

Economic Development Authority
Regular Meeting
Wednesday, February 17, 2021
4:00 PM
City Council Chambers

1. Agenda 02-17-2021

Documents:

[EDA AGENDA 02-17-2021.PDF](#)

2. Roll Call

3. Approval Of Minutes: January 20, 2021

Documents:

[EDA MINUTES 01-20-2021.PDF](#)

4. Treasurer's Report

Documents:

[3. TREASURERS REPORT.PDF](#)

5. Loan Report

Documents:

[4. LOAN REPORT JANUARY.PDF](#)

6. Reports

6.I. OABDC Report

Documents:

[5.B. OABDC REPORT.PDF](#)

6.II. EDA Report

Documents:

[5.C. EDA REPORT.PDF](#)

7. Old Business

7.I. Sprinkler Line Hook-Up Assistance

8. New Business

9. Other Business

10. Schedule Next Meeting - March 17, 2021

11. Adjournment

Economic Development Authority

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Agenda

1. Roll Call
2. Approval of Minutes: January 20, 2021
3. Treasurer's Report
4. Loan Report
5. Reports
 - a. OACCT
 - b. OABDC
 - c. EDA Projects
6. Old Business
 - a. Sprinkler Line Hook-up Assistance
7. New Business
8. Other Business
9. Schedule Next Meeting – March 17, 2021
10. Adjournment

EDA
Minutes
January 20, 2021

The Owatonna Economic Development Authority met in regular session at 4:00 PM at the Owatonna Arts Center with President Raney presiding. Commissioners Present: Andy Cowell, Brenda DeVinny, Kevin Raney, Doug Voss, Jeff Okerberg. Also present were Troy Klecker, Bill Owens, Brad Meier, Shirley Schultz, Karen Pehrson, Dave Beaver, Mayor Kuntz, and Kristen Kopp.

Approval of Minutes. Commissioner Okerberg moved approval of the minutes of the December 16, 2020 meeting with second by Commissioner DeVinny. All Commissioners voting Aye, the motion passed.

Treasurer's Report. Troy Klecker presented the revenue and expense reports for December. He said that not everything is final for 2020 as bills are still coming in. We were over budget because there were more projects than anticipated. Over all, it was a really good year economic development-wise. Most everything will be identical budget-wise in 2021. He said because of Covid, we didn't have lodging tax dollars come in as anticipated.

Loan Report. Bill Owens presented the Loan Report for December. He said that there was one loan that was behind—American Legion-- but may have been made since the report was run. They're usually on time. All the rest of the loans are current.

OACCT Report. Chamber Director Brad Meier presented the OACCT Report for December. The County has another grant program out now, with \$700,000 available. As of this morning, 35 applications have come in. Anisha provided some workforce updates in the report. They are going to do a call with CLA to talk about some of the new federal plans and tax implications. Voss said he was fortunate enough to be a part of Jump Start Owatonna, and he asked if anyone else reported back. He said it would be fun to do a report on it. Meier said there were about 20 responses from over 45 grants. Voss said it would be interesting to know what people did with it. Meier said for their annual meeting, they reached out to Costco and asked John Feland (sp?) what his experience was like working with Owatonna. He said that it was great and they could tell that Owatonna wanted them to come. There was some discussion about daycare shortages. Mensink said that it will absolutely be an issue with the increase in employment recently.

MainStreet Report. MainStreet Director Shirley Schultz presented the quarterly MainStreet Report. She said handed out copies of the façade photos and highlighted the 2021 new businesses. Jaguar was purchased by MetroNet last year and Rossi Law Office has retired. Voss asked about 214 and 216 North Cedar Avenue and wondered if they know what it's going to look like when they're done. Schultz said that she's sure they'll have those conversations. Owens said that they discover something every time they tear something off and keep finding more stuff that's cool. Voss said that they want to make sure it's done property as it's a central spot downtown. Schultz said that Lucky Dice just added the north windows to match the other side of the door. She gave updates on several façades including Foremost and the Johnson property. Raney asked whether there have been more inquiries for downtown properties since the hotel was announced. Schultz said that she thought so.

Tourism Report. Tourism Director Karen Pehrson presented the quarterly Tourism Report. She said one of their big strategies was to increase website activity. She said there was an increase of active users. There weren't many meetings or events due to Covid. They had to change their tune a little bit and have been targeting people from Minneapolis and Iowa. There weren't many events over Christmas, but they did try to push out the window displays. That went well and many people participated in it, as well as the downtown drive. A tourism guide is in the pipeline and they're hoping it will come out early March. They're working on destination branding and doing a lot of partnering with Park and Rec. There are six snow sculptures in Central Park, which is the most they've ever had. They're looking at putting together a partnership for a Valentine's package for an overnight or weekend special. She highlighted the lodging tax numbers. If you were to look at a comparison with Minneapolis, we did pretty well. Klecker asked what the hotels are saying for this year. Pehrson said that they're forecasting quarterly instead of yearly because of the unknowns. She said that they've heard it's going to take a couple years to rebound. People want to be travelling, but they're not ready yet. Mensink said he gets that travel over all might not come back as quickly, but he asked if people might want to do more regional travel. Pehrson said yes--they're doing more leisure activities like bike trails. They've been seeing a lot of regional tourists, but those tourists aren't staying overnight. People are doing some last minute trips because the kids aren't in school. Mensink said that it opens up different partnerships. Pehrson said that they've partnered with OBP and Park and Rec. She said that she hopes the group tours will start coming again. Raney mentioned skating at the chalet, ice fishing on Lake Kohlmier, and snowshoeing or cross-country skiing in Kaplan's Woods. He said not many communities have skating on the river. Pehrson said that they pushed that out recently. Raney asked how quickly they're able to get the word out after a snowfall. Pehrson said that they do a lot on social media. Mensink said it would be nice to encourage Chamber members to share that content. He said a lot of people are cooped up and looking for ways to get out.

OABDC Report. OABDC Director Bill Owens presented the OABDC Report for December. He said they finished the year with a little over half the consulting hours of 2019, but December was pretty good and January is turning out to be pretty decent, too. There hasn't been a change in occupancy. There's another project he's been working on with Steve Judd, Mike Beckman, and Dave Ramsey. The idea is to have a center that would support entrepreneurs. It's exciting to see.

Airport Report. Airport Manager Dave Beaver presented the quarterly Airport Report. He said January is slower at the airport. He said 2020 was a good year for the airport. The numbers were up and there's a lot of optimism within the Airport Board. Accelerated Aviation is up to six aircraft. He said that there are people who fly in, just to get away for the day. Langer Aviation is doing well. They're seeing good signs. Drones are impacting the industry. All the major cargo facilities like UPS has a whole division doing drones. They're already using them in Florida. FAA is loosening restrictions on them.

EDA Projects. Community Development Director Troy Klecker presented the EDA Projects for December. The hotel is the big project for 2021. They're looking at demolition in late May or June with new construction starting in July. It will have a huge impact downtown, along with the streetscape project. Downtown will definitely be a disaster for a while this summer. Minimizer is pretty much done with the inside work. They're looking to open in the spring sometime. They're working on the roof at 147 West Bridge Street and planning to be done in mid-February. Bosch is completely enclosed now and they're working on the inside. The 36-unit apartment on Mound Street has all of the underground work done. The 202 West Bridge Street building is under

construction and will be a nice project when it's done. Mensink asked what the construction period of the hotel project will be. Klecker said 12 months. They hope to open early summer 2022.

New Business. Klecker said that he wanted to have a conversation about sprinkler line hook-ups. There will be a lot of underground utility work done on North Cedar during the streetscape project, with all of the concrete for the street and sidewalks being redone. The project will bring the water right up to the building, but would still need to be taken into the building. Depending on what's needed, they could have a sprinkler system when it's done. This is something that would be very advantageous to have this done while everything is torn up. He asked if the EDA want to be involved with assisting these businesses. It does add value to the building and makes it easier for them to renovate. If we didn't do it, they'd have to tear up the sidewalk again if it was ever to be done at a later date. Voss asked why they wouldn't just stub it into the basements. Klecker said that you're getting into private property when you bring it into the building. Do we want to assist with loans or grants to incent building owners to get it into the building? Mensink asked how many businesses it will be and what kind of dollar amount. Klecker said they don't have specifics yet, and it doesn't have to be decided today. He just wanted to start the conversation. Mensink said a loan program, at minimum, would be good. Voss said it should be developed to the point where they don't have to dig anything up in the future. Klecker said that's why they'd want to do it. Okerberg said he'd like to help out with it, maybe meet them half way. Klecker said the costs will vary from building to building. He said that he is referring to assisting with bringing it into the building, not a sprinkler system. Mensink said it would be up to them to figure out the sprinkler system. Raney said he's okay with that, but his concern is that these businesses have struggled last year and will struggle this year because of the street being shut down. He asked what happens if it's a forgivable loan verses regular loan verses grant. Klecker said that they have money to do it. They have the ability to create a program whether forgivable or not, to address items that the EDA wants to see happen. It could be forgivable or it could be a straight loan. Voss said that the sprinkler system is completely different from stubbing in the pipes. Just to ensure they're not tearing up the sidewalk. Klecker said that is correct. The investment we make in the concrete will stay. Cowell said that he's leaning more towards a loan. Mensink said that he agreed, and that the focus should be on making sure everyone is sprinkler ready. It enhances the value of the building. Klecker said that the incentive would be an interest-free loan, and the length of time to pay it back. They dealt with Covid last year and this year and the street project, including an assessment with the improvements. Klecker said that he likes the loan idea verses the grant. Some of these buildings will never need a sprinkler system. Mensink said that the purpose of the building may change at some point. Raney said if they do a loan with zero interest, it gives them the chance to offer the money again. They're not losing on it. Mensink said it creates the conversation while it's torn up. Voss said the stub-in is a no-brainer. They have to do it. Mayor Kuntz asked if this would replace the existing service to the building. Klecker said he doesn't know the details yet.

Mayor Kuntz thanked the board for their commitment to Owatonna. Without the 87 board members, we wouldn't be the community we are. He said he also appreciated everyone who reports. He asked the Commissioners to take a look at the mission statement of the EDA to tell people what it means to serve on the EDA. He asked them to give him five or six questions to ask someone. Mensink thanked the Mayor for his commitment to Owatonna.

Mayor said the Park and Rec Department is looking for used skates for the chalet.

Schedule Next Meeting. The next EDA meeting is scheduled for **February 17, 2021** at 4:00 PM at the City Council Chambers.

Adjournment. There being no further business, a motion was made by Commissioner Okerberg and seconded by Commissioner Cowell to adjourn the meeting at 5:20 pm. All Commissioners voting Aye, the motion passed.

City of Owatonna
Income Statement by Fund
For the Period Ending January 31, 2021

FUND 290: EDA ADMINISTRATION

Account Name	Original Budget	YTD Actual	Difference
<u>REVENUES</u>			
PROPERTY TAXES	\$ 185,000.00	\$ 15,435.00	\$ 169,565.00
LODGING TAX - 3%	250,000.00	0	250,000.00
TIF ADMINISTRATIVE FEE	22,217.00	0	22,217.00
INTEREST INCOME	1,000.00	0	1,000.00
LEASES & RENTS	1,666.00	0	1,666.00
Total Revenues	<u>\$ 459,883.00</u>	<u>\$ 15,435.00</u>	<u>\$ 444,448.00</u>
<u>EXPENDITURES</u>			
PERSONNEL	\$ 90,462.00	\$ 6,796.50	\$ 83,665.50
OFFICE SUPPLIES	400.00	0.00	400.00
MINOR EQUIPMENT	400.00	0.00	400.00
CONSULTING SERVICES	25,500.00	8,500.00	17,000.00
TELEPHONE	200.00	0.00	200.00
POSTAGE	300.00	8.00	292.00
VEHICLE ALLOWANCE	500.00	38.50	461.50
TRAVEL & CONFERENCES	500.00	0.00	500.00
O B D - MARKET SERVICES(OACCT)	50,000.00	25,000.00	25,000.00
O B D - LOAN SERVICES (OBI)	20,000.00	10,000.00	10,000.00
DOWNTOWN ENHANCEMENTS	5,000.00	0.00	5,000.00
OBD-SMALL BUSINESS DEV CENTER	4,000.00	0.00	4,000.00
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	0.00	4,500.00
TOURIST DEVELOPMENT	237,500.00	0.00	237,500.00
SOUTHERN MN INITIATIVE FOUNDAT	1,667.00	0.00	1,667.00
TRANSFER TO OTHER FUNDS	12,000.00	1,000.00	11,000.00
Total Expenditures	<u>\$ 464,329.00</u>	<u>\$ 51,343.00</u>	<u>\$ 412,986.00</u>
Expenditures	<u>\$ -4,446.00</u>	<u>\$ -35,908.00</u>	<u>\$ 31,462.00</u>

FUND 292: EDA LOANS

Account Name	Original Budget	YTD Actual	Difference
<u>REVENUES</u>			
INTEREST INCOME	\$ 8,000.00	\$ 0.00	\$ 8,000.00
INTEREST - COMMERCIAL LOANS	0.00	77.38	-77.38
INTEREST - LOW DOC TIER II	0.00	96.87	-96.87

Total Revenues	\$ 8,000.00	\$ 174.25	\$ 7,825.75
Expenditures	\$ 8,000.00	\$ 174.25	\$ 7,825.75

FUND 294: EDA LAND

Account Name	Original Budget	YTD Actual	Difference
<u>REVENUES</u>			
TIF ADMINISTRATIVE FEES	1,161.00	0.00	1,161.00
INTEREST INCOME	7,500.00	0.00	7,500.00
LEASES & RENTS	30,000.00	0.00	30,000.00
Total Revenues	\$ 38,661.00	\$ 0.00	\$ 38,661.00
<u>EXPENDITURES</u>			
CONSULTING SERVICES	17,000.00	0.00	17,000.00
INSURANCE	900.00	225.00	675.00
RENTAL PROPERTY EXPENSES	0.00	92.71	-92.71
REAL ESTATE TAXES	21,000.00	0.00	21,000.00
OTHER IMPROVEMENTS	0.00	41,411.05	-41,411.05
Total Expenditures	\$ 38,900.00	\$ 41,728.76	\$ -2,828.76
Expenditures	\$ -239.00	\$ -41,728.76	\$ 41,489.76

City of Owatonna
Balance Statement by Fund
31-Jan-21

FUND 292: EDA LOANS

Account Number	Account Name	Ending Balance
ASSETS		
292-000-000-10100	BANK ACCOUNTS	\$ 37,853.27
292-000-000-10900	INVESTMENTS	900,000.00

FUND 294: EDA LAND

Account Number	Account Name	Ending Balance
ASSETS		
294-000-000-10100	BANK ACCOUNTS	\$ 430,984.98
294-000-000-10900	INVESTMENTS	600,000.00

CITY OF OWATONNA
EDA - LOAN PROFILE
As of : January 31, 2021
 prepared 2/8/2021

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	8,986.79	285.03	Current	Retail	
Wagner's	10/1/2018	2.500	7	43,480.63	32,768.60	564.78	Current	Retail	
Total				<u>63,480.63</u>	<u>41,755.39</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	41,755.39	100.00%
	Non-current	0	-	-	0.00%
		<u>2</u>	<u>63,480.63</u>	<u>41,755.39</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	2,998.22	252.05	Current		
Completely Kids	9/1/2016	1.625	7	20,000.00	8,370.27	252.05	Current		
Family 1st Insurance	4/1/2017	-	3	5,000.00	0.00	138.89	Current		Paid in Full March 2020
Family 1st Insurance	4/1/2017	1.625	7	19,609.00	9,849.61	247.13	Current		
Paula Trendera	4/6/2018	-	3	5,000.00	416.63	138.89	Current		
The Kitchen	10/1/2017	-	3	5,000.00	0.00	138.89	Current		Paid in Full Jan 2021
				<u>74,609.00</u>	<u>21,634.73</u>	<u>1,167.90</u>			

Profile by Loan Performance	Status	Number of Loans	Original Balance	Current Balance	% of Current Balance
	Current	7	74,609.00	21,634.73	100.00%
Non-current	0	-	-	0.00%	
		<u>7</u>	<u>74,609.00</u>	<u>21,634.73</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	-	228.15	Current		Paid in Full Oct 2020
Marks Repair (direct loan)	4/5/12	-	10	39,327.50	7,644.50	254.85	Current		Business was sold
Owatona Country Club (direct)	5/7/12	-	10	82,363.50	13,041.14	686.36	Current		
Cars-N-Credit (direct loan)	4/30/13	-	10	71,657.00	19,108.68	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	251,774.32	1,766.50			

Profile by Loan Performance	Status	Number of Loans	Original Balance	Current Balance	% of Current Balance
	Current	8	441,453.00	251,774.32	100.00%
	Non-current	0	-	-	0.00%
		8	441,453.00	251,774.32	100.00%

EDA Land Fund

Borrower	Loan Date	Int Rate	Years	Original Balance	Current Balance	Annual Payment	Status	Type	Notes
Gateway #2 TIF note	12/31/16	3.000	25	472,889.00	459,977.81		Current		TIF Guarantee
Arrow Ace TIF note	12/1/17	3.000	25	350,000.00	344,162.31		Current		TIF Guarantee
Nicolai TIF note	12/31/17	3.000	25	524,845.17	524,845.17		Current		TIF Guarantee
Total				1,347,734.17	1,328,985.29	-			

Profile by Loan Performance	Status	Number of Loans	Original Balance	Current Balance	% of Current Balance
	Current	5	1,347,734.17	1,328,985.29	100.00%
	Non-current	0	-	-	0.00%
		5	1,347,734.17	1,328,985.29	100.00%

February-21

Consulting for January								
Clients	Sessions	Hours	New	Operating	Hours		Inquiries	Inquiry Hours
					2021 YTD	2020 YTD		
4	12	10.75	1	2	10.75	20.75	0	0

Occupancy for October			
Manufacturing		Offices	
Total Leasable Space	25,200	Total Leasable Offices	10
Total Leased Space	22,020	Total Number of Leased Offices	9
Present Occupancy %	87%	Present Occupancy %	90%
Budget Occupancy %	61%	Budget Occupancy %	63%
YTD Performance to Budget \$	\$ 3,934	YTD Performance to Budget \$	\$ 642
YTD Performance to Budget %	160%	YTD Performance to Budget %	128%
Number of Tenants	9	Number of Tenants	9

EDA Loan Programs					
Standard Programs	Number of Loans	Original Balance / Committed	Current Balance / Advanced	Amount Past Due	Available to Advance
Low Doc Notes (Tier I and II)	6	\$ 74,609	\$ 21,635	\$ 252	
Improvement Notes	2	63,481	41,755	-	
MIF Flood Recovery	7	441,453	251,774	-	
Land Fund	3	1,347,734	1,328,985	-	
		<u>\$ 1,927,277</u>	<u>\$ 1,644,150</u>	<u>\$ 252</u>	
Special Programs					
2019 Forgivable Loans - Exterior	10	\$ 90,050	\$ 33,547		\$ 56,503
2019 Forgivable Loans - Interior	10	90,000	35,216		54,784
		<u>\$ 180,050</u>	<u>\$ 68,763</u>		<u>\$ 111,287</u>

February 17, 2021
EDA Meeting

EDA Projects Report

- 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 Mac Hamilton. Hamilton is proposing to construct a 43 unit market rate apartment build this year. A public hearing to modify the TIF plan is scheduled for February 16th.
- The land swap between the City and Cemstone is completed. The City now owns the current Cemstone site and Cemstone owns 14 acres of vacant land in the industrial park. Cemstone will have 5 years to build a new facility on the new site. The City will then redevelop the current site once Cemstone moves out. Tax Increment Financing is being used to assist with the project. Cemstone is planning to start construction on their new site in the spring.
- 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.
- A “For Sale” banner is on the Bubba’s building and the property is being marketed. We will proceed with additional improvements to the property to remove some of the obstacles for a potential business.
- A Purchase agreement has been approved by the City Council to sell the old theater property and a parking lot to Owatonna Hospitality 1, LLC to construct a Marriott Courtyard hotel on the 200 block of North Cedar Avenue. Tax Increment Financing has been approved for the project.
- Work continues on the site for a new facility for Minimizer. Minimizer has purchase 13 acres in the industrial park from the City for a new 100,000 square foot manufacturing facility. The project is to be completed in spring of 2021.
- The City has purchased the property at 117 West Bridge Street formerly owned by Centro Campesino. Construction of a new roof on the building has started. The EDA would pay for the roof with the intent of redeveloping the property and utilizing tax increment financing to recoup our costs from the project.
- The City owns the property at 148 West Main Street that was damaged from a collapsed roof. A redevelopment project is being sought for that property.

- The City Council has approved tax increment financing for Bosch to construct a 266,000 square foot warehouse facility in the industrial park. The City has received a DEED grant for \$176,000 to help pay for a public cul-de-sac to serve the property. The EDA would upfront the costs of the for the public improvements which would be paid back with the first year of increment from the project. Construction has begun on the project.
- The City Council has approved tax increment financing for a 36 unit market rate apartment at 660 Mound Avenue. Construction has begun on the project.
- Tax Increment Financing has been approved for the redevelopment of 202 West Bridge Street. The project will renovate the entire building into retail and office space. Construction on the project has begun.