

Harmony EDA Minutes

May 8, 2013
4:00 PM

Council Room
Community Center

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

Also present: Roxanne Johnson, Jerome Illg, and Chris Giesen

The special meeting was called to order at 4:01 by Chris Skaalen

Heritage Grove

Illg and Roxanne Johnson discussed the revised Heritage Grove offer from 3 Rivers Properties, LLC and Clara House, LLC. The revised offers were as follows: 3 Rivers Properties, LLC offered to purchase the real property otherwise known as "Heritage Grove" for \$1,900,000 and Clara House, LLC offered to purchase all personal property and equipment at Heritage Grove for \$100,000. The total sale price now being \$2,000,000.

Johnson went through both purchase offers and discussed concerns and questions that she had regarding the documents. The board discussed. Consensus of the board was that the board wanted to sell the building "As-Is" and wanted to offer a counter to both entities to reflect this position. The board discussed at length.

Consensus of the board was that there were details of the purchase offers that needed to be revised, but without legal counsel it would be difficult to determine the best course of action or appropriately respond to the offers at hand. It was also mentioned that the items listed in the previous offer addendum by the EDA would need to be reinstated to protect the city and ensure that the administrative process required by statute is allowed for and followed.

The board discussed the purchase agreements in general, asking themselves whether or not the board was comfortable with the sale price amounts offered. The board discussed at length. Motion by Cremer, second by Swenson to recommend the acceptance of the dollar amounts of \$1,900,000 for the real estate sale and \$100,000 for the personal property sale at Heritage Grove and to instruct the City Attorney to work with the Heritage Grove Committee to draft a response to the offers addressing the concerns discussed at this meeting and present it to a future special meeting of the EDA. Motion carried unanimously.

Revolving Loan Modification Request

Giesen reported that at a prior meeting a request to subordinate a mortgage for KNR properties was approved in order for that business to complete a refinancing. Giesen said that this was mistakenly approved as KNR had already paid its EDA loan in full and the businesses owner was actually in need of a subordination of a mortgage for another business he owns and has an EDA loan for; Wild Cat Properties. Giesen said that Wild Cat Properties is requesting that the EDA subordinate the EDA's mortgage on its D&D Building property to First Southeast Bank, upon completion of a refinance, which will help better the businesses position. Motion by Donney, second by Swenson to

subordinate the EDA's mortgage on the D&D building to First Southeast Bank. Motion carried 4-0, Skaalen abstained.

Tourism Grant Approval

Giesen presented a brief overview of a tourism grant program being offered by the University of Minnesota Extension. The program would help the community study tourism in the community and help enhance it through activities such as cooperating better with local and regional businesses, regional communities, and new and emerging trends in areas like marketing.

Giesen said that while there aren't many details on the program yet, it would be a partnership with the Chamber of Commerce and there might be some responsibility for minor costs to bring the University of Minnesota experts to Harmony.

Consensus was that this would be a good program, and once more information is known about responsibilities of the EDA, the EDA could always decline to accept the grant award at a future date.

Skaalen adjourned the meeting at 5:30 PM.