

Economic Development Authority

Regular Meeting

Wednesday, September 18, 2019

4:00 PM

City Administration Building

Council Chambers

Agenda

1. Roll Call
2. Approval of Minutes: August 21, 2019
3. Treasurer's Report
4. Loan Report
5. Reports
 - a. OACCT
 - b. OABDC
 - c. EDA Projects
6. Old Business
7. New Business
8. Other Business
9. Schedule Next Meeting – October 16, 2019
10. Adjournment

**EDA
Minutes
August 21, 2019**

The Owatonna Economic Development Authority met in regular session at 4:00 PM at the Council Chambers with President Raney presiding. Commissioners Present: Brenda DeVinny, Corey Mensink, Don Boutelle, Kevin Raney, Jeff Okerberg, and Andrew Cowell. Also present were Troy Klecker, Bill Owens, Brad Meier, and Kristen Kopp.

Approval of Minutes. Commissioner Okerberg moved approval of the minutes of the July 17, 2019 meeting with second by Commissioner Mensink. All Commissioners voting Aye, the motion passed.

Treasurer's Report. Troy Klecker presented the revenue and expense reports for July. He asked Meier if lodging is behind. Meier said that there could be a lag because of a transition in the finance office, but lodging dollars are good. Klecker said that they got the first bill from Ed Tschida for consulting services for the TIF plans. This isn't reflected in July's report, but will be next month. He said that Legacy Signs was the low bidder for the downtown awnings, which include The Kitchen, Selective Looks, and the cleaners. City staff will take the old awnings down next week. The price for all three awnings is \$14,250. The EDA had budgeted \$10,000. Klecker asked the Commissioners if they would be okay with extending that to \$15,000. He said that the Dog Pound's will still have to be replaced, but that will most likely happen next year.

Loan Report. Bill Owens presented the Loan Report for July. He said that all loans are current with the exception of Mark's Repair, which is because the business was sold. Klecker said that there was a delay with their auto withdrawal. Owens said that Lucky Dice was just approved for a forgivable loan. Raney asked if the EDA could get a list of who's applied for loans. Owens said that he will talk to Shirley Schultz about it as they both get applications.

Klecker said that the EDA approved forgivable loans for interior and exterior improvements with a maximum of \$10,000 per business. He had one instance that he wanted to bring to the EDA for their opinion. Mineral Springs Brewery has a lot of work to do on the patio yet and would like to apply for a loan for the exterior. The EDA didn't specify whether the improvements were meant to be on the building, although in most cases they would be. This is a little unusual for downtown as there is typically no room for a patio. Klecker asked the EDA if the patio would qualify. They are putting a lot of money into the patio and the patio is nearly as big as the building. It will be handicap accessible and is a good candidate for a forgivable loan. Voss said that he's okay qualifying it for a forgivable loan. Bill Cronin was present representing Mineral Springs Brewery. He said that they're excited about the project. He said that costs have gone beyond what they initially expected. The patio is still in development and will have to be ADA compliant. He said that, with this project, they're addressing an area of town that's been overlooked. Raney asked about the loan requirements. Klecker said that the loan is prorated for five years; if they're not still there in five years, they have to pay the loan back. Raney said that this fits right in with what they want to do with making exteriors more inviting. He said that he supports Mineral Springs Brewery going forward. Mensink added that this will transform the street and make it a community asset. It's a difference maker for the downtown and is in the spirit of what the EDA is trying to accomplish. A motion was made by Okerberg and seconded by DeVinny to approve the definition of allowing a patio as an exterior improvement. All

Commissioners voting Aye, the motion carried. Raney asked when they plan to open. Cronin said they're planning for mid-October. Raney said he's looking forward to it.

OACCT Report. Chamber Director Brad Meier presented the OACCT Report for July. He gave an update on Workforce Efforts. They've redone the brochure to make it more accessible to businesses. Workforce Coordinator Anisha Zak has been working with students over the summer. He and Troy met with the State of MN on specific business workforce needs. The school bond decision will be November 5th and they are working to rally all entities in the Community around it. DeVinny asked if all corporate sponsors have chosen to join in again. Meier said that they have. He said they are helping businesses share stories on why this is an important piece for growth. He said they want to present a unified voice. He said that they attended a commercial brokers' event in the Cities with Cushman and Wakefield. Just Owatonna was present and this is something that no other community is doing. They are working on a marketing event in October. Raney asked if distance to the Metro is no longer a sticking point. Klecker said that it's lessening as they've had numerous meetings up there. Raney asked what the funding source is for Workforce publications. Meier said that it's a three-way partnership and Pearson prints the brochures at no cost. Raney said that it's a great program and will continue to grow. There was some discussion on the traffic lights on Vine Street and Oak Avenue.

OABDC Report. Bill Owens presented the OABDC Report for July. He said he didn't have many consulting hours over summer, but things are picking back up. They're at 85% occupancy and there haven't been any changes for a while. He said that he's speaking at a conference in Waseca about filling up downtown spaces.

EDA Projects. Troy Klecker presented the EDA Projects report for July. He gave updates on Cemstone, James Brothers, Costco, and Daikin. He said that Minimizer is planning to relocate from Blooming Prairie to Owatonna.

Old Business. The Commissioners discussed the downtown awnings again. Klecker asked if they would authorize \$15,000 instead of \$10,000 for three of the awnings. This was the low bid. City staff will take down the existing awnings. Raney asked who has the final say on design and color. Klecker said that all of the property owners are interested in forest green. A motion was made by Boutelle and seconded by DeVinny to authorize \$15,000 for the three awnings downtown. All Commissioners voting Aye, the motion passed.

Other Business. Klecker introduced new Commissioner Andy Cowell of Profinium, who is taking over for Kate Harthan who resigned.

Schedule Next Meeting. The next EDA meeting is scheduled for **September 18, 2019** at 4:00 PM at the City Council Chambers.

Adjournment. There being no further business, a motion was made by Commissioner DeVinny and seconded by Commissioner Boutelle to adjourn the meeting. All Commissioners voting Aye, the motion passed. The Meeting adjourned at 4:57 pm.

Dated: September 18, 2019

Respectfully Submitted,

Secretary

City of Owatonna
Income Statement by Fund
For the Period Ending August 31, 2019

FUND 290: EDA ADMINISTRATION

Account Name	Original Budget	YTD Actual	Difference
<u>REVENUES</u>			
PROPERTY TAXES	\$ 175,000.00	\$ 116,680.00	\$ 58,320.00
LODGING TAX - 3%	250,000.00	137,428.54	112,571.46
REFUNDS & REIMBURSEMENTS	0	25	-25
TIF ADMINISTRATIVE FEE	23,700.00	14,010.74	9,689.26
INTEREST INCOME	0	827.68	-827.68
LEASES & RENTS	1,666.00	0	1,666.00
Total Revenues	\$ 450,366.00	\$ 268,971.96	\$ 181,394.04
<u>EXPENDITURES</u>			
PERSONNEL COSTS	81,282.00	52,618.33	28,663.67
OFFICE SUPPLIES	400.00	26.29	373.71
MINOR EQUIPMENT	400.00	0.00	400.00
CONSULTING SERVICES	30,000.00	17,283.08	12,716.92
TELEPHONE	200.00	0.00	200.00
POSTAGE	300.00	56.80	243.20
VEHICLE ALLOWANCE	500.00	451.20	48.80
TRAVEL & CONFERENCES	500.00	0.00	500.00
O B D - MARKET SERVICES(OACCT)	50,000.00	50,000.00	0.00
O B D - LOAN SERVICES (OBI)	20,000.00	20,000.00	0.00
DOWNTOWN ENHANCEMENTS	10,000.00	200.00	9,800.00
OBD-SMALL BUSINESS DEV CENTER	4,000.00	3,000.00	1,000.00
PARTNERS FOR PROGRESS	10,000.00	0.00	10,000.00
ADVERTISING	1,000.00	0.00	1,000.00
MEMBERSHIPS & SUBSCRIPTIONS	200.00	0.00	200.00
REPAIR SERVICE - OFFICE EQUIP	200.00	0.00	200.00
MAIN STREET-PARKING LOT RENTAL	4,500.00	4,032.00	468.00
TOURIST DEVELOPMENT	237,500.00	131,592.56	105,907.44
SOUTHERN MN INITIATIVE FOUNDAT	1,667.00	0.00	1,667.00
TRANSFER TO OTHER FUNDS	12,000.00	8,000.00	4,000.00
Total Expenditures	\$ 464,649.00	\$ 287,260.26	\$ 177,388.74
Expenditures	\$ -14,283.00	\$ -18,288.30	\$ 4,005.30

FUND 292: EDA LOANS

Account Name	Original Budget	YTD Actua	Difference
<u>REVENUES</u>			
INTEREST INCOME	\$ 8,000.00	\$ 11,381.02	\$ -3,381.02
INTEREST - COMMERCIAL LOANS	675	466.96	208.04

INTEREST - LOW DOC TIER II	1,865.00		1,051.37	813.63
Total Revenues	\$ 10,540.00	\$	12,899.35	\$ -2,359.35
<u>EXPENDITURES</u>				
LOAN PROGRAM REIMBURSEMENT	0		5,371.77	-5,371.77
Total Expenditures	\$ 0	\$	5,371.77	\$ -5,371.77
Expenditures	\$ 10,540.00	\$	7,527.58	\$ 3,012.42

FUND 294: EDA LAND

Account Name	Original Budget		YTD Actual	Difference
<u>REVENUES</u>				
TIF ADMINISTRATIVE FEES	340		986.26	-646.26
INTEREST INCOME	2,000.00		6,017.85	-4,017.85
INTEREST - EDA LAND LOANS	0		16,358.69	-16,358.69
LEASES & RENTS	40,000.00		18,335.25	21,664.75
Total Revenues	\$ 42,340.00	\$	41,698.05	\$ 641.95
<u>EXPENDITURES</u>				
CONSULTING SERVICES	17,000.00		2,610.00	14,390.00
INSURANCE	300		225	75
REAL ESTATE TAXES	21,000.00		24,724.76	-3,724.76
LAND PURCHASES	0		2,518.29	-2,518.29
OTHER IMPROVEMENTS	0		90	-90
Total Expenditures	\$ 38,300.00	\$	30,168.05	\$ 8,131.95
Expenditures	\$ 4,040.00	\$	11,530.00	\$ -7,490.00

City of Owatonna
Balance Statement by Fund
31-Aug-19

FUND 292: EDA LOANS

Account Number	Account Name	Ending Balance
ASSETS		
292-000-000-10100	BANK ACCOUNTS	\$ 161,329.82
292-000-000-10900	INVESTMENTS	800,000.00

FUND 294: EDA LAND

Account Number	Account Name	Ending Balance
ASSETS		
294-000-000-10100	BANK ACCOUNTS	\$ 303,599.99
294-000-000-10900	INVESTMENTS	200,000.00

CITY OF OWATONNA
EDA - LOAN PROFILE
As of : August 31, 2019
 prepared 9/10/2019

EDA - Improvement Notes

<u>Borrower</u>	<u>Loan Date</u>	<u>Int Rate</u>	<u>Years</u>	<u>Original Balance</u>	<u>Current Balance</u>	<u>Monthly Payment</u>	<u>Status</u>	<u>Type</u>	<u>Notes</u>
Williams	9/1/2016	5.250	7	20,000.00	12,316.50	285.03	Current	Retail	
Wagner's	10/1/2018	2.500	7	43,480.63	39,641.97	564.78	Current	Retail	Didn't pay Nov & Dec 18
Total				<u>63,480.63</u>	<u>51,958.47</u>	<u>849.81</u>			

Profile by Loan Performance	<u>Status</u>	<u>Number of Loans</u>	<u>Original Balance</u>	<u>Current Balance</u>	<u>% of Current Balance</u>
	Current	2	63,480.63	51,958.47	100.00%
	Non-current	0	-	-	0.00%
		<u>2</u>	<u>63,480.63</u>	<u>51,958.47</u>	<u>100.00%</u>

EDA - Low Doc Notes

Borrower	Loan Date	Int Rate	Years	Original Balance	Current Balance	Monthly Payment	Status	Type	Notes
American Legion Post 77	10/6/2014	1.625	7	20,000.00	6,434.48	252.05	Current		
Completely Kids	9/1/2016	-	3	5,000.00	0.00	138.89	Current		Loan Paid in Full Aug 19
Completely Kids	9/1/2016	1.625	7	20,000.00	11,706.31	252.05	Current		
Family 1st Insurance	4/1/2017	-	3	5,000.00	972.19	138.89	Current		
Family 1st Insurance	4/1/2017	1.625	7	19,609.00	13,089.33	247.13	Current		
Paula Trender	4/6/2018	-	3	5,000.00	2,777.76	138.89	Current		
The Kitchen	10/1/2017	-	3	5,000.00	1,944.42	138.89	Current		
				<u>79,609.00</u>	<u>36,924.49</u>	<u>1,306.79</u>			

Profile by Loan Performance	Status	Number of Loans	Original Balance	Current Balance	% of Current Balance
	Current	7	79,609.00	36,924.49	100.00%
Non-current	0	-	-	0.00%	
		<u>7</u>	<u>79,609.00</u>	<u>36,924.49</u>	<u>100.00%</u>

EDA - MIF Flood Recovery

Borrower	Loan Date	Int Rate	Years	Original Balance	Current Balance	Monthly Payment	Status	Type	Notes
Plemel (direct loan)	6/22/11	-	10	27,378.50	5,019.80	228.15	Current		
Marks Repair (direct loan)	4/5/12	-	10	39,327.50	11,212.40	254.85	Current		Business was sold
Owatona Country Club (direct)	5/7/12	-	10	82,363.50	22,650.18	686.36	Current		
Cars-N-Credit (direct loan)	4/30/13	-	10	71,657.00	27,468.64	597.14	Current		
Plemel (deferred loan)	6/22/11	-	10	27,378.50	27,378.50	-			Forgiven after 6/22/21
Marks Repair (deferred loan)	4/5/12	-	10	39,327.50	30,581.00	-			Forgiven after 4/1/22
Owatonna Country Club (deferred)	5/7/12	-	10	82,363.50	82,363.50	-			Forgiven after 5/1/22
Cars-N-Credit (deferred loan)	4/30/13	-	10	71,657.00	71,657.00	-			Forgiven after 4/30/23
Total				441,453.00	278,331.02	1,766.50			

Profile by Loan Performance		Status	Number of Loans	Original Balance	Current Balance	% of Current Balance
	Current		8	441,453.00	278,331.02	100.00%
	Non-current		0	-	-	0.00%
			8	441,453.00	278,331.02	100.00%

EDA Land Fund

Borrower	Loan Date	Int Rate	Years	Original Balance	Current Balance	Annual Payment	Status	Type	Notes
Gopher TIF note	10/25/07	-	9	301,000.00	-	33,445.00	Current		Paid in Full July 2018
Rayven TIF note	10/20/08	-	9	143,760.00	-	15,973.00	Current		Paid in Full Dec 2018
Gateway #2 TIF note	12/31/16	3.000	25	472,889.00	470,508.82		Current		TIF Guarantee
Arrow Ace TIF note	12/1/17	3.000	25	350,000.00	350,000.00		Current		TIF Guarantee
Nicolai TIF note	12/31/17	3.000	25	524,845.17	524,845.17		Current		TIF Guarantee
Total				1,792,494.17	1,345,353.99	49,418.00			

Profile by Loan Performance		Status	Number of Loans	Original Balance	Current Balance	% of Current Balance
	Current		5	1,792,494.17	1,345,353.99	100.00%
	Non-current		0	-	-	0.00%
			5	1,792,494.17	1,345,353.99	100.00%

Memo

To: Economic Development Authority
From: Brad Meier, President/CEO
Date: 9/18/19
Re: OACCT Economic Development Update

Economic Development

- **See attached report for leads and 'in progress' reports.**

Workforce

- Important school bond decision Nov. 5th
- Made in Owatonna Days set for 2019-20 school year: Oct9, Feb12, May13
- Signing Day is May 20th
- Alumni reconnecting with Anisha now that summer has ended
- Writing a grant in conjunction with MNSCU to support efforts
- Met with group recruiting employees from Puerto Rico to Owatonna-they have some new people in local positions that we are working with.

OPED

- Marketing event in Owatonna-Oct

Retention/Expansion

- Coordinating visit for October with new Amesbury Truth President Bob Burns

Tid-Bit

- Continue to advocate Vine & Oak traffic lights

<u>Company</u>	<u>Date of Inquiry</u>	<u>Service Provided</u>	<u>Follow ups</u>	<u>Conclusion</u>	<u>Project Outcome: Green (progressing), yellow (probable); red (not moving)</u>
Person looking for a single office space	1/22/2019	Mr Rafi Dworsky called last week checking on office space that could be rented by the hour. He is a Speech Therapist working out of Faribault. I called Herzog Swanson to see if they had a space and they called Mr. Dworsky directly.	I called Mr. Dworsky to check to see if he found space and to suggest a couple of different options here in Owatonna. He said that he had found space at a rest home. His number is 507-210-1862		
National Mutual; Jeff Long	2/5/2019	Mr. Long is working to set up a location in Owatonna. Working with him to identify locations for office and people to potentially run the office.	We've talked twice in person and stay connected via email. Providing possible names and office locations. April they found a person to run the operation and have opened up their business in Owatonna.		
Downtown Hotel project	1/22/2019	Continue to dialogue with the HK Hospitality leadership about the project needs and next steps.	Part of the PR to continue to tell community about project. I wrote a column in people's press about the efforts and where they're at. 3/15/19 last conversation was that pieces are coming together and Jim Kelley would be coming to town in March. 6/11/19 no updates to report.		
Expansion lead	2/11/2019	Heard about possible expansion project for a local manufacturing company. Working to track down the validity and see if we can figure out their needs.	multiple calls into the contact.		
Local business looking to relocate	2/13/2019	local business is looking for 5000-10000 sq ft building with more visibility to move their business. Also looking for ideas on what to do with existing building.	Provided an initial contact for space that would fit their criteria, but that building is now in the process of being sold. Provided some other leads and keeping an eye out for other options.		
Local manufacturing business will need to relocate in the next year.	2/27/2019	Local business will need to move out of their existing location because building is being sold. They have approx. year and a half before they need to make the move. Moving will be challenging, so they want to find the right fit. Approx. 10,000 sq ft.	Reviewed several options with the owners. They are concerned about cost with the options. Have connected them with Bill Owens to do a review of what they can afford for overhead on a different building.		

Local Church in need of space	2/28/2019	This is a continuation from the prior year, they are now again looking for approx. 10,000 sq ft for their church. They've been operating out of another church doing services on Saturday nights. They need Sunday mornings.	Continued discussions on space. They have worked out a deal with the current church to do Sunday services as well, so will stay put.		
Downtown Building Quietly for sale	3/8/2019	Met with business and they stated for the right situation, they're open to moving locations.	Followed up with pricing.		
Retail Space and work space downtown	4/2/2019	Spoke via phone about their needs. Will be in town Friday and will meet.	4-5-19: met with the two leaders of the location search and went through 6 property options. Provided address and contact information and will follow up with EDA details of renovation program after April meeting. They have identified a location and are moving to a space in Owatonna in May. 8/1/19 leasing space in owatonna.		
Contact about possible purchase of local business	4/4/2019	Contact from a business real estate broker about a local businesses contact and viability.	Provided appropriate information about the business.		
Local manufacturing company looking for 35-50k sq ft of warehouse space	5/8/2019	Reached out to all our contacts who have space available.	Provided information on 3 possible locations locally with contact information.		
Working with a major event to have a permanent location in Owatonna.	5/1/2019	Their organization needs 50 acres for this particular type of event.	Working with City and County to identify options. City providing maps of each space that have been ID'd. Will meet with the company in August.		
Met with OPED partners with company interested in former Chart Building for a new mfg business.	4/30/2019	Discussion was on timing of building acquisition; worker needs.	Chamber portion of discussion about workforce and ways they can engage with our efforts to attract talent. 8/14/19: toured chart site; Rise plans to close on it in September and do significant renovations to open early 2020.		
Working with Airport group on options for growing flights from Owatonna.	4/30/2019	Setting up a meeting with business leaders and a company that provides service.	Looking at a June timeframe for the initial discussion. 5/29 postponed at urging of CEO group. 8/15/19 there is still interest in this concept.		

September-19

August				SBDC Consulting			
Client No.	Sessions	Hours	New	Type	Location	Assistance	Operating
1 C60394	9	17.00	0	Retail	Owatonna	Financials	0
2 C60396	1	1.50	1	Service	Owatonna	Business Plan	0
3 C60372	2	3.75	0	Retail	Owatonna	Business Plan	1
4 C60395	3	6.75	1	Transportation	Faribault	Business Plan	1
5	0	0.00	0				0
6	0	0.00	0				0
7	0	0.00	0				0
8	0	0.00	0				0
9	0	0.00	0				0
10	0	0.00	0				0
	15	29.00	2				2

Month	Hours	Month	Hours		Number	Sessions	Hours
December-18	20.00	June-19	20.00	New	2	4	8.25
November-18	15.75	May-19	13.00	Presently Operating	2	5	10.50
October-18	6.00	April-19	8.00	Retail	2	11	20.75
September-18	9.00	March-19	12.00	Restaurant	0	0	0.00
August-18	5.75	February-18	6.08	Manufacturing	0	0	0.00
July-18	9.00	January-19	8.75	Other	2	4	8.25
			133.33	Client Total	4	15	29.00

Manufacturing Area Occupancy

Current	85%
Budget	61%
YTD Performance to Budget \$	\$ 13,051
YTD Performance to Budget %	125%

OFFICES

\$	4,614
	157%

September 18, 2018 EDA Meeting

EDA Projects Report

- The first building is full of tenants. The developer is looking to sell the site for the second building on the old Hardees/Budget Mart site. The EDA paid for the consulting costs to complete the TIF requirements for the project and will be paid back over the life of the district which would be up to 25 years.
- The City has conveyed the 5 properties along East Pearl Street to Steve Nicolai for an apartment building. All the structures have been demolished on the site. Tax Increment Financing has been approved to reimburse the EDA the expenses to acquire and clear the properties over a 25 year period. The developer has sold the property to another developer who could possibly do a larger project. The City Council approved transferring the development agreement to the new developer. An expanded apartment building would require changes to the development agreement and to the TIF Plan.
- The City has purchased 14 acres from Viracon in the industrial park. The land will be used to swap land with Cemstone as part of a deal to have Cemstone build a new facility in the industrial park in the next 5 years. The City Council has approved using tax increment financing for the new Cemstone site. A draft development agreement and lease agreement are being reviewed and are planned to be presented to the City Council for approval.
- The City has purchased the property at 147 West Pearl Street for redevelopment. Demolition of the 4-plex is completed. The City has an agreement with the owners of Family Video to market the property for redevelopment.
- There are a couple of groups looking at the former Bubba's building. Staff will continue to work with those group on a potential project.
- HK Hospitality is working on a possible hotel and event space on the 200 block of North Cedar Avenue. Staff will continue to work with the developer for a possible project.
- The City has completed all approvals for a 350,000 Costco Distribution Center. TIF is being used for the project. The project will include public improvements and work on the site should begin in the next month.
- Daikin is proposing a 150,000 square foot warehouse next to their facility on Hoffman Drive. TIF has been approved for the project. A MIF application has been submitted to the State on behalf of Daikin. Grading has begun on the site.
- Minimizer has submitted a purchase agreement to the City to purchase 13 acres in the industrial park for a new manufacturing facility. The City has approved the purchase agreement and closing should take place this month with construction starting this fall.