce development). As a result, the MIF loan fund had a very minimal cash balance in 2018, which is in keeping with the wishes of DEED and avoids the situation of having financial resources which are not be utilized efficiently.

In early 2018 NuCrane Manufacturing paid off its \$500,000 loan with the city and those dollars were reinvested as noted above.

In 2018 the \$20,000 forgivable loan provided to Fortiori Design (winner of the 2015 “JumpStart Manufacturing” contest) was placed into repayment status. Those dollars will be repaid to the MIF loan fund over the next 7 years at 0% interest.

Economic Development Loan Fund

The EDA’s Economic Development Loan Fund finished the year having total assets of \$478,572 with \$111,791 being cash on hand, \$310,000 as a loan to the Hutchinson Enterprise Center and \$56,781 as loans to four small companies. Two of those loans, totaling \$37,355 are to tenant companies in the Enterprise Center and are forgivable if they purchase or build their own facility when they move out.

SUMMARY

Overall it was an excellent year for economic development in Hutchinson. Projects such as Uponor, the Hutchinson Enterprise Center and the TigerPath skilled workforce initiative will contribute greatly to the overall prosperity of the community for many years to come.

One exceptional asset we have in Hutchinson is the very high level of teamwork, collaboration and comradery exhibited by leaders in the community. EDA staff has received numerous comments about this from visitors. Leadership and staff at the Hutchinson Chamber of Commerce, the school district, the high school, the city and Ridgewater College have a “Can do!” “Will do!” “Let’s go!” attitude and philosophy that makes success not only likely, but far easier to obtain.

For this and many other reasons, Hutchinson, “Minnesota’s Manufacturing City,” is becoming an increasingly attractive option for companies looking to expand their operations in central Minnesota.

Appendix A

EDA Financial Statements (2018 year-end)

HUTCHINSON ECONOMIC DEVELOPMENT AUTHORITY**Balance Sheet****As of December 31, 2018****FULL ACCRUAL - INTERNAL USE ONLY**

	December 2017	December 2018	2018 Change
ASSETS			
Cash	\$ 165,240	\$ 144,413	\$ (20,827)
Accounts Receivable	1,818	881	(937)
TOTAL ASSETS	167,058	145,294	(21,764)
LIABILITIES			
Accounts Payable	3,827	2,887	(941)
Accrued Payroll & Vacation	4,935	5,508	573
TOTAL LIABILITIES	8,762	8,395	(368)
EQUITY			
Reserved - Land (Warrior Sale)	56,736	56,736	-
Unreserved Fund Balance	101,560	80,164	(21,396)
TOTAL FUND BALANCE	158,296	136,900	(21,396)
TOTAL LIABILITIES & FUND BALANCE	\$ 167,058	\$ 145,294	\$ (21,764)
	-	-	-

HUTCHINSON ECONOMIC DEVELOPMENT AUTHORITY
Statement of Revenues & Expenditures
As of December 31, 2018
FULL ACCRUAL - INTERNAL USE ONLY

Description	Budget	December	YTD	Available Balance	
REVENUES					
Current Ad Valorem Taxes	\$ 169,200	\$ 81,548	\$ 168,799	\$ 401	
Delinquent Ad Valorem Taxes	-	91	1,341	(1,341)	
Rentals-Property	1,500	43	43	1,457	
Interest Earnings	750	168	1,387	(637)	
Refunds & Reimbursements	2,500	314	1,342	1,158	
TOTAL REVENUE	173,950	82,164	172,911	1,039	99.4%
EXPENDITURES					
Full-time Employees-Regular	100,137	7,835	85,287	14,850	
Temporary Employees-Regular	18,826	1,589	20,393	(1,567)	
Vacation Pay	-	979	7,885	(7,885)	
Holiday Pay	-	1,371	4,275	(4,275)	
Sick Pay	-	-	2,269	(2,269)	
PERA - Coordinated	7,510	1,030	8,519	(1,009)	
FICA	7,376	818	7,353	23	
Medicare	1,725	191	1,720	5	
Worker's Comp Insur Premiums	720	82	758	(38)	
Unemployment Benefit Payments	-	624	4,056	(4,056)	
Health	7,681	1,532	14,798	(7,117)	
HSA Contribution	1,000	154	1,654	(654)	
Admin Fees - HSA/FLEX	-	-	39	(39)	
TOTAL SALARIES & FRINGE BENEFITS	144,975	16,204	159,006	(14,031)	109.7%
Office Supplies	-	-	197	(197)	
Operating Supplies	2,500	317	3,414	(914)	
Motor Fuels & Lubricants	500	-	146	354	
Small Tools & Minor Equipment	500	(76)	2,085	(1,585)	
TOTAL SUPPLIES, REPAIRS, & MAINT.	3,500	241	5,842	(2,342)	166.9%
Other Professional Services	1,500	1,080	1,315	186	
Phone Services	1,800	222	1,896	(96)	
Postage	200	57	162	38	
Software & Licensing	3,600	50	2,335	1,265	
Travel/Conference Expense	2,425	2,092	5,218	(2,793)	
Advertising	6,200	-	6,660	(460)	
Printing & Publishing	1,500	83	3,300	(1,800)	
Contractual R&M	1,500	125	1,088	412	
Automotive R&M	-	-	731	(731)	
TOTAL OTHER SERVICE & CHARGES	18,725	3,709	22,705	(3,980)	121.3%
Dues & Subscriptions	750	60	60	690	
Taxes & Assessments	-	-	123	(123)	
Donations to Civic Org. (SWIF)	5,500	-	5,000	500	
Miscellaneous Expense	500	321	1,571	(1,071)	
TOTAL MISCELLANEOUS	6,750	381	6,755	(5)	100.1%
TOTAL OPERATING EXPENDITURES	173,950	20,535	194,308	(20,358)	111.7%
NET OPERATING REVENUE (LOSS)	\$ -	\$ 61,629	\$ (21,396)	\$ 21,396	

ECONOMIC DEVELOPMENT LOAN FUND**Balance Sheet**

As of December 31, 2018

FULL ACCRUAL - INTERNAL USE ONLY

	December 2017	December 2018	2018 Change
ASSETS			
Cash	\$ 96,647	\$ 120,678	\$ 24,031
Accrued Receivable	987	-	(987)
Loans Receivable			
Redline Systems	12,463	9,590	(2,873)
Ashwill	12,928	9,836	(3,092)
Laser Dynamics (5-year forgivable loan)	23,000	23,000	-
Innovative Foam (5-year forgivable loan)	14,355	14,355	-
Total Loans Receivable	62,746	56,781	(5,966)
Advances to Other Funds (Enterprise Center)	310,000	301,145	(8,855)
TOTAL ASSETS	470,380	478,603	8,224
LIABILITIES			
Accounts Payable	141	-	(141)
TOTAL LIABILITIES	141	-	(141)
EQUITY			
Unreserved Fund Balance	470,239	478,603	8,365
TOTAL FUND BALANCE	470,239	478,603	8,365
TOTAL LIABILITIES & FUND BALANCE	\$ 470,380	\$ 478,603	\$ 8,224

ECONOMIC DEVELOPMENT LOAN FUND**Statement of Revenues & Expenditures****FULL ACCRUAL - INTERNAL USE ONLY**

Description	Budget	December	YTD	Available Balance
REVENUES				
Loan Interest Income	\$ -	\$ 43	\$ 1,199	\$ (1,199)
Interest Earnings	-	6,356	7,166	(7,166)
TOTAL REVENUE	-	6,400	8,365	(8,365)
EXPENDITURES				
	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-
NET REVENUE (LOSS)	\$ -	\$ 6,400	\$ 8,365	\$ 8,365

ENERGY LOAN FUND - DOWNTOWN LOAN FUND

Balance Sheet

As of December 31, 2018

FULL ACCRUAL - INTERNAL USE ONLY

	December 2017	December 2018	2018 Change
ASSETS			
Cash	\$ 428,184	\$ 498,263	\$ 70,079
Accrued Receivable	1,038	-	(1,038)
Loans Receivable	483,783	426,316	(57,468)
Cenex Property - Capital Asset (\$150K due to City)	157,195	157,195	-
Wright Property - Capital Asset	44,134	44,134	-
TOTAL ASSETS	1,114,334	1,125,908	11,574
LIABILITIES			
Accounts Payable	136	-	(136)
TOTAL LIABILITIES	136	-	(136)
EQUITY			
Invested In Capital Assets	201,329	201,329	-
Reserved for Approved/Unpaid Loans & Grants	30,000	-	(30,000)
Unreserved Fund Balance	882,869	924,579	41,710
TOTAL FUND BALANCE	1,114,198	1,125,908	11,710
TOTAL LIABILITIES & FUND BALANCE	\$ 1,114,334	\$ 1,125,908	\$ 11,574
	-	-	-

ENERGY LOAN FUND - DOWNTOWN LOAN FUND

Statement of Revenues & Expenditures

FULL ACCRUAL - INTERNAL USE ONLY

Description	Budget	December	YTD	Available Balance
REVENUES				
Loan Interest Income	\$ -	\$ 1,236	\$ 12,005	\$ (12,005)
Interest Earnings	-	579	6,204	(6,204)
TOTAL REVENUE	-	1,815	18,210	(18,210)
EXPENDITURES				
Sign & Awning Grants	-	1,000	6,500	(6,500)
TOTAL EXPENDITURES	-	1,000	6,500	(6,500)
NET REVENUE (LOSS)	\$ -	\$ 815	\$ 11,710	\$ (11,710)

2018 LOAN ACTIVITY

	Loan Amount	Rate	Term	Loan Payment Dates		Monthly Payment	Beginning Balance	2018 Payments Made			New Loans	Ending Balance	Last Payment	Paid Thru
				Start	End			Total	Interest	Principal				
Barton, Steve	\$ 19,939	3.25%	120 mos	09/01/2015	08/01/2025	\$ 195	\$ 15,632	\$ 2,338	476	\$ 1,863		\$ 13,770	12/24/2018	12/31/2018
Clark, Casey	30,000	4.00%	120 mos	03/01/2018	02/01/2028	304	30,000	3,037	984	2,063		27,947	12/07/2018	12/31/2018
Haag / Daggett #2	46,703	3.00%	120 mos	09/01/2008	09/01/2018	451	3,641	3,683	42	3,641		(0)	08/27/2018	09/30/2018
Ketcher, Shad (MGE LLP)	65,000	1.25%	120 mos	05/01/2015	04/01/2025	577	47,854	6,918	566	6,352		41,502	12/31/2018	12/31/2018
Landreville, Heather & Mark	30,000	3.25%	120 mos	10/01/2015	09/01/2025	170	27,443	2,042	873	1,169		26,274	12/04/2018	12/31/2018
McCarthy, Robert	65,000	4.50%	180 mos	01/01/2005	01/01/2020	497	11,458	5,967	401	5,566		5,893	12/07/2018	12/31/2018
Mach, David	130,000	1.25%	120 mos	08/01/2012	08/01/2022	1,153	61,659	13,836	694	13,142		48,517	12/10/2018	12/31/2018
Mach, David	30,000	4.25%	120 mos	09/01/2018	08/01/2028	307		1,229	339	890	30,000	29,110	12/07/2018	12/31/2018
Max, Marcus & Michelle	30,000	3.50%	120 mos	11/09/2016	11/01/2026	297	27,152	3,857	960	2,897		24,256	12/28/2018	01/31/2019
Mayland, Joseph (MSSB)	130,000	3.25%	180 mos	08/01/2012	07/01/2027	913	89,897	10,962	2,794	8,167		81,730	12/10/2018	12/31/2018
McMonagle, Red	130,000	2.00%	120 mos	02/01/2004	02/01/2019	1,196	17,764	16,960	238	16,723		1,041	12/31/2018	01/31/2019
Meyer, Lorraine	35,000	1.25%	120 mos	06/01/2010	05/01/2020	310	8,737	3,725	88	3,637		5,100	12/10/2018	12/31/2018
Meyer, Lorraine	12,060	3.25%	120 mos	07/01/2015	06/01/2025	118	9,381	1,414	288	1,127		8,254	12/10/2018	12/31/2018
Oman, Brett	17,487	1.25%	120 mos	01/01/2012	06/01/2021	155	5,051	2,753	41	2,713		2,339	09/07/2018	02/28/2019
Oman, Maria	14,857	1.25%	120 mos	04/01/2010	08/01/2019	132	843	847	4	843		0	04/20/2018	04/30/2018
Peterson, Richard #3	8,300	3.25%	180 mos	05/01/2009	08/01/2024	58	4,142	175	108	67		4,075	08/15/2018	12/31/2017
Prellwitz, Katherine #1	19,640	1.25%	120 mos	08/01/2013	07/01/2023	174	11,674	2,787	142	2,645		9,029	12/10/2018	12/31/2018
Prellwitz, Katherine #2	19,500	1.25%	120 mos	09/01/2013	08/01/2023	173	11,736	2,770	137	2,633		9,103	12/10/2018	10/31/2018
Quade, Howard	10,964	1.25%	120 mos	02/01/2012	01/01/2022	97	4,548	688	49	639		3,910	11/27/2018	08/31/2018
Quade, Howard	10,900	3.25%	120 mos	12/01/2017	11/01/2027	107	10,900	1,278	336	942		9,958	11/27/2018	12/31/2018
Quast, George	17,370	1.25%	120 mos	01/01/2011	11/01/2020	154	5,243	1,849	56	1,793		3,450	12/11/2018	12/31/2018
Quast, George	4,963	1.25%	120 mos	11/01/2014	10/01/2024	44	3,454	528	41	487		2,967	12/11/2018	12/31/2018
Schlueter, Robert	9,226	1.25%	120 mos	10/01/2009	10/01/2019	82	1,783	982	17	965		818	12/10/2018	11/30/2018
Sebesta, Dave	12,800	1.25%	120 mos	01/01/2013	12/01/2022	114	6,591	1,362	75	1,288		5,303	12/10/2018	12/31/2018
Werowski, Leah & Jason	81,941	3.25%	180 mos	10/01/2014	09/01/2029	576	67,198	7,485	2,256	5,229		61,969	12/31/2018	01/31/2019
Downtown Loan Fund	\$ 981,651					\$ 8,354	\$ 483,783	\$ 99,473	12,005	\$ 87,468	\$ 30,000	\$ 426,316	232-0000-11900	
Ashwill Industries	\$ 16,939	5.00%	84 mos	04/01/2016	12/01/2021	287	\$ 12,928	\$ 3,725	633	\$ 3,092		\$ 9,836	12/10/2018	11/30/2018
Redline Systems	16,939	5.00%	84 mos	04/01/2016	12/01/2021	287	12,463	3,439	566	2,873		9,590	10/22/2018	12/31/2018
Laser Dynamics	23,000	0.00%	60 mos	12/01/2017	11/30/2022	-	23,000	-	-	-		23,000	NA - forgivable loan	
Innovative Foam	14,355	0.00%	60 mos	12/01/2017	11/30/2022	-	14,355	-	-	-		14,355	NA - forgivable loan	
Economic Dev Loan Fund	\$ 71,233					\$ 573	\$ 62,746	\$ 7,164	1,199	\$ 5,966	\$ -	\$ 56,781	231-0000-11900	
NuCrane	\$ 500,000	2.00%	96 mos	08/02/2010	07/02/2018	5,640	\$ 33,646	\$ 33,843	\$ 197	\$ 33,646	\$ -	\$ -	06/25/2018	07/31/2018
MOXY	\$ 20,000	0.00%	84 mos	08/02/2018	07/02/2025	238	-	1,190	-	1,190	20,000	18,810	12/10/2018	12/31/2018
MIF Loan Fund	\$ 500,000					\$ 5,640	\$ 33,646	\$ 35,033	\$ 197	\$ 34,836	\$ 20,000	\$ 18,810	233-0000-11900	
TOTAL - ALL LOANS	\$ 1,481,651					\$ 13,994	\$ 580,176	\$ 141,670	\$ 13,401	\$ 128,269	\$ 50,000	\$ 501,906		

MINNESOTA INVESTMENT LOAN FUND

Balance Sheet

As of December 31, 2018

FULL ACCRUAL - INTERNAL USE ONLY

	December 2017	December 2018	2018 Change
ASSETS			
Cash	\$ 27	\$ 994	\$ 967
Accrued Receivable	235		(235)
Loans Receivable			
NuCrane	33,646	-	(33,646)
Moxy	-	18,810	18,810
TOTAL ASSETS	33,908	19,804	(14,103)
LIABILITIES			
Accounts Payable	21	-	(21)
Accrued Payable	483	-	(483)
Advance from Other Funds - Current	33,505	-	(33,505)
TOTAL LIABILITIES	34,009	-	(34,009)
EQUITY			
Unreserved Fund Balance	(101)	19,804	19,906
TOTAL FUND BALANCE	(101)	19,804	19,906
TOTAL LIABILITIES & FUND BALANCE	\$ 33,908	\$ 19,804	\$ (14,103)
	-	-	-

MINNESOTA INVESTMENT LOAN FUND

Statement of Revenues & Expenditures

FULL ACCRUAL - INTERNAL USE ONLY

Description	Budget	December	YTD	Available Balance
REVENUES				
Loan Interest Income	\$ -	\$ -	\$ 197	\$ (197)
Interest Earnings	-	2	44	(44)
Other Revenues	-	-	20,000	(20,000)
TOTAL REVENUE	-	2	20,241	(20,241)
EXPENDITURES				
Interest Expense	-	-	335	(335)
TOTAL EXPENDITURES	-	-	335	(335)
Revenue over (under) expenditures	\$ -	\$ 2	\$ 19,906	\$ (19,906)

HUTCHINSON ENTERPRISE CENTER

Balance Sheet

As of December 31, 2018

FULL ACCRUAL - INTERNAL USE ONLY

	December 2017	December 2018	2018 Change
ASSETS			
Cash	\$ 219,260	\$ 37,299	\$ (181,961)
Accounts Receivable	-	-	-
Accrued Receivable	2,003	-	(2,003)
TOTAL ASSETS	\$ 221,263	\$ 37,299	\$ (183,964)
LIABILITIES			
Accounts Payable	74,380	14,526	(59,855)
Contracts Payable - Retainage	118,209	-	(118,209)
Advance from Other Funds (ED Loan Fund)	310,000	301,145	(8,855)
Security Deposit	2,560	4,000	1,440
Unearned Revenue (Prepaid Tenant Rent)	7,680	-	(7,680)
TOTAL LIABILITIES	512,830	319,671	(193,159)
EQUITY			
Unreserved Fund Balance	(291,567)	(282,372)	9,195
TOTAL FUND BALANCE	(291,567)	(282,372)	9,195
TOTAL LIABILITIES & FUND BALANCE	\$ 221,263	\$ 37,299	\$ (183,964)

HUTCHINSON ENTERPRISE CENTER

Statement of Revenues & Expenditures

FULL ACCRUAL - INTERNAL USE ONLY

Description	Budget	December	YTD	Available Balance
REVENUES				
Rentals - Base Rent	\$ -	\$ 2,667	\$ 28,500	\$ (28,500)
Rentals - Other	-	2,453	26,220	(26,220)
Interest Earnings	-	62	127	(127)
Refunds & Reimbursements	-	337	337	(337)
TOTAL REVENUE	-	5,519	55,184	(55,184)
EXPENDITURES				
Operating Supplies	-	67	199	(199)
Small Tools & Minor Equipment	-	76	1,511	(1,511)
Professional Services	-	-	226	(226)
Utilities	-	537	4,488	(4,488)
Refuse - Recycling	-	-	2,504	(2,504)
Contracted Snow Removal	-	320	3,460	(3,460)
Property Taxes	-	-	-	-
Interfund Loan - Interest Expense	-	6,232	6,232	(6,232)
Miscellaneous Expense	-	-	231	(231)
Buildings & Structures	-	13,928	13,928	(13,928)
Machinery & Equipment	-	-	13,210	(13,210)
TOTAL EXPENDITURES	-	21,159	45,989	(45,989)
NET REVENUE (LOSS)	\$ -	\$ (15,640)	\$ 9,195	\$ 9,195

**TIF #4-5 - Shopko Redevelopment
Balance Sheet**

**As of December 31, 2018
FULL ACCRUAL - INTERNAL USE ONLY**

	December 2017	December 2018	2018 Change
ASSETS			
Cash	\$ -	\$ 146,685	\$ 146,685
Accrued Receivable	2,192	-	(2,192)
Interfund Loan Receivable - TIF #4-16	300,257	311,459	11,202
Interfund Loan Receivable - TIF #4-17	137,966	143,466	5,500
Interfund Loan Receivable - TIF #4-19	8,769	14,779	6,009
Interfund Loan Receivable - TIF #4-20	-	8,603	8,603
Interfund Loan Receivable - NuCrane MIF	33,505	-	(33,505)
TOTAL ASSETS	482,689	624,992	142,303
LIABILITIES			
Accounts Payable	780	-	(780)
Advance from Other Funds (City Funds)	40,138	-	(40,138)
Unavailable Revenue (accrued interest on interfund loans)	20,714	37,794	17,081
TOTAL LIABILITIES	61,631	37,794	(23,837)
EQUITY			
Unreserved Fund Balance	421,057	587,198	166,140
TOTAL FUND BALANCE	421,057	587,198	166,140
TOTAL LIABILITIES & FUND BALANCE	\$ 482,689	\$ 624,992	\$ 142,303
	-	-	-

**TIF #4-5 - Shopko Redevelopment
Statement of Revenues & Expenditures
FULL ACCRUAL - INTERNAL USE ONLY**

Description	Budget	December	YTD	Available Balance
REVENUES				
Current Ad Valorem Taxes	\$ -	\$ 55,112	\$ 108,247	\$ (108,247)
Delinquent Ad Valorem Taxes	-	-	-	-
Interest Earnings	-	118	793	(793)
Transfer from Econo Foods TIF	-	58,896	58,896	(58,896)
TOTAL REVENUE	-	114,126	167,936	(167,936)
EXPENDITURES				
Other Professional Services	-	-	1,796	(1,796)
TOTAL EXPENDITURES	-	-	1,796	(1,796)
NET REVENUE (LOSS)	\$ -	\$ 114,126	\$ 166,140	\$ 166,140

TIF Balance Sheets

TIF #4-16 - 126 Franklin St NW

	<u>December 2017</u>	<u>December 2018</u>	<u>2018 Change</u>
ASSETS			
TOTAL ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES			
Interfund Loan Payable - Shopko TIF #4-5	300,257	311,459	11,202
TOTAL LIABILITIES	<u>300,257</u>	<u>311,459</u>	<u>11,202</u>
EQUITY			
Unreserved Fund Balance	(300,257)	(311,459)	(11,202)
TOTAL FUND BALANCE	<u>(300,257)</u>	<u>(311,459)</u>	<u>(11,202)</u>
TOTAL LIABILITIES & FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
	-	-	-

TIF #4-17 - Hutchinson Enterprise Center

	<u>December 2017</u>	<u>December 2018</u>	<u>2018 Change</u>
ASSETS			
TOTAL ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES			
Interfund Loan Payable - Shopko TIF #4-5	137,966	143,466	5,500
TOTAL LIABILITIES	<u>137,966</u>	<u>143,466</u>	<u>5,500</u>
EQUITY			
Unreserved Fund Balance	(137,966)	(143,466)	(5,500)
TOTAL FUND BALANCE	<u>(137,966)</u>	<u>(143,466)</u>	<u>(5,500)</u>
TOTAL LIABILITIES & FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
	-	-	-

TIF #4-19 - Hwy 7 & 15 Soils & Conditions

	<u>December 2017</u>	<u>December 2018</u>	<u>2018 Change</u>
ASSETS			
TOTAL ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES			
Accounts Payable	5,734	-	(5,734)
Interfund Loan Payable - Shopko TIF #4-5	8,769	14,779	6,009
TOTAL LIABILITIES	<u>14,503</u>	<u>14,779</u>	<u>275</u>
EQUITY			
Unreserved Fund Balance	(14,503)	(14,779)	(275)
TOTAL FUND BALANCE	<u>(14,503)</u>	<u>(14,779)</u>	<u>(275)</u>
TOTAL LIABILITIES & FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
	-	-	-

TIF #4-20 - Warrior Expansion**Balance Sheet****As of December 31, 2018****FULL ACCRUAL - INTERNAL USE ONLY**

	December 2017	December 2018	2018 Change
ASSETS			
TOTAL ASSETS	\$ -	\$ -	\$ -
LIABILITIES			
Accounts Payable	-	-	-
Interfund Loan Payable - Shopko TIF #4-5	-	8,603	8,603
TOTAL LIABILITIES	-	8,603	8,603
EQUITY			
Unreserved Fund Balance	-	(8,603)	(8,603)
TOTAL FUND BALANCE	-	(8,603)	(8,603)
TOTAL LIABILITIES & FUND BALANCE	\$ -	\$ -	\$ -
	-	-	-

TIF #4-20 - Warrior Expansion
Statement of Revenues & Expenditures
FULL ACCRUAL - INTERNAL USE ONLY

Description	Budget	December	YTD	Available Balance
REVENUES				
Current Ad Valorem Taxes	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUE	-	-	-	-
EXPENDITURES				
Other Professional Services	-	4,250	8,500	(8,500)
Interest Expense	-	103	103	(103)
TOTAL EXPENDITURES	-	4,353	8,603	(8,603)
NET REVENUE (LOSS)	\$ -	\$ (4,353)	\$ (8,603)	\$ (8,603)

Appendix B

Enterprise Center Operating Budget & Debt Amortization Schedule

Hutchinson Enterprise Center

2019 Annual Operating Budget

Updated: 16 January 2019

Revenue

1 Innovative Foam Rent	\$23,040
2 Laser Dynamics Rent	\$30,720
3 RD Machine Rent	<u>\$7,680</u>
TOTAL	\$61,440

Expenses

4 Property Taxes*	\$20,800
5 Building Insurance	\$1,500
6 Energy	\$3,000
7 Garbage Service*	\$3,121
8 Snow Removal	\$4,400
9 Operating Supplies	\$500
10 EDA Loan Payments	\$23,939
11 Building Maintenance Fund	\$3,072
12 Building Management	<u>\$1,108</u>
Total Expenses	\$61,440

BALANCE **\$0**

13 MMB Remittance (?) **\$0.00**

NOTES

* Adjusted annually

- 1 6,000 sf x 3.84 psf
- 2 8,000 sf x \$3.84 psf
- 3 2,000 sf x \$3.84 psf
- 4 Per McLeod County Assessor
- 5 Per City Finance Director
- 6 \$250 / month budgeted, average is \$190 / month
- 7 West Central Sanitation, 2 pick-ups / month. 8-yd dumpster = \$260.08
- 8 About \$400 / event (to be reduced), budgeted for 11 events
- 9 Paper towels, furnace filters, etc.
- 10 \$310,000 loan for 15 years @ 2% from Economic Development Loan Fund
Total P & I = \$359,925.23 (Annual pmt of \$23,938.56)
- 11 Building Maintenance Fund (5% of revenue)
- 12 Transfer to EDA Operating budget for building management (up to 5% of revenue)
- 13 Required per MMB?

SUMMARY AMORTIZATION SCHEDULE			
Principal Amount:	\$	310,000.00	
Annual Interest Rate:		2.000%	
Number of Months:	\$	180	
Starting Month:		01/01/18	
Add'l Monthly Principal Prepayment:	\$	-	
Calculated Annual Payment:	\$	23,938.56	
Monthly Rate:		0.006%	
# of Years Saved by Prepayment:			
Total Interest Paid:	\$	49,925.23	
Date of Final Payment:		01/01/33	

Year	Beginning Balance	Principal	Interest	Ending Balance
2018	\$ 310,000.00	\$ 17,835.25	\$ 6,103.31	\$ 292,164.75
2019	292,164.75	18,182.76	5,755.80	273,981.99
2020	273,981.99	18,539.63	5,398.93	255,442.36
2021	255,442.36	18,934.37	5,004.19	236,507.99
2022	236,507.99	19,321.91	4,616.65	217,186.08
2023	217,186.08	19,717.37	4,221.19	197,468.71
2024	197,468.71	20,109.97	3,828.59	177,358.74
2025	177,358.74	20,532.52	3,406.04	156,826.22
2026	156,826.22	20,952.75	2,985.81	135,873.47
2027	135,873.47	21,381.63	2,556.93	114,491.84
2028	114,491.84	21,812.99	2,125.57	92,678.85
2029	92,678.85	22,265.72	1,672.84	70,413.13
2030	70,413.13	22,721.42	1,217.14	47,691.71
2031	47,691.71	23,186.47	752.09	24,505.24
2032	24,505.24	23,659.87	278.69	845.37

Appendix C

Report on 2018 Work plan & Goals

2019 Work plan & Goals

2018 Work Plan & Goals

PROJECT / GOAL	STATUS
1 BUSINESS RETENTION & EXPANSION	
A Conduct 24 BR & E visits	<i>In progress</i>
2 DOWNTOWN	
A Facilitate completion of Hwy 7/15 Hotel Project	DONE
B Identify developer for Old Medical Clinic Site	<i>In Progress</i>
C Aid in redevelopment of blighted properties in and around downtown	<i>Continuing</i>
D Continue support of Hutchinson Downtown Association	<i>Continuing</i>
E Promote redevelopment of former Econo Foods building	<i>Continuing</i>
F Promote development of former Cenex Fertilizer Site	<i>Continuing</i>
G Assist with planning 2020 Downtown Hwy 15 reconstruction (marketing, etc.)	<i>Continuing</i>
H Evaluate feasibility & options for 101 Park Place Redevelopment	<i>Continuing</i>
3 INDUSTRIAL PARK & BUSINESS RECRUITMENT	
A Recruit at least one new company for industrial park	DONE
B Complete set up of Hutchinson Enterprise Center	DONE
C Facilitate UPONOR Project: MIF / JCF / BDPI	DONE
4 SKILLED WORKFORCE DEVELOPMENT	
A Continue implementation of Skilled Workforce Development Plan	
Host "Partners Summit" for project funders (February)	DONE
Finalize TigerPath website	DONE
Obtain funding for TigerPath Coordinator position	DONE
Facilitate ramp up of Tiger Manufacturing	<i>In Progress</i>
Expand tours of local manufacturers / employers (October)	DONE
Aggressively market Hutchinson's Skilled Workforce Development Plan	DONE
B Promote 2nd annual "Welding Camp" at HHS (if feasible)	
5 MARKETING & PUBLIC RELATIONS	
A Marketing	
Regular updates to EDA website	DONE
Regular Facebook / Twitter updates	DONE
Participate in DEED print advertising effort	DONE
Develop relationships with Corporate Site Selectors / Commercial Realtors	DONE
Develop strategic partnerships (DEED, SWIF, SBDC, Ridgewater, etc.)	DONE
B Public Relations	
Speaking engagements to service clubs, etc. (as invited)	DONE
6 GENERAL / MISCELLANEOUS	
A Obtain \$100,000 in grants (various uses)	\$620,000
B Do everything feasible to fill vacant "big box" buildings.	DONE
C Review & update EDA Strategic Plan	<i>In Progress</i>
D Staff continues professional development	DONE

2019 Work Plan & Goals

PROJECT / GOAL	STATUS
1 BUSINESS RETENTION & EXPANSION	
A Complete BR & E visits	
2 DOWNTOWN	
A Identify developer for Old Medical Clinic Site	
B Aid in redevelopment of blighted properties in and around downtown	
C Continue support of Hutchinson Downtown Association	
D Promote redevelopment of former Econo Foods building	
E Promote development of former Cenex Fertilizer Site	
F Assist with planning 2020 Downtown Hwy 15 reconstruction (marketing, etc.)	
G Evaluate feasibility & options for 101 Park Place Redevelopment	
3 INDUSTRIAL PARK & BUSINESS RECRUITMENT	
A Recruit at least one new company for industrial park	
B Facilitate UPONOR Project: MIF / JCF / BDPI	
C Facilitate Warrior Mfg. expansion project	
4 HUTCHINSON ENTERPRISE CENTER	
A Monument Sign	
B Make payment to ED Loan Fund of \$20,000 (in December)	
5 SKILLED WORKFORCE DEVELOPMENT	
A Continue implementation of Skilled Workforce Development Plan	
Facilitate ramp up of Tiger Manufacturing	
Assist with implementation of YST Grant	
Aggressively market Hutchinson's Skilled Workforce Development Plan	
B Promote 2nd annual "Welding Camp" at HHS (if feasible)	
6 MARKETING & PUBLIC RELATIONS	
A Marketing	
Regular updates to EDA website	
Regular Facebook / Twitter updates	
Participate in DEED print advertising effort	
Join DEED Minnesota Marketing Partnership	
Develop relationships with Corporate Site Selectors / Commercial Realtors	
Develop strategic partnerships (DEED, SWIF, SBDC, Ridgewater, etc.)	
B Public Relations	
Speaking engagements to service clubs, etc. (as invited)	
7 GENERAL / MISCELLANEOUS	
A Obtain \$100,000 in grants (various uses)	
B Do everything feasible to fill vacant "big box" buildings.	
C Complete review & update of EDA Strategic Plan	
D Staff continues professional development	
E Planning for development of Hwy 7 east corridor	

Appendix D

Manufacturing Employment Census

2018 Manufacturing Employment Census

December 2018

		Employment	
	Company	FT	PT
1	3-D CNC	24	6
2	3M	1,708	0
3	AKI	5	1
4	AG Systems	115	5
5	Curtiss-Wright NDT*	12	155
6	Customer Elation	100	0
7	Firelake Manufacturing	3	7
8	Goebel Fixture Company	80	0
9	Hillyard	36	0
10	Hutchinson COOP	38	62
11	Hutchinson Iron & Metal	9	0
12	Hutchinson Manufacturing	120	0
13	Impressions, Inc.	76	0
14	Innovative Foam	4	1
15	Laser Dynamics	7	0
16	Lynn Card Company	2	4
17	MITGI	60	9
18	Lallemand (OHLY)	50	0
19	Pride Solutions	29	0
20	Pro Maintenance	23	6
21	Rath Racing	4	7
22	RD Machine	33	3
23	Stamp-N-Storage	23	5
24	Stearnswood	19	2
25	TDK-HTI	550	0
26	UPONOR	40	0
27	Warrior Manufacturing	63	3
TOTALS		<u>3,233</u>	<u>276</u>

* 155 independent contractors

