

## Harmony EDA Minutes

October 1, 2015  
7:30 AM

Council Room  
Community Center

Present: Steve Donney, Andy Batstone, and Kerry Kingsley

Also Present: Al & Linda Mathison, Dr. Janell Randa, Jill Fishbauger, Roxanne Johnson, Becky Hoff, Jerome Illg, and Chris Giesen

The meeting was called to order 7:33 AM by Steve Donney

### **Minutes**

Motion by Kingsley second by Donney, to approve the minutes of the September 3, 2015 meeting. Motion carried unanimously.

### **Revolving Loan Requests**

Owner of Harmony Chiropractic Clinic, Dr. Janell Randa, was present to request a revolving loan of \$10,000 for a term of 5 years at a rate of 3% fixed APR, with the first 6 months interest only payments. Security would be personal guarantees of both Dr. Randa and her husband, and a second mortgage on their residential real estate. The loan would fund various renovations to her home which would allow her to practice in a home office setting. The loan required a deviation from the standard guidelines in the fact that there was only 13% owner equity as opposed to the 20% requirement. The loan committee had reviewed the particulars of the request and recommended that the EDA approve the loan. Dr. Randa gave an overview of her project and mentioned that this would allow her to better position her practice and allow an existing Main Street business to expand into her current spot. The board discussed. Motion by Donney, second by Batstone to approve the loan to Harmony Chiropractic as requested. Motion carried unanimously.

Al and Linda Mathison, owners of Fit Express in Spring Valley and Preston were present to request a loan to assist with the acquisition of a downtown building (15 W Center, Harmony) to open a third fitness center location. They said that with the closing of the Work It Circuit just the other week, the timing was excellent for them. The loan request was for \$25,000, 10 year term, 3% fixed APR, and the first 6 months payments to be interest only. Security would be a second mortgage on the business real estate and personal guarantees of both Mr. & Mrs. Mathison. The loan committee had reviewed the particulars of the request and recommended that the EDA approve the loan. The board discussed. Motion by Kingsley, second by Batstone to approve the loan to Fit Express as requested. Motion carried unanimously.

### **Klip Joint Building Update**

The EDA's real estate agent, Roxanne Johnson, was present to discuss an offer she'd received and other updates. The board discussed whether or not to close the meeting to the public as allowed under statute in order to discuss the sale of real estate, but consensus of the board was that this discussion could be held without closing it to the public.

An offer from Lutesville LLC to purchase the building for \$35,000 was discussed at length. Consensus was that \$35,000 was not close enough to the original investment and

that the board would like to see a higher sale price. The board discussed several possible alternatives as well. Giesen reminded the board that any acceptance would have to be contingent on the EDA holding a public hearing on the matter. He also mentioned that if the board sold the building for a nominal price or under the market value a development agreement would have to be drafted between the buyer and seller to justify the sale of public property. The board felt that this sale wouldn't be below market value but Donney asked the board if they should consider requiring a development agreement anyway. Kingsley disagreed. Ms. Johnson noted that there may be additional offers but that the board should still consider making a counter offer to the present offer. The board discussed at length how to structure a counter offer. Motion by Donney, second by Kingsley to counter the Lutesville LLC offer with a sale price of \$45,000, require a minimal development agreement stating that a business use will occupy the storefront in a reasonable period of time, require the buyer provide a letter of financial ability/credit within 10 days of acceptance, and subject to a public hearing. The board again discussed at length. There was disagreement about whether or not the board should require a development agreement. Donney wondered if they didn't have a development agreement, would the building remain empty? Kingsley disagreed and thought that the EDA shouldn't have such an agreement as a requirement. The chair called the question and the motion failed. 1-2; Yea – Donney, Nay - Batstone and Kingsley.

The board continued the discussion. Motion by Batstone, second by Kingsley to approve a counter offer to Lutesville LLC with the sale price of \$45,000, require the buyer provide a letter of financial ability/credit within 10 days of acceptance, and subject to a public hearing. Motion carried unanimously.

Ms. Johnson said she would communicate the counter offer to Lutesville LLC and stay in touch with the EDA president and staff with any other updates. The board thanked Ms. Johnson for her help.

### **Chamber of Commerce Report**

Becky Hoff gave the chamber report. The 2016 membership drive is currently underway and they are collecting sign-ups for next year's guidebook. The chamber is also updating its marketing strategy based on past results and some new opportunities. Holiday fest is also being planned and they continue to work closely with the Trail Towns association.

### **Financial Reports and Claims**

Illg and Giesen discussed loans. Giesen mentioned that the Harmony Plumbing and Heating loan confession of judgement was due later in the day and that staff would give the owner a couple of days grace period before having the city attorney finalize the judgement paperwork. The board concurred.

Giesen presented a payment claim from for annual chamber dues and ad in the visitor's guide. The total amount was \$385. Giesen asked if there were any changes needed to the current ad. It was suggested that the orange background be changed to green. Motion by Donney, second by Batstone to approve the payment and ad as presented. Motion carried unanimously.

Giesen presented a payment claim 4<sup>th</sup> quarter economic development staffing services from CEDA in the amount of \$6,827.75. Motion by Batstone, second by Donney to approve the claim as presented. Motion carried unanimously. Giesen thanked the board for their continued confidence in CEDA.

Giesen mentioned that with the pending sale of the I Love Antiques Building (15 W Center), the board should consider forgiving the balance (\$1,600) of the commercial rehab loan associated with that building. Illg mentioned that there wasn't ever an intention of collecting these dollars but that it was merely a way to prevent people from using EDA funds to immediately "flip" their property that been long neglected. It was noted that the EDA also forgave a similar loan on the Torgerson Flooring building last year and that like this instance, it was to facilitate a new business opening. Motion by Donney, second by Kingsley to forgive the balance of I Love Antique's commercial rehab loan. Motion carried unanimously.

In the same fashion, Giesen made mention that it was brought to his attention that the old P&H Building (30 Main South) that is owned by Wildcat Properties also had a pending sale. Because the building was fixed up with commercial rehab loan funds and the new owners intend to continue a business use for the property, Giesen recommended that the outstanding balance of \$6,000 on this building's commercial rehab loan should also be forgiven. The board discussed. Motion by Donney, second by Batstone to forgive the balance of Wildcat Properties commercial rehab loan for the building located at 30 Main South. Motion carried 2-0-1, Kingsley abstained.

Illg presented letter from First Southeast Bank requesting the EDA's assistance. The EDA currently has a third mortgage on the Quarter/quarter restaurant property and in an agreement with the owners, Cheflars, First Southeast Bank will be taking control of the assets. In order to do so, First Southeast Bank would have to foreclose on the EDA's mortgage but to expedite the process for everyone, the bank is offering the EDA \$2,000 if the EDA is willing to abandon its third mortgage on the property. Giesen mentioned that he had discussed proposal with the city attorney and that because the EDA also has personal guarantees from the owners, the EDA could still collect payments and pursue collections if necessary. He also noted that receiving payments had not been an issue though, either. The loan committee had also reviewed the proposal and recommended that the EDA accept it, and that the EDA should also consider crediting the \$2,000 to the balance of the loan if payments remain current once the balance reaches \$2,000, even though the EDA is not required to do so. The board discussed. Motion by Batstone, second by Kingsley to approve First Southeast Bank's offer of \$2,000 for the EDA's mortgage with Cheflars, as proposed. Motion carried unanimously. Motion by Donney, second by Kingsley to forgive \$2,000 on the Quarter/quarter loan if payments remain current and on time, once the balance of the loan reaches \$2,000. Motion carried unanimously.

### **Prospects/ Community Update**

Giesen and Illg discussed several prospects and project updates. Giesen announced that Steve and Umbelina Cremer were planning a 70-child day care facility to be located in the Harmony Enterprises "Smart-Pack" building, where the Work It Circuit was located. Plans are still developing and they may ask the EDA for assistance.

Giesen mentioned that the career fair planning was on track and that the event would be held November 13, 2015 at the high school. He said that this project, as well as the day care project were items that stemmed from the Experience Harmony project, and that once completed the top projects from the Experience Harmony effort will have been completed. He said the board should be very proud of this accomplishment, especially because of the short time frame.

It was mentioned that the state trail extension project was still moving forward but that there was also a request from a group in Spring Valley; Giesen distributed a letter from them requesting financial support to develop a master trail plan for Fillmore County. Giesen said several questions had been asked because it wasn't clear who would be adopting, maintaining, or enforcing the plan if Harmony contributed financially. In addition, Harmony's trails are State Trails and this plan is only needed on regional trails; it wasn't clear if this effort would really affect Harmony. Consensus of the board was to send to the Harmony trail committee for review.

Giesen mentioned that he and Illg were working on updating the city's alcohol ordinance to allow brew pubs and micro-distilleries. He also mentioned that the Journey 2 Growth quarterly meeting was in Chatfield on October 7<sup>th</sup> for anyone that was interested in attending. He also mentioned that CEDA was nominated by First Southeast Bank for an award from FHLB Des Moines bank for the work done on the Harmony Enterprises expansion.

### **Adjournment**

The next regular meeting is scheduled for November 5, 2015 at 7:30 AM, at the Community Center. Board members were advised that a special meeting may need to be called, depending on the status of the Klip Joint building sale.

Donney adjourned the meeting at 9:45 AM.