

2009

ANNUAL REPORT



Alexandria Area
Economic Development
Commission

*DRIVING THE ECONOMIC
WEALTH & STABILITY OF
OUR COMMUNITIES*



LETTER FROM THE DIRECTOR

We all know 2009 was a tough economic period for our communities and businesses. We may not have had the record economic development activities that we enjoyed in years past, but we still experienced positive economic growth through our business investments and initiatives. Inside this report, we provide a glimpse of those investments and successes which took place in 2009.

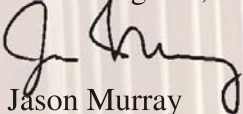
I want to take this opportunity to thank our terrific partners - Alexandria Technical College, West Central Initiative, and Headwaters Regional Development Commission for sharing their leadership and supporting our work in economic development. Working with passionate and energetic organizations creates great opportunities for this organization and the communities that we serve.

I also want to thank the Commission's Board of Directors that volunteer to serve this fine organization. While much of their work does not get the recognition it deserves, they play a critical role in supporting and encouraging the aspirations of the organization. As he leaves the Board, special thanks is given to Rick Paulsen for his mentorship, unwavering support, and leadership with the Commission.

A final thank you goes to all those who have made the Alex Area Stewards initiative a success. We continue to believe in uniting our communities through leadership, communication, and commitment to a common future. Our communities have the ability to grow and prosper, as long as we can act with a unified voice and with a common vision.

On behalf of the Commission, our heartfelt appreciation to all the companies and individuals that make our work meaningful. We wish you all a prosperous and successful 2010.

Warm Regards,



Jason Murray
Executive Director

AAEDC STAFF & BOARD OF DIRECTORS



Rick Paulsen
City of Alexandria



David Kjos
Alexandria Township



Jason Murray
AAEDC



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AAEDC

EX-OFFICIO MEMBERS/LIAISONS/INVITED GUESTS:

Al Crowser (Alexandria Light & Power), **H. Dan Ness** (City of Alexandria), **Paul Anderson** (Douglas County), **Coni McKay** (Alexandria Lakes Area Chamber of Commerce), **Joel Dahlheimer** (Alexandria Township), and **Dave Wolf** (Gardenville Cooperative Telephone Association)



MISSION STATEMENT

Our Vision: We envision a future for the Alexandria Area and Douglas County as the most vibrant regional center in the upper Midwest.

Our Mission: The mission of the Alexandria Area Economic Development Commission is to drive the economic wealth and stability of our communities.

Our Core Values:

Stewards - Build a strong coalition for action to support economic and community growth for our area.

Trust - Earning and sustaining the trust of our businesses, communities and elected leaders we serve.

Inclusiveness - Work to promote the prosperity of the region.

Nurturing - Empower and educate our communities and our leaders.

Respect - Admiration for our natural resources and embracing the opportunities they provide.

The mission of the Lakes Area Economic Development Authority is to support the mission of the Economic Development Commission by providing fair and equitable resources. The Authority, fully implemented in 2004, was established to formalize the funding for economic development and to bring the political subdivisions together for a unified economic development effort.

In 2009, the AAEDC focused on the following key areas of service:

- Business Planning

The AAEDC works with a large variety of businesses and individuals in the business planning process. Since no two business ideas are the same, and no two businesses or ideas are at the same point in the planning process, business planning assistance is tailored specifically to the individual's or business's needs.

- Demographics Information

The AAEDC strives to be a demographics, statistics, and information clearing house for our area and produces multiple publications each year focusing on the growth and changes of our communities and all of Douglas County.

- Site Selection Assistance

In a continuously growing effort to assist area realtors and property owners to market commercial properties throughout the area, the state, and the nation, the AAEDC maintains two supplemental property listing databases of "for-sale" and "for-lease" properties. These databases are free for the listing of commercial properties in Douglas County, and can be easily accessed by individuals, businesses, and site selectors from throughout the nation.

- Commercial Tax Incentives

The AAEDC works with new and existing businesses on startup and growth projects, some of which can be supported through incentive programs, including: Tax Increment Financing (TIF), Tax Abatement, Industrial Revenue Bonds, and the State of Minnesota's Job Opportunity Building Zone (JOBZ) program.

- Revolving Loan Funds

In addition to commercial tax incentives, the AAEDC has a pair of Revolving Loan Funds at its disposal to assist area businesses with growth and expansion projects. Funds are specifically used in coordination with primary financing through a financial institution and cannot be used as the primary means of project funding.

- Financial Packaging

As a part of business planning, the AAEDC helps individuals and businesses to create and analyze financial projections to identify potential needs of the business. Within the financial packaging and planning process, the AAEDC does not recommend any specific commercial lending institution(s) to clients.

- Community Stewardship

In today's changing economic environment, it is becoming more important than ever to maintain cross-organizational communication and a 360 degree vision for the future of our region. The AAEDC is continuously working to be a convener of communication on the future of our communities and region.

Funding provided by the Lakes Area Economic Development Authority (LAEDA) whose membership is comprised of the City of Alexandria, City of Garfield, Alexandria Township, and LaGrand Township; with supporting annual appropriations from the Townships of Brandon, Carlos, Hudson, Lake Mary, and Douglas County.

JOBZ MINNESOTA PROJECTS



At the close of FY 2003, Governor Pawlenty unveiled the Job Opportunity Building Zones (JOBZ) program as a new rural Minnesota economic development plan. The goal of JOBZ is to stimulate economic development in rural Minnesota by providing local and state tax exemptions to offer assistance to value-added manufacturing and industrial, or high wage service-type businesses. Retail and housing projects are not eligible to receive JOBZ benefits. Local entities participating in the JOBZ program include the Cities of Alexandria, Brandon, Garfield, and Osakis; and the Townships of Carlos and LaGrand. Designated industrial sites in these areas offer growing and expanding businesses the opportunity to substantially benefit from tax exemptions through December 31, 2015.

Tax exemptions apply only to qualified businesses. Businesses will become qualified for JOBZ through the execution of a Business Subsidy Agreement (BSA). On an annual basis the company must report to the MN Department of Employment & Economic Development and local units of government their progress in creating jobs and wages.



COMPANY: 3M - Abrasive Systems Division

PARTICIPATING ENTITY: City of Alexandria

PROJECT TYPE: Expansion

SQUARE FEET: 60,000

BUSINESS DESCRIPTION: Manufacturer of abrasive belts and discs.

HOURLY AVERAGE WAGE & BENEFITS: \$19.26 - 65.00

ESTIMATED PROJECT COSTS: \$48,850,000

JOBS RETAINED: 250

¹JOBS CREATED: 50

PROJECT COMPLETED: February 3, 2009

*¹Jobs created figure confirmed in BSA agreement totalling full-time and full-time equivalent projections within 1-5 years.
Job numbers reported in BSA agreements are usually minimums and actual number may be much higher.*

2009 JOBZ ECONOMIC IMPACT REPORT

ESTIMATED PROJECT COSTS:	\$48,850,000
NEW CONSTRUCTION SQUARE FEET:	60,000 sq. ft.
¹JOBS RETAINED:	250
²JOBS CREATED:	50

TOTAL LOCAL JOBZ ECONOMIC IMPACT

TOTAL ESTIMATED PROJECT COSTS:	\$65,780,000
TOTAL CONSTRUCTION SQUARE FEET:	350,400 sq. ft.
¹TOTAL JOBS RETAINED:	780
²TOTAL JOBS CREATED:	164

¹Jobs retained figure totals full-time and full-time equivalent positions.

²Jobs created figure totals full-time and full-time equivalent projections within 1-5 year.

Total Local JOBZ Economic Impact figures for projects from 2004 to 2009.



2009

PROJECT HIGHLIGHTS

COMPANY: DOUGLAS SCIENTIFIC/DOUGLAS MACHINE INC.

Douglas Scientific/Douglas Machine, Inc. of Alexandria has completed a 26,000 sq. ft. expansion to their facilities in the Alexandria Industrial Park, which will provide clean space/laboratory space for research and development of the company’s Douglas Scientific division and additional space for the company’s core manufacturing functions. This expansion will create an additional 12 new positions within the company and had a total project cost of \$1.6 million. The AAEDC assisted Douglas Scientific/Douglas Machine Inc. with applying to the City of Alexandria for Tax Increment Financing (TIF) benefits to help offset infrastructure costs.



COMPANY: LAKEWOOD TERRACE, LLC

Lakewood Terrace, LLC will be constructing two multi-family housing facilities on South Broadway in Alexandria, totalling 50,000 sq. ft. with a total estimated project cost of \$5.2 million. Each facility will contain 18 housing units. The project is scheduled for completion in August of 2010, and will result in the employment of 2 full-time and 4 part-time individuals. The AAEDC has assisted Lakewood Terrace, LLC with applying for Housing Tax Increment Financing (TIF) benefits from the City of Alexandria to assist with the cost of the project’s infrastructure. In return for these benefits, the developer will commit 20% of the units to individuals/families who’s income is 50% or less than the area’s median gross income.



COMPANY: LIFELINK III

LifeLink III, a leader in ground and air medical transportation, has selected Alexandria as the location of a new air base for emergency medical transportation servicing West Central Minnesota. As part of this location, LifeLink III will station at least one helicopter in Alexandria at all times. For a severely sick or injured patient, the presence of an emergency transport helicopter in the community will significantly decrease the time required for a patient to arrive at a specialty care facility in a metropolitan area. LifeLink III’s presence in the community is a valuable addition to the region’s growing medical hub.

As part of this project, LifeLink III will be sub-leasing existing hanger space from Weber’s Aero Repair at Alexandria’s Chandler Field, and will be placing a 1,200 sq. ft. office and personal quarters for medical staff and administrative functions on the property. To support the Alexandria base, LifeLink III will be employing approximately 15 people, including pilots, Registered Nurses, maintenance personnel, and Emergency Medical Technicians.



2009 COMPLETED PROJECTS



COMPANY: STEUSSY DIESEL, INC.

Steussy Diesel has completed construction of a 6,800 sq. ft. building expansion in Hudson Township. Steussy Diesel offers a complete medium and heavy duty truck/trailer repair facility, a Goodyear tire and alignment facility, heavy duty truck and trailer towing, tire repair roadside assistance, mechanical roadside assistance, and a full service shop with a full like of truck parts. The additional facility space will allow the company to expand its parts and storage ability and to increase its engine repair services. Steussy Diesel currently employs 10 individuals and will be hiring 3 additional employees in coordination with this project.



COMPANY: LEGACY OF ALEXANDRIA

Phase 1 of the 2 phase Legacy of Alexandria, 116 unit multi-family apartment complex in Alexandria has been completed. Construction was finished on 62 units during 2009 and the remaining units will be constructed during 2010. The entire project has a total estimated cost of \$10 million and will result in 165,845 sq. ft. of new construction. The AAEDC assisted the developer (INH Property Management) with applying for and securing Housing Tax Increment Financing (TIF) from the City of Alexandria. In return, the developer will commit 20% of the units to individuals/families who's income is 50% or less than the area's median gross income.



COMPANY: RIVERSIDE SUPPLY, INC./POWERS MACHINING, INC.

The AAEDC staff providing assistance to Riverside Supply Inc./Powers Machining Inc. in applying for Tax Increment Financing (TIF) benefits from Douglas County for their new 16,000 sq. ft. facility in Carlos Township.

Riverside Supply is a customer focused company supplying fasteners and consumables to the manufacturing and assembly industry.

Powers Machining provides CNC milling and turning and conventional milling and turning to their clients, specializing in machined weldments, prototype work and short run production, and mold machine presses.

TOTAL PROJECT ECONOMIC IMPACT

ESTIMATED PROJECT COSTS:	\$17,466,000
NEW CONSTRUCTION SQUARE FEET:	265,845 sq. ft.
¹JOBS RETAINED:	540
²JOBS CREATED:	36

¹Jobs retained figure totals full-time and full-time equivalent positions.

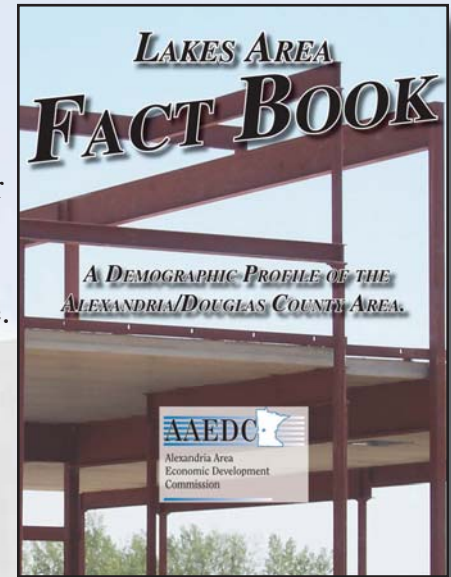
²Jobs created figure totals full-time and full-time equivalent projections within 1-5 years.

ANNUAL PUBLICATIONS

Lakes Area Fact Book

Since its initial publication in 2002, the *Lakes Area Fact Book* has grown significantly in content and now has a distribution of 2,500 copies annually. Fact Books are regularly utilized by business and community leaders, residents, visitors, and individuals and companies considering relocating to our area. Included in the publication is information focusing on: Regional tax rate comparisons, Douglas County schools, local utility information, population statistics and projections, workforce data, retail trade statistics, and much more. The publication highlights many of the facets of the Douglas County area that have been identified by individuals and businesses as key community facts for residents, businesses, and those making relocation decisions. This publication is updated and published each July.

Special thanks to the Alexandria Lakes Area Chamber of Commerce for their significant assistance with the distribution of this publication.



Douglas County Manufacturers & Support Industries Directory

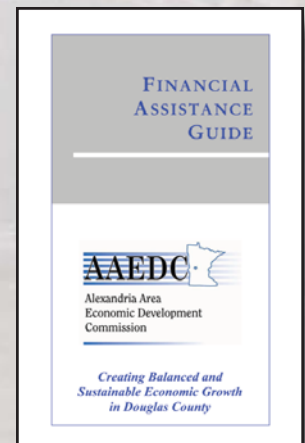
Each year the AAEDC updates and publishes information on the manufacturing and support industry businesses throughout Douglas County in the *Douglas County Manufacturers & Support Industries Directory*. In 2009, this publication including contact information and descriptive paragraphs on over 235 manufacturers and supporting industry companies from throughout Douglas County. Also included in the publication is a demographic and statistical overview of Douglas County and contact information for Douglas County elected officials, along with the Cities and Townships that annually support the AAEDC.

In addition to alphabetized company profiles, a “Companies by Category” section is included in this publication where each organization is grouped with like good and service providers to simplify the search process for individuals seeking a specific type of business.

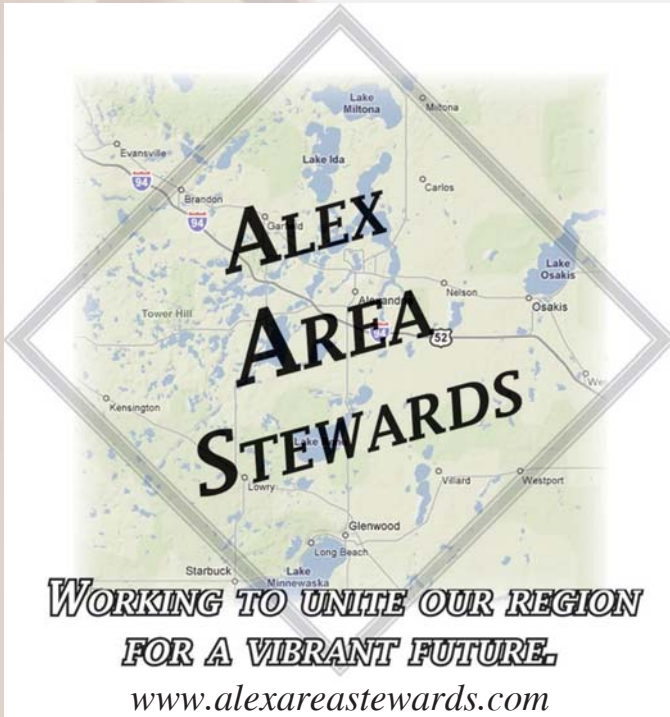


AAEDC Financial Assistance Guide

To promote and educate businesses and individuals about the financing options available to businesses located in Douglas County, the AAEDC produces a Financial Assistance Guide publication. This publication highlights local revolving loan funds, municipal financing programs, region-wide financing organizations, state-wide financing organizations, and venture capital organizations. The majority of financial resources listed within this publication provide “gap” financial assistance to businesses and can be utilized only in coordination with funding through a commercial lender.



ALEX AREA STEWARDS



The Alex Area Stewards initiative has completed its second year of “Working to Unite Our Region for a Vibrant Future.” The Stewards have joined with organizations throughout the Alexandria Regional Community to share information, insights, and resources to benefit our entire regional community and to build upon our 12 Destiny Drivers.

SPECIFIC EFFORTS IN 2009 HAVE INCLUDED:

Regional Community Meetings:

- To gain a better understanding of the shared efforts and challenges of communities throughout the region and to increase cross-community communication and collaboration, the Stewards have undertaken an initiative to meet with community and business leaders from our area’s smaller towns. Leaders from each visited community are asked to attend the meeting to discuss activities and challenges along with ways that organizations and elected officials can work together more effectively.

Destiny Driver Measures Identified:

- The Stewards Measures Committee has completed the selection of specific measurements for each Destiny Driver in order to measure their success in the future. Data specific to each Driver will be analyzed annually and shared with the community through the Alex Area Stewards website: www.alexareastewards.com.

Community Awareness Publication:

- Released in late November, a publication highlighting the efforts and direction of the Stewards group and each of the 12 Destiny Drivers was distributed to over 17,000 homes and businesses throughout the Alexandria regional community. In addition to building stronger knowledge of the Alex Area Stewards initiative throughout the region, the publication focused on increasing awareness of the efforts of the Stewards and other organizations that are working to make our region a stronger, more vibrant place to live and do business.

OUR SHARED DESTINY:

Through collective action, the Alexandria region will be...

- *A progressive region, growing in prosperity while remaining true to our small town community values;*
- *An innovative community, known for its leading-edge businesses, education, and governance;*
- *The leading regional center in the upper Midwest for world-class, global manufacturing, especially in the areas of automation and machine control;*
- *A magnet for talent of all ages;*
- *A respected leader in the management of our natural resources;*
- *A welcoming community, embracing diversity of age, race, gender, creed, and economic status; and*
- *A UNITED regional community, committed to working together toward our common destiny.*

Alex Area Stewards Program Sponsors:

Otto Bremer Foundation, West Central Initiative, Bremer Bank, Alexandria HRA, Alexandria Light & Power, Glenwood State Bank, Mid-Minnesota Federal Credit Union, First State Bank of Alexandria, Alexandria Technical College, State Bank & Trust, Runestone Electric Association, West Central Sanitation, and the AAEDC.

ANNUAL CAPSTONE EVENTS

Business & Industrial Appreciation Day

The boards of directors of the AAEDC and the Alexandria Lakes Area Chamber of Commerce selected The Aagard Group, LLC of Alexandria as the recipient of the 2009 Business & Industrial Appreciation Day (BIAD) Award. The award was presented to the company at the annual BIAD Luncheon held on October 27th at the Arrowwood Resort & Conference Center.

The Business & Industrial Appreciation Day Event has been taking place annually since 1984, and honors a local business or organization which has met the following criteria:

- Growth in number of employees; the impact of the business on the job market
- Increase in sales and/or unit volume; an indication of continued growth
- Capital Investment; an indication of commitment by the business to increase community capacity
- Community Contributions; evidence of the business's investment of time, skills and resources to assist in community oriented projects

The Aagard Group was selected to receive the 2009 BIAD award based upon the following accomplishments:

- The company's continued growth in employees (nearly doubled in the last 3 years)
- The company's numerous expansion projects that have taken it from a 9,500 sq. ft. facility in Carlos, MN to a 75,000 sq. ft. facility in Alexandria since the company's founding in 1997
- The continued commitment to redefining the standard of engineering and manufacturing excellence
- The entire company's (leadership and employees) commitment to driving the economic strength of the region by "Winning together honorably."



Pictured L to R: Dave Lambert (Chamber Board President), Brent Smith (The Aagard Group), David Kjos (AAEDC Board President)

Manufacturers & Support Industries Breakfast



Dr. Chris Kuehl
Armada Corporate
Intelligence

The week of October 26-30, 2009 was celebrated throughout the state of Minnesota as Manufacturers Week. In local recognition of the contributions of our manufacturing and support industry businesses, the AAEDC and the Alexandria WorkForce Center/DEED hosted the 4th Annual *Manufacturers & Support Industries Breakfast* on October 29th at the Alexandria Technical College.

In the continued tradition of this event, a complimentary breakfast was provided to the 100 event attendees, and a keynote presentation was provided by Dr. Chris Kuehl of Armada Corporate Intelligence. Dr. Kuehl is a nationally recognized economist who specializes in the impacts of regional, national, and global changes on manufacturing companies.

The 2009 Manufacturers & Support Industries Breakfast was sponsored by Alexandria Light & Power, Alexandria Technical College, Bremer Bank, First State Bank of Alexandria, Glenwood State Bank, Innovative Builders, ORB Management, Runestone Electric Association, and Viking Savings Bank.

COMMUNITY PARTNER ACTIVITIES

ALEXANDRIA TECHNICAL COLLEGE LAW ENFORCEMENT CENTER GRAND OPENING:



On September 25, 2009, Alexandria Technical College hosted a grand opening for the new 59,000 sq. ft., \$10.4 million ATC Law Enforcement Training Center. This state-of-the-art facility will house the ATC Law Enforcement program, and will provide excellent skills training facilities to law enforcement agencies from throughout the region and state. Included in this facility is an indoor firing range, dispatch center, crime scene investigation laboratory, tactical warehouse, and classrooms. The Law Enforcement Program is one of the signature programs of Alexandria Technical College and the new facility marks the College as one of the premier training facilities in the northern plains states.

ALEXANDRIA TECHNICAL COLLEGE - MINNESOTA JOB SKILLS PARTNERSHIP GRANTS:

KNUTE NELSON

Alex Tech received a \$49,752 Minnesota Job Skills Partnership Grant with Knute Nelson to train 30 employees. The project will provide an innovative training experience targeting the needs of extended care for the elderly using simulation based training. Alexandria Technical College will develop a comprehensive package of simulation scenarios tailored to the care needs of the elderly population at Knute Nelson.

DOUGLAS MACHINE

Alex Tech received a \$276,329 Minnesota Job Skills Partnership Grant with Douglas Machine to train 84 employees. This project will expand upon the Remote Automation Management Platform at Alexandria Technical College to provide distance-based training that will utilize real software and hardware – not just simulations. This concept has been branded the “LongWire” training platform. The training will allow technicians to receive education that will assist Douglas Machine to remain an industry leader as they continue to face competitive challenges from an increasingly global marketplace.

ALEXANDRIA PRO-FAB COMPANY

Alex Tech received a \$167,521 Minnesota Job Skills Partnership Grant with Alexandria Pro-Fab to train 80 employees. This project will provide focused training in the areas of: CNC Operation, CNC Set up, CNC Programming, Continuous Improvement, and Total Quality Management. This training will allow Alexandria Pro-Fab Co., Inc. to develop new skills that will aid in their continuous pursuit of workforce excellence.

DOUGLAS COUNTY HOSPITAL EXPANSION:

Douglas County Hospital has made significant progress on a new 100,000 sq. ft. addition to their facility which will be operational in the summer of 2010. With a total estimated cost of \$30 million, this expansion will include a 3-story addition on the south side of the current facility with space for Heartland Orthopedic Associates, P.A., additional inpatient rooms, and an Obstetrics Unit. The project costs are being financed through Douglas County Hospital savings and the issuance of tax-exempt revenue bonds. No tax payer dollars are being used to finance this project.

Douglas County Hospital is one of only eight County-owned hospitals remaining in Minnesota, and has been recognized as one of the “Top 100 Hospitals” in the nation in both 2002 and 2008. Douglas County Hospital was selected from amongst 3,000 peer hospitals based upon hospital-wide performance in five clinical areas.



EMERGENCE AS A REGIONAL CENTER

To illustrate the strong and vibrant regional-center economic climate in the greater Alexandria Area, a sampling of the 2009 commercial investments in the public and private sectors with an estimated project cost minimum of \$50,000 included:

Professional/Service	Estimated Project Cost	Square Footage	Type of Project(s)
Hawthorne Street LLC	\$102,000	2,911 sq. ft.	Alteration
Standard Iron & Wire Works	\$850,000	24,200 sq. ft.	New Construction/Addition
Alexandria Area YMCA	\$7,800,000	55,797 sq. ft.	New Construction
Alexandria Regional VA Clinic	\$995,000	9,915 sq. ft.	New Construction
Multi-Family/Senior Housing			
The Legacy of Alexandria, LLC	\$7,142,873	82,463 sq. ft.	New Construction/Addition
The Legacy of Alexandria, LLC	\$59,360	1,980 sq. ft.	New Construction/Addition
BSM Properties - Bethany Community	\$227,315	-	Alteration
Retail			
Viking Plaza Shopping	\$100,000	6,000 sq. ft.	Alteration
MNH Property Investments - Hardees	\$50,000	-	Alteration
Michael & Judy Fernholz	\$540,000	12,000 sq. ft.	New Construction
WM3D Properties, LLC	\$53,728	-	Alteration
Holiday Station Stores, Inc.	\$60,000	-	Alteration
Riverside Supply, LLC	\$216,000	4,800 sq. ft.	New Construction/Addition
Government/Education			
City of Alexandria - Ice Arena	\$725,000	-	Alteration
City of Alexandria - Parks Depart.	\$1,300,000	30,000 sq. ft.	New Construction/Addition
City of Alexandria - Water Treatment Plant Addition	\$2,800,000	3,657 sq. ft.	New Construction/Addition
Douglas County - Jail Facility	\$10,102,332	62,200 sq. ft.	New Construction
Alexandria Technical College	\$784,400	1,934 sq. ft.	Alteration
Independent School District 206	\$214,580	-	Alteration
Industrial			
Minnerath Investments	\$393,300	8,740 sq. ft.	New Construction
Robert & Rochelle Lusty	\$318,240	7,072 sq. ft.	New Construction/Addition
Northern Food & Dairy, Inc.	\$125,000	660 sq. ft.	New Construction
Douglas Machine, Inc.	\$1,400,000	30,000 sq. ft.	New Construction/Addition
Eidsvold Family, LLC	\$400,000	2,300 sq. ft.	Alteration
Minnerath Investments	\$1,000,000	9,170 sq. ft.	New Construction/Addition
Minnerath Investments	\$418,598	3,840 sq. ft.	New Construction
Amusements			
Regency Midwest Ventures - Arrowwood	\$161,892	5,400 sq. ft.	New Construction/Addition
Andes Tower Hills Inc	\$136,080	3,024 sq. ft.	New Construction/Addition
Regency Midwest Ventures - Arrowwood	\$388,800	8,640 sq. ft.	New Construction/Addition

Source: 2009 public record commercial building permit activity - City of Alexandria & Douglas County.



Alexandria Area
Economic Development
Commission



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