

REGULAR MEETING OF THE CALEDONIA
ECONOMIC DEVELOPMENT AUTHORITY
CALEDONIA, MINNESOTA
Tuesday, March 8, 2011

CALL TO ORDER: Following due call and notice thereof, President Schroeder called the meeting to order at 1:00 p.m. in the Council Room, City Hall.

ROLL CALL: Members present: Craig Schroeder, President; Members Kathy Nelson, Randi Vick, Tom Murphy, Harley Meiners, and Jon Hagerott. Members absent: Mike Werner. Consultants and City Staff present: EDA Director Andrew Barbes, City Accountant Stephanie Mann, and City Clerk/Administrator Jennifer Feely. Visitors present: None.

MINUTES OF PAST MEETINGS: Following brief review, a motion was made by Member Shroeder, seconded by Member Vick, to approve the minutes of the January 12, 2011 and February 22, 2011 meetings, as presented. All members present voted in favor and the motion was declared carried.

EDA FINANCIAL UPDATE: Andrew Barbes, EDA Director, reported \$190,239.34 in the Checking Account, \$6,376.12 in the Small Cities Development Commercial Program and \$183,863.22 in the DEED and Intermediary Relending Program. Outstanding loan balances currently total \$242,265.68. Following review of the above balances, a motion was made by Member Nelson, seconded by Member Vick, to approve the financial report. All members present voted in favor and the motion was declared carried.

VISITORS AND COMMUNICATIONS. None.

GENERAL EDA: BUSINESS PROJECTS/UPDATES

A. ADMINISTRATIVE FEE FOR NSF NOTICES. Discussion took place regarding whether an administrative fee should be applied to EDA loan accounts in which payments received via ACH generate a NSF notice. Staff explained that the City has received eight (8) NSF notices for EDA loan payments due from Elsie Vesterse with Elsie's Bar and Grill since December 13, 2010. It was noted that as a result, a significant amount of staff time has been spent trying to collect past due loan payments. The consensus was for staff to meet with Vesterse to find out if discontinuing the ACH would be beneficial to Vesterse since it currently is not working and is likely resulting in NSF charges from the bank. No action was taken as staff will meet with Vesterse and report back at the upcoming meeting.

B. EDA SUBORDINATION REQUEST. A subordination request was received from Caledonia Oil Company. It was explained that in an effort to consolidate their existing debt and obtain a debt consolidation loan, Caledonia Oil is asking the City to subordinate its debt payback

position to a lower priority. Caledonia Oil Company is seeking a SBA approved loan through Eitzen State Bank. The purpose of the debt consolidation loan is to provide Caledonia Oil with improved cash flow and an overall lower interest rate. It was further noted that Caledonia Oil currently owes the City the following: \$2,981.85 on a \$10,000.00 IRP loan that was issued on February 5, 2003, \$7,611.96 on a \$12,500 IRP loan that was issued on June 28, 2006, and \$3,517.87 on a SCDP loan that was issued in February 2006. The total outstanding debt owed to the City by Caledonia Oil is \$14,021.86. Member Schroeder inquired as to Caledonia Oil's net profit. Member Murphy noted that this is the first refinance the EDA has dealt with. Member Hagerott inquired as to the City's position. Barbes replied that the payback order would be Eitzen State Bank, SMIF Foundation, and then the City EDA. Member Nelson suggested that Barbes meet with Eitzen State Bank to see if they would be willing to provide a personal guarantee before the matter is presented to the City Council for approval. A motion was made by Member Nelson, seconded by Member Schroeder, to first ask Eitzen State Bank if they would be willing to provide a personal guarantee; otherwise, if Eitzen State Bank refuses to provide a personal guarantee, the EDA recommends approval of the Caledonia Oil Company subordination request to the City Council. All members present voted in favor and the motion was declared carried.

C. BUSINESS VISITS. Barbes shared that he has met with local banks, the Crest Inn, AmericInn, and Betsy's Bed and Breakfast. Barbes also noted that he is working with Betsy's Bed and Breakfast to assist them with geocaching. Barbes went on to note that he has met with individuals looking to start a welding business and an individual looking into setting up a youth center on Main Street.

D. IRP REPORTING. Barbes provided the EDA with an update as to the status of the IRP report. Barbes noted that he is still working on the report and that he has been in contact with USDA Rural Development. Barbes explained that the previous EDA Director did not notify him of the report's due date.

ADJOURNMENT: A motion to adjourn was made by Member Murphy and seconded by Member Vick at 2:15 p.m. All members present voted in favor and the motion was declared carried. The next regular meeting of the EDA is scheduled for 1:00 p.m. on Tuesday, May 10, 2011 in the Council Chambers located at City Hall.

Craig Schroeder, President

Jennifer Feely, City Clerk/Administrator