

**City of Moorhead
Economic Development Authority
Meeting Minutes**

August 24, 2009 at 11:30 AM

*****NOTE: ByteSpeed, 3131 24 Ave S, Moorhead, MN*****

Pursuant to due call and notice thereof, a regular meeting of the Economic Development Authority was held in the conference room of ByteSpeed, 3131 24 Ave S, Moorhead, MN, on August 24, 2009, at 11:30 AM.

Roll call of the members was made as follows:

3rd Ward Council Member:	Lauri Winterfeldt	Present
4th Ward Council Member:	Mark Hintermeyer	Present
Board Member:	James Welch	Present
Board Member:	James Taylor	Present
Board Member:	Gane Skatvold	Present
Board Member:	Jon Riewer	Absent
Board Member:	Kay Parries	Present
Board Member:	Kelli Poehls	Absent
Board Member:	Mark Wallert	Present
Board Member:	Robert Remark	Present
Board Member:	Werner Golling	Present

Others Present:

Jason Redfield, General Manager, ByteSpeed
Michael Redlinger, City Manager
Wanda Wagner, Finance Director
Scott Hutchins, Director of Community Services
Pete Doll, Manager of Business & Development Services

1. [Call meeting to Order/Roll Call](#)

2. [Agenda Amendments](#)

Minutes: None.

11:46 AM

3. [Approve Minutes of July 27, 2009](#)

Motion to Approve Minutes of July 27, 2009, made by Mark Wallert and seconded by Robert Remark

Motion Passed: For: 9; Against: 0; Abstain: 0; Absent: 2

4. [Citizens Addressing the Board](#)

Minutes: None.

11:46 AM

5. [Primary Sector Business Projects Update - Hutchins](#)

A [MSUM / City Bioscience Application](#)

Minutes: Hutchins briefed the board on the status of the grant application for the MSUM Wetlab grant. He stated the grant had been submitted in July and that it was being reviewed by DEED at this time. He stated that two staff members from DEED were in Moorhead last week speaking with city staff regarding flood recovery and he and City Manager Redlinger took the opportunity to discuss 11:46 AM

the economic benefits of the MSUM bioscience project to Moorhead and the State of Minnesota. He reiterated the efforts of the city to secure legislative changes to this DEED program. He stated that the agreement between MnSCU, the City of Moorhead, and Moorhead State University Moorhead has been drafted and approved by all parties and awaited signature pending DEED action on the grant request.

B MPS Primary Sector Rate Incentive

Minutes: Hutchins stated that the Moorhead Public Service Commission (MPSC) held a rate hearing at the beginning of August. He stated that after a 30-day period, the commission will act to establish this primary sector business incentive. Hutchins stated that Pactiv was proceeding with its expansion of the Moorhead operation and that the company made it clear that the likelihood of receiving this incentive was significant in deciding to expand in Moorhead. 11:49 AM

C ByteSpeed: Facility Tour / Expansion Plans - Doll

Minutes: Hutchins introduced Jason Redfield, general manager of ByteSpeed. At Chair Welch's suggestion, board members introduced themselves to Redfield. Hutchins briefed the board on the history of ByteSpeed and the city's involvement with their relocation to Moorhead. He stated that ByteSpeed is hoping to expand their facility and that he and staff were working out the nuances of structuring an appropriate incentive to aid the expansion. 11:50 AM

Redfield presented a brief history of ByteSpeed, its humble beginnings in Fargo and move across the river as expansion was needed. He stated that they are a company similar to Dell in that they assemble computers and that their primary focus is school districts throughout the country. He stated there are three active partners and eight other investors. He said the company started in downtown Fargo but quickly ran out of room and began looking for existing spaces but could not find a building that suited them. Redfield stated that he grew up in Moorhead and persuaded the partners to consider a Moorhead location. He stated that the low cost of land and JOBZ incentive program provided them with the assistance they needed to locate in Moorhead.

Redfield presented the company's 2008 financial highlights. He stated that 92% of sales were located outside the area (MN & ND) making them a truly national company. He stated that it took the company three years to show a "year to date" profit and four years to achieve "overall" profitability.

ByteSpeed operations include sales staff, technicians, and support staff. He stated that they are looking to expand into the health care market but they have not dedicated sales staff to this area at the present time.

Jason stated that they are looking to double the size of the facility. They are out of room and cannot hire more staff. Their highest sales months are June, July and August. They would like to increase their sales staff to sustain sales growth.

Redfield answered many questions board members had including: How many employees does ByteSpeed currently employ? Is the sales staff located on site? How are the units shipped?

After questions from the board, Redfield led a tour of the facility after which Hutchins gave details of the technical issues that city staff was trying to work through in order to provide ByteSpeed with the necessary incentives to expand. He stated this was a company that initially searched Moorhead out, and the city was able to respond with land and incentives to make it affordable for

ByteSpeed.

6. [Recommend 2010 EDA Budget & Levy - Redlinger / Hutchins](#)

Minutes: Hutchins opened the discussion of the 2010 EDA Budget and Levy. Redlinger provided the board an update regarding the new Business Outreach position. He stated that staff would be meeting with Chuck Chadwick and representatives of Greater Moorhead Development tomorrow and that he knows Chuck is excited to get out and meet business owners. 11:46 AM

Redlinger also stated that the city's "truth in taxation" hearing will be occurring soon which will include the proposed 2010 EDA levy. He stated that staff has spoken to the city council about projects they would like to complete but that with the lack of state funding the budget would likely remain at the same level for 2010.

Winterfeldt stated that she was concerned that City Council approval of the EDA levy is not a "slam dunk". Hutchins stated that the minimum 2010 EDA levy would need to include the match for the MSUM wetlab facility and payment of the Business Outreach position.

Wallert stated that recently a couple of startup companies looking to locate somewhere and had toured MSUM as part of their search. He stated that new businesses typically look at the universities when deciding where to locate. Wallert asked what incentives would be available to offer to these startups to remain competitive with North Dakota. Hutchins stated the city advocated and passed venture capital tax credit (SEED) legislation two sessions ago. In light of some recent events in the Twin Cities, it is likely a significant effort will be made to pass and fund a statewide bill next session. The city will look at opportunities to fund its program at this time. Hutchins further noted that Moorhead's relationship with DEED and other agencies provides opportunities for Moorhead to do deals that will benefit the city and state.

Hintermeyer stated that he thought the board should go back to the 2007/2008 EDA Levy amounts of \$230,000. He thought it would be a good faith effort to scale back the levy this year. He stated there are a number of issues before the city council such as the school bond referendum and flood mitigation that will raise property taxes for citizens.

Board members discussed various aspects and factors for setting an amount of the EDA levy. Board members tended to agree that the level should be reduced and it be set at the \$230,000 level.

Hintermeyer stated that lower property taxes have always been one of the few advantages Moorhead has had over Fargo. He would like to see this remain as an advantage and keep taxes low.

Motion recommend to the City Council that the Preliminary 2010 EDA Budget and Levy be set at \$230,000 made by Mark Wallert and seconded by GaNe' Skatvold.

Motion Passed: For: 9; Against: 0; Abstain: 0; Absent: 2

7. [Information / Update](#)

8. Adjourn

APPROVED BY:

ATTEST:

Jim Welch
Chair

Gane' Skatvold
Secretary

The proceedings of this meeting are digitally recorded and are available for public review.

Respectfully submitted by:
Amy Thorpe, Community Services Program Assistant