

Harmony EDA Minutes

June 8, 2023
7:30 AM

Community Center
Council Room

Present: Kerry Kingsley, Steve Donney, Andy Batstone, and Michael Himlie

Also Present: Amy Bishop, Aaron Bishop, Allan Dahl, Erica Thilges, Cindy Ofstedal, Allison Whalen, Sam Grabau, and Chris Giesen

The regular meeting was called to order at 7:30 AM by Kerry Kingsley.

Minutes

The board reviewed the minutes of the May 4, 2023 meeting. Motion by Himlie, second by Batstone to approve the minutes as presented. Motion carried unanimously.

Financial Reports & Claims

The loan portfolio and new home rebate report were reviewed. All loans were current.

Loan Request: Monster Bash

The board considered a loan proposal from Monster Bash, Inc. The nonprofit's president, Jay Masters joined the board by telephone to discuss the project. Giesen presented the loan request as follows: \$30,000 for acquisition of the Harmony Township Hall property on 1st ST and 1st Ave NW in Harmony. Future development plans may come forward but are not a part of this project, and are only in the idea phase. This purchase would simply support future growth and possibilities.

The requested terms were 10 years at 8.25% fixed, with a 1st mortgage on the real estate financed as well as the existing Monster Bash property next door (former Woodshed property). An annual payment was requested. Masters noted that they intended to pay the loan off early as with a previous EDA loan. Giesen noted to the board that normally loan amounts are limited to \$25,000 or 50% of the project, whichever was less, required personal guarantees, and payments by ACH. Because of the type of entity the applicant is, how they are structured, that it is a nonprofit, the benefit they provide to the community, the first mortgage offered, and their previous excellent payment history, Giesen noted that this could be an instance to deviate from the normal guidelines. The loan committee had reviewed the application and financial details. There were no further questions from the board. Motion by Batstone, second by Donney to approve the loan as requested. Motion carried 3-0-1; Himlie abstained.

Semi Annual Development Agreement Compliance Review

The board conducted its semiannual compliance review of active and closed development agreements for various approved projects in the community. Giesen noted that since the last review, the Hammel House agreement had be closed and satisfied in full. There were currently four active agreements; two in compliance and two not in compliance. The board discussed at length. It was noted that compliance was last checked on June 1, 2023 which was a week earlier, so any updates since then were not reflected in the report.

The board discussed the out of compliance status of the agreements with Miles Petree and Lisa Miller of On the Crunchy Side (for a downtown revitalization grant) and Jeff O'Connor of Twin City Trimmers (for a TIF district/lot purchase in the industrial park).

The downtown revitalization grant agreement called for the entire project to be completed by the end of 2022 and the windows were yet to be installed, in addition to the property taxes not being paid on time for the second time in a row under the agreement. Consensus of the board was that it would no longer spend time discussing warnings or processes for non compliance when issues reoccur. Moving forward staff is directed to send a warning letter outlining possible outcomes of non compliance once non compliance is identified; utilizing personal visits, phone calls, and discretion as appropriate. Consensus of the board was that late payments of property taxes was not acceptable. The board discussed extending the deadline for the window completion realizing delays with contractors and weather happen. Motion by Batstone, second by Kingsley to send a letter to the recipient explaining that property taxes must be current by June 30, 2023 and that the windows must be fully installed by September 30, 2023; starting the default process automatically if either deadline is missed. Himlie requested the motion be amended to allow the default process to automatically occur without board action if future noncompliance occurs. The makers of the motion concurred with the friendly amendment. Motion carried unanimously.

The TIF district/lot purchase development agreement as amended in 2022 requires substantial completion of the proposed building by December 31, 2023 and the timely payment of property taxes. The board was concerned that with only half a year remaining, the substantial completion date could become an issue soon. The board discussed possible solutions. Consensus was that while the board wishes to see development on the property as quickly as possible, they would be open to granting another one time, one year extension for the substantial completion date provided the developer reimburse the city for lost TIF and administrative fees, like last year. Motion by Donney, second by Himlie to have staff contact the owner and send a letter offering a one year extension on the substantial completion date, if needed, in exchange for a payment of \$7,500 (\$6,800 for lost TIF and \$700 in administrative/legal fees) and requiring taxes be paid by June 30, 2023. Motion carried unanimously.

Experience Harmony 3

The board reviewed the status of starting the Experience Harmony 3 placemaking effort and concurred with the consensus of last month; to wait to discuss further until after the city's new comprehensive plan are completed.

Bike Trail Project

The board discussed new developments on the bike trail project. Giesen reported that at the end of the legislative session two weeks ago, Senator Jeremy Miller and Representative Greg Davids were able to secure the entire \$4,000,000 the city requested to complete the entire bike trail project. Up until the ending days of session, it did not look promising that any funds would be allocated for this project. It was noted that the DNR would have control of these funds, that they are currently planning next steps, and that they are planning to bid the project out this fall, for full construction next year (2024). Himlie hoped that cost savings measures that were previously discussed would not be utilized now, moving forward with a high quality project that would have a much longer life span. The board agreed. Giesen will keep the board posted on next steps.

Kingsley asked that comments he received and read aloud be entered into the minutes. In summary, the comments received thanked and recognized Giesen for his work and leadership securing state funding for the bike trail. The board thanked Giesen.

Industrial Park Maintenance

An update on planting grass in the industrial park was given. Giesen reported that the field was not able to be planted this year because of chemicals that were sprayed, but that native grasses could be planted for about \$95/acre for seed, plus the labor to plant. He and Kingsley had been in contact with Randy Mayer to discuss details and Mayer suggested waiting until fall given the status of the field. Giesen will follow up over the summer and keep the board chair updated.

Chamber of Commerce Report

Allison Whalen was present to give the chamber report. KSTP TV will be back in the fall with a camera crew to cover stories in the community, the splash pad ribbon cutting had about 200 attendees, a new condensed visitor map is still in the works, volunteers are helping beautify the area around the trailhead with various plantings, and the visitors center is now fully open for the summer. The chamber has received great feedback on the new remodel. The back alley jam summer series is starting soon, too. Erica Thilges added that the new wayfinding signage has been installed and that about \$3,000 was remaining in donations due to an over-quote from one of the vendors. The chamber intends to use the remaining funds to one or two additional signs for parking and the history center.

Prospects/Community Update

Giesen gave an update on additional prospects. He noted that two prospects were considering projects in the industrial park and one prospect was considering a downtown project; all still very preliminary.

Giesen reviewed the new social media pages for the new home rebate program digital marketing campaign, encouraging everyone to follow and interact with those pages. Updates on the campaign will be given monthly, actual metrics should be available around August.

The board discussed the status and importance of workforce issues the community is facing, noting that it is not an issue unique to Harmony. Himlie suggested looking at affordable housing projects may be a focus area for future projects. The board discussed. Consensus was that the board should consider promoting and/or supporting an apartment building project.

There was no other business.

Hearing no objections, Kingsley adjourned the meeting. The meeting adjourned at 9:16 AM.

The next regular meeting is scheduled for July 6, 2023 at 7:30 AM at the Community Center.