

Harmony EDA Minutes

August 7, 2014
7:30 AM

Community Center
Council Room

Present: Chris Skaalen, Deb Swenson, and Kerry Kingsley.

Also present: Bryan Ostby, Deb Skaalen, Becky Hoff, Jerome Illg, and Chris Giesen.

The regular meeting was called to order at 7:34 AM by Chris Skaalen.

Minutes

The minutes of the June 5, 2014 meeting was reviewed. Motion by Swenson, second by Kingsley to approve the minutes as corrected. Motion carried unanimously.

Revolving Loan Request

Bryan Ostby of Fountain, MN presented his request for a loan to assist with the purchase of Torgerson Paint and Floor Coverings. He intends to purchase the business from its current owners to allow for their retirement. He intends to keep the Harmony storefront open and focus on floor covering and installation. His request is for a loan of up to \$25,000; the exact principal amount might be lower depending on the final negotiated sale price. He is also requesting an interest rate of 3% for a term of 10 years, with interest only payments for the first 6 months. Security on the loan would be a 2nd mortgage on the business real estate, behind F&M Community Bank, and personal guarantees from both himself and his wife. Mr. Ostby discussed his project and his background in more detail.

Giesen mentioned that the loan committee reviewed the request but that it would require deviation from the loan guidelines because the project entailed only 10% owner equity instead of 20%. Swenson mentioned that the loan committee recommended approving the loan as requested with the requested deviation from the guidelines. The board discussed. Motion by Skaalen, second by Kingsley to recommend that the City Council approve the loan request as presented. Motion carried unanimously.

Giesen mentioned that because Torgerson Paint and Floor Coverings would be sold, and that they still had an outstanding commercial rehab loan with the EDA, that outstanding amount of approximately \$4,000. Because the store front would remain open and active, and to help facilitate the retention of this business in the community, post-sale, Giesen asked the board whether or not they would consider waiving the repayment clause for this application since the board never intended to collect repayments. That it was meant as a deterrent for owners to merely fix issues and flip properties at the City's expense. The board discussed. Motion by Swenson, second by Kingsley to waive the repayment clause of Torgerson Paint and Floor Covering's commercial rehab loan with the EDA for the sale to Bryan Ostby. Motion carried unanimously.

Financial Report

The status of loans were discussed. There was a claim from Community and Economic Development Associates for 3rd quarter economic development services in the amount of \$6,628.98.

The board discussed Harmony Plumbing and Heating's past due loan at length. The board weighed the options of how to collect payment that was due. Consensus of the board was to wait until the September meeting to determine any course of action, depending on if any progress in repayment had been made.

Motion by Kingsley second by Skaalen to approve the payment claim as requested and the financial report. Motion carried unanimously.

Chamber of Commerce Report

Deb Skaalen and Becky Hoff gave the chamber report. They asked what types of reports the board would like from the chamber. Consensus of the board was that they would like to see a breakdown of the chamber's budget and how the board's investment would support various activities. The board also said that regular updates on events and happenings were appreciated.

Hoff gave an update on the 4th of July events and stats on the chamber's new website.

Tax Forfeiture Property Offer from County

The board reviewed a request from Fillmore County regarding the former Harmony Cold Storage building that is now owned by the County and will be listed for auction by the County because of tax forfeiture. The County is offering the property to the City if they are able to utilize it for a public use. The board discussed possible uses and potential issues relative to this type of project. Consensus of the board was that at this time, without any project prospects for this property, they would recommend that the Council decline this offer.

Industrial Park Grass Maintenance Request

Giesen mentioned that a question was asked about whether or not the industrial park could be tilled or planted to smooth out the land or make it easier to bale the grass. The board discussed. Consensus of the board was that they wanted to keep the area looking like an industrial park and also avoid any potential issues with disturbing infrastructure or survey markers already present on site.

Prospects

Giesen gave an update on prospects. He mentioned that he had helped the Ambulance Department secure an equipment grant of about \$22,000 and that he would be assisting the City in assembling a USDA grant for new emergency outdoor sirens and a generator for the fire hall.

Other Business

Giesen mentioned that Minnesota DEED inquired whether or not Harmony would submit another Small Cities Block Grant application for housing rehabilitation. He said that his organization, CEDA, would be able to cover the application fee at no charge to Harmony since the application could be reused from last time with minimal changes. Consensus of the board was to discuss at its next meeting because the grant would require additional matching funds.

Adjournment

Skaalen adjourned the meeting at 10:00 AM. The next regular meeting is scheduled for September 4, 2014 at 7:30 AM in the Council Room at the Community Center.