

Harmony EDA Minutes

October 4, 2012
7:30 AM

Council Room
Community Center

Present: Chris Skaalen, Steve Donney, Deb Swenson, and Andy Batstone

Also Present: Jerome Illg, and Chris Giesen

Meeting was called to order 7:35 AM by Chris Skaalen

Minutes

Motion by Swenson, second by Skaalen to approve the minutes from September 6, 2012. Motion carried unanimously.

Revolving Loan Request & Commercial Rehab Loan Request

Jeremy Kruegel of Wild Cat Properties, LLC requested a revolving loan in the amount of \$15,000 to rehabilitate the building located at 30 Main Ave. South in Harmony. Mr. Kruegel was present to discuss his request. He requested \$15,000 for a 7 year term at 4% interest. He also requested the first 6 months as interest-only payments. A second position mortgage and personal guarantee was offered as security for the loan. It was noted that the building was appraised at \$63,000 after Mr. Kruegel's improvements were complete.

The loan committee reviewed the request. They noted that the application was not yet complete as the business's financial history was incomplete. The loan committee recommended that the EDA approve Mr. Kruegel's application, as requested, provided satisfactory business financial history is submitted to the EDA prior to payment.

The board discussed the loan.

Giesen also discussed Mr. Kruegel's commercial rehabilitation loan request. The request was for the same property located at 30 Main Ave. South in Harmony. The request was for \$10,000. The total project cost was estimated at \$25,084.56. Eligible costs of \$10,806 to repair the store front, new overhead doors in back, structural repair, and roof repair. Ineligible costs to be used towards match of \$14,278.56 to do interior floor and cement work, plus other building materials.

The loan committee also reviewed this request. They recommended that this application be approved, as requested.

The board discussed the request.

Motion by Batstone, second by Swenson to approve the both the revolving loan request and commercial rehabilitation loan request by Wild Cat Properties, LLC as requested. Motion carried unanimously.

Heritage Grove

Mark Dixon and Melissa were present to discuss Heritage Grove. Mark announced that Teresa will be replacing Kristi. Mark gave the operations report.

Mark mentioned that certain apartments needed carpet replaced. He presented the cost estimates that they were able to obtain. Motion by Skaalen, second by Swenson to accept Torgerson's quote for carpet replacement at Heritage Grove. Motion carried unanimously.

Melissa discussed the 2013 propose budget. Batstone asked about accrued payroll figures. Melissa said that issues arose in 2012 when payroll wasn't budgeted on an accrual basis, however this would be corrected in 2013.

It was discussed that it would be difficult to budget for capital expenses in a 12 year old building because of the uncertainty of future maintenance needs.

Rent increases were discussed. Various scenarios were discussed as to how to improve revenue in the facility. Motion by Skaalen, second by Donney to increase rent levels of all rooms at Heritage Grove \$25 per month, effective January 1, 2013. Motion carried unanimously.

Payroll was also discussed. Consensus of the board was to review payroll after the 1st of the year for effectiveness and competitiveness.

Melissa continued the budget discussion. She explained the assumptions used to create the draft budget. It was discussed that there needed to be a plan and that plan then needed to be executed for the budget to remain intact.

Consensus of the board was to wait and approve the 2013 budget at the November meeting after deliberation.

Mark also mentioned that there were prospects out there to purchase the facility but none that were very serious at the moment.

Chamber

Emily Ellis was present to give a chamber update. She reported that the chamber is working on the 2013 tourism budget. They will be getting a better deal on the next guidebook. She also mentioned that they received about 2,000 unique hits on the online version of the guidebook.

Upcoming and recent past events were also discussed.

Revolving Loan Modification Request

Quarter/quarter's revolving loan was discussed. The special conditions set for this loan end in October and the business is requested a modified repayment schedule. Giesen mentioned that staff worked with the business to determine the most appropriate repayments.

The modifications to the repayment schedule are as follows: change current terms to repayment of current principal and interest amounts amortized over 4 years beginning November 1, 2012 at 3% interest, with \$209.45 per month off-peak payments November through April each year and \$418.89 per month peak season payments May through October of each year. ACH payments would be required.

The loan committee reviewed the request and recommended that it be approved as requested. The board discussed the modification request. Motion by Donney, second by Batstone to approve the revolving loan modification request, as presented. Motion carried unanimously.

2013 EDA Budget

Consensus of the board was to postpone discussion on this item until the November 2012 meeting.

Financials

Illg gave an update on revolving loans. There was one payment claim from Community and Economic Development Associates in the amount of \$6,371.50 for 4th quarter EDA services. Motion by Skaalen, second by Swenson to accept the financial report and pay the claim as requested. Motion carried unanimously.

Prospects

Prospects were discussed. Giesen gave an update on the small cities block grant program. The board requested that possible TIF 1 and residential programs that could be implemented, be discussed at the next meeting.

Other Business

There was no other business.

Motion by Donney, second by Swenson to adjourn the meeting. Meeting adjourned at 10:00 AM.