

# **KASSON ECONOMIC DEVELOPMENT AUTHORITY**

Kasson City Hall  
Tuesday, July 5th, 2022  
12:00 PM

- I. Call Meeting to Order**
- II. Approve Agenda**
- III. Financial Report**
- IV. Coordinators Report**
- V. City Administrators Report**
- VI. Crop Science Investigation RLF request**
- VII. Recapitalizing the revolving loan fund**
- VIII. Transition plan for onboarding new coordinator to EDA**
- IX. Other Business/Open Discussion**
- X. Items for August EDA Meeting**
- XI. Adjourn**

**The next EDA Board meeting will be held on August 2nd, 2022.**

225 EDA FED MIF

Assets

Current Assets

CASH-OPERATING	160,782.98
LOAN PRIN REC-WHITMARSH	1,381.12
LOAN PRIN REC- 1760 MILLWORK	71,640.10

**Total Current Assets** 233,804.20

**Total Assets** 233,804.20

Liabilities and Equity

Total Liabilities

Equity

UNRESERVED FUND BALANCE	233,494.57
CURRENT YEAR INCOME/(LOSS)	309.63

**Total Equity** 233,804.20

**Total Liabilities & Equity** 233,804.20

226 EDA RLF

Assets

Current Assets

CASH-OPERATING	30,706.32
CHAOTIC GOOD BREWING LOAN-PRINCIPAL REC	49,292.68

**Total Current Assets** ----- **79,999.00**

**Total Assets** ----- **79,999.00**

Liabilities and Equity

Total Liabilities

Equity

UNRESERVED FUND BALANCE	79,999.00
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**Total Equity** ----- **79,999.00**

**Total Liabilities & Equity** ----- **79,999.00**

290 Economic Development

Assets

Current Assets

CASH-OPERATING 14,612.32  
DUE FROM OTHER FUNDS 81,677.89

**Total Current Assets 96,290.21**

**Total Assets 96,290.21**

Liabilities and Equity

Current Liabilities

ACCOUNTS PAYABLE 472.50  
ACCRUED WAGE/SALARY PAYABLE 486.23

**Total Current Liabilities 958.73**

**Total Liabilities 958.73**

Equity

UNRESERVED FUND BALANCE 158,457.63  
CURRENT YEAR INCOME/(LOSS) ( 63,126.15)

**Total Equity 95,331.48**

**Total Liabilities & Equity 96,290.21**

CITY OF KASSON  
Income Statement by Department  
For the Accounting Period: 6 / 22

225 EDA FED MIF

	Actual		Actual		Annual Budget
	Period to Date	%	Year-To-Date	%	
Revenue					
Community/Economic Development					
3621 INTEREST EARNED	140.26		309.63		0.00 309.63
<b>Total Department</b>	<b>140.26</b>		<b>309.63</b>		<b>309.63</b>
<b>Total Revenue</b>	<b>140.26</b>	<b>100.00</b>	<b>309.63</b>	<b>100.00</b>	<b>0.00 309.63</b>
Net Income(Loss)	140.26		309.63		

EDA Loans

FUND 225

Loan Name	Origination Date	Original Amount	Interest Rate	Monthly Payment	Term/ Due Date	12.31.21 Balance	Prin Recvd YTD	6.30.22 Balance
Millwork	7/1/2016	\$ 90,000	3.0%	499.14	20 years 6/1/2	71,640	0	71,640
Whitmarsh	6/28/2018	\$ 5,000	4.75%	90	5 years 7/1/20	1,881	500	1,381

No paymnts 9/21 to 8/22

FUND 226

EDA RLF Loans

Loan Name	Origination Date	Original Amount	Interest Rate	Monthly Payment	Term/ Due Date	Loan Balance 12.31.21	Loan	Prin Recvd YTD	6.30.22 Balance
Chaotic Good Brewing	4/15/2022	\$ 50,000	3.3%	488.6	4/15/2032	0	50,000	707	49,293

CITY OF KASSON  
Income Statement by Department  
For the Accounting Period: 6 / 22

290 Economic Development

	Actual		Actual		Annual Budget	
	Period to Date	%	Year-To-Date	%		
<b>Revenue</b>						
Community/Economic Development						
3101 CURRENT AD VALOREM TAXES	0.00		0.00		102,444.00	-102,444.00
3621 INTEREST EARNED	0.00		0.00		500.00	-500.00
<b>Total Department</b>					<b>102,944.00</b>	<b>-102,944.00</b>
<b>Total Revenue</b>	<b>0.00</b>	<b>100.00</b>	<b>0.00</b>	<b>100.00</b>	<b>102,944.00</b>	<b>-102,944.00</b>
<b>Expenses</b>						
Community/Economic Development						
Community/Economic Development						
101 FULL-TIME EMPLOYEES - REGULAR	1,053.60	5.36	6,802.54	10.78	12,500.00	5,697.46
121 EMPLOYER PERA CONTRIBUTIONS	79.02	0.40	510.20	0.81	938.00	427.80
122 EMPLOYER FICA CONTRIBUTIONS	61.96	0.32	401.03	0.64	775.00	373.97
123 EMPLOYER MEDICARE CONTRIBUTION	14.48	0.07	93.80	0.15	181.00	87.20
130 EMPLOYER PAID INSURANCE	190.86	0.97	1,164.38	1.84	6,000.00	4,835.62
150 WORKER'S COMPENSATION	0.00		98.00	0.16	100.00	2.00
210 OPERATING SUPPLIES	31.99	0.16	154.43	0.24	500.00	345.57
303 ENGINEERING FEES	17,667.50	89.86	25,756.70	40.80	1,500.00	-24,256.70
304 LEGAL FEES	472.50	2.40	3,105.00	4.92	2,500.00	-605.00
321 TELEPHONE	21.99	0.11	132.21	0.21	500.00	367.79
325 COMMUNICATION-OTHER	0.00		60.00	0.10	200.00	140.00
333 STAFF MEETINGS & CONFERENCES	0.00		0.00		400.00	400.00
334 MEMBERSHIP DUES AND FEES	0.00		75.00	0.12	500.00	425.00
343 OTHER ADVERTISING	0.00		0.00		8,000.00	8,000.00
351 LEGAL NOTICES PUBLISHING	0.00		0.00		100.00	100.00
360 INSURANCE	67.62	0.34	202.86	0.32	450.00	247.14
414 COMMERCIAL PROGRAMS	0.00		0.00		17,000.00	17,000.00
430 OTHER SERVICE/CHARGES-MISC.	0.00		1,130.00	1.79	3,500.00	2,370.00
440 PROFESSIONAL SERVICES	0.00		300.00	0.48	800.00	500.00
444 OTHER CONTRACTUAL SERVICES	0.00		23,140.00	36.66	46,500.00	23,360.00
Account Total						
	19,661.52	100.00	63,126.15	100.00	102,944.00	39,817.85
<b>Total Department</b>	<b>19,661.52</b>	<b>100.00</b>	<b>63,126.15</b>	<b>100.00</b>	<b>102,944.00</b>	<b>39,817.85</b>
<b>Total Expenses</b>	<b>19,661.52</b>	<b>100.00</b>	<b>63,126.15</b>	<b>100.00</b>	<b>102,944.00</b>	<b>39,817.85</b>
Net Income(Loss)	-19,661.52	-100.00	-63,126.15	-100.00		

## City Administrator Report

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**To:** Kasson City Council

**From:** City Administrator Timothy Ibisch

**Date:** June 20, 2022

**Subject:** 2022 APPA Annual Conference

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The 2022 American Power Association Annual Conference was held June 10-15 in Nashville, TN. I attended the event as a Board member for CMPAS. The conference had a theme of **Public Power's Challenges and Opportunities**.

### Conference Itinerary:

The first keynote speaker was **Sen. Bill Haggerty** from Tennessee. He spoke about the dysfunction in Washington DC and compared it to the success that he had as the Commerce Director for the State of Tennessee. He indicated that it seems unlikely that anything else of note related to public power will pass this year and that most officials are gearing up for reelection. His presentation was followed by **Joy Ditto**, the President of the APPA. She related what she sees as the next steps for the organization in the current environment.

Finally, **Geoff Bennett** a reporter and anchor from PBS offered a detailed and relatively non-partisan analysis on the latest in Washington. His gave his insight into the “what” and “why” of U.S. politics; frankly I disagree with several of his conclusions and his knowledge seemed rather limited in terms of the political atmosphere. He noted that he does follow all of the races, which is fair. He expects substantial changes to occur in November.

Next there were breakout sessions. On Monday I attended: **DERs, EVs and the Prepared Utility**, this was put on by *Andrew Mitchell from Tantalus*. It discussed Distributed generation, electrification of transportation, energy storage technology and connected consumer technologies and how they will disrupt every aspect of the utility business. He reviewed that preparation and management are key to seizing the opportunities—and avoiding the threats—that these distributed energy resources bring with them. It included assessing and preparing our distribution grid for DERs and EVs; making behind-the meter DERs serve as reliable grid assets; leveraging both rates and control for effective management; integrating operational data from DERs and EVs; and putting customers 1st with reliability, affordability, and convenience.

The next session that I attended was **What Spurs Economic Development**. Presenters were *Jessica Breaux, Manager, Economic Development, Amazon*; *James Fenton, Executive Director, Gallatin EDA, Tennessee*; *Chassen Haynes, Director of Business Development, Tennessee Department of Economic & Community Development*; and *Carla Nelson, Engineering Supervisor, Nashville Electric Service, Tennessee*. They reviewed how the Tennessee Valley has become a hotbed of economic development, with several EV manufacturers and other large companies moving to the region. I heard how the utilities, cities, and Tennessee Valley Authority have worked together to bring economic development opportunities to the region and the reasons the industries and big businesses moving in are choosing to invest in these communities. Most of this was over the top, however it's clear that in some communities the utility sponsors more EDA work.

The last session on Monday was **Public Power Community Support**, which focused on keeping your utility and its benefits clear to the community. It was led by *David Mehlhaff, Chief Communications Officer, Kansas City Board of Public Utilities, Kansas*; and *Deanna*



*Sparks, Customer Operations Manager, Lansing Board of Water & Light, Michigan*

On Tuesday, the General Session was led by *Jeff Lyash, President & CEO, Tennessee Valley Authority* who spoke on **Powering the Public's Future**. He reviewed how Public power providers face increasing urgency to take a lead in energy innovation to serve our communities in the future – and do so without sacrificing the needs of today. Noting that low energy costs and power system reliability remain the overriding priorities for local power providers and those looking to relocate business and industry. He described how the Tennessee Valley Authority is balancing its leadership role throughout the region to pursue broader electrification of the economy and clean energy efforts while maintaining the prices and reliability residents and businesses in the valley expect. Of course, it was 103 on Tuesday and nearly 1/3 of Nashville had rolling blackouts during the day, so I have to take what he said with a grain of salt.

Next was *Marci Rossell, Expert Economic Forecaster, Former Chief Economist for CNBC and Co-Host of Squawk Box*. She presented on **Seismic Surprises and the Economy**, an insider's perspective on the most important economic events of our time — from the effects of the pandemic to Brexit, the ongoing trade war, the Presidential election, and a non-traditional inverted yield curve — and what to expect in the next two years. Dr. Rossell offered an informed outlook into history, theory, and her ringside seat to Wall Street to predict the opportunities that are on the horizon. She discussed how “seismic surprises” — including cyberterrorism, environmental disasters, and swings in the regulatory regime — affect businesses today and create the need for government relief packages. Her presentation noted 3 large issues: supply chain, inflation, and labor force. She believes that the supply chain issues will be fixed first in the next 6 months, and that inflation should cool as monetary controls from the Fed raise interest rates. Her perspective on labor is that the only solution is increased mechanization.

The breakout session that morning was **CEO and Board Report Cards**. This one is more related to CMPAS and governing a public power utility that requires the CEO and board members to work as a team and hold each other accountable. They dove into the ins and outs of metrics, performance plans, and more and discussed what structures and processes can make the evaluations objective and effective. We learned how the evaluations can be comprehensive and extend beyond financial performance to mission and community impact. This will be helpful in Jay Anderson's next review. *It was put on by Troy Adams, General Manager, Manitowoc Public Utilities, Wisconsin; Judith Dykes-Hoffman, Board Trustee, New Braunfels Utilities, Texas; and R. John Miner, President, Collaborative Learning*

In the afternoon I attended **Building a Diverse Renewable Energy Portfolio** with *Erik Ejups, Associate Director, Origination & Power Marketing, and Thomas Kiggen, Manager, Business Development, EDF Renewables*. They spoke regarding Utilities seeking reliable, cost effective, and competitively sourced generation supply to reduce their carbon footprint and better serve their customers may find exploring renewable energy options a daunting task, made more challenging by the complex array of technologies, suppliers, transactions, regulations, programs, and incentives that surround renewable energy opportunities. Mostly it seemed like a sales pitch for EDF, however they noted that obtaining solar panels has become very difficult.

They held a final general session that day with **Willy Shih, Global Authority on Supply Chain Management, Manufacturing and Technology Development and Professor of Management Practice, Harvard Business School**. His presentation was excellent and really showed why the pandemic screwed things up. He explored modern global supply chain complexities and interdependencies, the “supply shock” followed by the “demand shock” that occurred during the pandemic, and the many forces impacting the future of supply chains, including the subsequent

surge in Chinese exports. I heard recommendations for strengthening competitiveness, including modernizing infrastructure and logistics, evolving the role of the warehouse and distribution center, and ramping up investment in automation.

I then attended the **Light Up Navajo Celebration**. The Light Up Navajo initiative works to bring electricity to these families by connecting public power utilities who want to volunteer their services with electric line crews from the Navajo Tribal Utility Authority.

On Wednesday the conference finished with the installation of the 2022-23 Board Chair Anthony Cannon, General Manager/CEO, Greenville Utilities Commission, North Carolina. Then there was a presentation called **Behind the Scenes of History: Capturing Meaning within the Moments**. It revisited some of the major events of the last 55 years as seen through the eyes and camera *David Hume Kennerly, Pulitzer Prize-winning photographer and Canon Explorer of Light*, who has photographed 10 U.S. Presidents and covered significant moments in our nation's history. His guided visual journey will share the intimate moments from points in our past — from times of tragedy, such as the night Robert Kennedy was shot, on the battlefields of Vietnam, and the horrors of Jonestown; to diplomatic encounters including Egyptian President Sadat's historic trip to Israel and inside Reagan and Gorbachev's Fireside Summit in Geneva; and celebrations with Presidents on their election nights and at Inaugurations.

The Conference was very informative and thankfully CMPAS paid for it. I think that some of the information will be very helpful for me as a board member and certain items could be applied to our own KPU.

### **Meetings or Events Attended or Planned**

June 7	EDA Reception@Hubbell House
June 8	Chamber of Commerce City Council-Rethos beforehand
June 9	DRC review City Engineer EDA job interview City Hall Phone System final review
June 12	APPA
June 13	APPA
June 14	APPA
June 15	APPA
June 21	SRO meeting
June 22	Onsite service meeting CMPAS City Council

# REVOLVING LOAN FUND PRE-APPLICATION

City of Kasson  
Economic Development Authority

In accordance with Revolving Loan Fund Guidelines and Policies section RLF-IV, A, the following form must be submitted for review by the EDA Loan Review Committee.

## 1. General information:

Contact Person: J. Littrell  
Telephone #: 507-272-9420 Fax #: \_\_\_\_\_  
Business Name: Crop Science Investigation, LLC.  
Business Address: P.O. Box 544 Chatfield, MN 55923  
Telephone #: 507-272-9420 Fax #: \_\_\_\_\_  
Business Form: \_\_\_\_\_ Corporation  Partnership \_\_\_\_\_ Sole Proprietorship  
State of Incorporation or Organization: \_\_\_\_\_  
Years in Operation: 10 Years in Operation in Kasson: 0

## 2. Brief description of the business:

Organic crop inputs, education and consulting  
Selling of organic nutrients.  
Testing and consulting soil, tissue, and SAPs, Glyphosate  
Manufacturing Bacteria for Soil

## 3. Description of proposed project:

Clean up 100% of property  
Building 2) Storage buildings (50 X 120 sq ft 2) 60 X 100 sq ft  
Building a liquid producer of nemp proteins to Nitrogen  
rebuilding Pole Shed to Shop and cement building to affect

## 4. Statement of necessity for the use of RLF assistance for the project:

Clean up of property which will exceed the request  
the proposed cost will be well over \$150,000.00

## 5. Project completion schedule:

Estimated project start date: 7/20/2022 Estimated project completion date: 9/20/2020

If the project is not expected to be completed within one year, what percentage of the project is estimated to be completed within one year of loan approval? 100 %

6. Proposed Project Site

Address: 18 East Nichols Memorial Hwy Kasson  
 Applicant:  Owns  Rents the business property  purchase  
 Owners name: Hindermann Concrete, Inc.  
 Owners Address: -4605 East River Rd NE Rochester, MN 55904  
 Terms of Lease: 5 year (Attach copy of lease)  
Contract

7. Estimated Costs, Sources, and Use of Funds


		SOURCE OF FUNDS				TOTAL
		RLF	Bank	Equity	Other	
USE OF FUNDS	Land Acquisition	\$	\$	\$	\$	\$
	Building Acquisition	\$	\$	\$	\$	\$
	New Construction	\$	\$	\$	\$	\$
	Building Renovation	\$	\$	\$	\$	\$
	Site Improvements	\$25,000	\$	\$609,000	\$300,000	\$925,000
	Machinery/Equipment	\$	\$	\$	\$	\$
	Working Capital/Inventory	\$	\$	\$	\$	\$
	Other:	\$	\$	\$	\$	\$
	Other:	\$	\$	\$	\$	\$
<b>TOTAL</b>		\$	\$	\$	\$	\$

8. Current and Projected Employment

Type of Employment	Wage Rate	Employment Projections					
		Existing Jobs		First Year		Second Year	
		Full Time	Part Time	Full Time	Part Time	Full Time	Part Time
Professional/Management	\$120,000/yr	1	0	1	1	1	1
Skilled/Technical	\$60,000/yr	1	1	1	1	2	2
Semi-Skilled/Unskilled	\$48,000/yr	1	2	2	3	3	5
<b>TOTAL</b>		<b>3</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>

9. Signature

I declare that any statement or information provided herein is true and complete in substance and in fact. Also, I authorize this information to be released to the appropriate agencies that may be able to assist in this request.

Name of Applicant: J. L. Hrell Title: CFO/CFO  
 Signature:  Date: 6/21/2022

1. Applicant Information.

Legal Name of Borrower and Title: ,

FRANCESCA Littrell doing business as Crop Science Investigation LLC.

Address: PO Box 544 Chatfield MN 55923

Telephone #: 507-272-9420

Fax #: \_\_\_\_\_

2. Business Information.

Business Name: ~~Crop~~ Science Investigation, LLC.

Telephone #: 507-272-9420

Fax #: \_\_\_\_\_

Business Form: \_\_\_\_\_ Corporation  Partnership \_\_\_\_\_ Sole Proprietorship

State of Incorporation or Organization: Minnesota

Years in Operation: 20 years

Years in Operation in Kasson: 0

Federal EIN: 86-3892902

State EIN: Minnesota

SIC Code: \_\_\_\_\_

Principal Owner(s):

	Name	Address	Telephone #
1.	Francesca Littrell	10528 110th St SE Chatfield, MN 55923	507-272-9420
2.	Rhett Littrell	" " " " " " " "	507-896-0270
3.			
4.			

3. Professional Services/References. Fill in where applicable.

Architectural Firm/Contact: Dultmeier Sales, LLC.

Address: 601 W 75th St Davenport, IA 52806

Telephone #: 563-386-0930

Fax #: \_\_\_\_\_

Engineering Firm/Contact: Dultmeier Sales LLC.

Address: 601 W 75th St Davenport, IA 52806

Telephone #: 563-386-0930

Fax #: \_\_\_\_\_

General Contractor/Contact: J. Littrell

Address: 10528 110th St SE Chatfield, MN 55923

Telephone #: 507-272-9420

Fax #: \_\_\_\_\_

Attorney Firm/Contact: CORSON Law offices LLC.

Address: 117 St Paul St. SW Preston, MN 55965

Telephone #: 507-765-2121

Fax #: \_\_\_\_\_

Accounting Firm/Contact: Major and Company

Address: 141 Fillmore St W Preston, MN 55965

Telephone #: 507-765-4444

Fax #: \_\_\_\_\_

4. Project Description.

Describe the nature, purpose, and details of the project, including what is to be financed in part, or in whole, with Revolving Loan Funds,

Crop Science Investigation is a family owned supply company dedicated to Agriculture. As they farm organic. As very few vendors in the southern Minnesota area we are build a 1,000 ton organic fertilizer plant with organic liquid and dry products, while producing organic based liquids from Hemp proteins

5. Sources and Uses of Funds.

		SOURCE OF FUNDS				
		RLF	Bank	Equity	Other	TOTAL
USE OF FUNDS	Land Acquisition	\$	\$	\$	\$	\$
	Building Acquisition	\$	\$	\$	\$	\$
	New Construction	\$	\$	\$	\$	\$
	Building Renovation	\$	\$	\$	\$	\$
	Site Improvements	\$25,000.00	\$	\$665,000.00	\$300,000.00	\$925,000.00
	Machinery/Equipment	\$	\$	\$	\$	\$
	Working Capital/Inventory	\$	\$	\$	\$	\$
	Other:	\$	\$	\$	\$	\$
	Other:	\$	\$	\$	\$	\$
<b>TOTAL:</b>		\$	\$	\$	\$	\$

6. Project Funding Summary.

	RLF	BANK	Other:	Other:
Loan Amount	\$25,000	\$	\$	\$
Loan Term (Years)	3.5 yrs			
Loan Interest Rate	%	%	%	%
Annual Debt Service	\$	\$	\$	\$
Type of Collateral				
Security Position				
Type of Guarantee				

7. Loan Activity Details. Please complete as applicable to project

Property acquisition, renovation, construction, and/or improvements:

Address: 18 E Veterans Memorial Hwy Kasson Telephone #: N/A  
 Applicant:  Owns  Rents the business property  Purchasing

If leased, Owners name: Hinderman Concrete, Inc  
 Owners Address: 4605 East River Rd NE Rochester, MN 55906  
 Terms of Lease: Contract for Deed (Attach copy of lease)

Property Size: 6.12 acres (ft<sup>2</sup>/acreage)

Total ft<sup>2</sup> occupied: \_\_\_\_\_

Proposed expansion/construction: Dry fertilizer Storage, Liquid ft<sup>2</sup>

Assessed valuation of property: \$400,000.00

Machinery and/or equipment:

Item Description	<u>Skid loader</u>	Estimated Cost \$ <u>35,500.00</u>
Item Description	<u>Loader tractor</u>	Estimated Cost \$ <u>48,000.00</u>
Item Description	_____	Estimated Cost \$ _____

Working capital expenditures (inventory, operating expenses, etc.):

Activity Description	<u>See Attached</u>	Estimated Cost \$ _____
Activity Description	_____	Estimated Cost \$ _____
Activity Description	_____	Estimated Cost \$ _____

8. Current and Projected Employment.

Type of Employment	Wage Rate	Employment Projections					
		Existing Jobs		First Year		Second Year	
		FT	PT	FT	PT	FT	PT
Professional/Management	\$120,000/yr	1	0	1	1	1	1
Skilled/Technical	\$60,000/yr	1	1	1	1	2	2
Semi-Skilled/Unskilled	\$48,000/yr	1	2	2	3	3	5
<b>TOTAL</b>		<b>3</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>

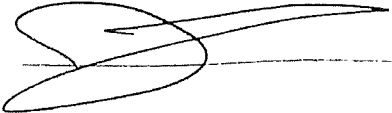
9. Project Timeline.

Estimated target date to:

Begin project: 7/20/2022 Complete project: 9/20/2022

10. Signature.

Agreement: The undersigned applied for the loan indicated in this application to be used in connection with the project described herein. All statements made in this application are true and are made for the purpose of obtaining the loan. Verification may be obtained from any source named in this application. The applicant agrees to abide by all City of Kasson Economic Development Authority requirements. The applicant agrees to furnish any additional information to the City of Kasson Economic Development Authority as needed to review and consider this loan request.

Name of Applicant: J. Littell Title: CFO/CEO  
Signature:  Date: 6-21-2022





Kasson, Minnesota  
Plant Package



March 12, 2022

ATTENTION: Potential Investor

The purpose of this letter is to present a long-term potential investment proposal that will be profitable. This proposal contains a well-established outline. We have the vehicle to carry the product to market, and there is historical data of its profits.

Below is an outline of the projections for this investment proposal:

1. The primary function of this proposal is to outline the opportunity CSI/Crescendo Ingredients is offering to prospective investors. Please see the three years and a blueprint of the plant.
2. The start of a new corporation is a must. The basis for the business has been drawn from the original research, and field productions work based on CSI/Crescendo Ingredients.
3. The overview and Appendix will cover the start of this company, why we are so excited about the opportunities of these materials, and what we can do to change the fertilizer industry. Estimated future sales for this new corporation would include production in Appendix IV, V, and VI.
4. As profits increase, I foresee the opportunity to establish products that are currently being manufactured elsewhere to be produced in this group. There is a total of 47 products to date. Due to the uniqueness and diversity of this company, there are several spin-off options. We could formulate and sell large quantities of ag blends and starter products. I have an extensive list of contacts and will be more than able to keep the momentum going for solid growth and sales.

5. Based on CSI/Crescendo Ingredients and wholesale fertilizer brokers, the projected figures are substantial (see Appendix III – 2022 and 2025 Sales Report). There has never been a greater time for a project of this size.
6. Due to the large quantities of material, we need to manufacture hundreds of tons on an annual basis for this to be considered while impacting our state. There are several ways to build this beyond just the formulation of products, and many marketing opportunities are available for this company. Please refer o Appendices IV, V, and VI containing the CSI/Crescendo Ingredients Budget overview for 2022, 2023, 2024, and 2025.
7. Investor Contract. Please refer to Appendix VII.

I want the opportunity to discuss this proposal with you further. Please get in touch with me at (507) 867-8149 at your earliest convenience to arrange a time to meet. I very much look forward to hearing from you.

Sincerely,

Jeffrey D. Littrell  
CSI/Crescendo Ingredients

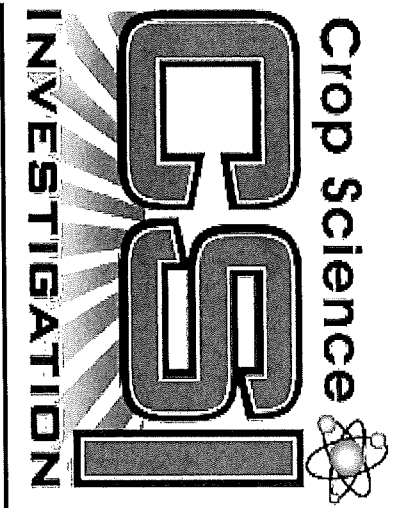
JDL:

# REVOLVING LOAN FUND APPLICATION

## City of Kasson Economic Development Authority

In accordance with Revolving Loan Fund Guidelines and Policies section RLF-IV. B. "Full Application", the following form must be submitted for review by the EDA Loan Review Committee. The City of Kasson EDA Revolving Loan Fund Application package must include the following items:

- Completed Revolving Loan Fund Application.
- "But for" letter documenting the need for RLF assistance.
- Business Plan including the description of the project, business history, scope of business, product offered, etc.
- Financial Information:
  - o Signed personal financial statements dated as of the date of application for any principal owners of the business (those owning 20% or more of the business).
  - o Federal tax returns filed by the business for the previous two years or audited financial statements.
  - o Profit and loss statement for the last three years; current statement (less than 90 days) and two-year projections.
  - o Statement of any other outstanding debt.
- Any other information, including key person insurance, which may be available to secure the loan.
- Information concerning any pending or threatened litigation or administrative proceeding, and outstanding administration orders, judgements or injunctions, or involvement in any bankruptcy.
- Certification of business compliance with all State laws affecting the conduct of the business within the state, including:
  - o Evidence of payment of last quarters payroll tax.
  - o Evidence of workers compensation insurance coverage.
- Letter from:
  - o the County Recorder verifying there are no outstanding judgements against the business or business owners.
  - o the County Recorder verifying there are no outstanding State or Federal Tax Liens against the business or business owners.
  - o the County Finance Director verifying there are no past due real estate taxes owed by the business or business owners.
- Statement concerning the source of equity for the project, and how it will be obtained and appraised.
- Statement concerning how the project will benefit the community and impact the local tax base.
- Copy of the last Commitment letters from the bank:
  - o indicating the working capital line of credit.
  - o regarding the financing the bank will provide this project.



March 8<sup>th</sup>, 2022

507-867-8149

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## **Executive Summary**

(CSD) Crop Science Investigation, LLC.

A two-phase operation: One, for crop nutrients We have communicated with Darling Ingredients to have Minnesota, Western Wisconsin, and North East Iowa distribute and store materials. Second, Iowa facilitates and procures non-GMO and organics for value-added markets.

The focus of my operation is as follows;

- Organic crop production using the principles employed by our fathers and grandfathers; not just sustainability, but providing cost-effective foodstuff to consumers.
- Non-GMO crop production; soybeans, corn, and other specialty crops increase the ROI of my operation.
- The uniqueness of this operation is that CEO J. Lirtrell has had a lifetime of experience to guide us in crop fertility and nutrient needs. We are blessed to have many people behind the scenes that have encouraged us to surround ourselves with moral and ethical management personal as we go forward. I will hire those staff that will aid in our weak points and concentrate on our strengths.

## **Mission Statement**

Farmers built it! To teach growers to treat their soils not like dirt while producing crops that will pursue the highest standards in the industry. We will educate while building long-term partnerships of success, through this relationship, by using soil science, organic chemistry, chemistry, physics, and plant physiology.

## **Company Overview:**

(CSD) Crop Science Investigation, LLC: An extension and profit center for the Crescendo Organics, LLC. Incorporated in 2021 in the State of Minnesota. This is a marketing and consulting facilitating, Non-GMO, GMO, Organic, and Specialty Crops. Conventional and organic nutrients.

## **Product**

The following would be the breakdown of products produced:

Dry nutrients: 0-0-50-18s SOP, Soft rock phosphate, and the distribution for Darling Ingredients of Irving, TX. (15-0-1 Hi-Sol Nitrogen, 13-0-0 Fertilizer for Organic Production, 10-2-8 All Season Fertilizer, 9-6-1 Fertilizer for Organic Production, 8-8-4 Fertilizer for Organic Production, 8-5-5 Fertilizer for Organic Production, 8-3-5 Stress Guard Fertilizer, 7-12-0 Fertilizer for Organic Production, 7-7-7 Dry Flowable Powder, 5-6-6 Starter Fertilizer, 3-3-5 Liquid Fertilizer, 3-3-3 Liquid Fertilizer.

Liquid nutrients: Distributing Darling Ingredients and production of the products that made our history strong.

Specialty nutrients: Foliar Seed Set, Rondo, Defender G4, and Defender G4 plus

Microbes: We have a thirty-year history of producing a wide variety of unique and specialty grow microbes for the region.

## **R & D, In house consultant**

J. Littrell leads our research and development. To date, the work he did with the MPCA (Minnesota Pollution Control Agency) created a material called powerlime, a blend of calcium, gypsum blended with calcium carbonate. At the same time, he was using several materials from local processing plants to build nutrients that would last longer and sustain crops longer while using up to 70% less nitrogen. the only individual that value-added coal ash to be used in agriculture.

## **Unique features or proprietary aspects of Product**

Our operation is unique because, as a whole, we use nutrition as our base, not intellectual property or traits. We are constantly using an IN/PM (integrated nutrients/pest management) system and using organic-based fertilizer to increase the nutrient levels of all our crops. This comes back in the quality of the grain, milling oils, storability, and nutrient levels.

## **Market Definition**

We were brought together as farmers for farmers as we understand the daily strains and the challenges that face the producer. You will not just get products but forty-plus years of growing specialty market crops, using tried and true ways to reduce chemicals while still

destroying your weeds, even tall waterhemp. We didn't start working in the ag industry because I worked on my brother's farm one weekend, and I figured it was a great way to build wealth on the backs of the American Farmer.

### **Market Segment**

Our business blueprint is to build a company that brings demand that we control our surroundings by customers demanding the Products due to quality.

### **Customer Profile**

A typical customer for our Products is the Kentucky farmers, currently purchasing Seed, hemp, cleaned grains, hay, straw, liquid fertilizer, and equipment transportation.

### **Marketing Plan**

We will position our growers to raise Non-GMO corn having a premium that makes sense based on quality. As good value for the price and top quality. This is a position not presently being addressed by the competition. All consumers, Millers, cooperative, have particular needs for these products, and we can tailor our products accordingly. JD Littrell's children have taken over the family businesses and are organic handlers certified by the MOSA 9624.

### **Sales Strategy**

Our pricing strategy is to bring Non-GMO and organic crops to market and make those crops affordable, producing more significant margins for both parties.

### **Competition**

We compete with very few others due to the understanding of our Products. However, understanding what it takes to produce crops when Mother Nature throws a curveball at you is the understanding and knowledge required to keep crops healthy. A great example of this is this current summer. We have had weather that wasn't conducive to flowering soybeans. We combined a blend of nutrients that included vinegar, molasses, and Potassium to combat this. We were able to increase flowering, which increased pods which, in turn, increased yields.



## **Risk / Opportunity**

The most significant risks would be minimal to the bank. Our crop insurance would be enough to cover operating costs. We have found that our data is getting more effective than the standard nutrient value. Price alone will give us a better relationship with the end-user. Density will keep these clients coming back. We have a history of renewable crops that are safe for the environment. The opportunities before us are significant; we have the chance to become a considerable force in the local/regional market. Our largest competition has over-saturated the market with conventional programs that don't put the farmer first, while organic has excellent domestic and global markets.

### **Management Team**

Our management team has three individuals who have combined over 50 years of experience; 30 years in marketing, 20 years in marketing and management. This team works excellently together to attain the same goals. This group is always forward-thinking and constantly challenged to create new ideas and look towards the future.

- Rhett Littrell: Partner, laborer, Equipment facilitation, and mechanic
- Francesca Littrell: Partner, and labor consultant
- Dan Miller: Ag instructor at Riverland Community and Technical College, he is used for the monthly FIN PACK, farm management, and marketing advisor.
- Jeff Littrell: CFO
- Corson Law
- Major & Company

### **Officers and Key Employees Age Stock Ownership**

Rhett Littrell	49.50%
Francesca Littrell	49.50%
Jeff Littrell	1%

### Capital Requirements

We seek the following and the breakdown of those needs and timeline;

Equipment/cropping not adding to FINPACK

- 2022 financing for equipment \$338,975.00 request
- 2022 financing for Building site in Kasson, MN \$300,000.00 request

### Equipment needs:

1. Dry fertilizer mixer with unload conveyor					\$49,900.00
2. 4) 30,000 gal. fiberglass storage tanks			\$23,700.00 each		\$94,800.00
3. 4) Liquid tenders 1,050 gals each			\$3,800.00		\$15,200.00
4. Used skid loaded					\$29,750.00
5. Reactor for making starters/foliars					\$55,000.00
6. 2) Stainless 5,000 gallons			\$50,000.00		\$100,000.00
7. Dry Low buret urea hopper tank					\$22,000.00
8. 14) Electric motors/pump/gas motors			\$900.00		\$12,600.00
9. 3) Dry Tender trucks			\$35,000.00		\$105,000.00
Total cost					\$484,250.00

### 2022/2023 Sales projections:

Product	Units sold	Sale price	COGS	Sale margin	Sale	Total GOGS	Profit
Liquid Fertilizers	2,762 tons	\$550.00/ton	\$360.00	\$190.00/ton	\$1,519,100.00	\$994,432.00	\$524,780.00
34.5% Dry fertilizer	3,000 tons	\$623.00/ton	\$395.00	\$228.00/ton	\$1,869,000.00	\$1,185,000.00	\$684,000.00
36.6% Stimulants	20,000 acres	\$7.50/acre	\$3.95	\$3.55/acre	\$150,000.00	\$79,000.00	\$71,000.00
47.50% Starters/foliars	40,000 acre	\$42.00/acre	\$29.40	\$12.60/acre	\$1,680,000.00	\$1,176,000.00	\$504,000.00
					\$5,218,100.00	\$3,434,432.00	1,783,780.00

## **Conclusion**

- The specialty markets that have, and continue to emerge, are our most significant advantage with the highly adaptable management team. We are renewable, leaving a smaller environmental footprint. We are making products of high value and bringing them to all farmers for a price they can afford. Non-GMO, and Organic with the world population increasing, we need to improve but meet the world's demand with quality foodstuffs.
- We have a significant age difference giving this operation a well-rounded background. From construction, transportation, farming, specialty crop farming to the team's boots on the ground operation.
- Business/Marketing: Experience J. Littrell. Over the last thirty-five years, he has had four starts to finish plants, with the largest still operating at the height while Mr. Littrell was CEO, the gross revenues reached \$19,000,000.00.
- Fertility and Soil Management: J. Littrell has been a leader in biological agriculture and the dynamics of changing soil through bacteria for 35 years. (Nutrient Management Manual)

**Monthly Cash Flow Plan Executive Summary**

**Projected Cash Flow Summary**

Total operating inflow		14,260,125
Total operating outflow	(-)	2,365,505
Capital purchases	(-)	150,000
Capital sales	(+)	-
New credit	(+)	150,000
Loan payments	(-)	5,946
<b>Net cash flow</b>	<b>(=)</b>	<b>11,888,674</b>
Beginning cash balance	(+)	1,000
Operating loan borrowings	(+)	-
Operating loan principal payments	(-)	-
Ending cash balance	<b>(=)</b>	<b>11,889,674</b>

Beginning operating loan balance	-
Peak operating loan balance (Jan)	-
Ending operating loan balance	-

**Projected Change in Working Capital**

Change in cash		11,888,674
Change in current inventories	(+)	156
Change in princ due on term loans	(-)	17,650
Estimated change in working capital	<b>(=)</b>	<b>11,871,180</b>

**Projected Income Statement**

Gross cash farm income		14,260,125
Inventory change - income items	(+)	-2,200,000
Gross revenue	<b>(=)</b>	<b>12,060,125</b>
Cash farm operating expense		2,303,005
Interest expense	(+)	566
Depreciation	(+)	10,025
Inventory change - expense items	(+)	-2,200,156
Total farm expense	<b>(=)</b>	<b>113,440</b>
Net farm income		11,946,685

**Projected Earned Net Worth Change**

Net farm income		11,946,685
Family living expense	(-)	62,500
Income taxes accrued	(-)	-
Earned net worth change	<b>(=)</b>	<b>11,884,185</b>

**Term Debt Coverage**

Net farm income from operations		11,946,685
Depreciation	(+)	10,025
Personal income	(+)	-
Family living expense	(-)	62,500
Income taxes accrued	(-)	-
Interest on term debt	(+)	1,310
Capital debt repayment capacity	<b>(=)</b>	<b>11,895,520</b>
Term debt payments		5,946
Capital debt repayment margin		11,889,574
Term debt coverage ratio		2,000.59

**Financial Standards Measures**

<b>Liquidity</b>	<b>Beginning</b>	<b>Ending</b>
Current ratio	1.0	502.6
Working capital	53,697	11,924,877
Working capital to gross revenue	0.4 %	98.9 %

**Solvency (market)**

Debt to asset ratio	96.1 %	1.4 %
Debt to equity ratio	24.9	0.0

**Profitability (market)**

Net farm income		11,946,685
Rate of return on assets		165.3 %
Rate of return on equity		198.0 %
Operating profit margin		99.0 %
EBITDA		11,958,020

**Repayment Capacity**

Term debt coverage ratio (farm)		2,000.59
Replacement margin coverage ratio		1,123.17

**Efficiency**

Asset turnover rate (market)		166.9
Operating expense ratio		0.8 %
Depreciation ratio		0.1 %
Interest expense ratio		0.0 %
Net farm income ratio		99.1 %

**Other**

Term debt coverage (farm+personal)		2,000.59
Term debt to EBITDA		0.00

**Shocks to Farm Term Debt Coverage Ratio**

10% decrease in gross income		1,797.76
10% increase in operating expenses		1,998.87
3% increase in interest rates		1,732.59

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
<b>CASH INFLOWS</b>													
Beg cash bal	1000	178736	358762	539817	627443	844852	3338592	3557029	3775466	4569207	4540965	9604964	1000
Other farm													
Direct Sale	-	-	-	-	36583	36583	36583	36583	36583	-	-	-	182915
CBD Crude Oil	208000	208000	208000	208000	208000	208000	208000	208000	208000	-	-	208000	2080000
CBD Tincture	2663	2663	2663	2663	2663	2663	2663	2663	2663	-	-	2663	26630
CBD Creams	4833	4833	4833	4833	4833	4833	4833	4833	4833	-	-	4833	48330
Protein Isol	-	-	-	-	-	2275875	-	-	2275875	-	2275875	2275875	9103500
Sazerac Corn	-	-	-	-	-	-	-	-	-	-	2818750	-	2818750
Total	215496	215496	215496	215496	252079	2527954	252079	252079	2527954	-	5094625	2491371	14260125
Total inflow	216496	394232	574258	755313	879522	3372806	3590671	3809108	6303420	4569207	9635590	12096335	14261125
<b>CASH OUTFLOWS</b>													
Fuel & oil	1600	1600	-	-	1600	572	572	572	572	572	-	-	7660
Repairs													
Repairs	300	300	300	300	300	300	300	300	300	300	300	300	3600
Storage Bldg	-	-	-	-	-	-	-	-	-	4500	4500	-	9000
Total	300	300	300	300	300	300	300	300	300	4800	4800	300	12600
Cust hire													
Luke Wangen	6250	6250	6250	6250	6250	6250	6250	6250	6250	6250	6250	6250	75000
Arlen Lastin	4000	4000	4000	4000	4000	4000	4000	4000	4000	4000	4000	4000	48000
Total	10250	10250	10250	10250	10250	10250	10250	10250	10250	10250	10250	10250	123000
Mach leases													
Forklift	650	650	650	650	650	650	650	650	650	-	650	650	7150
Bldg leases													
Bldg Lease	3300	3300	3300	3300	3300	3300	3300	3300	3300	3300	3300	3300	39600
Farm insur.													
Ins Bus	3500	3500	3500	3500	3500	3500	3500	3500	3500	3500	3500	3500	42000
Utilities													
Electric	2500	2500	2500	2500	2500	2500	2500	2500	2500	2500	2500	2500	30000
LP	800	800	800	800	-	-	-	-	-	-	800	800	4800
Internet/Pho	300	300	300	300	300	300	300	300	300	300	300	300	3600
Total	3600	3600	3600	3600	2800	2800	2800	2800	2800	2800	3600	3600	38400
Marketing													
Nelson Media	2500	2500	2500	2500	2500	2500	2500	2500	2500	2500	2500	2500	30000
Dues & fees													
State/FedAI	-	-	-	-	-	-	-	-	-	-	-	32000	32000
Grain Handle	1040	-	-	-	-	-	-	-	-	-	-	-	1040
Bond	2000	-	-	-	-	-	-	-	-	-	-	-	2000
MN State Liq	-	-	-	94000	-	-	-	-	-	-	-	-	94000
Stand Fed L	-	-	-	-	-	-	-	-	-	-	-	140220	140220
Total	3040	-	-	94000	-	-	-	-	-	-	-	172220	269260
Org certific													
Cert	-	-	571	-	-	572	-	-	571	-	-	571	2285
Cost Share	-750	-	-	-	-	-	-	-	-	-	-	-	-750
Total	-750	-	571	-	-	572	-	-	571	-	-	571	1535
Misc.													
Misc	150	150	150	150	150	150	150	150	150	150	150	150	1800
Supplies	3000	3000	3000	3000	3000	3000	3000	3000	3000	-	-	3000	30000
Total	3150	3150	3150	3150	3150	3150	3150	3150	3150	150	150	3150	31800

Accounts pay

	<i>Jan</i>	<i>Feb</i>	<i>Mar</i>	<i>Apr</i>	<i>May</i>	<i>Jun</i>	<i>Jul</i>	<i>Aug</i>	<i>Sep</i>	<i>Oct</i>	<i>Nov</i>	<i>Dec</i>	<i>Total</i>
Hemp Crescen	-	-	-	-	-	-	-	-	1700000	-	-	-	1700000
Living/Draw	6250	6250	6250	6250	6250	6250	6250	6250	6250	-	-	6250	62500
Min end bal	100	100	100	100	100	100	100	100	100	100	100	100	100
Tot. outflow	37490	35200	34171	127600	34400	33944	33372	33372	1733943	27972	28850	206391	2365605
Opr. surplus	179006	359032	540087	627713	845122	3338862	3557299	3775736	4569477	4541235	9606740	11889944	11895520

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
<b>CAPITAL PURCHASES</b>													
Still Equip	-	-	-	-	-	-	-	-	-	-	-	150000	150000
Tot. cap pur	-	-	-	-	-	-	-	-	-	-	-	150000	150000
<b>NEW CREDIT</b>													
Bank-Still	-	-	-	-	-	-	-	-	-	-	-	150000	150000
Tot new cred	-	-	-	-	-	-	-	-	-	-	-	150000	150000
<b>LOAN PAYMENTS</b>													
Littl-Ford..													
Prinpay	-	-	-	-	-	-	-	-	-	-	1500	-	1500
Int. pay	-	-	-	-	-	-	-	-	-	-	6	-	6
Total	-	-	-	-	-	-	-	-	-	-	1506	-	1506
Frank-Subaru													
Prinpay	319	319	320	321	322	323	324	325	326	326	327	328	3880
Int. pay	51	51	50	49	48	47	46	45	44	44	43	42	560
Total	370	370	370	370	370	370	370	370	370	370	370	370	4440
Bank-Still													
Prinpay	-	-	-	-	-	-	-	-	-	-	-	-	-
Int. pay	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-	-	-
Tot loan pay	370	370	370	370	370	370	370	370	370	370	1876	370	5946
Surp. or def	178636	358662	539717	627343	844752	3338492	3556929	3775366	4569107	4540865	9604864	11889574	11889574
<b>ANNUAL OPERATING LOAN TRANSACTIONS &amp; BALANCES</b>													
Beg AO bal	-	-	-	-	-	-	-	-	-	-	-	-	-
AO borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-
AO int. pay	-	-	-	-	-	-	-	-	-	-	-	-	-
AO prin. pay	-	-	-	-	-	-	-	-	-	-	-	-	-
End AO bal.	-	-	-	-	-	-	-	-	-	-	-	-	-
Accrued int.	-	-	-	-	-	-	-	-	-	-	-	-	-
End cash bal	178736	358762	539817	627443	844852	3338592	3557029	3775466	4569207	4540965	9604964	11889674	11889674

**CROP & LIVESTOCK PRODUCTION**

Enterprise	Units	Production Per Unit	Share	Operator Production
Total crops	0 Acres			

**CROP & LIVESTOCK SUMMARY**

*Beg Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec Total*

**PROJECTED INVENTORY CHANGE**

Commodity	Begin Inventor	\$/Unit	Begin Value	Ending Inventory	\$/Unit	Ending Value	Change
Accounts receivable			0			0	0
Hedging accounts			0			0	0
Other current assets			2,258,075			58,075	-2,200,000
Total income items			2,258,075			58,075	-2,200,000
Prepaid expenses & supplies			0			900	900
Growing crops			0			0	0
Accounts payable		(End)	0		(Beg)	2,200,000	2,200,000
Accrued interest		(End)	750		(Beg)	6	-744
Total expense items			750			2,200,906	2,200,156
Total inventories			2,258,825			2,258,981	156

**TOTAL PLANNED INPUT QUANTITIES**

*Description Unit 2022*



**BALANCE SHEETS**

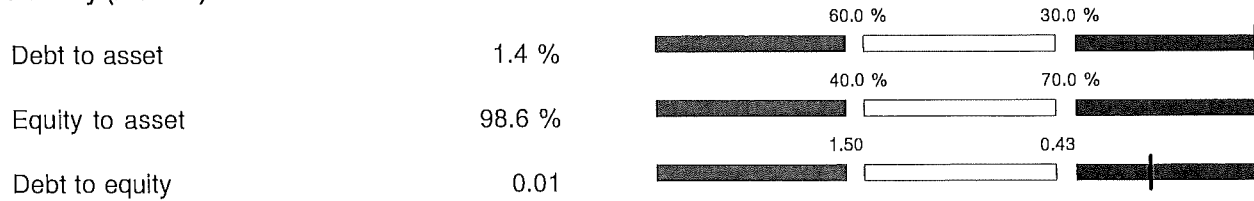
	<i>1/1/2022</i>	<i>Projected 1/1/2023</i>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and checking	1,000	11,889,674
Prepaid exp. & suppl.	-	900
Other current assets	2,258,075	58,075
Total current assets	2,259,075	11,948,649
<b>Intermediate Assets</b>		
Machinery	50,500	190,475
Total intermediate assets	50,500	190,475
<b>Long Term Assets</b>		
Total long term assets	-	-
Total farm assets	2,309,575	12,139,124
Personal assets	-	-
Total assets	2,309,575	12,139,124
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accrued interest		
Little Wolf-Ford Explor	6	-
Bank-Still	-	750
Prin due on term loans		
Little Wolf-Ford Explor	1,500	-
Frankie-Subaru	3,872	4,008
Bank-Still	-	19,014
Payables & accr exp	2,200,000	-
Total current liabilities	2,205,378	23,772
<b>Intermediate Liabilities</b>		
Bank-Still	-	130,986
Frankie-Subaru	15,128	11,112
Total inter. liabilities	15,128	142,098
<b>Long Term Liabilities</b>		
Total long term liab.	-	-
Total farm liabilities	2,220,506	165,870
<b>Personal Liabilities</b>		
Total personal liab.	-	-
Total liabilities	2,220,506	165,870
Net worth	89,069	11,973,254
Net worth change	11,884,185	
Total debt to asset ratio	96 %	1 %

### Farm Finance Scorecard - Year 1 2022

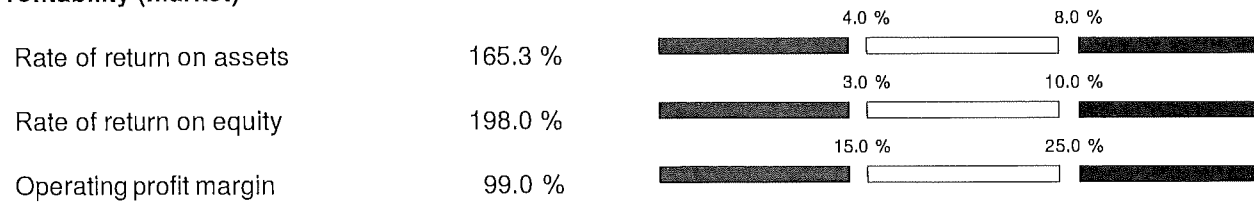
#### Liquidity



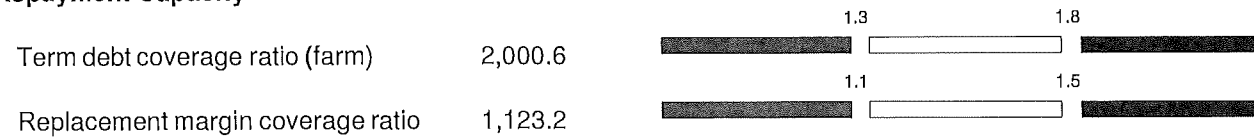
#### Solvency (market)



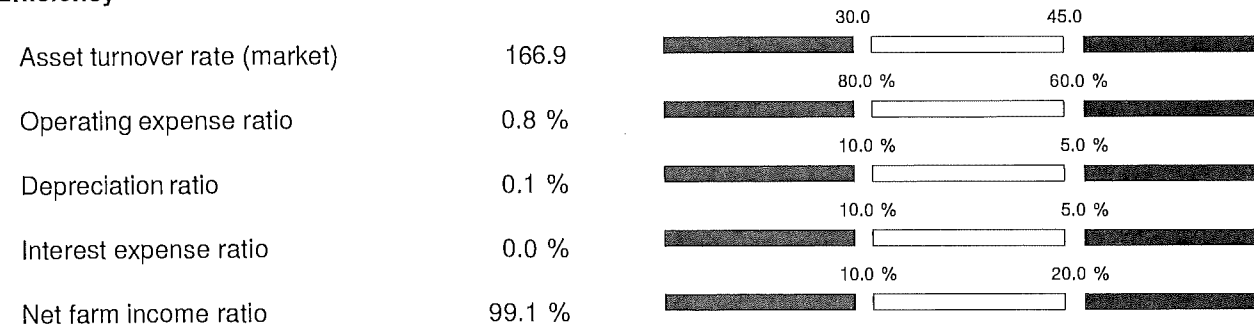
#### Profitability (market)



#### Repayment Capacity



#### Efficiency



## ORIGINAL ESTIMATE

January 10, 2002

Mr. Jeff Littrell  
CSI Crescendo Ingredients.  
10528 110<sup>th</sup> St SE  
Chatfield, MN 55923

RE: Budget Estimate Update

Sir,

As you requested, we have received a reply from Dynequip on changing portions of the pelletizing system equipment to 25 TPH. (Copy included) Based on our latest layout, we have also compiled budget estimates on the conveying and blending equipment.

Coverall has submitted a bid for a 120' wide x 100' long warehouse for storing palletized finished goods. If this looks like a viable choice, we could shorten the main building to 260'. This would make the building even with the far side of the office area, and the Coverall building would continue from that point.

We are still concerned about all the in-between miscellaneous requirements necessary to complete a pelletizing equipment layout. We have not received any prints from processing equipment suppliers.

Some of the basic estimated figures at this time include the following:

**I. RAIL UNLOADING/STORAGE CONVEYING/BLENDING/LOAD-OUT EQUIPMENT**

- A. 63'-6" derrail unloading conveyor – 304 stainless steel
- B. 56' load-in bucket elevator – 304 stainless steel
- C. 71' overbin conveyor – 304 stainless steel
- D. 63' crossover transfer belt
- E. 88' overbin belt – 304 stainless steel
- F. 101' overbin belt – 304 stainless steel
- G. 78' transfer belt – 304 stainless steel
- H. Four-compartment D.W. blender with one trace bin and two impregnation units
- I. D.W. u-trough blend auger – 304 stainless steel
- J. 43' bucket elevator off blender – 304 stainless steel – 150 TPH
- K. 41'-5" incline paddle conveyor – stainless steel
- L. Rotary screener with stainless steel screen
- M. 69' load-out bucket elevator – 304 stainless steel – 150 TPH
- N. Impregnation auger with 304 stainless steel trough

- O. 36' overtank auger with stainless steel trough
- P. Three 25-ton overhead NTEP approved scale load-out hoppers – epoxy treated – scale and gate control not included
- Q. Two 10-ton bagging bins – 10' clearance discharge level – epoxy treated

**II. RANCO SUPPLIED PROCESSING EQUIPMENT**

- A. 13-ton vertical batch mixer with 12' load-out conveyor – 304 stainless steel
- B. 42' bucket elevator – 304 stainless steel - fills premix and ground goods holding bin for pelletizing
- C. 32-ton ground premix holding bin – epoxy treated
- D. Milled product metering system for regulated control feed to the pelletizer
- E. 15' transfer belt to pelletizer – stainless steel
- F. 22' transfer belt feeding processor – stainless steel
- G. 24' conveyor feeding Eriez screener – stainless steel
- H. 38' bucket elevator feeding 25-ton finished goods bagging bin and 78' transfer belt – stainless steel
- I. Bagging bin – 25-ton capacity with 19' discharge clearance – epoxy treated

**III. FREIGHT AND INSTALLATION**

**INVESTMENT: \$651,000.00**  
(Add on 15 % - 20% for cost increase)

**EXCLUSIONS**

Equipment rental: crane, manlift, forklift  
Union labor or wages (where applicable)  
Sales tax  
Processing assistance during start-up

Electrical materials and labor  
Concrete materials and labor  
Carpentry materials and labor

The processing equipment as far as we know it includes:

1. Initial Rigimill - **\$117,000.00** (*currently being reviewed for the 50 TPH desired rate*)
2. Pin Mixer Model 30D120L - **\$84,300.00**
3. Pelletizer - **\$117,500.00**
4. Dryer/cooler Carmon Model 1102 }  
5. Exhaust dust collector } **\$346,000.00 (Add on 15%-20% cost increase)**
6. Miscellaneous: transition connections between components, support structures, access walkways, and mechanical installation – This cost has not yet been estimated.

Mr. Jeff Littrell  
January 10, 2022  
Page 3

At this time, estimate approximately \$4,500.00 per piece for processing equipment start-up. This processing equipment is based on Specialty Seeds purchasing the equipment directly from the manufacturer through their representative, Dynequip. Any costs relating to start-up and training and assistance from factory personnel are the responsibility of Specialty Seeds. These prices are F.O. B. manufacturer.

**Coverall Bag Storage Facility – 120' wide clear span x 100' long**

Estimated price based on the following:

1. 8" thick concrete floor
2. 12' high concrete walls
3. Series 3 Coverall structure
  - a. Three 16' x 16' commercial overhead doors
  - b. One walk-in door

**ESTIMATED INVESTMENT: \$190,966.00**

(Add on 15%-20% for cost increase)

We will compile detailed prints once more information on the building construction and processing equipment.

The other significant expenses remaining:

1. Site preparation with rail siding
2. Storage and processing facility
3. Electrical labor and materials
4. Bagging units, pelletizers/shrink wrappers, etc.
5. Equipment rental, i.e., forklifts/end loaders

As we get more information, we will update you. Let us know what else you would like us to do.

Sincerely,

RANCO FERTISERVICE, INC.

jw

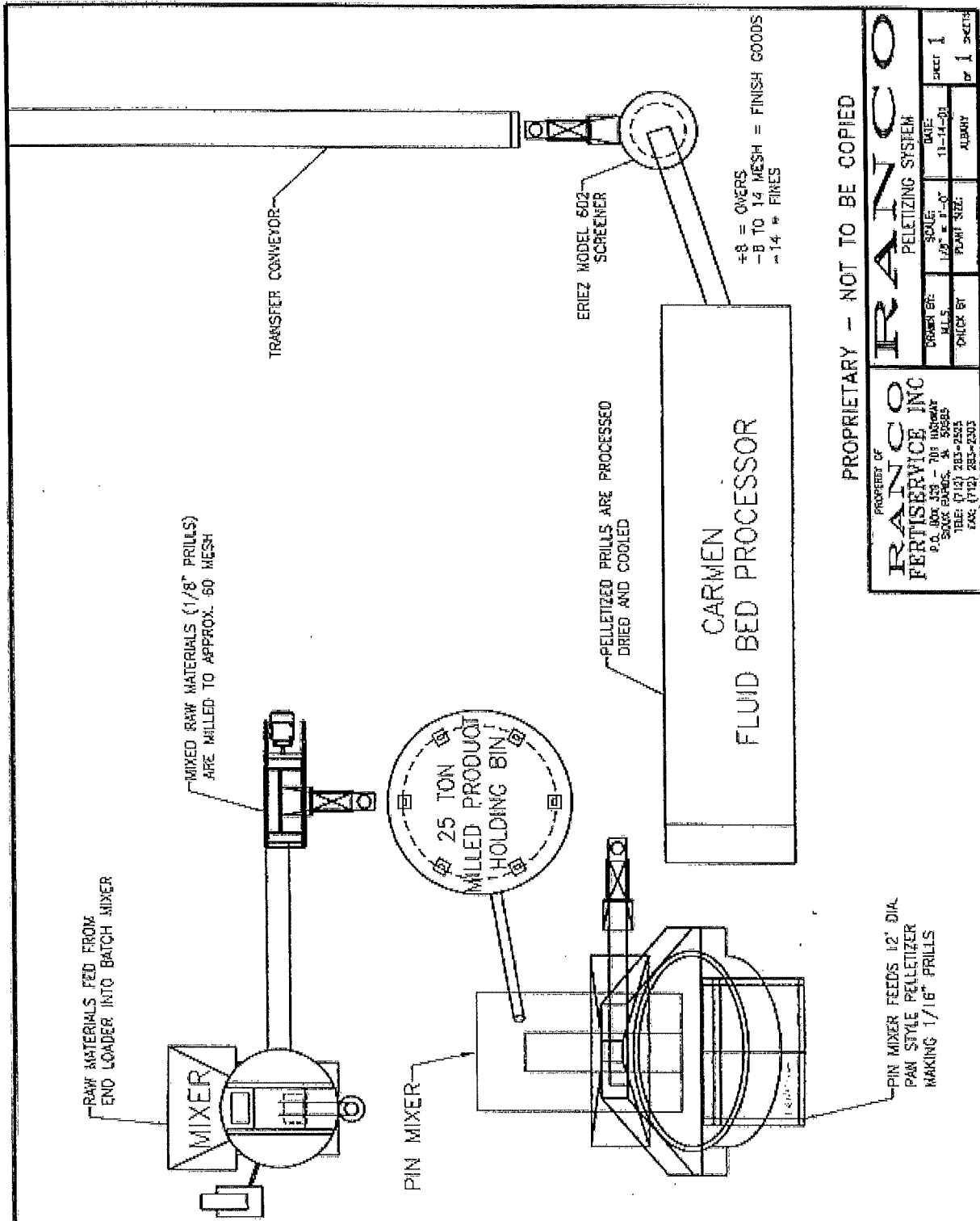
Enclosures: prints

## APPENDIX I

### Long-Term Improvement Projections (Over 5 - 10 Years)

Improvement	Measurement	Projected Cost
2 tip up buildings	18,000 sq. ft. @ \$150.00	\$2,700,000.00
Concrete	264,000 x \$4.65	\$1,227,600.00
Equipment	Pelletizing /storage/mixing equipment	\$1,200,000.00
Electrical		\$ 980,000.00
Misc. 5% over-run		\$ 327,400.00
	TOTAL	\$6,435,000.00

APPENDIX II



PROPRIETARY - NOT TO BE COPIED

PROPERTY OF  
**RANCO**  
 FERTISERVICE INC  
 P.O. BOX 133 - 703 HASTEDAY  
 SAGE PARKS, IA 50585  
 TELE: (712) 283-2311  
 FAX: (712) 283-2303

**RANCO**  
 PELLETIZING SYSTEM

ORDER BY:	SCALE:	DATE:	SHEET:
DATE:	1/2" = 1'-0"	11-14-91	1
CHECK BY:	PLANT SIZE:	ALUMBY:	BY 1

**Crop Science Investigation  
P O Box 544  
Chatfield, MN 55923**

**Kasson ECDA  
Attention Robert Harris III**

**Mr. Harris**

**The explanation of equity;**

**The assets from Crop Science Investigation have been purchases over the last ten years.**

**The equity would be a combination of Crescendo Organics, LLC. Which all assets were originally purchased from the corporation Miss Francesca and Mr. Rhett were owner of prior to 2014. When they decided to continue the farm and fertilizer businesses they purchased all assets from the corporations. Any and all equity is either purchased or sweat equity.**

**Yours truly**

**J. Littrell**

**CFO/CEO**

**Crop Science Investigation**





## PERSONAL FINANCIAL STATEMENT

### U.S. SMALL BUSINESS ADMINISTRATION

The purpose of this form is to collect information about the Business Applicant and its owners' financial condition. SBA uses the information required by this Form 413 as one of a number of data sources in analyzing the repayment ability and creditworthiness of an applicant for an SBA loan or, with respect to a surety bond, to assist in recovery in the event that the contractor defaults on the contract. SBA also uses the information to assess whether an individual meets the economic disadvantage threshold for the Women-Owned Small Business (WOSB) Program and the 8(a) Business Development (BD) Program. Submission of this information is required as part of your application for assistance. Failure to provide the information would impact the agency's decision on your application.

#### To complete this form

- 1) Check all that apply.
- 2) Complete the form in its entirety (attached a separate sheet, if necessary)
- 3) Review the applicable certifications and sign (spousal signature, if required)

<input checked="" type="checkbox"/> <b>7(a) loan / 504 loan / Surety Bonds</b> Complete this form for: (1) each proprietor; (2) general partner; (3) managing member of a limited liability company (LLC); (4) each owner of 20% or more of the equity of the Applicant; and (5) any person providing a guaranty on the loan (including the assets and liabilities of the owner's spouse and any minor children).  Return completed form to: For 7(a) loans: the Lender processing the application for SBA guaranty For 504 loans: the Certified Development Company (CDC) processing the application for SBA guaranty For Surety Bonds: the Surety Company or Agent processing the application for surety bond guarantee
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<input type="checkbox"/> <b>Disaster Business Loan Application (Excluding Sole Proprietorships)</b> Complete this form for: (1) each applicant; (2) each general partner; (3) each managing member of a limited liability company (LLC); (4) each owner of 20% or more of the equity of the Applicant business; and (5) any person providing an unlimited guaranty on the loan.  Return completed form to: Disaster Processing and Disbursement Center at 14925 Kingsport Road, Fort Worth, TX 76155-2243 or FAX to 1-202-481-1505 or <a href="mailto:disasterloans@sba.gov">disasterloans@sba.gov</a>
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<input checked="" type="checkbox"/> <b>Women Owned Small Business (WOSB) Federal Contracting Program</b> This form must be completed by each individual claiming economic disadvantage in connection with the SBA's Women-Owned Small Business (WOSB) Federal Contracting Program. A separate form must be completed by the individual's spouse, unless the individual and the spouse are legally separated. Use attachments if necessary. Each attachment must be identified as a part of this statement and signed. In addition, each individual claiming economic disadvantage must update the form as changes arise, but at least annually, to ensure the information is current, accurate and complete.  SBA's regulations state that to be considered economically disadvantaged for purposes of the WOSB Program, a woman must have an adjusted gross income averaged over the three prior fiscal years of \$350,000 or less; less than \$6 million in the fair market value of all her assets (to include her primary residence and value of the business concern); and less than \$750,000 in personal net worth (excluding equity interest in her personal residence and ownership interest in the business, and funds invested in a retirement account that are unavailable until retirement age). 13 C.F.R. §127.203. The information contained in this form must be submitted and certified through <a href="http://beta.certify.sba.gov">beta.certify.sba.gov</a>
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<input type="checkbox"/> <b>8(a) Business Development Program</b> 8(a) applicants must show that 51% of the firm is owned by one or more individuals determined by the SBA to be socially and economically disadvantaged. The information contained in this form must be submitted by each socially and economically disadvantaged individual using their one time 8(a) eligibility to qualify this firm for 8(a) certification. If married, the spouse must complete a separate SBA Form 413, except when the individual and the spouse are legally separated. If separated, provide copy of separation document.  SBA's regulations state that to be considered economically disadvantaged for purposes of the 8(a) Business Development Program, an individual must have an adjusted gross income averaged over the three prior fiscal years of \$350,000 or less; less than \$6 million in the fair market value of all assets (to include primary residence and value of the business concern); and less than \$750,000 in personal net worth (excluding equity interest in the personal residence and ownership interest in the business, and funds invested in a retirement account that are unavailable until retirement age). 13 C.F.R. §124.104.  Note: Please complete this form with Personal Information not Business Information and divide all jointly owned assets and liabilities, as appropriate with spouse or others. The information contained in this form must be submitted and certified through <a href="http://certify.sba.gov">certify.sba.gov</a> . For additional information go to: <a href="http://www.sba.gov/8abd">http://www.sba.gov/8abd</a>
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**Parcels: 240335800**

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Deeded Acres 0.00  
Taxpayer HINDERMANN CONCRETE INC  
Taxpayer Address 4605 E RIVER RD NE  
City ROCHESTER  
State MN  
Zip 55906  
Property Address 18 VETERANS MEMORIAL HWY E KASSON  
Detailed Info [More info](#)  
Tax Info [More info](#)  
Plat URL [More info](#)  
Short Legal COMM AT NECOR LOT 30 BLK 4 J.H. KASSON ADD N84.95FT TO SL Y ROW DODGE CSAH 24 NELY 11.69

## **Contacts:**

- Timothy Ibisch – City Administrator
- Linda Rappe – City Clerk
- Amy Johnson
- Nancy Zaworski – Finance Director
- Dan Egglar – EDA President
- Michael Peterson – EDA Vice President
- Chris McKern – Mayor, EDA Board Member
- Janice Borgstrom-Durst – EDA Board Member
- Tom Monson – EDA Board Member, Chamber President
- Kathy O’Malley – EDA Board Member
- Jill Moosbrugger – EDA Board Member

## **Meeting Prep:**

- A week before the meeting email board members to verify a quorum, also send out the agenda in case they have any additions.
  - Post the agenda to website and front door of city hall.
- Nancy will prepare monthly financial reports. Due to meetings being held within the first few days of each month the reports may not be prepared in time for the packet to be sent out.
- Email out completed packet by the Friday before the meeting. If the financial report is not ready, send out a “preliminary packet”.
  - post packet to website
  - Packets always include:
    - agenda
    - financial report
    - previous minutes
    - coordinators report
    - administrators report
- Meeting day
  - EDA president (Dan Egglar) will direct the meeting.
  - Turn on camera/recording device (Linda will post meeting videos).
  - Discuss appropriate agenda items and take minutes.
- Post-meeting
  - Have the EDA president sign the minutes of the previous meeting after they are approved.
    - File the signed minutes and a copy of the EDA packet.
      - Signed minutes are filed in the safe.
      - EDA packets are filed in the cabinet next to Linda’s door.
  - Draft meeting minutes, you may use the meeting video to help with this.

**Recurring/ongoing activities:**

- Monthly agendas and packets - Agenda's are sent 1 week prior to the meeting. Packets are sent on the Friday before the meeting.
- Staff takes minutes during each meeting and they are approved at the subsequent meeting.
- Annual Report is due each February.
- Each Jan/Feb, forms need to be filed with the county to maintain tax exemption for EDA owned properties.
- An onboarding for all new members consists of an explanation of the EDA programs and signing of a conflict of interest agreement.
- Business visits - I try to stop into a couple businesses each week to conduct a BR&E visit.
- Annual Reporting Requirements
  - Minnesota Business Assistance Reporting
  - Due between April 1 and June 1
  - Required for Cities with a population of more than 2,500
  - Utilize online login:  
<https://mn.gov/deed/government/business-subsidy/report-forms/>

**Larger projects:**

- Rethos Downtown Assessment - Rethos staff visited the community in early June to collect community feedback and engage stakeholder groups. The main contact is Emily Kurash Casey. They will be returning in the fall to present their findings to the EDA, City Council, and community at large.
- Crop Science Investigation relocation/expansion - CSI is a hemp processing and fertilizer company. They are acquiring the old concrete plant right off of Main Street to expand their operations. They have requested a \$25,000 EDA loan. I have been working very closely with the owner Jeff Littrell on this relocation and connecting him with other regional resources, including financing.
- Paul Warshauer and the Historic School Redevelopment - A TIF district has been approved for the project. Now that the legislature will not be reconvening to approve the state historic tax credits. Someone should check-in with Paul about his plan moving forward and stay connected to provide technical assistance.
- Sand Companies LIHTC development - Sand Companies has proposed a 48 unit low-income housing development at the former Vail site. They are in the process of

applying for low-income housing tax credits (application due in July). They will need an updated letter of support from the city once they have a new valuation on the property.

- Hamilton multi-phase project - Hamilton Real Estate group is moving forward with a 52 unit market rate apartment complex at the former Vail property. They have also proposed a phase 2 TBD market rate project directly adjacent to the 52 unit project. Not much needs to be done at this point.
- Kasson Fire Hall project - The EDA desk has been handling the process of applying for financing through USDA rural development community facilities program. More will need to be done once this project goes to the voters in November.
- Main Street resilience during road construction - The EDA has established a Construction Mitigation Loan program to provide 0% interest loans to main street businesses impacted by the road construction. This program will need to be advertised and administered.
- Establish an industrial park on the SE city-owned property - The EDA has approved a wetland delineation for a neighboring parcel and initial negotiations have started with the neighboring landowner for a land swap. A lot more leg work needs to be done to make this project a reality.
- Kasson Solar Garden - This is more of side project that was proposed. Could be an interesting project based on the interest level and skill of the new hire.
- 

#### **Follow ups:**

- Chaotic Good Brewing expansion, EDA loan, Facade improvement grant
  - The EDA loaned this company \$50,000 for the acquisition of their building. We will be taking a subordinate position to SMIF, SMIF will provide us this form once they close their loan. We will also be holding a shared collateral placement with Dodge County. The City Attorney will be drafting the shared collateral documents.
  - The EDA has approved a \$2,000 facade improvement grant for signage. Once the signage is installed, pictures will need to be submitted for a check to be distributed.
- Reagan Outdoor Advertising - They are interested in placing 2 billboard signs in town. One of those billboards will require a rezoning of the parcel. They have not submitted the necessary materials to move this process forward. I spoke with them in early June and the real estate manager was out sick. The main contact is: Carter Clarke (carter.clarke@reaganusa.com)
- Chamber Ribbon Cuttings - Continue to engage with the chamber and invite EDA and City Council members to these events.

- Johnson's General Store - this business was slated to open in June but the building that they were leasing had a fire. They don't need any financing but some follow up would be appreciated.
- The state provides a free site selection tool to all cities called LOIS. We have an account but this system needs to be updated and integrated into the city's new website. In fact, the entire EDA page could be redone.
- Full Circle Wellness - interested in constructing a new/expanded clinic. Reached out in late 2021 for assistance. There have been a number of follow up meetings but they are not yet ready to make the leap.
- T&K tow service relocation - owner reached out for assistance in relocating to a larger site. We've had several calls with him to discuss sites in town. Needs more follow up
- Ready, Set, Learn relocation - This is a location nonprofit organization looking to either acquire or construct a building as their permanent home. They need lots of technical assistance to make this a reality.